effort to minimize the tax. We can reasonably anticipate that the inter-industry tax rate differentials and opportunities for successful tax adjusting behavior will lead to changes with the net result a waste of some resources. Assuming that the pretax pattern of production (in terms of input techniques and output composition) was as efficient as possible under all existing constraints aside from the tax, then any changes made in response to the tax necessarily will move the economy to a less efficient position.

TABLE 2.—ESTIMATED COST OF DISTORTION UNDER OASDI TAX ON EMPLOYERS, SELECTED INDUSTRIES, 1963

	OASDI tax (millions) (1)	OASDI tax as percent of national income originating in industry (2)	Industry percentage minus average percentage (3)	Cost of distortion (millions) (4)
Farms	$81.0	0.46	−1.16	$117.1
Agricultural services, forestry, and fisheries	19.5	1.62	-------------	0
Metal mining	13.0	1.62	-------------	0
Coal mining	21.8	1.82	+.20	2.4
Crude petroleum and natural gas	44.1	1.52	−.10	(1)
Mining and quarrying of nonmetallic minerals	19.3	1.93	+.31	(1)
Contract construction	495.2	2.05	+.43	22.3
Food and kindred products	255.6	1.91	+.29	5.6
Tobacco manufactures	12.3	1.02	−.60	2.2
Textile mill products	114.7	2.44	+.82	15.8
Apparel and other fabricated textile products	145.0	2.54	+.92	24.1
Paper and allied products	99.6	1.92	+.30	2.3
Printing, publishing, and allied industries	139.9	1.92	+.30	3.3
Chemicals and allied products	155.5	1.50	−.12	(1)
Petroleum refining and related industries	36.6	.80	−.82	15.4
Rubber and miscellaneous plastic products	65.2	1.98	+.36	2.1
Leather and leather products	41.2	2.42	+.80	5.4
Lumber and wood products, except furniture	72.2	2.00	+.38	2.6
Furniture and fixtures	52.3	2.18	+.56	3.8
Stone, clay, and glass products	99.9	1.96	+.34	3.0
Primary metal industries	202.7	1.76	+.14	1.2
Fabricated metal products	188.3	2.05	+.43	8.5
Machinery, except electrical	262.0	1.87	+.25	4.3
Electrical machinery	238.1	1.93	+.31	5.9
Transportation equipment and ordnance	356.6	1.61	−.01	(1)
Instruments	58.0	1.66	+.04	(1)
Miscellaneous manufacturing industries	52.1	2.08	+.46	2.6
Local, suburban, and highway passenger transportation	45.2	2.66	+1.04	9.2
Motor freight transportation and warehousing	139.8	2.03	+.41	5.8
Water transportation	38.2	2.12	+.50	2.2
Air transportation	35.8	1.88	+.26	(1)
Pipeline transportation	3.7	.92	−.70	(1)
Transportation services	12.1	2.02	+.40	(1)
Communication	129.1	1.32	−.30	4.4
Electric, gas, and sanitary services	112.4	1.09	−.53	14.4
Wholesale and retail trade	1,449.4	1.97	+.35	44.8
Banking, credit agencies, holding and other investment companies	152.9	2.01	+.39	5.8
Security and commodity brokers	19.6	1.40	−.22	(1)
Insurance carriers, brokers and real estate	236.1	.53	−1.09	266.9
Hotels and other lodging places	54.7	2.28	+.66	5.2
Personal services	95.6	1.80	+.18	(1)
Miscellaneous business services	117.2	1.78	+.16	(1)
Auto repair, auto services, and garages	36.7	1.62	+.05	(1)
Miscellaneous repair services	19.8	1.52	−.10	(1)
Motion pictures	20.0	2.23	+.61	1.7
Amusement and recreation services, except motion pictures	39.9	2.00	+.38	1.4
Medical and other health services	223.6	1.66	+.04	(1)
Legal services	22.7	.67	−.95	1.5
Nonprofit membership organizations	77.5	1.68	+.06	(1)
Miscellaneous professional services	65.5	1.39	−.23	1.2
All industries listed above [2]	6,489.2	1.62	-------------	612.4

[1] Less than $1,000,000.
[2] Excludes railroad transportation, education services, private households, government and government enterprises, rest of the world.

Source: Department of Commerce, "The National Income and Product Accounts of the United States, 1929–65," pp. 20–21; unpublished data provided by Social Security Administration.