individual returns to be processed by approximately 10%. In both 1965 and 1966, the proportion of 1040-A forms which were found to have errors in them, when arithmetically checked, was higher than the proportion of 1040's despite the fact that the computations are made by the Internal Revenue Service when total income is less than $5,000.

This experience confirms the impression of many taxpayers that not even the shorter form of tax reporting is really "simple." With the best intentions possible, the returns from the new, "negative" taxpayers would undoubtedly have a high proportion of errors which would have to be checked out by the IRS. Complete elimination of a "means test" would appear impossible.

5. A whole new set of circumstances would have to be considered. For example:

(a) *How will "income" be defined?*—Although wealth is properly a consideration in determining welfare eligibility, it is not—nor should it be—an element in revenue collection. The Internal Revenue Service deals with the determination of taxable income and with the assessment and collection of tax. A determination as to personal wealth ordinarily is not involved in income tax administration except in limited circumstances, such as a fraud investigation, estate tax administration, etc.

(b) *How will income fluctuations be treated?*—Will one year of earnings below the family's norm or the defined "poverty" standard be sufficient to qualify for the guaranteed income, or will an average of several years be considered? What about the family which suffers an abrupt change of situation in the middle of a year?

(c) *How will the filing unit be defined?*—Under some proposals, a breakup of a family develops higher combined negative bases than the family unit itself.

(d) *What will be done about irresponsible use of guaranteed income*—If a family receives a monthly allowance—and squanders it—how will the needs of the family be met?

(e) *What will be done about overpayments?*—The proponents of negative income tax extend the analogy to present procedures and say that the family would "settle up" in next year's tax payments. However, one reason for the acceptance of a graduate withholding was the problem of finding the cash to "settle up." If this is a problem for the "positive" taxpayer, it will certainly be a far greater one for the "negative" taxpayer—or the individual just leaving that status. As a practical matter, it is hard to imagine the Government's exacting any overpayment from the householder whose income is so meager and responsibilities so great as to entitle him to benefit from such a program.

(f) *How often will poverty be redefined?*—Most of the discussions have been in terms of an income of something just over $3,000 (in current prices for a family of four. The poverty of most Americans is a relative matter. It is, therefore, likely that the guaranteed income level would have to be redefined periodically to parallel economic growth. In that case, some current taxpayers (who continued to earn their income but did not keep pace with the general improvement) might be transferred from "positive" to "negative" taxpayer status.

(g) *Who will supervise the distribution of negative income?*—These plans would either make welfare-fund distributors of the Internal Revenue Service or, what seems more likely, would eventually separate the "negative" tax returns and make them the province of welfare officials.

Guaranteed Income As Welfare

The guaranteed income, we are frequently told, gives help in its most useful form—cash. Variations of that idea are among the chief arguments for the various plans. However, there is considerable evidence that, with few exceptions, this "solution" does not find widespread acceptance. The main exception, of course, is the aged person who, for whatever reasons, did not participate in a public or private retirement system and has no other source of income. Although aid to the blind and to the disabled are among the publicly accepted elements of welfare spending, the emphasis on employing the handicapped and on vocational rehabilitation is evidence that our society does not really believe that cash is the solution to poverty except as a last resort.

The significant trend in the last decade has been to attack the problems of poverty by job creation and by training—not by transfer payments. Certainly one of the arguments for the "war on poverty" was that the portion of the popula-