every person who has resided within the United States for a period of five consecutive years, the right to an income from the federal government sufficient to enable him to live with dignity. No government agency, judicial body, or other organization whatsoever should have the power to suspend or limit any payments assured by these guarantees."

This kind of thinking, while it might be repudiated by more politically minded proponents of the guaranteed income, is a logical extension of every one of the income maintenance plans under consideration. And the Committee should keep in mind the fact that it will be the low and lower-middle income taxpayers who will suffer most from the adoption of this massive socialism as the public policy of the United States.

Our second objection centers around the question of cost. This Congress need not be reminded that the United States is currently running the largest deficit in peacetime history. The institution of a guaranteed annual income scheme bound to lead to an inflationary spiral, as the minimum income pushes the entire wage structure upward. Workers will demand more to work and, poverty being relative, the break-off point for government income supplements will correspondingly rise. There will be no stopping this spiral until it bursts our entire economic structure.

No exact statement of the cost of the proposed income maintenance programs can be drawn up, but some of the estimates are highly revealing. For example, James Tobin, a former member of the Council of Economic Advisers, has proposed a version of the negative income tax scheme, under which the "break-even" point at which all federal supplements would stop could go as high as $7,500. He estimates the cost of this plan at $14 billion per year. And, significantly, this would not eliminate the need for existing public welfare expenditures. Tobin has stated that an "adequate program" of income maintenance, sufficient to eliminate most present public assistance expenditures, would cost as much as $25 billion per year. These figures, it should be emphasized, come from an economist who supports the guaranteed annual income, and not from an opponent seeking to defeat the scheme by overestimating its costs to the taxpayers.

Thirdly, we feel that it is apparent that the establishment of any one of these income maintenance plans will do violence to the principle that individual initiative should be encouraged. We believe that, in the limited cases where welfare is justified, the idea should be to help the recipient back onto his feet, encouraging him to become a productive, taxpaying member of society.

A "pay without work" plan would have a diametrically opposite effect. It would encourage its recipients to remain on welfare—and, make no mistake about it, the income maintenance plans under consideration today are nothing more than welfare programs with impressive sounding names. The recipients of a guaranteed cash payment or of a negative income tax would thus lose any incentive they may have had to improve their positions in life. The poor, supposedly the beneficiaries of this socialist breakthrough, are thus seen as being as much victimized by the socialist theorists as are the taxpayers themselves.

We recognize that the force of this argument applies with slightly less force to the negative income tax variation, which would give its recipients only a percentage of the difference between their earnings and what is set up as an "acceptable" break-even figure. Under Milton Friedman's scheme, a family would lose only $1 of its government benefits for every $2 it earned. However, it is clear from our experience with conventional relief programs that this will not be adequate to prevent recipients from refusing to work at all. Experience has shown that many, if not most, welfare families will settle for $3000, for example, even if allowed to keep half of an additional $1000 earned by working.

Finally, we totally reject the argument advanced by some advocates of an income maintenance plan that the adoption of such a plan would eliminate the need for additional welfare expenditures. Such a contention is based on the false assumption that poor people are poor simply because they have too little money, and that poverty could therefore be eliminated by giving them as much money as is felt necessary.

In fact, there are basically two distinct classes of poor people, the problems of neither of which will be solved by a guaranteed income. First, there are those poor people who are in need of public assistance through no fault of their own. These, the untrained, the blind and the mentally ill, for example, have need of specialized programs, which can best be provided on the state and local level. Any income maintenance program would be meaningless in solving their problems.

Then there are those poor people whose poverty is directly related to their own unwillingness to work and take advantage of the opportunities open to them