

in a permanent welfare class, that much more emphasis must be put on the fact that the guaranteed income is not going to replace very much in the way of expenses, that you are going to have to have much more money added to this as you bring people into a meaningful existence.

Now, I will let you continue.

Senator PROXMIRE. I take it, Mr. Thursz, that you would agree that we should not insist on a dollar-for-dollar loss for a person who is on welfare and gets employment?

Mr. THURSZ. Yes, sir. I agree.

Senator PROXMIRE. On the basis of your very real practical experience in social work and with, I presume, the city councils and so forth, what can we do to achieve this? It seems to me it has been developed by almost every witness who has been here.

Mr. THURSZ. I am very concerned that even at the present time, the program is not funded so it can take place. While the 1967 amendments make this possible, the funding is such that in very few States today is there any implementation of the incentive provision. I think that this is crucial. It makes absolutely no sense to tax somebody 100 percent as they begin to go to work. This has been one of the major failings of our system. I think the desire to keep mothers at home is partly to blame. But I do think that this is a good step ahead, one of the few good things in the 1967 amendment.

Senator PROXMIRE. You should simply emphasize that on the Federal level. It would seem if we do not, the States and localities will, because of the terrific political pressure they are under, insist on the 100-percent tax.

Mr. THURSZ. Yes, they would. Senator, I am intrigued by Secretary Cohen's proposal of, at least as a transitional step, establishing the so-called welfare program on a national basis, operated nationally without the request that States match funds, et cetera. I think we have come to the stage where we could really do this and this would be a further step ahead. Because as long as we depend on certain State actions to implement what is national policy, largely funded from national coffers, we find ourselves sabotaged along the way. I think that Secretary Cohen's proposal for a Federal welfare program, administered by the Federal Government, in the same way as the Post Office is administered, hopefully more efficiently, will be an answer.

Senator PROXMIRE. I would like to ask Mr. Tyson—first, congratulations on addressing yourself to the problem which I think is so fundamental of what we are going to do about the unfortunate use we have made of our poor people, the marginal workers, as our price stabilizers. That is a question that the economic profession has not addressed itself to, the Congress has not, and we continue to follow our policy on the basis of votes we have had in the last few days. Can you identify any present day society in which the poor people are not the price stabilizers? Even the English, as advanced as they are, that is the policy they have established in the recent months. They have adopted a tough fiscal program that has increased unemployment for the marginal workers. Where can a free society look, or at least a society where you do not have a rigid control of manpower such as you have in the Communist state?