

the Council, after acknowledging these problems and praising already existing programs, proposes few bold or imaginative solutions.

It is clear to us in CWA that what we are doing now is not enough. Massive programs and a commitment of genuine concern are urgently needed. The continuing unrest in our urban slums indicates that the disadvantaged are not willing to wait for the termination of the Vietnam war to enter the mainstream of American society.

We do not deny that the building of the Great Society is going to cost money. We recognize the pressures on the Federal budget resulting from our multibillion-dollar involvement in the Far East. We, therefore, call upon the 90th Congress—and specifically on the House Ways and Means Committee—to institute, on a priority basis, legislation to tap those sources in our economy which today carry no share of the tax load whatsoever, or ride at such reduced rates as to be virtually free-loaders.

In a recent article in the *American Scholar*, former Senator Paul Douglas—long a lone voice in the Congress on behalf of tax reform—noted that only about half the total personal income in the United States is subject to taxation—while the other half completely escapes a tax levy. The basic exemption in personal income tax of \$600 per person accounts for only a fraction of this latter amount.

In a statement issued by CWA's executive board last August, we called on the Congress (a) to bring the half of long-term capital gains, which now totally escapes Federal taxation, under a progressive tax schedule geared to the level of such gains; (b) to tap the income from State and municipal bonds on a progressive basis, also geared to the level of income accruing to the individual taxpayer from such sources; and (c) to revise the depletion allowance schedule (beginning with the 27½ percent writeoff for oil and gas) to bring it in line with the level of taxation now levied on the corporate sector as a whole.

Provided that the Congress takes such action in closing tax loopholes, we would support a surcharge on personal and corporate income, tailored to an ability-to-pay principle which would assure that such additional tax payments enhance the progressive structure of our income tax schedules, rather than compounding their regressive characteristics.

We believe that sufficient revenue can be thus generated, not only to meet the cost of our foreign commitments and to ease the tight credit situation, but also to initiate the kinds of programs needed to achieve full employment and to tackle the most pressing of the other problems which continue to plague this society.

We are prepared to acknowledge that, as the Nation moves closer to full employment, there are likely to be inflationary biases; our resources are not perfectly mobile. Bottlenecks may occur in some industries while there is idle capacity in others; workers with certain skills may be in short supply while others cannot find jobs. Businesses have rather consistently taken advantage of strong demand to raise prices and to improve their profit margins. Lower unemployment rates may, in a word, incur the cost of rising prices.

Nevertheless, we are firmly convinced that the Nation can sustain the burden of a moderate rise in the price level far more readily than the grave consequences of letting our domestic problems fester for the duration of the war.