

"Minority Platform"

II. C. Taxes and Government Spending

In New York, we have been faced with the task of choosing the least of three evils. The Democrats are the wolf-pack of the spending lobbies, who look to Washington for solutions to everything even as the Republicans always look to Albany and the Conservatives to the City Halls and County Courthouses. The Republicans have increased spending in N.Y. from \$1.9 billion in 1959 to 8.9 billion in 1973; they have devised an encyclopedia of fiscal gimmickery to give the illusion of a balanced budget, from roll-overs to deferred payments.

The Conservatives seek the restoration of power and taxes to local governments. Yet it is not the local governments which need to reclaim their resources, but rather its citizens who should demand that their resources be left with them for their own personal priorities. The people best suited to cope with local problems are not the officials of local government, but the taxpayers, before they are taxed.

We look neither to Washington, nor to Albany, nor to City Hall, but to the people themselves to solve their own problems.

We propose to increase no one's tax; we propose to eliminate those taxes which are most burdensome first, and others soon after.

Jack Brooker

~~"Minority Platform"~~

~~II. C. Taxes and Government Spending~~

The dominant domestic issue facing our nation is the desperately bad condition of our government's finances. As a result of increased deficit spending, the purchasing power of the American dollar has declined. Deficit spending by the Federal Government is the major cause of inflation, which is a hidden tax on the earnings of the working people.

No State in the Union is in as bad shape financially as is the Federal Government. The annual interest on the national debt is \$22.7 billion.

The Federal Government obtains its funds from the same sources as do State and local governments, from working men and women. Costly Federal programs must be paid for by more taxes, or by more inflation, or both.

A review of the last 20 years shows that despite the Congress' continuing control by the Democrats, it has done little to reform the American tax structure. They are the architects of our present laws. Whatever inequities exist are the direct result of their action or inaction.

In fact, the Democrats enacted a "tax reform" law in 1969, just four years ago, which carefully preserved what they now call "loopholes." They even killed the ~~a~~ few meaningful reforms proposed by the Republicans at that time.

For the past 20 years our corporate powers have been driving the small manufacturers, businessmen, and shop owners out of business. We seem to have assumed that small business is obsolete and have equated bigness with efficiency and productivity. We have proceeded on a course of centralization-- but we have moved beyond economics of scale and into economics of monopoly.

This trend has been no accident--the tax subsidies of the Internal Revenue Code have made a calculated attack on small businesses and provided incentives for large corporations to buy up small successful companies for tax and cash flow purposes.

Our tax laws mischievously operate to suppress small business--to deny an equality of opportunity for small free enterprise to compete with the "big brothers" who can utilize the tax laws to reduce their effective tax rates and to generate extra muscle to compete with and devour small business.

The tax code has provided the "launch-pad" for the conglomerate growth of the 1960's.

The average effective tax rate of all American corporations in 1971 was 37 percent. But the average tax rate for the top 100 industrial corporations was 24.4 percent. This means that the smaller corporations appear to be paying a rate above the average. It is estimated that smaller corporations--those under the top 100--paid an average rate of 44 percent. Obviously the giant corporations enjoy greater cash flow, higher rates of return, and the economic power to acquire more subsidiaries, thus driving the smaller firms which pay higher rates of taxation out of business.

And the trend of "low" effective tax rates for the "100 giants" appears to be accelerating.

These giants have done nothing illegal in lowering their tax rates--they have simply taken advantage, quite effectively, of the multitude of tax subsidies which have been enacted into the tax laws over the years.

It is vital that the entire American public make a careful examination of these subsidies which provide enormous benefits to a very few, and which

have resulted in terrible inefficiencies in the use of our resources: the investment tax credit, the subsidies to the oil industry, the timber industry, and the foreign tax credit, among many.

Aided and abetted by our tax laws, the free enterprise system in America has become one large chicken factory where little chicks grow to maturity and are made marketable to satisfy the appetite of conglomerate America.

When an individual making \$10,000 files his income tax, he has no choices among "generally accepted accounting principles" so as to conceal his income and reduce his tax. These "principles" are only generally accepted and used by the wealthy corporations of this nation. They are generally "accepted" because no one understands them.

The share of total corporate profits of firms with assets over \$1 billion has nearly doubled since 1959--from 28.4% of all profits in that year to 54.6% in 1971. In 1971, almost 55% of all corporate profits in America were achieved by the billion-dollar corporations, only 260 in number. What is left for the 1,700,000 other corporations of America?