ment for all Americans who can reasonably be regarded as members of the labor force.

SOCIAL INSURANCE

Expansion of benefit levels and coverage of OASDHI has two major points in its favor as a means of treating poverty: its great political popularity and the avoidance of a means test in tying eligibility for benefits to credits earned in covered employment. Because benefits are related to participation in the labor force, the traditional fear of the work disincentive effect that inhibits liberalization of public assistance does not apply. Expansion of benefit levels must be financed by increased taxes on the wages of insured workers and/or by diverting general tax revenues into the OASDHI trust funds. The tax on employees and employers is currently 4.2 percent on the first $6,600 of wages, slated to rise to 5.4 percent by 1973. The tax is a regressive one, falling most heavily on low-income workers. At what point wide taxpayer resistance to further increases will be encountered is as yet undetermined.

Without supplementation from general revenue sources, this most popular of the social insurance programs will continue to replace interrupted income (as opposed to deficient income) by keeping retired workers or their dependents from falling into poverty, but will do little to lift the marginally employed or nonemployed (i.e., unemployed and not seeking employment) person and his survivors or dependents out of poverty. While the principle of relating benefits to wages is not sacrosanct (departures already exist in the health insurance features under Title XIX of the Social Security Act and in the 1966 provision for payment of cash benefits to all persons aged 72 or over without any contribution to the fund) further departures in the direction of payment of benefits to those not covered by the system could seriously alter the character and philosophy of the program, and perhaps ultimately its political acceptability based on its capacity to shore up the retirement income of the vast majority of American workers.

In short, while OASDHI must be considered an integral part of the American system of income transfers, it is not, strictly speaking, a completely efficient antipoverty program. Efforts to make it so could limit its capacity to maintain a reasonable level of living for the great majority of Americans when they cease work or lose a breadwinner. If unemployment insurance is to become a more significant factor in the relief of poverty, benefit levels must be raised, eligibility periods lengthened, federal standards strengthened, and the technical devices that up to now have operated to keep grants low must be replaced.

NEGATIVE INCOME TAX AND ALLOWANCES

NASW's recommendations for implementing the 1964 Delegate Assembly policy statement call for an expanded and improved system for raising to an adequate income level those persons not in the labor force or those whose work experience is so insubstantial as to prevent them from qualifying for adequate social insurance benefits. Two possibilities are suggested, with the choice dependent on one's own views as to the method that most nearly approaches the goals of dignity and efficiency, as well as on political realities as national debate develops. These are the negative income tax and a system of family or children's allowances, the latter sometimes referred to as a "demogrant."[12]

Perhaps the most widely discussed of the alternative approaches to a guaranteed income are the several schemes falling under the heading "negative income tax." These proposals have several factors in common: (1) They are to be differentiated from public assistance in that they are largely self-administered and from social insurance in that income disbursements are unrelated to labor force participation or to a trust fund derived from earmarked taxes. (2) They would use the federal individual tax system to redistribute income to all the poor, irrespective of their status or geographic location, but simply because they are poor. (3) They would lead to greater fairness in the present tax structure. The proponents of these proposals urge, further, that they would be simple and efficient to administer, and that their adoption would result in considerable savings in administration over current methods.

Certain features such as personal deductions and exemptions for dependents are built into the income tax system as aids to families. Those below the poverty line by definition pay no income taxes, but bear a proportionately heavier burden of consumption taxes (sales, excise, and so on) than those with higher income. Exemptions and minimum standard deductions in the federal income tax system offer in essence a subsidy for those in higher income brackets that is of little or no value to the poor. The failure of the tax system to respond with equity to the needs of those with lower incomes is seen in the following example: A family of four with an annual income of $3,000 is treated the same, i.e., with indifference, by the income tax system as a family of ten with the same income. Neither earns enough to pay an income tax, but consumer taxes of various kinds exact a far heavier toll on the larger family. It is to the problem of tax inequities that some advocates of the negative income tax address their proposals.[13]

One proposal, for example, would simply return to families below the poverty line a percentage of their unused exemptions under the income tax system. Another would replace a flat 50 percent of the difference between a family's total income and a poverty line. Thus, a family of four

[12] For an extensive discussion of the various possibilities with respect to income maintenance, *see* Alvin L. Schorr, "Alternatives in Income Maintenance," *Social Work*, Vol. 11, No. 3 (July 1965), pp. 22-29.

[13] Robert J. Lampman is among those advocating the negative income tax as a measure for increasing equity in the tax structure. *See* his "Approaches to the Reduction of Poverty," in Louis A. Ferman, Joyce L. Kornbluh, and