with no income would receive a payment amounting to half the difference between zero and the poverty line, or $1,565 (one-half of $3,130, to suggest only one poverty-line figure). A family of four with an income of $2,500 would receive one-half the difference between that figure and the poverty line, or $315, for a net income of $2,813. Such a plan would establish a minimum subsistence level of income for all Americans, although it will be argued that the level of payments is so low as to contribute to tax equity without effectively dealing with poverty. Another plan would replace 100 percent of the gap between individual or family income and the poverty line and would use the income tax system as a primary welfare instrument, rather than merely make it more equitable.

Theobald, Schwartz, Lampman, and Friedman are perhaps the most prominent among those advancing negative income tax proposals. Their plans are discussed in their own writings, and are summarized with clarity by Nicol.[14] Each, with differing philosophical bases and procedural approaches, aims at reducing at least in part the poverty-income gap, or the difference between the current income of those below the poverty line and what it would take to lift them up to that line. This gap is estimated at present to be approximately $12 billion.

Cost estimates of the various negative tax plans vary widely, ranging from $2 billion for the plan designed only to restore a degree of equity to the income tax system, to as high as $30 billion for the plan designed to replace 100 percent of the gap between current income and the current poverty line. The $30 billion estimate is based not on firm data, but on estimates of loss to the total income of the nation resulting from pessimistic estimates of the numbers of persons who would choose the subsidy as an alternative to work, and of the additional claims on the system that would be made by the so-called "hidden poor" who currently accept subsidies from relatives rather than receiving public assistance.

In addition to the presumed efficiency of the negative tax plans, their supporters claim for them the additional virtue that economic need is the sole criterion for receipt of benefits, not social status or moral fitness as determined with no matter how much magnanimity by public officials.[15] Those who favor a guaranteed income but oppose the negative tax approach claim that what is cited here as a virtue is actually a defect, since the tax approach would serve greatly to expand the numbers of those officially identifiable as "poor" and to subject them to community opprobrium and ostracism that would lead to increasingly restrictive and punitive legislative action.

Those who take this position argue for an approach to income distribution that would not precisely aim at relieving poverty, but instead provide subsidies based not on need, but on defined social status. Under such proposals, flat rate allowances would be paid to all members of a particular social group, such as to mothers or fathers of all children between birth and 18, or to all persons over, for example, 65. Under such a plan, the poor would not be differentiated from others in the group receiving the benefit, since all in the defined group would receive it, regardless of income. Benefits received would presumably be considered taxable income and would be returned to the government in the form of income taxes by the more affluent. It is claimed that under such programs public and ultimately legislative harassment of the poor would be minimized, since the numbers of poor persons receiving such benefits would not be subject to public scrutiny.

The family or children's allowance proposals might have the advantage of capitalizing on political interest in improving the lot of some particular demographic group, such as children, although experience with AFDC has not demonstrated that this group has any special claim on public sympathy. Advocates of such proposals recognize that they would not aid poor persons not belonging to the defined demographic groups, and would therefore be only a partial or evolutionary approach to the concept of the guaranteed income.

It is difficult at this stage to compare the anticipated effect on poverty of the partial demogrant proposals with the various negative income tax plans, since specific proposals based on the demogrant idea are not available to show the extent to which the poverty gap could be reduced by their application.

PUBLIC ASSISTANCE

The case for improving the existing public assistance programs has been made in the report of the Advisory Council on Public Welfare.[16] The report presents a plan for reconciling the major paradox of the current system—i.e., the collision of the concept of states' rights with state fiscal incapacity—through adoption of the following major recommendations: establishment of federal standards for grant levels, elimination of the categories with the substitution of a single standard for eligibility based on need, development of simplified methods for eligibility determination, expan-

Alan Haber, eds., *Poverty in America* (Ann Arbor: University of Michigan Press, 1965), pp. 415-421; and "The Future of the Low-Income Problem," in Burton A. Weisbrod, ed., *The Economics of Poverty: An American Paradox* (Englewood Cliffs, N.J.: Prentice-Hall, 1965), pp. 57-63. *See also* Milton Friedman, *Capitalism and Freedom* (Chicago: University of Chicago Press, 1962), chaps. 11 and 12.

[14] Helen O. Nicol, "Guaranteed Income Maintenance," *Welfare in Review*, Vol. 4, No. 4 (April 1966), pp. 1-10. *See also* Robert Theobald, *Free Men and Free Markets* (New York: Clarkson N. Potter, 1963); Theobald, *The Guaranteed Income* (New York: Doubleday & Co., 1966); Edward E. Schwartz, "A Way To End the Means Test," *Social Work*, Vol. 9, No. 3 (July 1964), pp. 3-12, 97; Lampman, *op. cit.*; and Friedman, *op. cit.*

[15] Since economic need would be the criterion for benefits, it is apparent that the negative income tax proposals will require a means test, in the sense that a statement of current resources is demanded. A simplified means test of the kind anticipated under such proposals is to be differentiated from the complex and demeaning process associated with current public assistance programs.

[16] *Having the Power, We Have the Duty.*