

Truth on Tax Reform

A moderate reform of the tax laws would correct weaknesses that benefit only the very wealthy and would end privileges granted to certain corporations. Such a reform could be achieved without increasing the taxes paid by the ordinary citizen and would bring in additional Federal revenue of upward of \$10 billion. That extra revenue would provide Congress and the country with an alternative to President Nixon's socially regressive budget.

The Administration, understandably enough, has no interest in developing a discussion of any alternatives. Its spokesmen are hammering away on the simple line that it is the Nixon budget or else a general tax increase. In this fiscal fairy tale, the Democratic-controlled Congress is being puffed up as a wicked, wild-spending wolf sure to eat up all tax-paying Little Red Riding Hoods.

John D. Ehrlichman, who is President Nixon's senior staff assistant for domestic affairs, put on a particularly shameless propaganda exercise in a recent television performance. According to Mr. Ehrlichman, Congress could raise money through tax reform only if "you don't let the average householder deduct the interest on his mortgage anymore, and you don't let him deduct charitable contributions to his church or to the Boy Scouts."

Tax experts in testimony before the House Ways and Means Committee have repeatedly set forth reforms which have nothing to do with the ordinary citizen's contributions to charity or his routine small deductions. Their proposals cover weaknesses and privileges such as favorable tax treatment for capital gains, mineral depletion, municipal bonds, oil and gas drilling, rapid depreciation of business assets, investments in apartment houses and office buildings, and corporate income from foreign subsidiaries. Senator Muskie, for example, has introduced a bill covering 24 such items; if his bill were enacted into law, the Federal Government would receive by 1975 nearly \$19 billion in additional revenue.

Each of the changes proposed in the Muskie bill as in similar tax reform legislation is open to argument. A case of greater or lesser merit can be made for each of the existing tax privileges. But a rational debate over alternatives is what Mr. Ehrlichman and his colleagues in the Administration seem determined to avoid. It is much easier and perhaps politically more profitable to puff up fears about home, children, and Boy Scouts than it is to admit that the Nixon budget is not the last word in fiscal wisdom or social responsibility.