

workers would serve exclusively in their trained role of adviser on personal budget and family matters of all kinds. The policing and advising functions would be completely separated.

State legislators would be freed of a major responsibility for setting recipient aid grants to take account of the federal subsidy, other state welfare claims, and in some states local government effort. In state and local budgets that provide bare matching of federal grants in aid for welfare or other functions, there is the probability of a bias in direction merely to collect the grant. Such a bias may be irrational in view of the total demands that the particular state or local budget finds it possible to fulfill. Congressmen would substitute making occasional general policy decisions on the negative income tax to define the poverty line and the tax return rates for their present general policy role, often mixed with varied individual state considerations, on welfare grants. In providing payments to families below the poverty line, neither legislative bodies nor administrators would have to distinguish on some "moral" grounds as to why the family had insufficient income.

State governors and administrators no longer would have to work out elaborate interstate, and sometimes intrastate, agreements for handling welfare problems of families judged legal nonresidents of the area in which they are living. A broad negative income tax would turn income verification problems, now in part with Welfare, over to Internal Revenue Service. Neither Welfare Departments or Internal Revenue Service would have to verify family budgets as a condition for payments nor make many of the other determinations now needed to establish recipient eligibility under the laws and administrative rules of local, state, and federal governments. The negative income tax would relieve state and local (particularly core city) budgets of a substantial drain. Present matching aids, though not necessarily all administrative expense in social workers' salaries, etc., would be eliminated.

Of course, the national government could take over much of the financial burden in other ways than by adopting a negative income tax. Parts of welfare, such as general assistance, are not now supported by the national government and recipients in other programs are poorly or reasonably well taken care of depending on the generosity of their state of legal residence. If Congress substantially enlarged federal support and provided greater flexibility to the state and local governments by placing all such funds in a single general welfare grant, certain of the values of the negative income tax would be achieved. Administrative headaches with questions of state residence or differentials in state payments or classification of particular poverty for eligibility for grants might go.

The financial transfer of such a major function to the national government, by whatever means, would permit present state and local budgets to expand in other areas without tax increases. *It is always safer to predict an expenditure rise where no tax increase is required than to predict a rise in taxes at any given level regardless of possible credit offsets to taxes elsewhere.* Parkinson's law operates: Expenditure demands will claim any unused revenues.

SHARING FEDERAL TAX REVENUES WITH THE STATES

Sharing tax revenues permits use of the most effective revenue collecting level of government without automatic assignment of all programs to the same government. One government may have greater tax collecting proficiency than administrative proficiency where the reverse situation holds at another level. There was perhaps an era when fiscal responsibility meant a budget balanced with all revenues raised by the government spending the money, but practice has long since outmoded such a definition. The United States has given grants with many or no strings to state and local governments from the beginning of the nation's existence, but it has not developed a national tax sharing system with its inherently greater freedom to the receiving government. On the other hand Canada has used a shared tax system and some of the American states have had substantial experience with the method.

The idea of tax sharing is not new. The states used it from the beginning in the more arbitrary fashion of a mill rate added to the property taxes local governments collected. Technically such an arrangement is not a shared tax, but it does have the common features of one government collecting taxes for another to spend as it chooses. More sophisticated and freer versions of shared taxes came into the states as state governments developed their own revenue sources and began to share income or sales taxes with local governments as supplements to the overburdened property tax. Massachusetts, Minnesota, New York, and