

Because it is imposed on one cost of production—labor—the OASDHI tax falls with peculiarly uneven impact from one industry to the next. If the effective rate of tax is measured with respect to wages and salaries, the tax falls with relatively heavy force on labor-intensive industries. At the same time (and not predictably operating in either a compensating or reinforcing direction), the tax falls with comparatively light impact on those industries with average wages higher than the maximum tax base, since it applies at a uniform rate only up to a specified maximum of wages and salaries. In fact, by almost any measure one might select, social security taxes show a wide range in the intensity of their impact on differing industries.

Useful material on annual social security tax collections by industry has not been generally available. Fortunately, the Social Security Administration was able to provide unpublished data for 1963, a year in which the Department of Commerce conducted a number of full-scale economic censuses. Computations relating tax collection data to some of the industrial data available appear in table 3.¹⁰

Three ratios were selected: Tax liability as a percent of total wages (T/W), tax liability as a percent of value added (T/VA), and tax liability as a percent of value of shipments (T/VS). A comparison of T/W for a group of industries shows the relative impact of the tax considered as a levy on payroll; T/VA and T/VS illustrate how significant the tax is relative to other costs of production. Ideally, yet another ratio, with some measure of profits for the denominator, would have completed the picture, but suitable data could not be found.

TABLE 3.—EMPLOYER OASDI TAX LIABILITY AS PERCENT OF TOTAL WAGES, VALUE ADDED, AND VALUE OF SHIPMENTS, BY INDUSTRY, 1963

Industry	Total OASDI tax liability (millions)	OASDI tax liability as percent of —			Quartile ¹		
		Total wages	Value added	Value of ship- ments	T/W	T/VA	T/VS
All mineral industries.....	\$100.07	2.68	0.63	0.46	-----	-----	-----
Metal mining.....	13.04	2.50	.92	.61	1	1	2
Anthracite mining.....	1.88	3.20	1.56	.79	3	4	3
Bituminous coal and lignite mining.....	21.80	2.86	1.34	.91	2	2	4
Oil and gas extraction.....	44.06	2.56	.40	.30	1	1	1
Nonmetallic minerals mining.....	19.28	2.89	1.10	.82	2	1	4
All manufacturing industries.....	2,647.81	2.65	1.38	.63	-----	-----	-----
Food and kindred products.....	255.56	2.96	1.17	.37	2	2	1
Tobacco manufacturing.....	12.31	3.72	.73	.27	4	1	1
Textile mill products.....	114.66	3.39	1.87	.73	4	4	3
Apparel and other.....	145.05	3.27	1.84	.85	3	4	4
Lumber and wood products.....	72.20	3.09	1.79	.78	3	4	3
Furniture and fixtures.....	52.27	3.03	1.70	.89	2	4	4
Paper and allied products.....	99.56	2.84	1.34	.61	1	2	2
Printing, publishing, etc.....	139.88	2.54	1.33	.87	1	2	4
Chemicals and allied.....	155.49	3.13	.88	.49	3	1	2
Production of petroleum and coal.....	36.64	3.23	.99	.20	3	1	1
Rubber and plastic products.....	65.18	2.76	1.40	.71	1	3	2
Leather and leather products.....	41.16	3.35	1.98	.98	4	4	4
Stone, clay, and glass.....	99.93	3.11	1.42	.81	3	3	3
Primary metal industries.....	202.68	2.62	1.34	.57	1	2	2
Fabricated metal products.....	188.33	2.95	1.60	.82	2	4	3
Machinery, except electric.....	262.04	2.74	1.52	.86	1	3	3
Electrical machinery and services.....	238.07	2.56	1.40	.80	1	3	3
Transportation equipment.....	301.56	2.58	1.32	.54	1	2	2
Instruments, etc.....	57.96	3.03	1.45	.95	2	3	4
Miscellaneous manufacturing.....	52.13	2.88	1.46	.80	2	3	3

Footnote at end of table.

¹⁰ Less extensive but similar computations for 1957 and 1962 appear in "Economic Aspects of the Social Security Tax," New York, Tax Foundation, 1966, p. 22.