Two-factor theory provides the theoretical basis and the Second Income Plan provides the practical program for simultaneously and proportionately increasing both the productvie power of industry and the economic power of families to consume by enabling them to participate in production through ownership of both factors of production..

The foregoing theoretical exposition should be sufficient to enable the reader to understand and share our conviction that any form of "income maintenance," whether in the form of guaranteed income, negative income tax, welfare checks, publicly subsidized work, or other direct or indirect money payment not arising from economic production under competitive market conditions, can never achieve the proper goal of an advanced industrial society: the generally affluent economy where every family and individual legitimately enjoys as the result of its or his productive input into the economy the level of consumption readily supportable by our technology and resources and appropriate to its or his reasonable desires to consume.

Regardless of the disguise employed, direct money payments of the sort comprehended under the general euphemism "income maintenance" are redistributive. That is to say, they divide the output of the existing economy with those who in fact produce no wealth; they equalize poverty, rather than build the new productive power that general affluence, rather than affluence for top 10%, requires.

If individual consumers are to be provided with direct money doles out of funds provided by taxation on middle and high incomes (an open invitaton to continuing struggle and confrontation between the poor and non-poor or by increases in government debt (an invitation to eventual financial disaster), some income now invested will be diverted to consumer goods and service. However, the apparent increases in the gross national product will be mainly inflationary, i.e., imaginary. An indispensible condition for building a genuinely affluent economy is new productive power. Redistribution is incapable of bringing into existence any significant amount of new capital formation.

Redistribution also strikes at the very roots of economic motivation. It destorys the private property institutions which have motivated Americans to make their economy—inadequate though it is in terms of its potential and our expectations—the most industrially powerful in the world. Giving to each the wealth he himself produces, either through his labor or his caiptal, is the best means of insuring that men will do the things necessary to produce desired goods and services and to constantly expand productive power. Redistribution solves the consumption problem of an industrial economy at the expense of production. Russia, for example, has not underconsumption problem. But after fifty years of defeating the private property instinct and its motivational drives, Russia still cannot produce sufficient food, fibre, and hard consumer goods to provide anything resembling affluence even for its top bureaucrats.

Welfare is on the way to becoming the leading growth industry in the United States today. The official number of relief recipients, which the *Wall Street Journal* reported at 8.6 million in October 1966, unquestionably represents only a fraction of those whose pathetic circumstances entitle them under existing laws to some degree of public assistance. Crushing taxation at local, state, and Federal levels demonstrate the increasing burden being placed on the economically productive—and the rising wave of so-called political "conservatism" demonstrates the producer's resentment of the ever-growing demands being made upon them by their dependent countrymen—whose dependency, let it be understood, is most assuredly due to institutional failure, not to personal fault.

Recently the State Commissioner of Social Welfare of New York, George K. Wyman, reported that nearly one out of every seventeen New Yorkers is receiving welfare assistance from either the Federal, state, or local governments. Mr. Wyman warned that welfare rolls and costs would continue to rise until some way was found to meet what he called "this steadily growing problem of dependency—the greatest domestic problem in the United States." "The only solution," the *New York Times* quoted Mr. Wyman as stating in the 1966 Annual Report of the State Department of Social Welfare, "is to integrate into our economy as many of our welfare recipients and poverty line people as possible."

But in an advanced industrial economy, where capital instruments are the chief source of wealth, there is only one logical and economically adequate way to accomplish the economic integration of labor-dependent individuals: to enable them legitimately to become owners of the non-human factor of produc-