

Mr. HAZLITT. I think it is the other way around. The minimum wage laws are today the principal cause of existing unemployment. I do not know how much time I can take here to argue on this, but I will simply refer to the fact that I am certainly not alone in holding that the minimum wage law creates unemployment. Among eminent economists who have made this point are Profs. Yale Brozen, Arthur Burns, Milton Friedman, and James Tobin. The minimum wage creates much more serious unemployment among Negroes than among whites, and has created a terribly serious unemployment among Negro teenagers—among all teenagers, but especially among Negro teenagers.

Senator PROXMIRE. Well, the guaranteed income would certainly begin to provide a basis for eliminating that.

Mr. HAZLITT. It would protect them in their unemployment.

Senator PROXMIRE. It would mean that people would have a minimum income. The thrust behind the minimum wage is that a person simply cannot live on a payment of less than a certain amount. If you pay a person \$1 an hour these days, in view of inflation and so forth, he cannot possibly support any kind of a family. He probably has trouble getting along himself.

If he has a minimum income that is guaranteed, then that aspect of the minimum wage, at least, is no longer valid.

Mr. HAZLITT. In that connection, this is just the illustration that I had in mind. We have at present \$1.60 an hour as the minimum wage. Now, for a 40-hour week, this means \$64 a week would be the minimum wage. So what we are doing is this: We are saying that anybody who cannot earn \$64—that is to say, who is not worth that to a specific employer and therefore cannot get employed—we are saying that if he is only capable of earning \$60 a week, he should not be allowed to earn it.

Senator PROXMIRE. The minimum wage is not comprehensive at all. It does not apply to intrastate commerce for small business, does not apply to many kinds of economic activity.

Mr. HAZLITT. The exceptions that are made make it less bad than if the exceptions were not there. But I am talking about the general principle that is being applied.

What do we do with such a man? We tell him that he is not allowed to work for less than \$64 a week. So we are under obligation, then, to pay him at least that because we have denied him the rights to work for that—or the right to work for \$63 a week, anyway.

Suppose, the negative-income-tax principle is in effect as applied to the direct relief system. Where a man had zero self-earnings per week, he would get a relief payment of \$64, let us say, because the minimum wage was forbidding him to earn less. Therefore, his total weekly income after the relief payment would be \$64. If he earned \$2 of his own, he would get a relief payment of \$63, making his total income \$65. If he earned \$30, \$15 would be deducted from his relief payment. He would be down to \$49 relief payment, plus \$30 earned, which would mean a \$79 total income.

Now, if he got \$64 of self earnings, he would then have been on this system, so he would still be getting \$32 of supplementary payments. So he would now be getting \$96. This total income would go up until he got \$128 a week. But then he would be getting twice as much as if he had been originally earning \$64 a week and had never got on