

priorities for the approximately \$40 billion of annual increase in wealth in America.

What are we to do with the \$40 billion increase in production? If we continue to allow the unions and big business to use power to get all of that dividend, it is obvious that nothing is going to be left for the poor under these circumstances, if we try to give anything to the poor, we are going to create inflation.

I would like for the last time—but I am sure it will not be the last time—to kill a myth. The prime economic myth in this country is that people are worth what they get. This view is based on an extraordinary piece of economic analysis which was conceived in the 1870's. It is based on the following assumptions, that all firms are small, that there are no labor unions, that there is no Government activity, and that information moves perfectly. All of those assumptions are necessary to prove that each person gets what he is worth. In today's world, this is nonsense. People get what they get because they have political power, because the society has given them political power. What we are talking about, Madam Chairman, when we talk about the guaranteed income is an issue of political power.

We have so far allowed the national dividend, which has now risen to \$40 billion, to go to those who already have resources. Are we now willing to look at how we provide resources to those who have not?" The techniques we use are not as important as the overall issue. Do we believe the poor have rights? I think we must face this problem urgently because we are being pushed by the poor. We must begin to design a route which will lead to more resources for the poor, even if I, as a responsible economist, recognize that all the job cannot be done tomorrow. But unless we start planning it will never be done; because next year all the money will still be needed.

Perhaps I can state one final thing. We were told in the early 1960's that we could not afford the guaranteed income. Then the Vietnam war came along and we could afford \$30 billion for this purpose. The money is there for things we decide to do.

The question is, our sense of national priorities. These hearings must in large part be about our set of national priorities and national values.

Representative GRIFFITHS. Thank you very much. You are also saying that if we establish such national priorities, we are going to level out the incomes in this country to a greater extent. It has been said that the minimum wage is really supported by unions so that they can then ask for more money for themselves. But if we determine that the productivity of the country is repaid in some way to the poor, then we are bringing their incomes up closer to that of the working middle class. Would that not be true?

Mr. THEOBALD. Yes.

Representative GRIFFITHS. So you can assume that you are going to have great resistance to it, because those who have the power are going to try to say if you give the poor this, then we are entitled to more. Right?

Mr. THEOBALD. Right.

Representative GRIFFITHS. And there you create the inflationary spiral?

Mr. THEOBALD. But this is what I meant when I said that unless we face the value issue, unless we educate the American people to the reali-