tion involved (and for the most part they are the same people who would be affected by income guarantees in one form or another) were isolated from the normal processes of the community—they were the "other Americans" who had to be brought back into the "mainstream" of our way of life. One of the major characteristics of that way of life is that almost everyone (including many who do not have to do so) works for a living. Will we really be creating incentives, particularly for the youngsters who are the objects of so much attention, if we institutionalize the idea that income is a "right" separate from any effort to earn it?

If it is our national goal to phase out dependency—as well as poverty—this may be a poor time to institute an elaborate new program with large incentive-destroying potential. Using as empirical evidence the work behavior of people 65 and over receiving Social Security benefits, Professor Lowell Gallaway of the University of Pennsylvania has concluded that the negative income tax would have a significantly adverse impact on labor force activity. Any provision requiring proof that the person receiving the guaranteed income payments had indeed attempted to find work—if he or she is deemed able to work—would require the same type of supervision that characterizes the present public assistance programs.

Labor force participation is not only desirable from the point of view of the recipient's income and morale. It is also important to the economy as a whole. According to the Department of Labor projections, the labor force participation rate should increase in the 1970's. The Joint Economic Committee, in its *Report on the January 1968 Economic Report of the President*, re-emphasized the goal of maximum employment for potential economic growth. This cannot be achieved if some significant proportion of those capable of joining the labor force are discouraged from so doing.

The community is, of course, responsible for providing for the needs of those who cannot take care of themselves. But that raises another problem with the guaranteed income proposals. Writing in the Fall 1966 issue of the *The Public Interest*, Mr. A. L. Schorr of the Office of Economic Opportunity pointed out that the negative income tax is "carefully engineered" to the requirements of people who *should* work. The incomes provided would, however, be inadequate for a single elderly individual and for families without earners. These would still need supplementary public assistance—whatever it would be called.

Nor can we assume that an income guarantee program would simply operate to redistribute the income produced by the market economy without affecting the operation of the market economy itself. It clearly would have an impact on production, employment, a price level and the wage level. But by setting "floors" for income under an income guarantee from which all wage demands would be scaled upward, a tremendous pressure to cost-push inflation could develop. As the Joint Economic Committee has pointed out, no one wants to accept complacently the theory of the inevitability of a "tradeoff" between full employment on the one hand and inflation on the other. However, this type of cost-push would inevitably operate against the employment of the very "hard-core" unemployed about whom we are concerned.

Summary

In its 1968 *Report*, the Joint Economic Committee said about income maintenance programs:

> Our existing programs represent a patchwork based largely upon emergency legislation in the depression years. There is a great need for a fundamental review of basic framework, objectives, and philosophy in the light of present-day realities.

In these comments we have limited ourselves to the negative income tax or guaranteed income aspects of income maintenance. We agree that the present system of public assistance has major weaknesses, but we have serious reservations about these proposals.

The most cogent argument made by the proponents of the negative income tax and other forms of guaranteed income is undoubtedly that present welfare laws discourage self-help attempts by "taxing" at an effective rate of 100% all earnings of welfare recipients. This arrangement is a serious disincentive to self-help attempts. However, it is not necessary to restructure both the internal reve-