Is a Negative Income Tax Practical?

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The war on poverty has brought emphatically to public attention the inadequacies of the nation's welfare system. The assistance given to the impoverished is pitifully inadequate in most states, and the rules under which it is given severely impair both the incentives and the potential of the recipients to help themselves. Most poor people are ineligible for public assistance, so restrictive are the eligibility requirements for the various categories of federal, state and local welfare programs. Many eligible poor people do not accept assistance from local welfare agencies because recipients are subject to numerous indignities by the procedures employed to enforce the means test and other conditions which determine who is entitled to help and to how much. The means test is in effect a 100 per cent tax on the welfare recipient's own earnings; for every dollar he earns, his assistance is reduced by a dollar. Administration of public assistance is now largely a matter of policing the behavior of the poor to prevent them from "cheating" the taxpayers, rather than a program for helping them improve their economic status through their own efforts. As a result poverty and dependence on welfare are perpetuated from one generation to the next, and the wall dividing the poor from the rest of society grows higher even as the nation becomes more affluent.

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