

MISSING CHILDREN AT TAX TIME

Freakonomics is a fascinating book by economist Steven Levitt that turns conventional wisdom on its head. On the subject of cheating, Levitt calls it "a prominent feature in just about every human endeavor." Although he doesn't declare it part of human nature, Levitt notes the prevalence of cheating among ordinary schoolteachers, wait staff, and payroll managers. While evidence for cheating is often hard to uncover, at times it is overwhelming.

Consider what happened one spring evening at midnight in 1987: seven million American children suddenly disappeared. The worst kidnapping wave in history? Hardly. It was the night of April 15, and the Internal Revenue Service had just changed a rule. Instead of merely listing the name of each dependent child, tax filers were now required to provide a Social Security number. Suddenly, seven million children—children who had existed only as phantom exemptions on the previous year's 1040 forms—vanished, representing about one in ten of all dependent children in the United States.