Representative GRIFFITHS. But you would have some method of keeping track of who was working.

Mr. WATTS. Would it really add that much to the method we now have? Social security, if it worked ideally, would accomplish the same thing. Would we not have the same enforcement problem?

Senator PROXMIRE. I would like to ask, Dr. Rolph: You made an interesting proposal that no matter how large an income people should pay the same tax rate.

Mr. ROLPH. Tax rate; yes.

Senator PROXMIRE. Of course, you had a limited paper. You could not define that as much as you would like to. Is this like Senator Robert Kennedy's proposal that everybody pay at least a 20-percent tax, regardless of what oil depletion advantages they had or what income they might have, municipal or bonds, and so forth?

Mr. ROLPH. It is like it, but say the rate is 25 percent. It may have to be 30 percent. Then the gross tax liability of every single person would be 25 percent of his income.

Senator PROXMIRE. You would not change, however, the progressive element of the tax?

Mr. ROLPH. No. You get the progressive element in the tax system in this scheme by the flat sum credits.

Senator PROXMIRE. Then you would not have the progressive rates?

Mr. ROLPH. No, no. A proportional rate right across the board. It is a proportional income tax and a system of flat sum credits.

Senator PROXMIRE. People with a lot of income would support that sort of position. I am not sure it would be more equitable.

Mr. ROLPH. It would change the income distribution quite radically by this device. What you mean by progressive, or ought to mean, is reduction in income inequality.

Senator PROXMIRE. I have been fighting for years to try to reduce the oil depletion allowance. I have introduced amendment after amendment and I finally got 31 votes for it, which is more than anybody else has gotten before that. But this is a hard thing to get done. The people in the oil industry feel very sincerely that this is a necessary incentive to encourage oil exploration.

We just wrote into the law an investment credit which provides for a differential kind of opportunity for people to reduce their taxes. Now, your proposal would eliminate all of these devices which have a lot of power and push behind them. I am just afraid that once you get a proportional tax, if they accept that, then they will come right back in with some of these provisions, like oil depletion, and all you would do is eliminate the progressiveness we now do have.

Mr. ROLPH. I am not optimistic that you can write the kind of plan I have in mind in the short run. But if you can get in a critical provision, construction realization, then you can tax these people at some point in time. Their gains have to show up someplace.

If they cannot go to their death without realizing this, then they are going to be taxed at some time. You may catch it at the right time, but you will catch it. That is the critical provision. But that is what you want to hammer on.

Mr. PECHMAN. May I add to that. Professor Rolph chose his 30 percent very carefully—you do not have to worry about tax reduction under his scheme. As you may remember, we presented testimony to