

TWENTY MILLION FAMILIES RELEASED FROM INCOME TAX

The releasing of 20 million families from income tax is accomplished by increasing personal exemption from \$600 to \$1,500—\$6,000 for an average family. The revenue thus missed is collected in a sales tax of 20 percent on the broadest feasible base of retail sales, and on some other sales to ultimate consumers.

The poor are spared through issuance, presumably twice a year to all persons, of monthly ration coupons with total cashable value in a year of \$100. This is comparable with the actual value of the \$600 income tax exemption.

AVOIDING CONFLICT WITH PRESENT TAX SYSTEMS

The problem of avoiding conflict with State sales tax systems is solved by payment to every State of a portion of the national sales tax. The portion must be the same for every State. So it will probably be the figure called for for reimbursement of the State with highest sales tax, for refraining from collecting it—say 5 percent—one-fourth—out of the Federal 20 percent, leaving 15 percent for the U.S. Treasury, say \$60 billion net.

State bureaucracies need not be disturbed; they may be given the Federal sales tax to collect—for a fee.

NO CONFLICT WITH FEDERAL INCOME TAX

Let it be noted that nothing in my plan conflicts with the income tax system. My only contact with it is in raising personal exemption to make room for sales tax at the bottom of the scale, and in adjusting the income tax rates somewhat in the remaining brackets to ease the impact of the basic 20-percent sales tax.

POLITICAL ADVANTAGE

The difficulty in comparing the two systems will hide any changes in real impact at any level, and thus will make it difficult for opponents to accuse the Treasury of putting the whole burden onto "the rich"—even if it does so, as expected.

I'm sure this plan of mine could be built into immense political capital for the party sponsoring it. We know the public is frantic at the prospect of less cash in pay envelopes next year. One point that can be loudly touted is that this sales tax per se will not raise taxes for anybody one penny; it will be funded for the worker by the money now being withheld from him as income tax, 10 to 20 percent of his earnings. Restored to the weekly pay envelope, this will give a big psychological boost to morale. Psychopolitical.

CONSERVATIVE TAX PLANS

Political scouts are uncovering millions of conservatives in business and the professions who aren't bothering to argue with the reigning liberals, but who will defiantly vote against liberal doctrine in 1968. This Crehore tax plan should certainly attract these sound economists, with its foot in the door against the confiscatory income tax system.