the net benefit received by a person whose other income for a year is zero and who has no offsetting tax to pay. It is therefore the minimum total disposable income—income from all sources including basic allowance less offsetting tax and other income taxes—the recipient can receive.

The basic allowance depends on the size and composition of the recipient unit. Plans differ in the schedule of basic allowances they propose, both in the adequacy of the amounts and in the variations for family size and composition. Some plans contemplate a fixed per capita allowance. Some would allow more for adults than for children. Some would add diminishing amounts to the basic allowance of a unit for successive children and perhaps impose a ceiling on the amount a family unit can receive regardless of size. Some would give no allowance for adults and would perhaps count young children more heavily than older children.

With respect to the offsetting tax, the main issue is the rate at which other income should be taxed. As already noted, current public assistance procedures generally impose, in effect, a 100 per cent tax. Some proposals for a universal "income guarantee" retain this same tax, disguised as a federal commitment to make up any gap between a family's income and an established living standard. Other "family allowance" plans contemplate no special offsetting tax at all; other income would simply be subject to the regular federal income tax. Some variants of this proposal would count the basic allowance as taxable income. In either case everyone in the country eligible for a basic allowance would be a net beneficiary.

So-called "negative income tax" proposals typically subject allowance recipients to a special offsetting tax with a rate less than 100 per cent but greater than the low-bracket rates of the regular income tax. At sufficiently high incomes the offsetting tax produces a negative net benefit to the family unit as large as or larger than its liability under the regular income tax. Taxpayers in this position would exercise the option to decline the basic allowance and thereby avoid the offsetting tax.

The authors strongly support some sort of negative income tax (NIT) plan, and indeed we have, as will appear below, some specific proposals regarding basic allowance schedules and offsetting tax rates. But the purpose of this article is not to expound the merits of the negative income tax approach in general or of our proposal in particular. The primary purpose is the more limited one of examining some of the sticky technical problems that must be solved if any such