

adequate account of evasions and loopholes available to so many people in the high-income brackets.¹⁰

Narrow view of scope of the total tax burden

But this is only the beginning of the travesty. Among all the "new economists" including the CEA membership who appeared before the Joint Economic Committee to urge and applaud the changes in the Federal tax structure which have actually occurred, hardly a one of them had the breadth of perspective to focus upon the *entire* tax structure throughout the Nation, rather than exclusively upon the Federal tax structure. Yet a first year course in economics should have encouraged them to do just that.

In 1966, looking at all persons in all the income classes shown, those with incomes under \$3,000 paid only 3.7 percent of their incomes in the form of Federal income taxes, and this percentage moved upward to 14 percent in the case of those with incomes from \$15,000 to \$19,999, and to 33.6 percent in the case of those with incomes at \$50,000 and over. This gives the appearance of a quite progressive tax structure, although again ignoring the fact that these comparisons are based upon tax rates without adequate allowance for evasion, avoidance, and loopholes. But looking at *total* taxes paid, including all Federal income taxes, social security taxes, State and local income taxes, sales and gasoline taxes, and personal property and real estate taxes, how different the true picture is. Those with incomes under \$3,000 paid 14.1 percent of their incomes in total taxes. Those with incomes of \$3,000 to \$3,999 paid 19.3 percent. But those with incomes of \$5,000 to \$9,999 paid only 17.5 to 17.6 percent. Those with incomes of \$15,000 to \$19,999 paid 19.8 percent, or very little more (ratio concept) than those with incomes of \$3,000 to \$3,999. Those with incomes of \$20,000 to \$49,999 paid 24.2 percent, and those with incomes of \$50,000 and over paid 38.8 percent, again looking only at the tax rates on the books. In the main, this represents a horribly unjust and inequitable nationwide system of taxation.¹¹

The situation is worse now than it was in 1966, although comprehensive data are not available to me for the most recent years. The regressive State and local taxes, and the sales taxes, have continued to mount. And when the time came for the Federal Government to lift taxes in order, avowedly, "to fight inflation," the sound decision was not made to lift taxes in accord with the same pattern which had governed their previous reduction. Instead, a 10-percent across-the-board "temporary" surcharge tax was imposed, which manifestly adds to the regressive nature of the entire nationwide tax burden, or at least is certainly not progressive.

The issue of "tax reform"

There is now a great deal of discussion about "reform" in the Federal tax structure. Such discussion concentrates mainly upon plugging loopholes which enable large numbers of very wealthy taxholders to pay no taxes at all, or to pay only token taxes, or to pay distressingly low taxes relative to those very much lower down in the income structure. Sometimes this proposal is coupled with the idea that there shall

¹⁰ See chart 11, following text.

¹¹ See chart 12 following text.