

APPENDIX 17

STATEMENT BY HAROLD WATTS, UNIVERSITY OF WISCONSIN, PROFESSOR OF ECONOMICS AND DIRECTOR OF IRP

More than 1228 economists at 143 institutions of higher learning in the country have endorsed a bold statement urging Congress to enact a national system of income guarantees and supplements.

The economists' statement emphasizes two requirements for a workable and equitable plan:

- (1) "Need, as objectively measured by income and family size, should be the sole basis of determining payments;
- (2) to provide incentives to work, save and train for better jobs, payments to families should be reduced by only a fraction of their earnings."

In the judgment of the economists, income guarantees meeting these requirements "are feasible and compatible with our economic system."

The statement was sponsored by: Professor Paul A. Samuelson, Massachusetts Institute of Technology; Professor John Kenneth Galbraith, Harvard University; Professor James Tobin, Yale University; Professor Robert Lampman, University of Wisconsin; and Professor Harold W. Watts, University of Wisconsin.

Both the sponsorship and widespread endorsement of the statement indicate broadly based support among professional economists for reforms in our programs of income maintenance and welfare. This expert testimony reinforces the demands of the Poor People's Campaign, the Kerner Commission's call for action, and the conclusions of a distinguished panel of business leaders recently convened by Governor Rockefeller.

Fifty-four signatures were obtained from economists at the Madison Campus of the University of Wisconsin; nine additional endorsements came from the Milwaukee Campus. A supplementary effort is under way to make sure that all economists at Wisconsin Colleges and Universities have an opportunity to consider and endorse the statement.

Prominent among the signers at Madison is Professor Harold M. Groves whose work on taxation, unemployment compensation, and other major social legislation was honored only three days ago on the occasion of his retirement. Professor Groves' endorsement, among the many distinguished signers, must be given extra weight in view of his particularly relevant experience and authority.

Since last Friday more than 50 signatures have been obtained from graduate students in economics at Madison. The support of the rising, and socially aroused, generation of economists juxtaposed with that of the more seasoned and experienced scholars, demonstrates an almost unique unanimity in favor of immediate action.

It is the hope of the sponsors that this statement will make a timely and significant contribution to a national consideration of policies to meet our urgent needs for social and economic justice.

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For a long time after proposals of a negative income tax first appeared, I was opposed to the idea. I found it repugnant to provide people with gratuitous income and thought it better to seek wider opportunity. My present firm support for income maintenance grows out of study of our present welfare system. It is properly regarded by objective critics as a national disgrace.

Our welfare system is discriminatory, inadequate, and degrading. Its local responsibility makes it subject to competition in niggardliness. It is highly perverse as to incentives providing in many cases a 100 percent tax on marginal income from a job. It fragments families: in many cases welfare is only available if the father deserts his family.