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# Mr. Ford's Fraud

By Tom Wicker

Gerald Ford's veto of a tax reduction bill may or may not prove to have been bad politics. But it was bad economics and sorry leadership. It reflected callous unconcern for American wage workers and a Nixon-like contempt for American voters, who were offered a justification reeking with piety but fraudulent in every major particular.

Not the least of these frauds was to state, as Mr. Ford did, that there would be risk of "a new round of double-digit inflation" if he approved the tax bill. Nevertheless, inflation is such a bad word in the political vocabulary that its mere intonation, often enough repeated, has been known to paralyze minds more flexible than Mr. Ford's, and win elections for incompetent nincompoops. By taking that scary line, Mr. Ford may be able to avoid or at least ameliorate the political consequences that ordinarily would follow his having insured a tax increase in an election year.

But the economic consequences are something else. Mr. Ford's veto, combined with the House's narrow failure to override, returns tax rates to their 1974 levels—in effect levying \$16.8 billion more taxes on individuals and corporations than they paid in 1975. It should not be forgotten that these new taxes, going into effect Jan. 1, will be combined with an increase in Social Security payroll taxes. Because of an increase from \$14,100 to \$15,300 in the amount of income on which Social Security taxes must be paid, thousands of individual taxpayers will be paying up to \$70.20 more per year for this already regressive levy.

The resulting double whammy on January paychecks will be made even worse by the fact that the 1975 tax cuts, the continuation of which was vetoed by Mr. Ford, were calculated to give the greatest relief to low-income taxpayers; hence, the increase insured for January, 1976, by his cancellation of the 1975 cuts will fall most heavily on low-income groups.

Altogether, Gerald Ford has delivered a hard wallop to the pocketbooks of millions of working Americans. One example suffices: A married couple with two children earning \$8,000 paid \$347 in income taxes last year, but will pay \$212 more in 1976 (this couple would not be affected by the rise in the Social Security taxing base).

Even more depressing — in more ways than one—is the fact that Mr. Ford also imposed a \$16.8 billion drag on an economy which is currently trying to recover from the worst recession since World War II. About

7.7 million persons still are officially unemployed, millions more are too discouraged to look for jobs and have fallen out of the labor force altogether, and in the last three months the total number of jobs in the economy has failed to grow at all. Non-farm payroll employment is static, black unemployment is at 13.8 percent, and black teen-age unemployment is running at nearly 40 percent. Mr. Ford's decision to increase taxes for 1976 may further slow, or even halt, recovery and make the unemployment situation more serious.

But didn't Mr. Ford say he really had no alternative? He did, and Mrs. Ford ought to wash his mouth out with soap. Congress, Mr. Ford said, had not voted to limit spending by the same amount it was cutting rev-

## IN THE NATION

enues and therefore approval of the tax bill would mean "we will run up larger and larger deficits . . . risk a new round of double-digit inflation . . . while leaving the Federal cash register wide open for whatever spending Congress wants to take out in an election year."

Not since Richard Nixon said he knew nothing about a cover-up has a long-suffering public been offered so much hogwash, viz.:

¶Mr. Ford said he had vetoed the tax cut because Congress had refused to couple it with a spending limit on "the next fiscal year"; but that year does not begin until Oct. 1, 1976, and Congress cannot settle upon a sensible limit at least until it sees Mr. Ford's own budget proposals in January.

¶The tax reduction Mr. Ford vetoed was only a continuation of 1975 rates through the first six months of 1976, and would have had no direct effect on fiscal 1977 revenues; nor does fiscal 1977, which runs from Oct. 1, 1976, through Sept. 30, 1977, have much to do with the coming election year.

¶By next May 15, under its own rules, Congress must set a spending limit for fiscal 1977, just as Mr. Ford demands, and that would be the proper time to consider the \$395 billion ceiling he wants.

¶The vetoed bill would have provided tax reduction for six months of 1976 at an annual level of only \$3 billion more than the level of tax reduction for 1975, which Mr. Ford himself approved, and could not have caused either "double-digit inflation" or "larger and larger deficits."

But as Mr. Ford himself said, the American people know that Federal officials "for years and years have not been playing fair with them." Yes, starting right at the top.