

Representative RYAN. I think that in refining this proposal, it might be appropriate to consider some kind of geographic differential. However, it should not be such as to encourage migration. When we are talking about a minimum income, \$2,000 does not go very far in any part of the country. It is just a minimum amount wherever one lives.

Furthermore, it seems to me that, if this program were administered as a national program, it would improve the economy of all regions of the country.

I also said in my statement that when I reintroduce the bill, I might include some kind of escalator clause adjusting the level of benefits to the cost of living.

Representative RUMSFELD. Do you recommend that a cost-of-living escalator be with respect to national standards?

Representative RYAN. In respect to the income maintenance benefits.

Representative RUMSFELD. Now, you also state, as I recall, that you feel national standards should govern public assistance eligibility.

Representative RYAN. Yes; I am talking in terms of the national assumption of the welfare obligation of this country. But I am also suggesting that we should move from the conventional welfare system, whether administered by the Federal Government or the States, to a program of income maintenance. On the criterion of need, benefits would be made available according to a formula, and I have suggested one formula which I have projected at a cost of \$4.1 billion net.

Representative RUMSFELD. That is based on what level of unemployment? What is your standard base? How do you figure that?

Representative RYAN. We figured that out calculating the number of people who would be beneficiaries times the benefits. It is a complicated formula.

Representative RUMSFELD. Is that not going to change, for example, just with the recent tax increase?

Representative RYAN. I do not think it is going to change with the tax increase. It is going to fluctuate in terms of the economy.

Representative RUMSFELD. That is what I am talking about.

Representative RYAN. Whether or not we really try to promote a full employment economy—the more we do to create jobs, the less we are going to pay out under this system.

Representative RUMSFELD. But the trouble with that is that the tax increase, coupled with budget cuts, is going to create greater unemployment.

Representative RYAN. That is a matter of dispute among economists. I happen to agree with you. It is one of the points I raised in connection with the debate on the surcharge package. There will be fluctuations; nevertheless, if we are really going to face up to the question of eliminating poverty in this country, not only should we think in terms of an income maintenance system, but we will have to think in terms of a full employment economy, which is going to create jobs. We must answer the question: How are you going to create jobs for people willing and able to work and how are you going to train them?

Representative RUMSFELD. I would like to congratulate you, Mr. Dumpson, on your candor with respect to how we could improve our Government programs. It was a very refreshing statement.