

Mrs. BURNS. Yes, I would like to comment on that, because this aspect of it, Senator, of the negative income tax, has always seemed to me to be one of the real difficulties and one of the reasons why I personally would prefer, if we want to do anything about guaranteed income, to use what we call the demogrant. That is to say like a children's allowance, where you pay a certain sum of money to people under any circumstances merely because they are people. As you know, many other countries do it for children and Canada and a few other countries do it for the aged. The stated sum is paid automatically. Hence, you do not have all this trouble at the beginning of determining how much you shall pay to each individual family, because what you do at the end is you have your grand reckoning up, as one might say, between the citizen and his government. You can count the allowances you have received like any other income. Then you determine where you want to draw the line: How many people are to pay tax, how many are not, and what the rate of progression would be.

You then have, it is true, the same old problems the income tax system still has in collecting money, but I think it is a much easier job to do this once a year, rather than periodically determining how much money, how much income these people are going to have, particularly in cases where declared anticipated income differs from the realized income; particularly when it falls short of anticipated income.

Senator PROXMIRE. That is a very intelligent observation.

Congressman RYAN, is the 50-percent tax rate low enough? It seems to me it is so important in this program because of the bias of the people in this country and the bias of the people in Congress for a work program. Dr. Tobin, of Yale, suggested 33 $\frac{1}{3}$ percent. In fact, he has a carefully worked out plan which would provide for 33 $\frac{1}{3}$ -percent tax.

I know it is very difficult and increases the cost when you do reduce the tax rate, but if we can get it down below 50 percent, or perhaps graduate it so that people with the very low incomes would have more of an incentive to work and taper it off as their income became higher, so you would have more than 50 percent for those in higher incomes. Something of that kind, it seems to me, would be more acceptable to Congress, would enable you to change the name of this, which I think is very important, to a work incentive program rather than a negative income tax. I think you would have a lot better chance of selling it to the Congress and to the people as a work incentive program.

Representative RYAN. I appreciate the point you are making, Senator. I touched on that in my statement. What I tried to do with the 50-percent tax was to strike a balance. I said a lower tax, for example, the 33 percent that has been proposed would necessitate lower base benefits, or would permit persons well above the poverty line to benefit and therefore increase the cost of the program. I suggested 50 percent in an effort to arrive at what seemed to me not an unreasonable cost for a program which we are trying to sell at this time to the Congress of the United States. I think we can sell a program to the Congress which is a \$5 billion program—not this year.

Senator PROXMIRE. I think you did a good job of selling this morning.