person's decision to avail himself of these services a more voluntary one. In a voluntary setting the person receiving the help is likely to be much more receptive, and the provider of the services likely to approach the transaction in a more suitable spirit than one in which, either 5 minutes before or 5 minutes later, he is going to have to be playing policeman with this very same person.

Senator PROXMIRE. Dr. Pechman, you raised another very tough, practical, political problem that I asked Nelson McClung, who has been loaned to us by the Treasury Department, about. He said a few hundred persons last year received incomes of over a million dollars, and had little or no taxable income, so little that they paid no taxes at all.

You said we would have to probably do something about our positive income tax evasion, or at least avoidance. This is a practical problem. These are powerful people. They have succeeded for years in persuading Congress from doing what we should be doing.

I suspect we do not want to invite any more opposition to the negative income tax than we have to. So how would you handle this in a way that would define income and yet keep some shocking, scandalous development of the kind that would destroy faith in the whole thing from happening, like having some fellow with a huge amount of income get a payment under this?

Mr. PECHMAN. My proposal for a negative income tax is a halfway house to Earl Rolph's global, comprehensive, reform. If I could get Earl Rolph's plan, I would accept it. I do not want to fight two battles at the same time, though I have fought both of them on separate occasions.

Senator PROXMIRE. I know you did, and you are one of the most eminent, certainly.

Mr. PECHMAN. Thank you.

With respect to the definition of income under the negative income tax, there is no technical reason why we could not define income on a comprehensive basis for recipients of the basic allowance or negative income tax payments that we are talking about.

Now, as soon as we enact a law of this sort, you have two codes, so to speak. You would have the Internal Revenue Code that applies to the rich and you would have a negative income tax code that applies to the poor.

It would be immediately obvious that the poor are being discriminated against. Their income is defined comprehensively, and the income of the rich is defined in a much less comprehensive way. I would hope that this would impel the Congress to move in the direction of a comprehensive income definition for the positive income tax.

Senator PROXMIRE. What this would be, what it would do would be, develop all kinds of opponents of the negative income tax right away. These people are not stupid; they are very bright, very sharp. They would find a good reason to oppose this. They would make this the reason.

Mr. PECHMAN. This is an objection to negative income tax that I have yet to meet.

Senator PROXMIRE. They have told you about it. I am sure they are feeling it.