

Senator PROXMIRE. I voted against that, but I was wrong in that sense. I was right, of course, but I was wrong in the sense that revenues did increase.

Mr. HAZLITT. Any way, I do not think this problem is soluble up to an indefinite level. We are reaching the ceiling of the revenue that we can raise. We are getting closer to that all the time.

So all I am trying to say is I do not think the Government can just automatically assume that the more it hands out, the more it can take from somebody else. It has to figure what the whole effect will be on the incentives of the taxpayers.

Senator PROXMIRE. My time is up, but I shall be back.

Representative GRIFFITHS. Mr. Rumsfeld?

Representative RUMSFELD. Is it correct, Mr. Hazlitt, that you have indicated in response to Senator Proxmire's questions that you would be in favor of, on a modest basis, experimenting with the concept of a negative income tax for people over 65 and people unable to work?

Mr. HAZLITT. Well, that is already in the law within a certain range.

Representative RUMSFELD. I understand that.

Mr. HAZLITT. Yes.

Representative RUMSFELD. Obviously beyond what is in the present law.

Mr. HAZLITT. Yes. That is a small segment to which the proposal could be possibly adopted on a wider scale than it is now.

Representative RUMSFELD. Possibly adding new categories for mental illness, mental retardation.

Mr. HAZLITT. Possibly, yes.

Representative RUMSFELD. Social misfits and people who cannot work.

Mr. HAZLITT. Covering disability and blindness and so on, yes.

Representative RUMSFELD. Your comments on the minimum wage were interesting. I have noticed recently that some proposals have been introduced because of the fact that individuals have lost jobs because of recent increases in the minimum wage. These proposals have been introduced to try to see that they could retain jobs or by having the difference made up through Government payments. And even though the minimum wage is not comprehensive, the fact remains that matching people with jobs is difficult and when the minimum wages goes up, marginal decisions go the other way. I think it would be useful if hearings would be held in the Congress on this question so that we could understand with more precision exactly what the effect of it is.

Mr. Tyson, you opened with two or three questions. As I recall one of them—possibly you could read it—was "Why should the least advantaged function to stabilize inflation?"

Mr. TYSON. Yes.

Representative RUMSFELD. Would you read that?

Mr. TYSON. Why should the least advantaged in society function to stabilize the rate of inflation? Why should these persons be the safety valve for the economy?

Representative RUMSFELD. Right. Why should they have to be?

Mr. TYSON. What is the moral basis for this? We are talking about policy.

Representative RUMSFELD. Why do they? There is a difference between why should they and why do they.