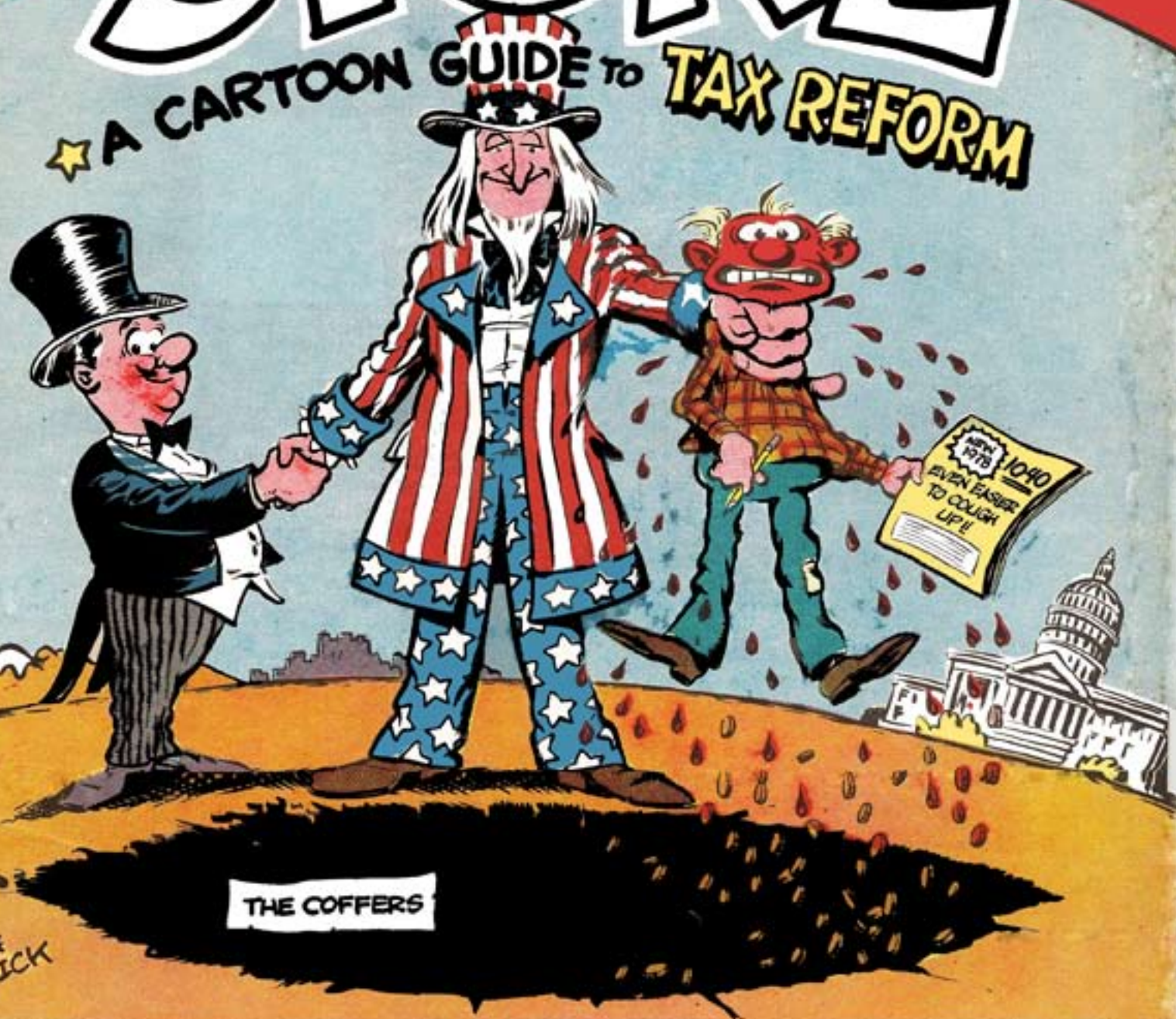


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(NYPIRG)  
PUBLICATION

\$1<sup>25</sup>

# BLOOD FROM A STONE

★ A CARTOON GUIDE TO TAX REFORM



THE COFFERS

GONICK

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## **ACKNOWLEDGEMENTS**

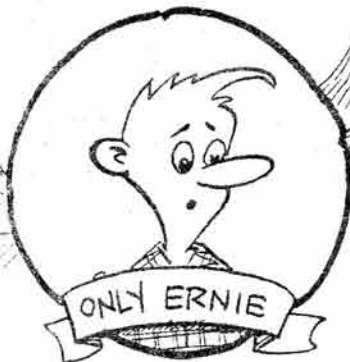
SPECIAL THANKS TO BOB BRANDON AND THE TAX REFORM RESEARCH GROUP FOR VALUABLE ASSISTANCE ALONG THE WAY AND TO ROLAND SNYDER FOR INSPIRATION BACK IN THE BEGINNING.



# BLOOD FROM A STONE

A CARTOON GUIDE TO TAX REFORM

FEATURING:



## CHAPTER 1 HISTORY

**T**AXES ARE AS OLD AS THE HILLS, AND ABOUT AS HIGH...

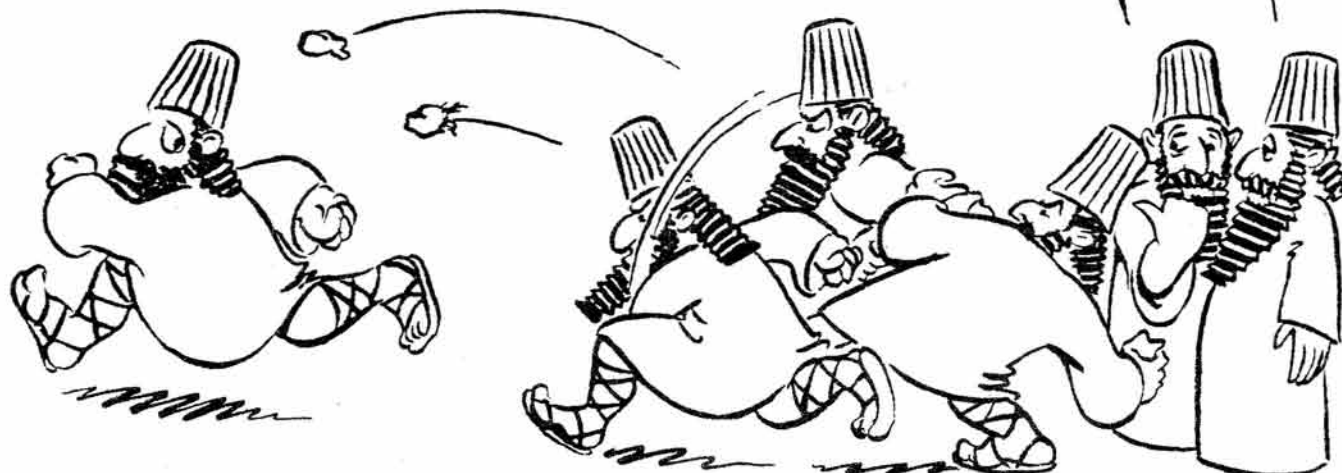
TEXT: STEVE ATLAS  
PICTURES: LARRY GONICK



FOR EXAMPLE, AS FAR BACK AS 700 B.C., THE ASSYRIAN GOVERNMENT WAS RAKING OFF A PERCENTAGE OF ALL PROFITS FROM THE SALE OF WINE, TIMBER, AND SLAVES. THIS DIDN'T SIT WELL WITH THE TAXPAYERS, WHO CHOPPED UP ONE TAX MAN AND RAN HIS PARTNER OUT OF TOWN.

WHAT ARE THEY THROWING AT HIM?

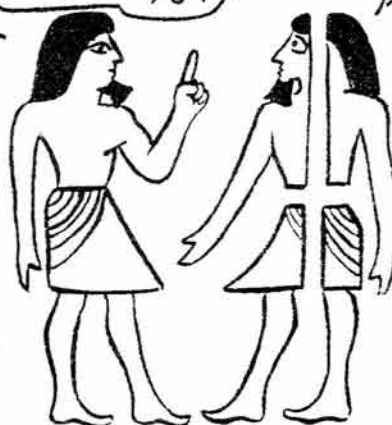
PIECES OF THE LAST GUY!!



THE EGYPTIANS WERE EQUALLY CIVILIZED: THEY TURNED OVER A FLAT ONE-SIXTH OF ALL THEIR PRODUCE TO THE TAX-COLLECTOR —OR ELSE FACED UNPLEASANT CONSEQUENCES, LIKE BEING DRAWN AND QUARTERED...

THAT IS WHY OUR MATHEMATICIANS INVENTED  $\frac{1}{6}$ !

AND  $\frac{1}{4}$ !



FROM THE TIME OF CAESAR AUGUSTUS (27 B.C. - 14 A.D.) ALL SUBJECTS OF THE ROMAN EMPIRE WERE OBLIGED TO PAY A PERSONAL TAX IN COIN OR IN PRODUCE. LANDOWNERS PAID A PROPERTY TAX AS WELL.

FOR FILING A RETURN, THESE ROMAN NUMERALS ARE MURDER?

HM... WHAT IS XVI PERCENT OF MDCLVIII?

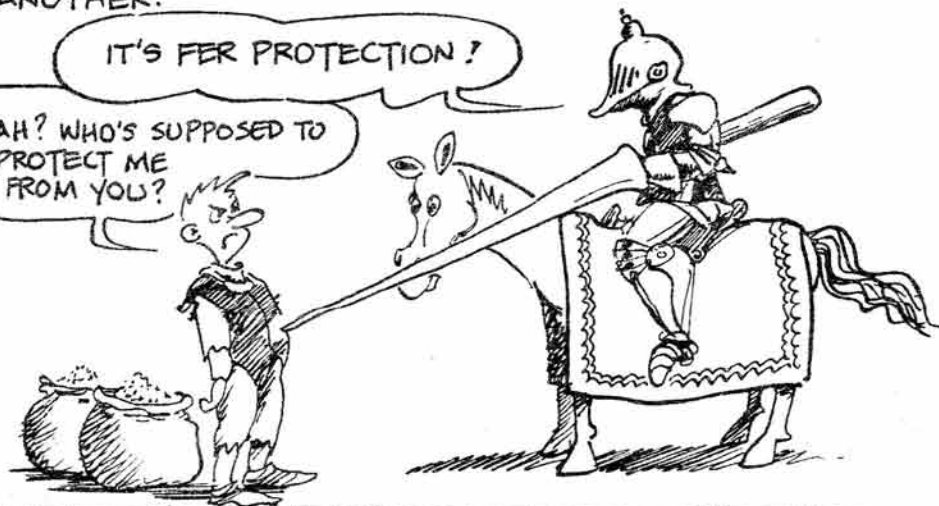
THE SIZE OF THE CONTRIBUTION DEPENDS ON THE TAXPAYER'S TRADE OR OCCUPATION AND ON THE ASSESSED VALUE OF HIS PROPERTY.



LATER, DURING THE MIDDLE AGES, IT WAS A RARE FARMER OR ARTISAN WHO DIDN'T HAVE TO CONTRIBUTE A SHARE OF HIS EARNINGS TO ONE NOBLEMAN OR ANOTHER.

IT'S FER PROTECTION?

YEAH? WHO'S SUPPOSED TO PROTECT ME FROM YOU?





THE DISCOVERY OF AMERICA WAS NOT ALL GOOD NEWS TO TAXPAYERS.

WITNESS THE FOLLOWING CHAIN OF EVENTS!

ON OCT. 12, 1492 COLUMBUS FAILED TO DISCOVER INDIA. STILL, THE TRIP WAS NOT A TOTAL LOSS, AS SUBSEQUENT EXPLORERS MANAGED TO SHIP HUGE AMOUNTS OF SILVER BACK TO EUROPE.

THE INFUX OF NEW COINAGE CAUSED A STEADY DECLINE IN CURRENCY VALUES,

OTHERWISE KNOWN AS... **INFLATION!**



AS PRICES ROSE FAT CAT KINGS LIVING ON FIXED INCOMES BEGAN TO FEEL THE

SQUEEZE: THE SAME AMOUNT OF CASH BOUGHT A LOT LESS GROCERIES.



FACED WITH DEPLETED TREASURIES AND EXPENSIVE COLONIAL WARS TO FIGHT, RULERS RESORTED TO THE CLASSIC TECHNIQUE:



IN THE YEARS THAT FOLLOWED, TAX-RELATED CRISES TOPPLED SEVERAL GOVERNMENTS AND SEVERELY DAMAGED A NUMBER OF OTHERS.



BUT NOBODY HAD MORE TAX HEADACHES THAN BRITAIN'S GEORGE III: IN ORDER TO COLLECT ADDITIONAL REVENUE FROM THE THRIVING AMERICAN COLONIES, GEORGE AND THE BRITISH PARLIAMENT PASSED A SERIES OF TAX LAWS IN THE 1760'S. THESE REQUIRED YANKEE MERCHANTS TO PAY DUTY ON CERTAIN IMPORTED GOODS: SUGAR, PAPER, PAINT, LEAD, AND TEA, TO NAME A FEW.

UNFORTUNATELY FOR GEORGE, THE COLONISTS HAD OTHER IDEAS. THE MESSAGE THAT CAME BACK FROM BOSTON WAS:



NO  
TAXATION  
WITHOUT  
REPRESENTATION  
!!



BY 1773 SAM ADAMS, TOM PAINE, & CO. HAD FORCED GEORGE TO REPEAL ALL THESE TAXES...





ONCE FREE OF ENGLISH RULE, THE COLONISTS INVENTED THEIR OWN TAX HEADACHES. AT FIRST, THEY EXPLICITLY **REFUSED** THE CONTINENTAL CONGRESS THE POWER TO TAX. BUT WHEN A NATIONAL LOTTERY AND OTHER MONEY-RAISING SCHEMES FAILED TO BRING IN SUFFICIENT REVENUES, THE FOUNDING FATHERS RELUCTANTLY INCLUDED THE FOLLOWING IN THE CONSTITUTION:

*"Congress shall have the power to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense of the United States."*

THE TEA TAX, KEPT AS A SYMBOL OF BRITISH CONTROL, SO RILED THE YANKS THAT THEY PUT ON WAR PAINT AND FEATHERS AND LOBBED 342 KEGS OF TEA INTO THE BOSTON HARBOR.

THAT WAS THE LAST OF GEORGE'S U.S. FUND-RAISING.

IN 1791 ALEXANDER HAMILTON (FIRST SECRETARY OF THE TREASURY) HIRED THE REPUBLIC'S FIRST TAX COLLECTORS.



BRING HOME THE BACON!

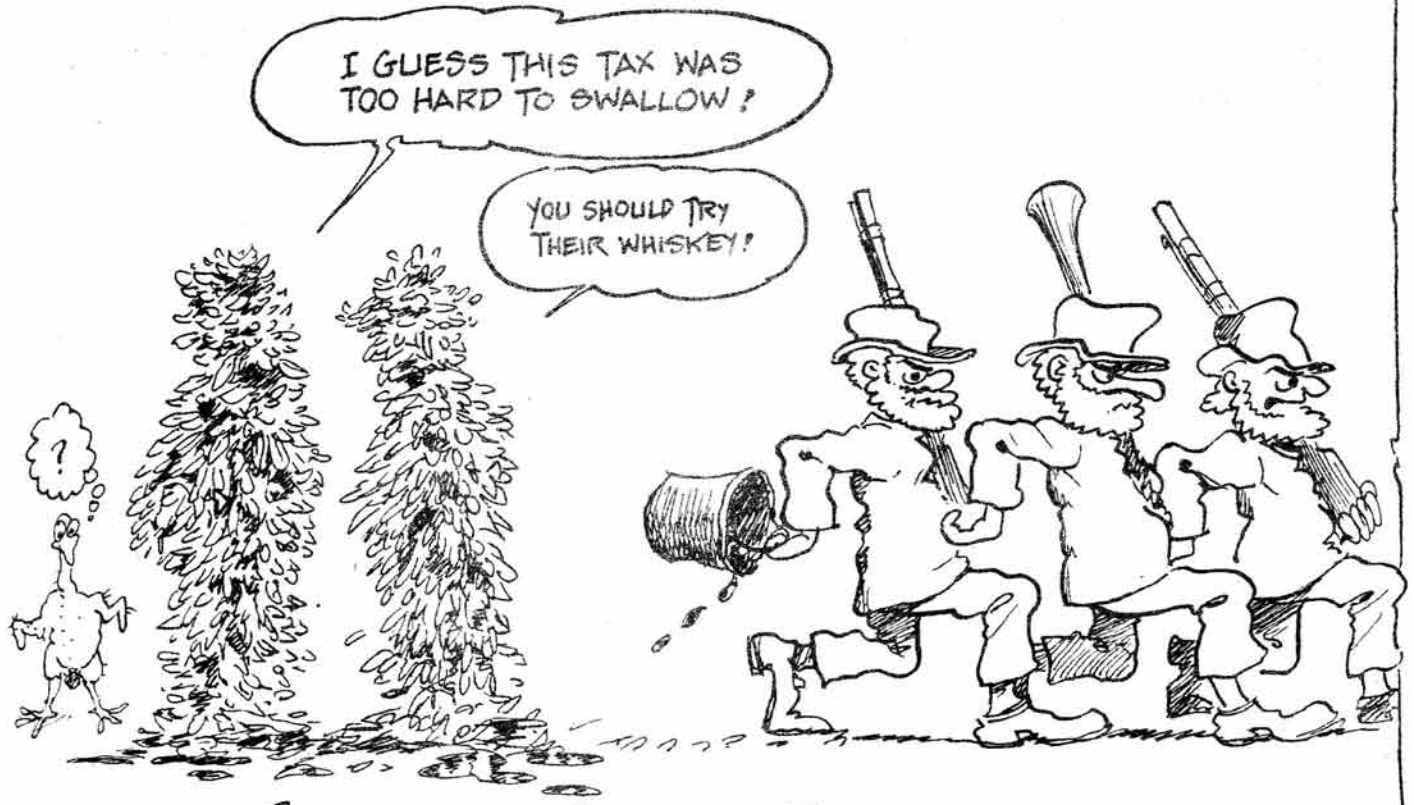
-GAG- SOMETHING HUMAN IS GOING ON HERE!



THEY SOON HAD THEIR HANDS FULL. FACED WITH MUSHROOMING MILITARY AND ADMINISTRATIVE EXPENSES, THE GOVERNMENT HEAPED ON NEW EXCISE TAXES WHICH PROVED TO BE EASIER TO LEGISLATE THAN TO COLLECT.



IN OHIO AND PENNSYLVANIA THE WHISKEY EXCISE LEFT A DOZEN TAX COLLECTORS IN TAR AND FEATHERS AND DROVE 5000 ANGRY FARMERS INTO OPEN REVOLT.



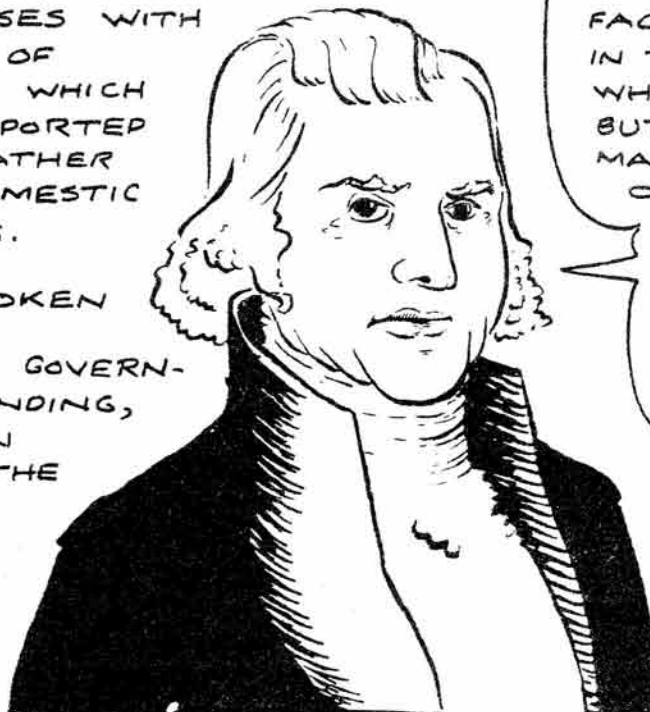
THE "WHISKEY REBELLION"  
WAS QUICKLY CRUSHED...



**B**UT THE FARMERS HAD THE LAST LAUGH:

IN 1800 THOMAS  
JEFFERSON BECAME  
PRESIDENT AND  
PROMPTLY REPLACED  
THE EXCISES WITH  
A SERIES OF  
**TARIFFS** WHICH  
TAXED IMPORTED  
GOODS, RATHER  
THAN DOMESTIC  
PRODUCTS.

AN OUTSPOKEN  
CRITIC OF  
WASTEFUL GOVERN-  
MENT SPENDING,  
JEFFERSON  
FAVORED THE  
TARIFF  
BECAUSE:



IT FALLS EXCLUSIVELY  
ON THE RICH... IN  
FACT, THE POOR MAN  
IN THIS COUNTRY  
WHO USES NOTHING  
BUT WHAT IS  
MADE IN HIS FARM  
OR FAMILY, OR  
WITHIN THE  
U.S., PAYS NOT  
A FARTHING OF  
TAX TO THE  
GENERAL  
GOVERNMENT.

FOR THE NEXT 90 YEARS, TAXATION WAS A MINOR ISSUE. BY IMPOSING HEAVY TAXES ON IMPORTED GOODS, THE GOVERNMENT MANAGED TO KEEP ITS COFFERS FULL WITHOUT HITTING THE AVERAGE CITIZEN TOO HARD.



AN INCOME TAX, INSTITUTED IN 1861 TO HELP FINANCE THE CIVIL WAR, AFFECTED ONLY THOSE WITH ANNUAL INCOMES OVER \$600.



IT WAS REPEALED AS SOON AS THE WAR ENDED, AND CONGRESS EVEN RETURNED THE LEFT-OVER MONEY TO THE STATES !!

IN SHORT, MOST PEOPLE PAID VERY LITTLE IN TAXES

NOT LIKE TODAY!



AND GOT VERY LITTLE IN RETURN.

LIKE TODAY!

THE TARIFF SYSTEM LOOKED LIKE A PAINLESS WAY TO RAISE REVENUE, BUT BY 1890 IT HAD BECOME A CENTER OF CONTROVERSY.

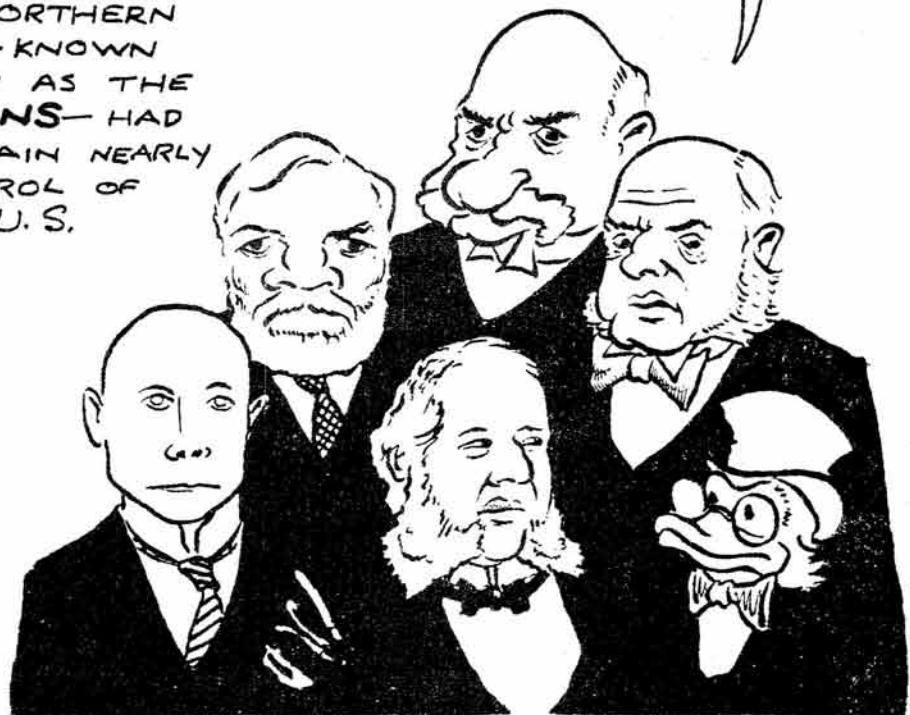
THE BENEFITS WENT TO THE RICH!



ORIGINALLY DESIGNED TO HELP INFANT AMERICAN INDUSTRY GET A FOOTHOLD IN THE MARKETPLACE, THE TARIFFS HAD WORKED WELL ... SO WELL THAT WITHIN A FEW YEARS A HANDFUL OF NORTHERN BUSINESSMEN — KNOWN AFFECTIONATELY AS THE **ROBBER BARONS** — HAD MANAGED TO GAIN NEARLY COMPLETE CONTROL OF THE BOOMING U.S. ECONOMY.

"I LIKE TO TURN BRISTLES, BLOOD, BONES, AND THE INSIDES AND OUTSIDES OF PIGS AND BULLOCKS INTO REVENUE!"

"THE PUBLIC BE DAMNED!!" \*



A. CARNEGIE

J. P. MORGAN

P. D. ARMOUR

J. D. ROCKEFELLER

\* W. H. VANDERBILT

S. M'DUCK



ANXIOUS TO BREAK BIG BUSINESS' STRANGLEHOLD ON THE GOVERNMENT, OPPONENTS OF THE ROBBER BARONS CAME UP WITH A RADICALLY DIFFERENT APPROACH TO FUND-RAISING:



THE IDEA WAS NOTHING NEW. FOR YEARS, ANTI-TARIFF FORCES HAD FOUGHT TO GET AN INCOME TAX THROUGH CONGRESS.



BUT WITHOUT MONEY OR INFLUENCE THEY HAD FAILED MISERABLY.

MRS. MARY LEASE, POPULIST LEADER, SAYS:



By 1890, A POWERFUL GRASS-ROOTS ALLIANCE OF FARMERS, WORKERS, AND SMALL BUSINESSMEN — THE POPULIST MOVEMENT — HAD EMERGED IN THE SOUTH AND WEST. THE INCOME TAX HAD ITS FIRST OPPORTUNITY.

By 1894 THE  
POPULISTS WERE  
CLOSING IN. A  
BILL CAME  
BEFORE CONGRESS  
PROPOSING:

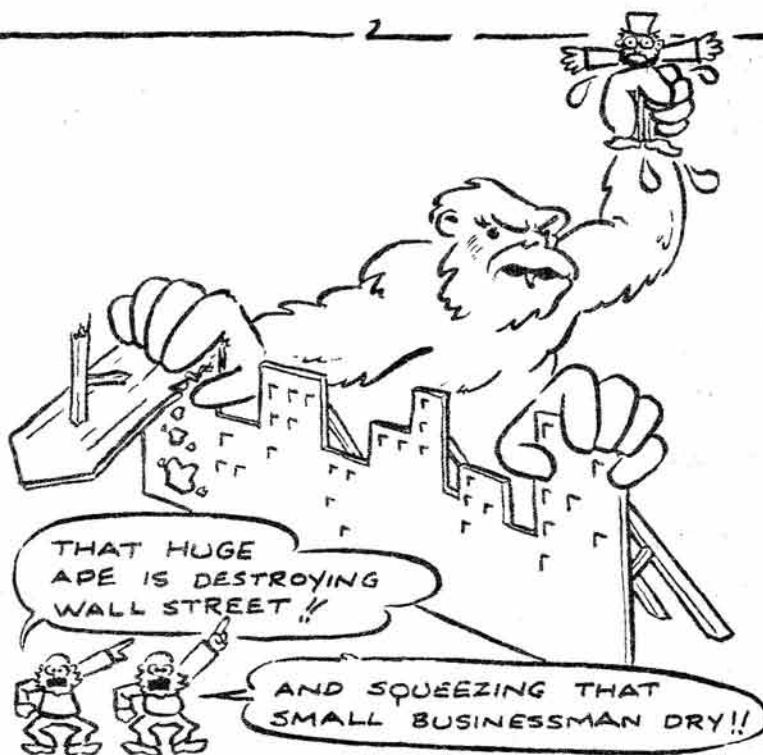


A 2% TAX ON  
ALL INCOMES  
(CORPORATE OR  
INDIVIDUAL)  
OVER \$4000.

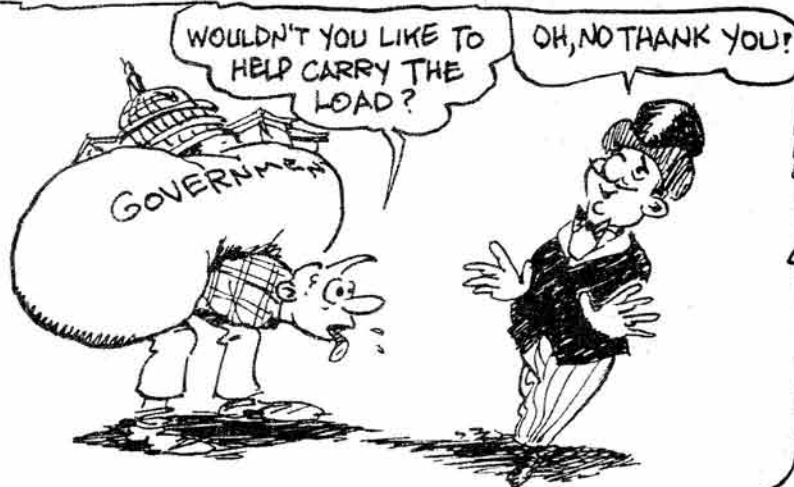
SUDDENLY, TAXATION WAS THE HOTTEST SUBJECT ON CAPITOL HILL!

OPPONENTS OF THE  
BILL PREDICTED DIRE  
CONSEQUENCES  
FOR THE NATION.

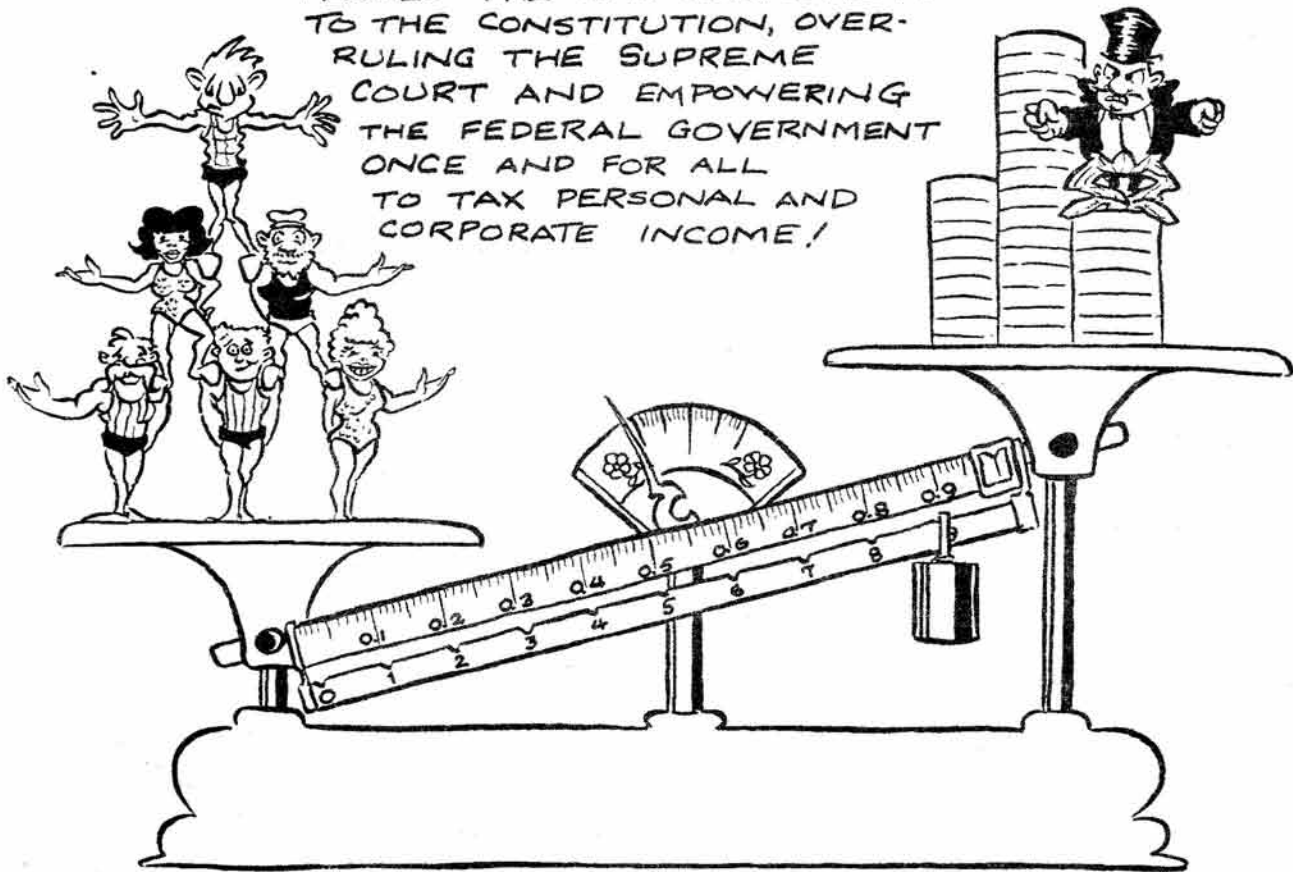
THE INCOME TAX  
(THEY ARGUED)  
WOULD CRIPPLE  
WALL STREET,  
PENALIZE THE INDUSTRIOUS,  
ENCOURAGE FRAUD, AND  
DRIVE THE WEALTHY  
OUT OF THE COUNTRY.



NOT SO, SAID THE POPULISTS;  
THE NEW PLAN WAS JUST  
A MODEST ATTEMPT TO  
SHIFT THE TAX BURDEN  
FROM THE POOR TO  
THE RICH.



FOR OVER A DECADE THE BATTLE RAGED THROUGH THE COURTS AND CONGRESS. FINALLY, IN 1909, POPULAR OPINION TIPPED THE SCALES, AND CONGRESS PASSED THE 16TH AMENDMENT TO THE CONSTITUTION, OVER-RULING THE SUPREME COURT AND EMPOWERING THE FEDERAL GOVERNMENT ONCE AND FOR ALL TO TAX PERSONAL AND CORPORATE INCOME!



FOR ALL THE CLAMOR ATTENDING ITS BIRTH, THE INCOME TAX PROVED A HARMLESS INFANT. FIRST, THERE WAS NO TAX AT ALL ON INCOMES UP TO \$3000, A HUGE SUM IN THOSE DAYS. SECOND, THE RATES WERE SO LOW THAT EVEN THOSE WHO DID HAVE TO PAY HARDLY FELT THE STING.

“SIGH:  
I MISS THE  
GOOD OLD DAYS!”



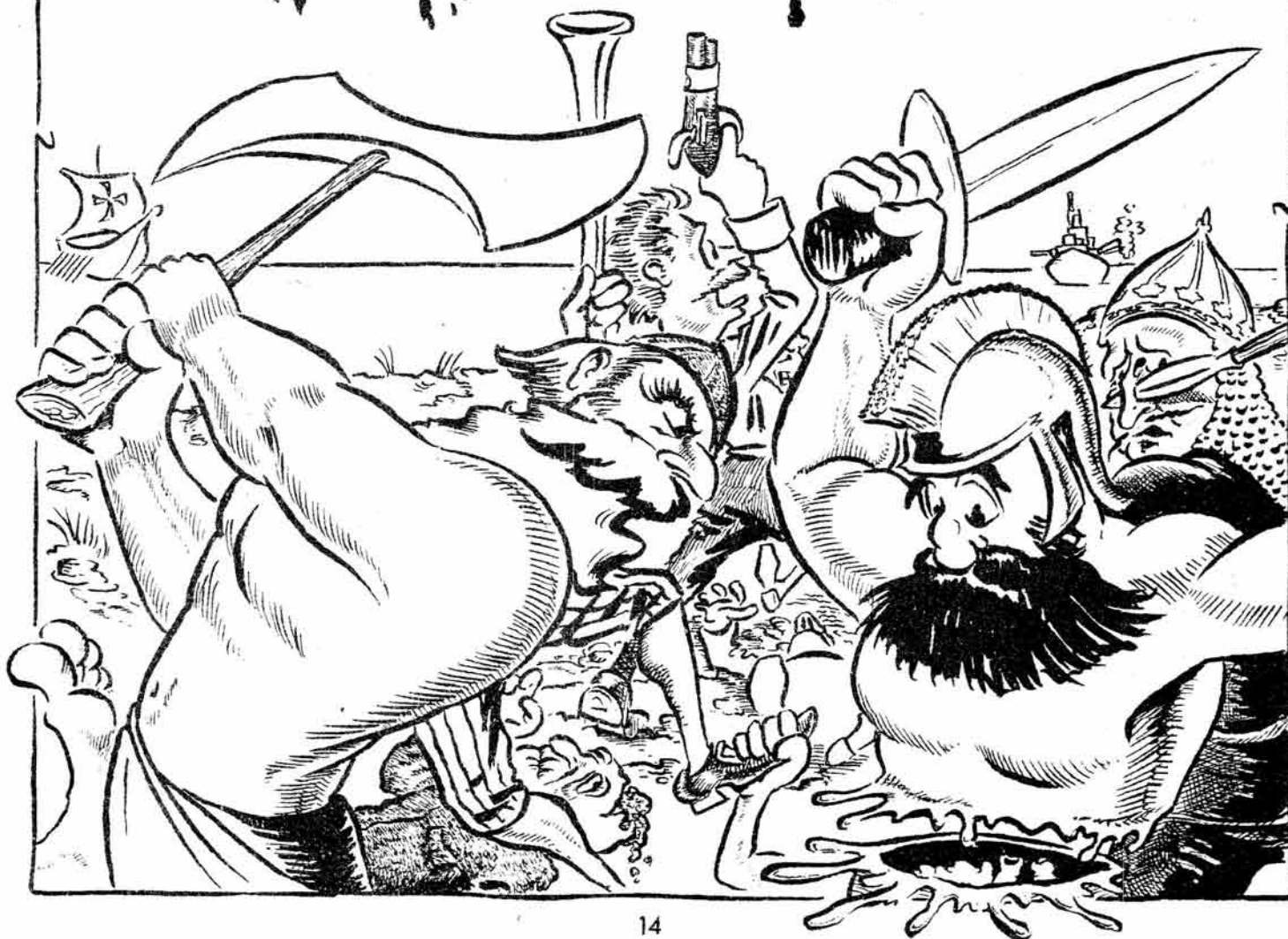
TAX RATES OF 1909:

1% OF \$20,000  
4% OF \$100,000  
6% OF \$500,000

THE FUTURE LOOKED BRIGHT: THE GOVERNMENT HAD ITS REVENUE, THE RICH WERE OFF THE HOOK FOR A TINY FRACTION OF INCOME, AND THE POOR PAID NOTHING AT ALL.

AND SO THE STORY MIGHT HAVE ENDED, BUT FOR ONE FORGOTTEN DETAIL:

# WAR







THIS IS WHAT HAPPENED!

1913: TAXES AMOUNTED TO  
ALMOST NOTHING.

1917: TAXES SKYROCKETED  
AS AMERICA ENTERED  
WORLD WAR I.

1919: WHEN THE WAR ENDED,  
RATES DROPPED, BUT  
NOT FAR AND NOT  
FOR LONG.

1941: WORLD WAR II. TAX  
RATES AGAIN ROSE  
TO RECORD HEIGHTS.



1945: TAXES WERE REDUCED TO PEACE-TIME  
LEVELS. THIS LOOKED LIKE THE END,  
BUT PROVED TO BE ONLY THE INTERMISSION!

1950: THE KOREAN "CONFLICT": TAXES AGAIN  
CLIMBED—THIS TIME FOR GOOD.

AFTER KOREA, SOMETHING WENT WRONG. EXTRAVAGANT WARTIME SPENDING HABITS PROVED HARD TO SHAKE, AND THE EXPECTED DROP IN TAX RATES NEVER MATERIALIZED. THE REASON: A NEW KIND OF NON-PEACE KNOWN AS ...THE **COLD WAR**.



KEEPING EVEN WITH IVAN MEANT A STEADY ESCALATION OF THE ARMS RACE, BEEFED-UP MILITARY BASES AROUND THE WORLD, AND A **TRILLION DOLLARS**\* WORTH OF OBSOLETE WEAPONS!

\*ACCORDING TO SEN. STUART SYMINGTON



ALL THIS WAS DONE IN THE NAME OF "MILITARY PREPAREDNESS..."

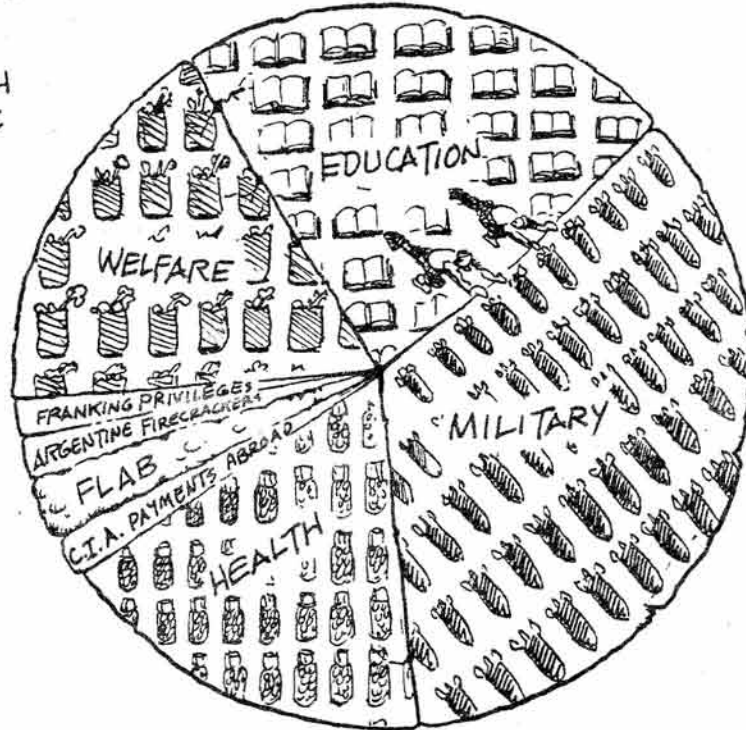
AND MIRACULOUSLY, THE TAXPAYERS WENT ALONG WITH HARDLY A WHIMPER, EVEN WHEN OUR SPENDING IN VIETNAM REACHED **\$30 BILLION** A YEAR.

-ER-  
JUST MAKE  
CHECKS PAYABLE  
TO LOCKHEED  
AIRCRAFT CORP.



MEANWHILE, BETWEEN WARS, THE GOVERNMENT WAS ALSO STEPPING UP NON-MILITARY SPENDING.

STARTING WITH F.D.R. AND THE NEW DEAL, FEDERAL FUNDS WERE POURED INTO HEALTH, EDUCATION, AND WELFARE IN EVER-INCREASING AMOUNTS.



NOW, SOME MODERN MATH:

START WITH \$130 BILLION FOR DEFENSE!

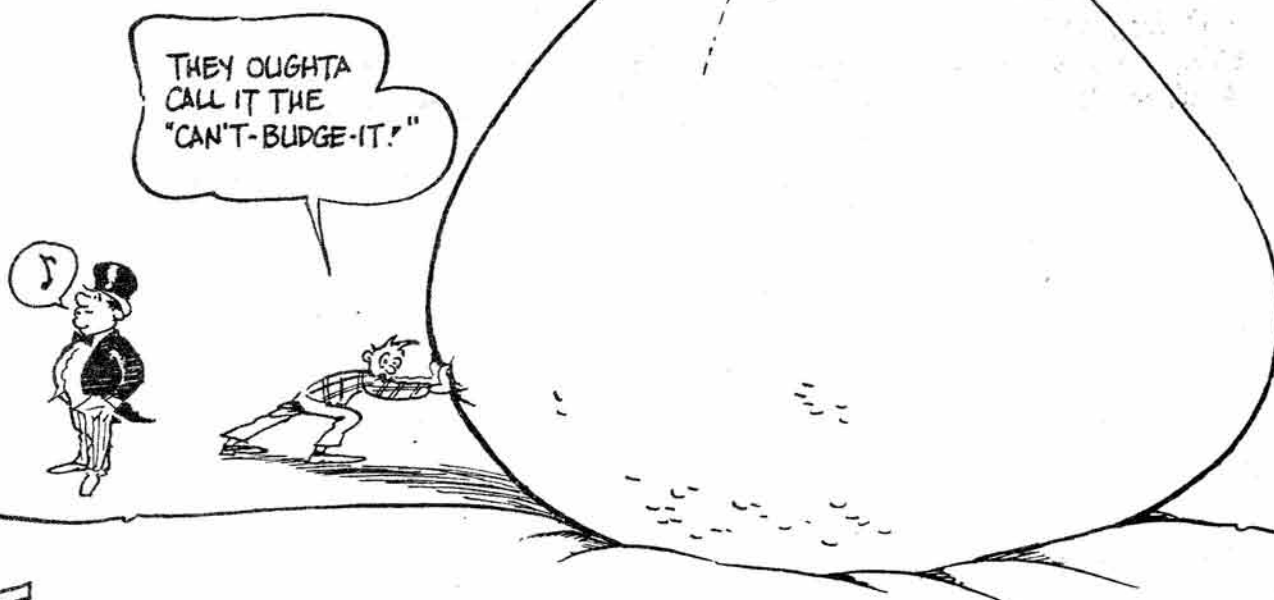
ADD \$32 BILLION FOR HEALTH CARE, ANOTHER \$19 BILLION FOR EDUCATION, AND SOCIAL SERVICES, ADD A FEW MORE BILLIONS FOR GOOD MEASURE...

AND WHAT HAVE YOU GOT?

INDIGESTION?

FOR ANOTHER ANSWER, TURN THE PAGE!

YOU'VE GOT A FEDERAL  
BUDGET SWOLLEN IN 1976  
TO 375 BILLION DOLLARS  
AND STILL GROWING...



TO COME UP WITH THIS MONUMENTAL SUM EVERY YEAR, THE U.S. GOVERNMENT USES A VARIETY OF FUND-RAISING METHODS. BUT WHILE EVERYONE AGREES ON THE NEED FOR TAXES, ALMOST NO ONE AGREES ON THE MUCH MORE COMPLICATED QUESTION:



WHO PAYS  
AND  
HOW MUCH  
?



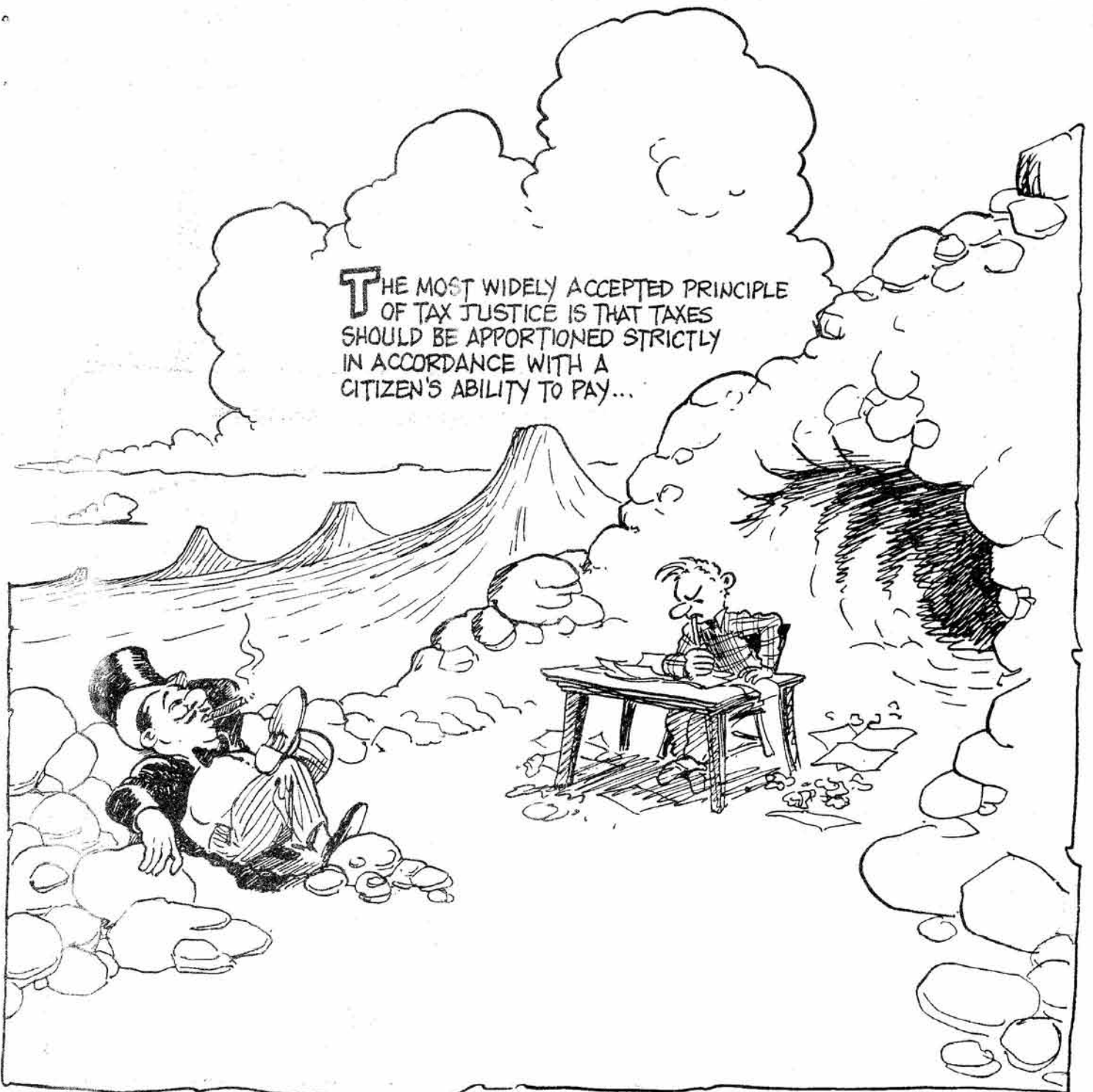
AND THEREIN LIES OUR TALE....



# CHAPTER 2.

## SHARE AND SHARE ALIKE

THE MOST WIDELY ACCEPTED PRINCIPLE  
OF TAX JUSTICE IS THAT TAXES  
SHOULD BE APPORTIONED STRICTLY  
IN ACCORDANCE WITH A  
CITIZEN'S ABILITY TO PAY...



THE AVERAGE TAXPAYER'S INCOME IS SPENT MOSTLY ON NECESSITIES, LEAVING PRACTICALLY NOTHING FOR SAVINGS OR LUXURIES.



ESPECIALLY LUXURIES LIKE TAXES!

RICH TAXPAYERS, ON THE OTHER HAND, SPEND ONLY A TINY FRACTION OF THEIR EARNINGS ON NECESSITIES AND CAN THEREFORE BE TAXED AT A HIGHER RATE.



IT'S A COMMUNIST PLOT TO TAKE AWAY MY POCKET MONEY!

IN OTHER WORDS:

TAX RATES SHOULD GO UP AS INCOME RISES

THIS IS KNOWN AS PROGRESSIVE TAXATION.



NOT SURPRISINGLY, THE ABILITY-TO-PAY PHILOSOPHY HAS HAD ITS SHARE OF DETRACTORS DOWN THROUGH THE YEARS.

IN MOST CASES, THEIR ARGUMENTS HAVE SOUNDED JUST LIKE EARLIER OPPOSITION TO THE INCOME TAX ITSELF: "PUNITIVE" TAX RATES DISCOURAGE HARD WORK, PENALIZE SUCCESS, AND SO ON.

THE CASE WAS PUT MOST PLAINLY BY ANDREW MELLON, A BANKER, INDUSTRIALIST, CABINET MEMBER, AND BILLIONAIRE OF THE EARLY 1900'S:

"THE PROSPERITY OF THE MIDDLE AND LOWER CLASSES DEPENDS ON THE GOOD FORTUNE AND LIGHT TAXES OF THE RICH."



IN RESPONSE, ADVOCATES OF PROGRESSIVE TAXATION HAVE ALWAYS ARGUED THAT IT'S REALLY THE POOR WHO WORK LIKE DOGS, WHILE THE RICH NEED ONLY SIT ON THEIR ASSETS AND WATCH THE INTEREST PILE UP.

SOMETIMES I DON'T EVEN WATCH!



BUT THESE ARGUMENTS ARE OLD HAT. NOWADAYS, ENEMIES OF PROGRESSIVE TAX RATES ARE AS NUMEROUS AS EVER, BUT THEY DON'T WASTE THEIR TIME DEBATING THE ISSUE. INSTEAD, MOST HAVE DISCOVERED THAT IT MAKES NO DIFFERENCE WHETHER TAX **RATES** ARE PROGRESSIVE OR NOT—AS LONG AS THERE IS A WAY AROUND THOSE RATES.

AND OF COURSE, THERE IS.

If the amount on Form 1040, line 47, is:		Enter on Form 1040, line 16:	
Over—	But not over—		of the amount over—
\$20,000	\$22,000	\$6,070 + 48%	\$20,000
\$22,000	\$26,000	\$7,030 + 50%	\$22,000
\$26,000	\$32,000	\$9,030 + 53%	\$26,000
\$32,000	\$38,000	\$12,110 + 55%	\$32,000
\$38,000	\$44,000		\$38,000
\$44,000	\$50,000		\$44,000
\$50,000	\$60,000		\$50,000
\$60,000	\$70,000		\$60,000
\$70,000	\$80,000		\$70,000
\$80,000	\$90,000		\$80,000
\$90,000	\$100,000	\$48,590 + 69%	\$90,000
\$100,000		\$55,490 + 70%	\$100,000

THE SECRET IS...



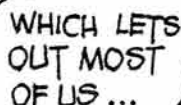


THE TERM APPLIES TO ANY OF THE VAST NETWORK OF SPECIAL **DEDUCTIONS, EXEMPTIONS, CREDITS, AND PREFERENCES** WHICH ALLOW AN INDIVIDUAL TO REDUCE HIS/HER TAXES — **LEGALLY.**



HERE IS HOW A FEW OF THE BETTER-KNOWN LOOPHOLES WORK:

AS EVERY INVESTOR  
KNOWS.



FULLY 2/3 OF ALL  
CAPITAL GAINS  
BENEFITS GO TO  
THE TOP 1.2% OF  
ALL TAXPAYERS.

[illegible][illegible][illegible]


# TAX-FREE BONDS

BONDS ARE A PRINCIPAL SOURCE OF REVENUE FOR STATE AND LOCAL GOVERNMENTS—AND A HUGE TAX SHELTER FOR RICH INVESTORS.

THE MECHANICS ARE SIMPLE:

AT CITY, IN NEED OF FUNDS TO BUILD A SCHOOL, ISSUES A SERIES OF BONDS PAYING 5% INTEREST. ORDINARILY, A MERE 5% RATE OF RETURN IS TOO LOW TO ATTRACT BIG-TIME INVESTORS, BUT THE BONDS HAVE AN EXTRA ADDED APPEAL: THEY'RE ABSOLUTELY **TAX-FREE!**

ORIGINALLY, THIS BREAK ENABLED STATES AND CITIES TO BORROW MONEY AT LOWER RATES. BUT INCREASING RELIANCE ON BONDS HAS DRIVEN RATES STEADILY UPWARD, MEANING MORE COST TO LOCAL GOVERNMENTS AND GREATER LOSSES OF TAX REVENUE TO THE FEDERAL GOVERNMENT.



I HOPE YOU LIKE THE NEW SCHOOL, BECAUSE YOU'LL BE PAYING ME BACK—WITH INTEREST—FOR THE NEXT 20 YEARS!

THE COST? IN 1976, REVENUES LOST TO THE TREASURY AS A RESULT OF TAX-EXEMPT BONDS CAME TO A WHOPPING

**\$4.7 BILLION!**

# DEPRECIATION



I'M INCLINED  
TO DECLINE!

**S**AY YOU OWN A BUILDING. ON THE ASSUMPTION THAT THE PROPERTY DECLINES IN VALUE OVER TIME, THE LAW ALLOWS YOU TO DEDUCT A FRACTION OF THIS LOSS FROM YOUR TAXABLE INCOME.

**F**AIR ENOUGH, EXCEPT FOR ONE CATCH:

**T**HE DEDUCTION IS USUALLY MUCH GREATER THAN THE ACTUAL LOSS.

**T**HIS MEANS YOU CAN BUY A BUILDING, TAKE SEVERAL YEARS OF BIG WRITE-OFFS, AND THEN SELL IT —FOR A PROFIT—

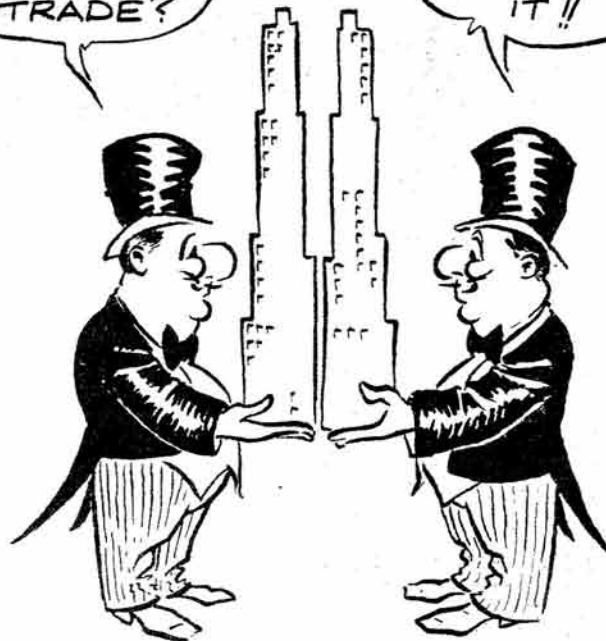


A  
CAPITAL  
GAIN,  
ACTUALLY!

TO ANOTHER GUY  
WHO STARTS ALL  
OVER AGAIN!

WANT  
TO  
TRADE?

I'D  
APPRECIATE  
IT !!



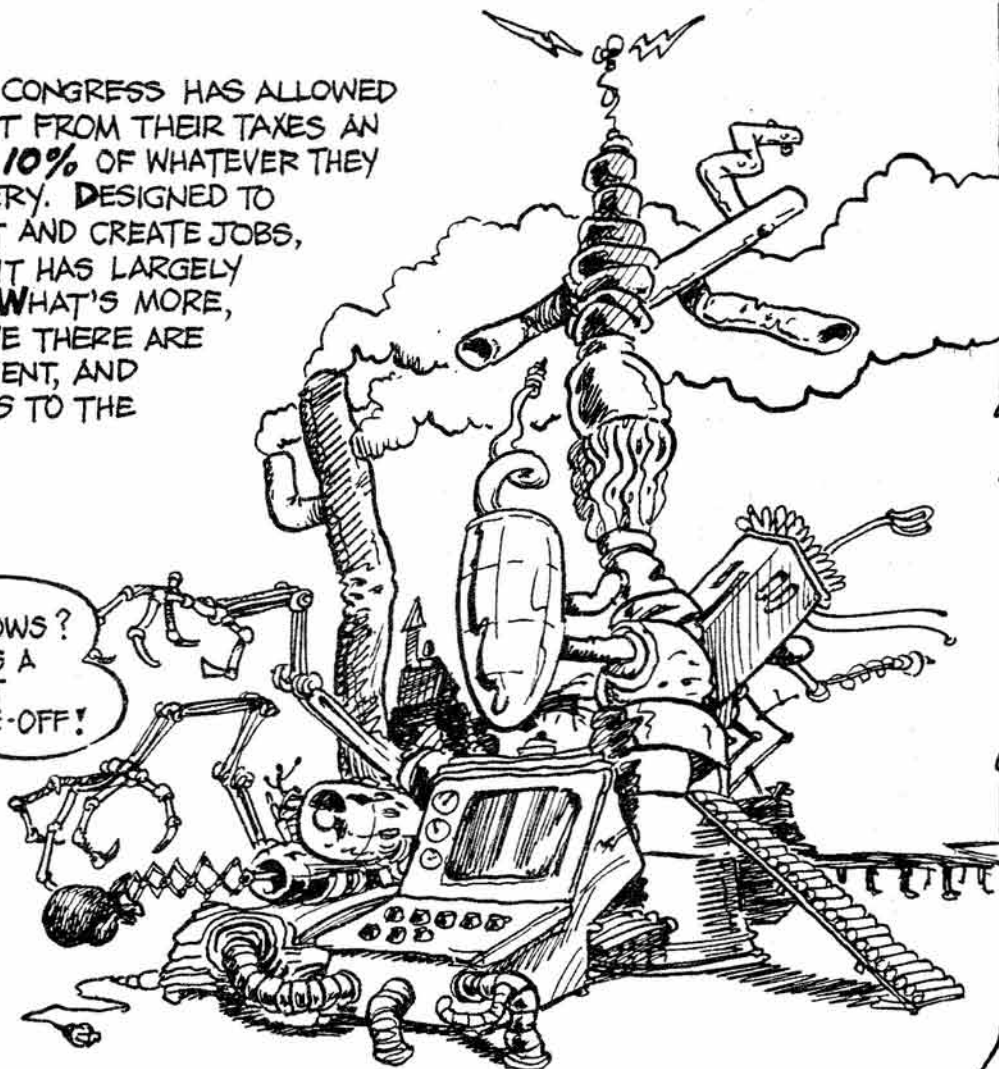
**P.S.** YOU CAN ALSO "DEPRECIATE" MACHINERY, AIRPLANES, AUTOMOBILES, IN FACT, ALMOST ANY INVESTMENT WHICH BECOMES LESS VALUABLE IN TIME.

# INVESTMENT TAX CREDIT

IN RECENT YEARS, CONGRESS HAS ALLOWED BUSINESSES TO DEDUCT FROM THEIR TAXES AN AMOUNT EQUIVALENT TO **10%** OF WHATEVER THEY SPEND ON NEW MACHINERY. DESIGNED TO STIMULATE INVESTMENT AND CREATE JOBS, THE INVESTMENT CREDIT HAS LARGELY FAILED TO DO EITHER. WHAT'S MORE, MANY EXPERTS BELIEVE THERE ARE CHEAPER, MORE EFFICIENT, AND MORE EQUITABLE WAYS TO THE SAME END.

STUPENDOUS MACHINE!  
WHAT'S IT DO?

WHO KNOWS?  
BUT IT'S A GREAT  
TAX WRITE-OFF!



IN 1978, THIS LOOPHOLE WILL COST THE COUNTRY CLOSE TO **\$12 BILLION**, NEARLY ONE BILLION OF WHICH WILL GO TO **AT&T ALONE**, AND WITH NO MEASURABLE IMPACT ON JOBS OR INVESTMENT.

IN FACT, THE CREDIT MAY WELL **INCREASE** UNEMPLOYMENT BY ENCOURAGING BUSINESSES TO SUBSTITUTE MACHINES FOR WORKERS!

BUT IT DOES WONDERS FOR PROFITS...





# SPECIAL PROVISIONS

WHEN ALL ELSE FAILS, A RESOURCEFUL TAXPAYER CAN SOMETIMES DESIGN HIS OWN **PRIVATE LOOPHOLE** AND GET CONGRESS TO SNEAK IT INTO THE TAX CODE IN THE FORM OF A GENERAL LAW.

CONSIDER THE CASE OF HOLLYWOOD MAGNATE **LOUIS B. MAYER:**



ABOUT TO COLLECT A HUGE CHUNK OF RETIREMENT PAY, MAYER SUDDENLY DISCOVERED

THAT NO EXISTING TAX SHELTER WOULD COVER HIS CASE.



THIS IS DIS-GRACEFUL!

IN DESPERATION, HE ENLISTED THE AID OF THE **SENATE FINANCE COMMITTEE.**

**COLOSSAL**  
IDEA, L.B.!!

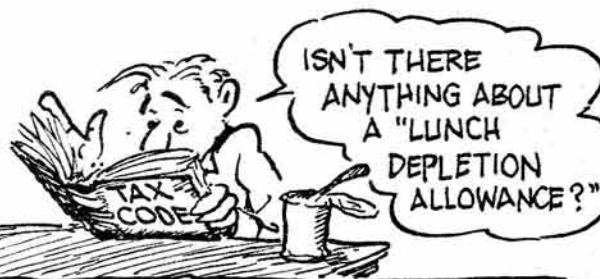


THEY OBLIGINGLY CREATED A SPECIAL STATUTE JUST TO MEET HIS NEEDS AND SAVED HIM AN ESTIMATED **\$2 MILLION!**

IF NONE OF THE ABOVE LOOPHOLES COVERS YOUR CASE, YOU MIGHT TRY

# STOCK OPTIONS ADR. ACCELERATED WRITE-OFF D.I.S.C.

OR ANY OF A HUNDRED  
OTHERS!



AND THE BEAUTY OF IT IS, LOOPHOLE-HUNTING IS A RESPECTABLE NATIONAL PASTIME, PRACTICED WITH PRIDE BY THOUSANDS OF LAW-ABIDING CITIZENS, AND OPENLY ENCOURAGED BY THE GOVERNMENT.

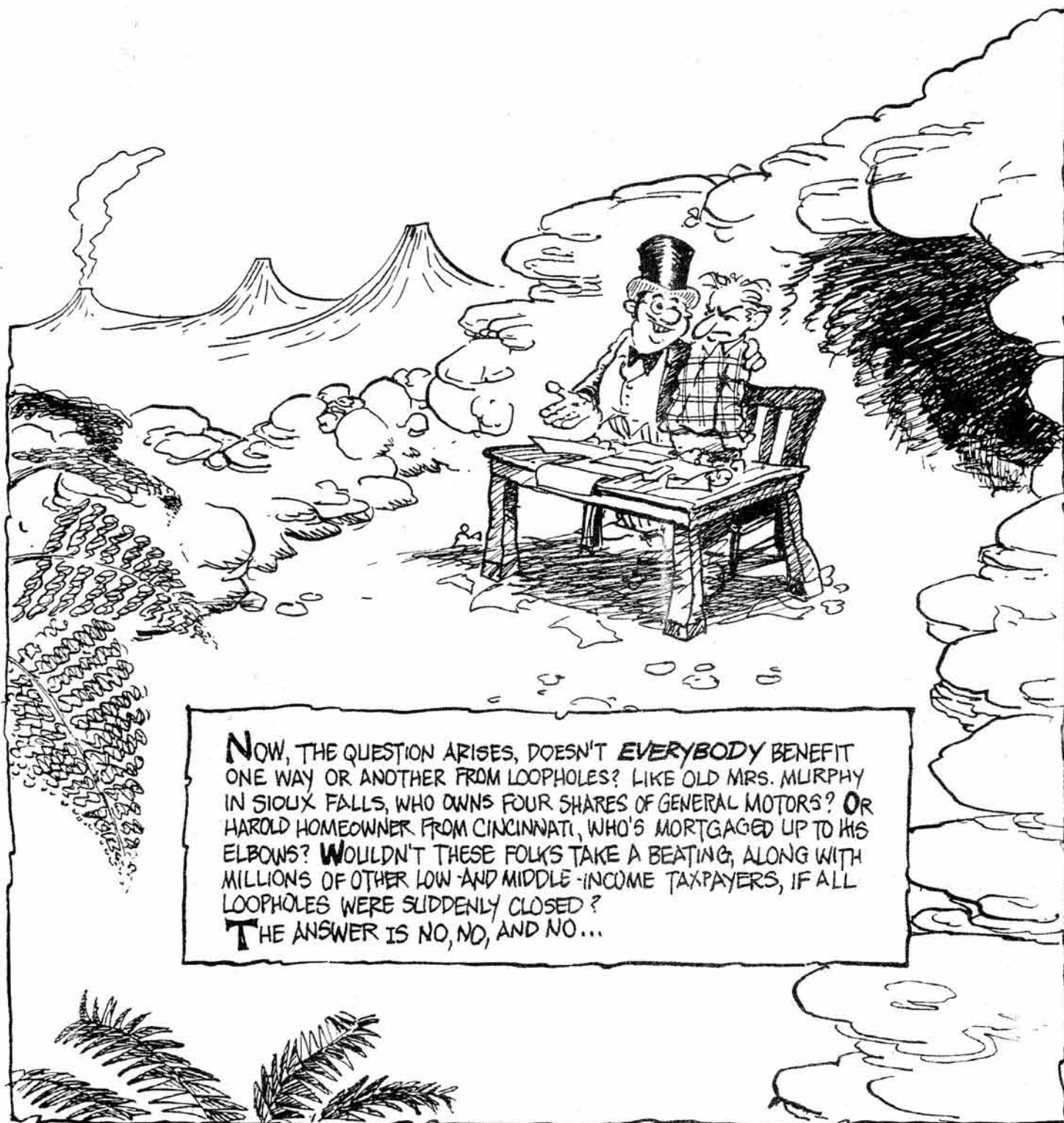
LISTEN TO **MORTIMER CAPLIN**

"There's absolutely nothing wrong, from a moral or citizenship standpoint, for people to make their investment decisions on the basis of these stated tax advantages."



# CHAPTER 3.

## WHAT'S WRONG WITH LOOPHOLES?



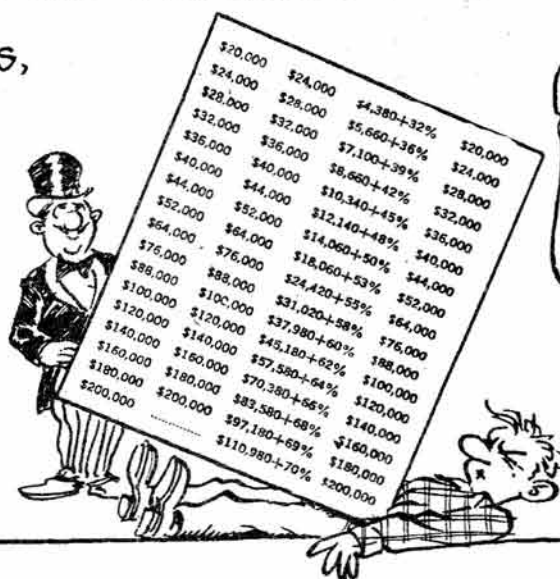
NOW, THE QUESTION ARISES, DOESN'T **EVERYBODY** BENEFIT ONE WAY OR ANOTHER FROM LOOPHOLES? LIKE OLD MRS. MURPHY IN SIOUX FALLS, WHO OWNS FOUR SHARES OF GENERAL MOTORS? OR HAROLD HOMEOWNER FROM CINCINNATI, WHO'S MORTGAGED UP TO HIS ELBOWS? WOULDN'T THESE FOLKS TAKE A BEATING, ALONG WITH MILLIONS OF OTHER LOW AND MIDDLE-INCOME TAXPAYERS, IF ALL LOOPHOLES WERE SUDDENLY CLOSED?

**T**HE ANSWER IS NO, NO, AND NO...

HERE ARE THREE GOOD REASONS WHY NEARLY EVERYONE WOULD BE BETTER OFF UNDER A LOOPHOLE-FREE TAX CODE.

## ① LOOPHOLES UNDERMINE PROGRESSIVE TAXATION

LOWER-BRACKET TAXPAYERS, SEEING THE TABLE OF GRADUATED RATES IN THE BACK OF THEIR FORM 1040, TAKE SOME CONSOLATION THAT WEALTHIER TAXPAYERS GET CLOBBERED EVEN WORSE.

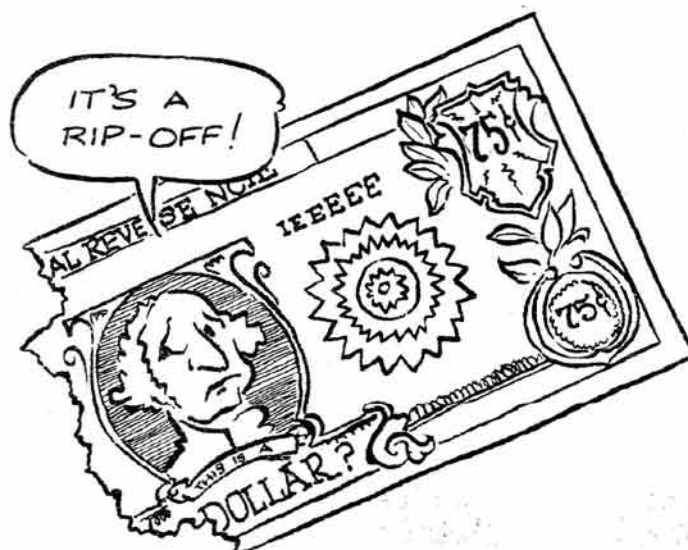


BUT IN FACT, THOSE AT THE TOP ARE GENERALLY SPARED THE NASTY INCONVENIENCE OF ACTUALLY HAVING TO PAY THOSE RATES...

THE TRUTH IS THAT LOWER-INCOME PEOPLE HAVE CONSIDERABLY FEWER OPPORTUNITIES TO REDUCE THEIR TAXES THROUGH LOOPHOLES, AND IN ADDITION ARE MUCH HARDER HIT BY NUMEROUS NON-PROGRESSIVE TAXES (SALES, EXCISE, PROPERTY) WHICH HARDLY MATTER TO THOSE HIGHER UP THE INCOME LADDER.

THE EFFECT OF THESE EXTRA TAX BURDENS?

WHETHER YOU MAKE \$2000 A YEAR OR \$100,000, YOU PROBABLY PAY ABOUT 25¢ IN TAXES ON EVERY DOLLAR!





## ② THE LION'S SHARE OF LOOPHOLE BENEFITS GOES TO A TINY PERCENTAGE OF TAXPAYERS.

TAKE CAPITAL GAINS, FOR EXAMPLE. WHILE IT'S TRUE THAT ANYONE CAN BUY STOCK, FEW PEOPLE ACTUALLY DO, AND FEWER STILL BUY MORE THAN A FEW SHARES.

★ ONLY ONE FAMILY IN 10 OWNS ANY STOCK.

★ FAMILIES OF WAGE-EARNERS HOLD LESS THAN  $\frac{1}{2}$  OF 1% OF ALL STOCK.

★ 1% OF THE NATION'S TAXPAYERS OWN 51% OF ALL STOCKS AND BONDS.



MEANWHILE, SPECIAL EXEMPTIONS SUCH AS THOSE FOR THE BLIND, THE ELDERLY, AND THE DISABLED, ARE NO USE AT ALL TO THE PEOPLE WHO NEED THEM MOST.

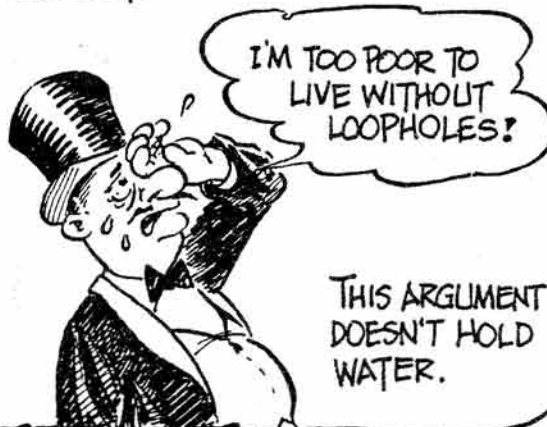
★ PEOPLE OVER 65, FOR INSTANCE, ARE ALLOWED AN EXTRA EXEMPTION ON THEIR TAX RETURN. BUT 3 OUT OF 4 PEOPLE IN THIS AGE BRACKET DON'T EVEN EARN ENOUGH TO PAY TAXES AND SO AREN'T HELPED BY THE DEDUCTION!

THE REMAINING FEW, WHO NEED IT LEAST, GET THE BENEFITS—TO THE TUNE OF **\$2 BILLION** A YEAR!



### ③ LOOPHOLES ARE A COSTLY AND INEFFICIENT WAY TO REGULATE ECONOMIC ACTIVITY.

LOOPHOLES ARE FREQUENTLY DEFENDED ON THE GROUNDS THAT THEY PROVIDE NECESSARY **INCENTIVES** TO CERTAIN CRUCIAL ECONOMIC ACTIVITIES, LIKE DRILLING FOR OIL OR INVESTING IN THE MARKET.



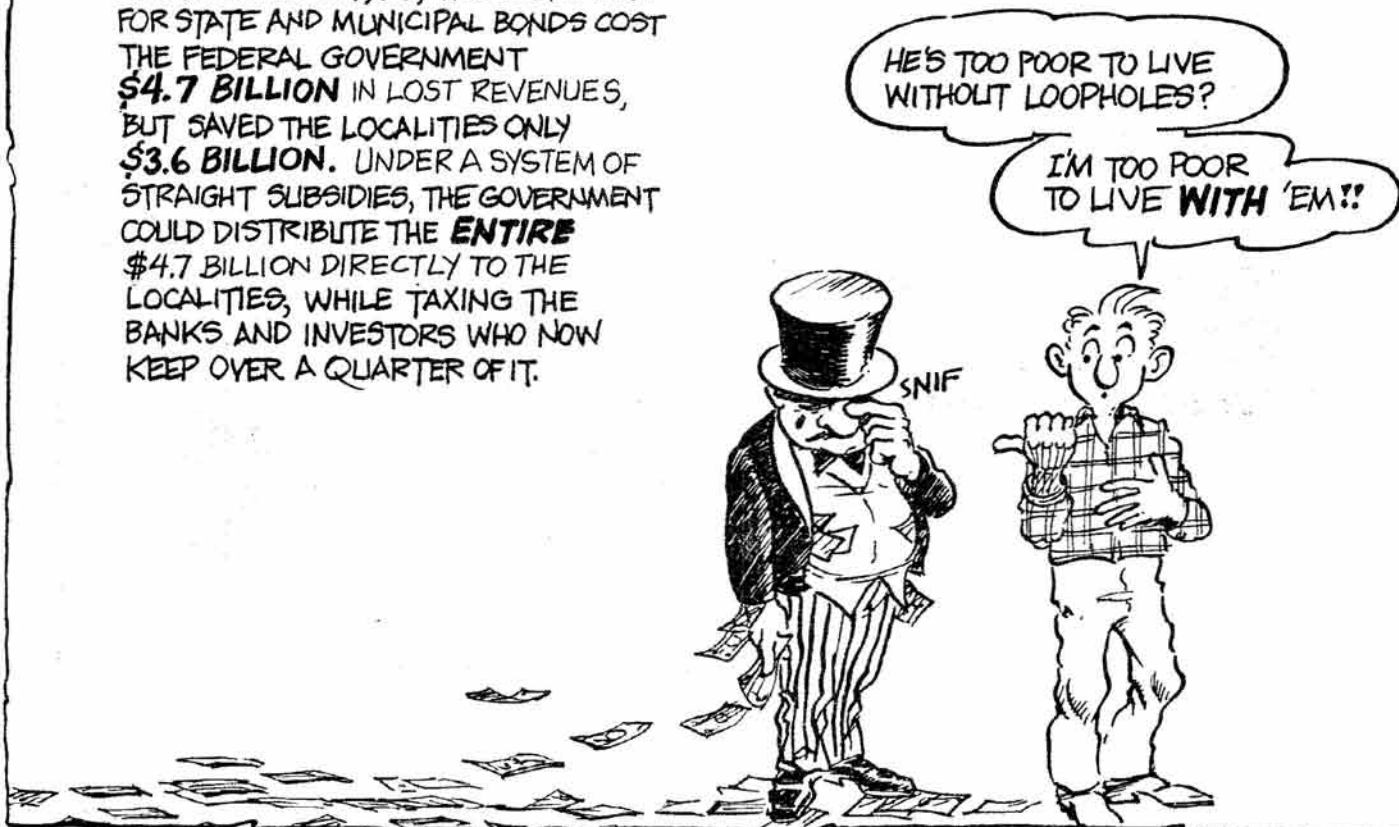
FOR ONE THING, LOOPHOLES OFTEN REWARD TAXPAYERS FOR DOING WHAT THEY DO ANYWAY.

**ITEM:** 75% OF THE BUSINESSES SURVEYED BY AN ECONOMIC CONSULTANT TO PRESIDENT NIXON IN 1973 REPORTED THAT THE INVESTMENT TAX CREDIT THEN UNDER CONSIDERATION WOULD HAVE **NO EFFECT** ON THEIR INVESTMENT POLICIES.

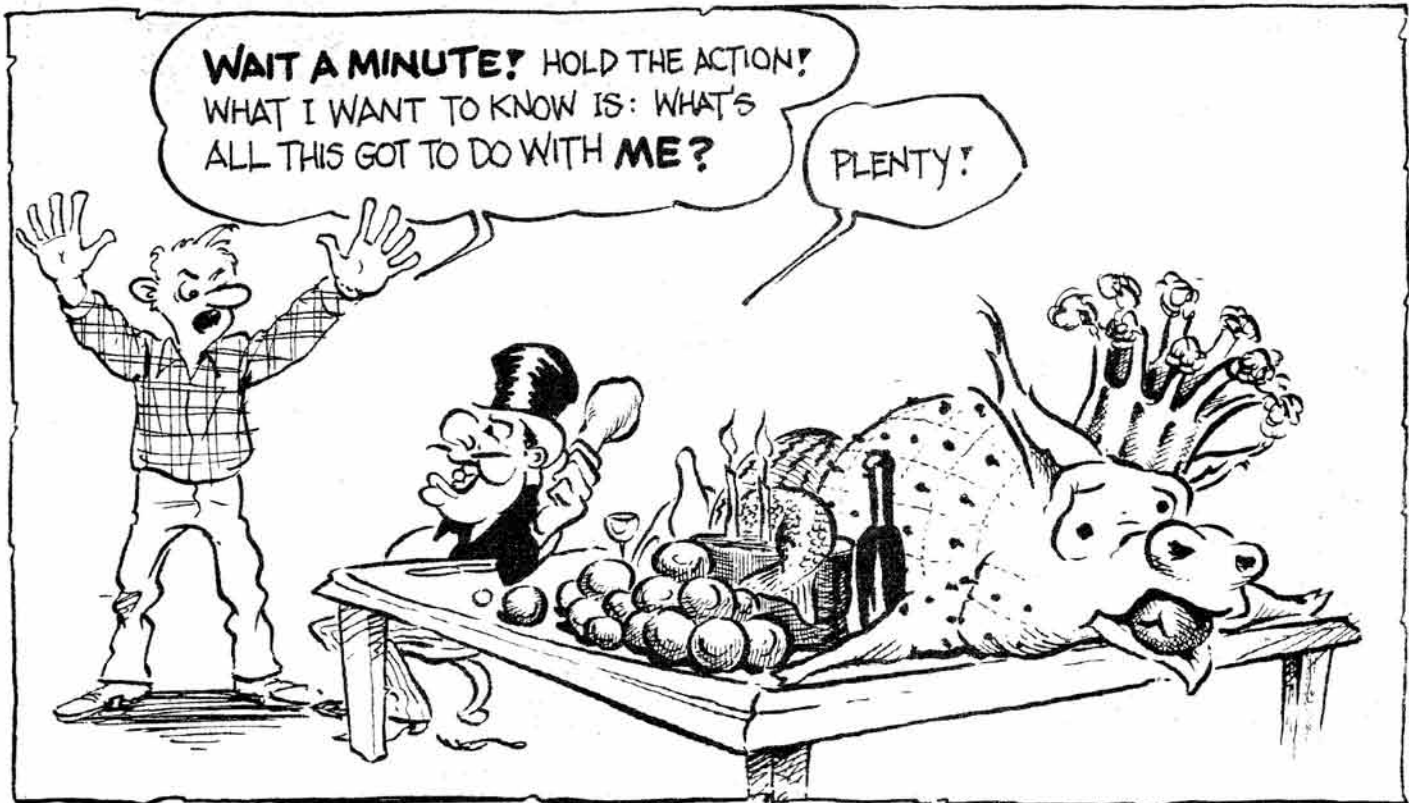
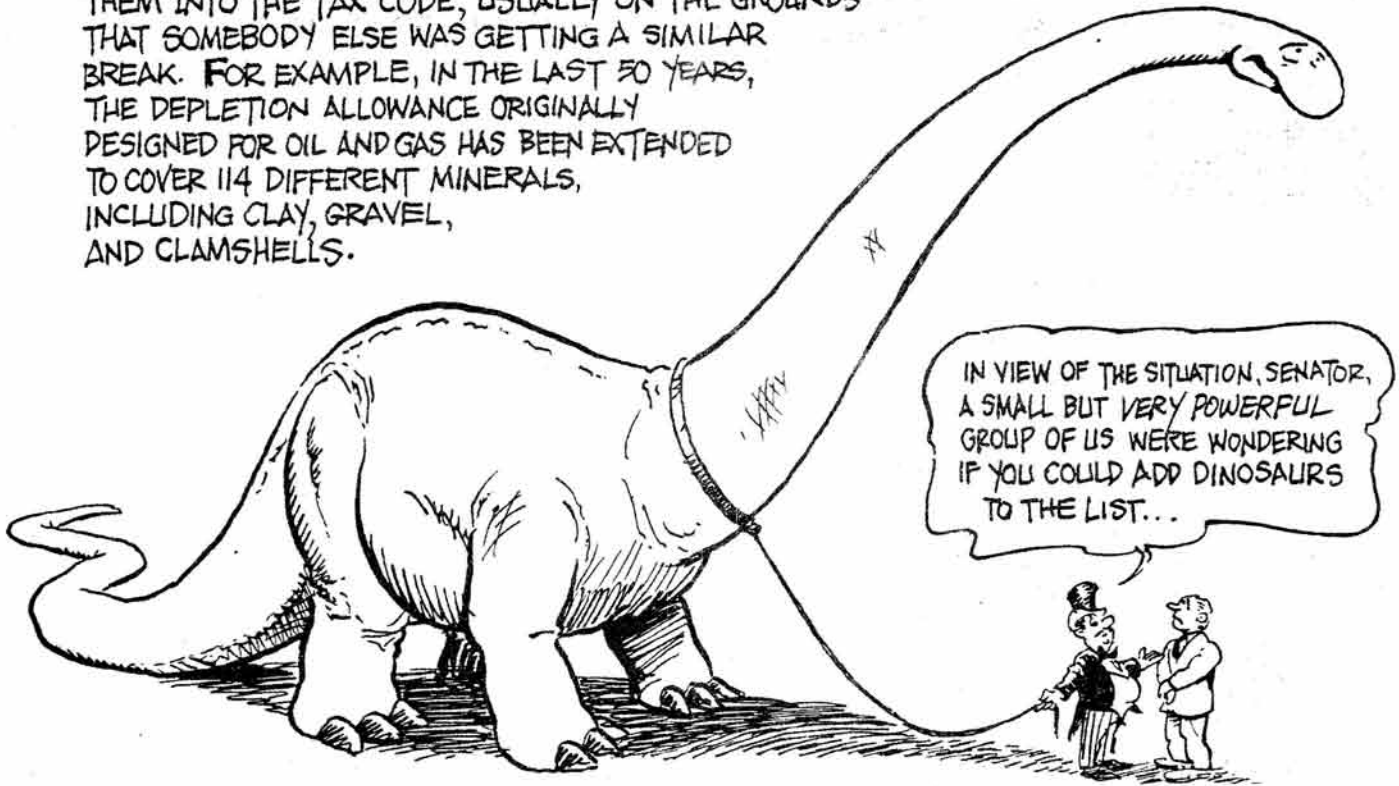


FOR ANOTHER THING, STUDIES SHOW THAT IN MANY CASES, **DIRECT SUBSIDIES** WOULD BE A LOT CHEAPER AND MORE EFFICIENT THAN TAX BREAKS AS MEANS TO THE SAME END.

FOR EXAMPLE IN 1976, THE EXEMPTION FOR STATE AND MUNICIPAL BONDS COST THE FEDERAL GOVERNMENT **\$4.7 BILLION** IN LOST REVENUES, BUT SAVED THE LOCALITIES ONLY **\$3.6 BILLION**. UNDER A SYSTEM OF STRAIGHT SUBSIDIES, THE GOVERNMENT COULD DISTRIBUTE THE **ENTIRE \$4.7 BILLION** DIRECTLY TO THE LOCALITIES, WHILE TAXING THE BANKS AND INVESTORS WHO NOW KEEP OVER A QUARTER OF IT.



**A** FINAL IMPORTANT POINT ON LOOPHOLES: NUMEROUS TAX BREAKS HAVE LITTLE OR NO JUSTIFICATION AND EXIST ONLY BECAUSE SOME INFLUENTIAL GROUP OR INDIVIDUAL MANAGED TO LOBBY THEM INTO THE TAX CODE, USUALLY ON THE GROUNDS THAT SOMEBODY ELSE WAS GETTING A SIMILAR BREAK. FOR EXAMPLE, IN THE LAST 50 YEARS, THE DEPLETION ALLOWANCE ORIGINALLY DESIGNED FOR OIL AND GAS HAS BEEN EXTENDED TO COVER 114 DIFFERENT MINERALS, INCLUDING CLAY, GRAVEL, AND CLAMSHELLS.





YOU'D THINK ALL THOSE LOOPHOLES WERE COSTING THE GOVERNMENT A LOT OF MONEY, RIGHT? **WRONG!** IT'S NOT THE GOVERNMENT THAT GETS BURNED, IT'S THE **ORDINARY TAXPAYER** WHO GETS STUCK WITH THE LOOPHOLE TAB!



...AND THAT'S WHERE **YOU** COME IN, FELLOW TAXPAYER, BECAUSE EVERY DOLLAR SAVED BY AN OILMAN IN TAX BREAKS MEANS EITHER A DOLLAR LESS IN GOVERNMENT SPENDING FOR HEALTH CARE, SCHOOLS, ETC., OR A DOLLAR MORE OUT OF LESS FORTUNATE POCKETS DOWN IN THE LOWER BRACKETS.



EITHER WAY,  
YOU LOSE...



... UNLESS, OF COURSE,  
YOU **ARE** AL OILMAN,  
OR DADDY WARBUCKS,  
OR SOME OTHER HIGH-  
ROLLING BENEFICIARY  
OF THE LOOPHOLE  
SYSTEM, IN WHICH CASE  
YOU WIN, AND WIN  
**BIG!**



**I**F, ON THE OTHER HAND, YOU GET A STRAIGHT  
WAGE OR SALARY, THERE'S NOT MUCH  
TO CHOOSE FROM IN THE  
WAY OF TAX SHELTERS.



**L**OOPHOLES WERE JUST NOT DESIGNED WITH THE  
AVERAGE WORKER IN MIND!

SO THE MORAL OF THE STORY (OR OF THIS CHAPTER, AT LEAST) IS THAT LOOPHOLES ARE NOTHING MORE NOR LESS THAN **GOVERNMENT SPENDING**. IN THE WORDS OF WILBUR MILLS:

"THE GRANT OF...TAX CREDITS HAS PRECISELY THE SAME EFFECT ON THE BUDGET AS AN OUTRIGHT EXPENDITURE. THE ONLY DIFFERENCE IS THEY APPEAR AS A NEGATIVE RECEIPT RATHER THAN AS AN EXPENDITURE. THAT IS WHY I REFER TO...TAX CREDITS AS **BACKDOOR SPENDING**..."

...AND SPENDING OF THE WORST KIND. NOT ONLY ARE LOOPHOLES INEFFICIENT, UNFAIR, AND ANTI-PROGRESSIVE, BUT THEY NOW COLLECTIVELY COME TO

**\$125 BILLION  
A YEAR!**

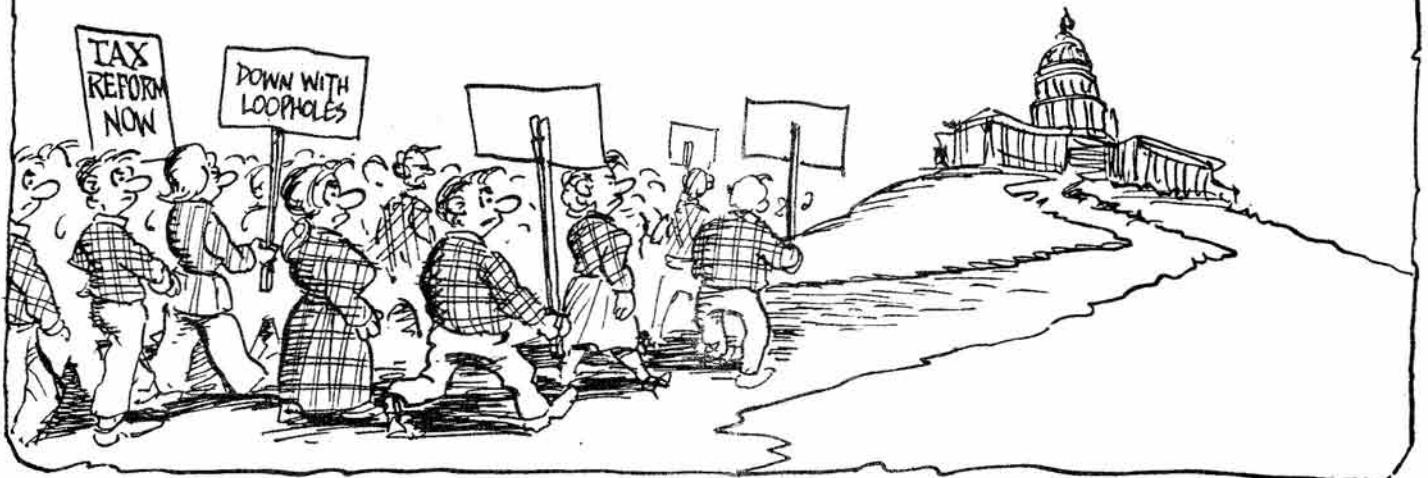
(THE LARGEST EXPENDITURE  
IN THE ENTIRE FEDERAL BUDGET)

THIS FIGURE IS SO LARGE THAT IT'S ALMOST MEANINGLESS TO ORDINARY FOLKS, BUT LOOK AT IT IN THESE TERMS: IF ALL LOOPHOLES WERE CLOSED, THE GOVERNMENT COULD CUT TAX RATES BY **43%** AND STILL COLLECT THE SAME AMOUNT OF REVENUE!



BUT OF COURSE THERE ARE LOOPHOLES, MORE THAN 100 BILLION DOLLARS' WORTH, AND MORE IN THE PIPELINE. AS TO HOW THIS ALL CAME ABOUT, THE SAD FACT IS THAT THOSE WHO WOULD REFORM THE TAX CODE ARE NO MATCH FOR THOSE WHO LIKE IT THE WAY IT IS. CONSIDER THE CONTESTANTS.

ON ONE SIDE, A RAGTAG ASSORTMENT OF SHOESTRING PUBLIC INTEREST GROUPS, ANGRY TAXPAYERS, AND AN OCCASIONAL MAVERICK MEMBER OF CONGRESS.



ON THE OTHER, **BIG MONEY**, SUPPLIED BY HUNDREDS OF SPECIAL INTERESTS WITH LUCRATIVE LOOPHOLES TO DEFEND OR EXPAND.

**B**ANKS, DOCTORS, THE INSURANCE INDUSTRY, THE OIL BUSINESS, THE MULTI-NATIONALS, ALL HAVE A STAKE IN THE TAX CODE, AND THE POWER AND INFLUENCE TO PROTECT THAT STAKE.

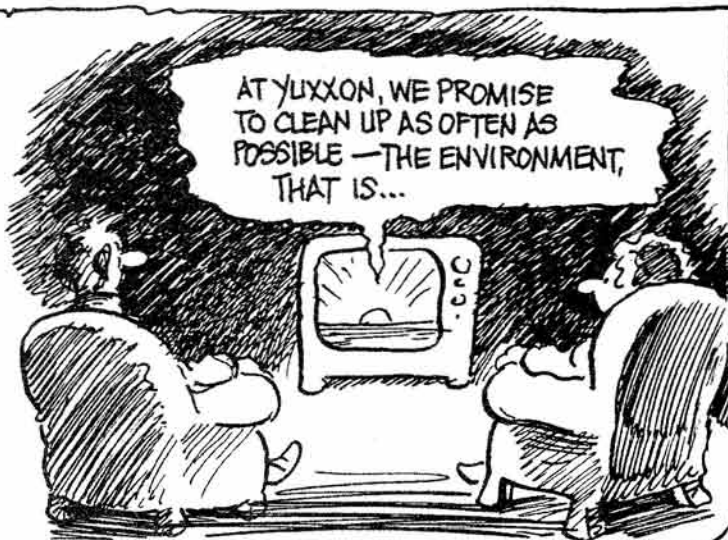
**T**HEIR TROOPS? A SMALL ARMY OF TAX LAWYERS, ECONOMISTS, PUBLIC RELATIONS EXPERTS, AND EX-MEMBERS OF CONGRESS, THE BEST THAT **MONEY** CAN BUY.



AND WHERE DOES THE MONEY GO?

## ★ ADVERTISING

IN ONE YEAR THE AMERICAN PETROLEUM INSTITUTE (WHICH REPRESENTS THE INTERESTS OF BIG OIL) SPENT **\$4 MILLION** IN ADVERTISING ALONE. THAT MONEY FEEDS THE OIL INDUSTRY LINE ON TAXES AND OTHER SUBJECTS TO THE MILLIONS OF PEOPLE, MANY OF WHOM CAN'T HELP BUT BE PERSUADED IN THE ABSENCE OF COUNTER-ARGUMENTS.



## ★ LOBBYING

FACED WITH DECISIONS ON COMPLEX ISSUES, BUSY MEMBERS OF CONGRESS NATURALLY TURN FOR ADVICE TO "EXPERTS," PEOPLE THEY KNOW AND TRUST. PREDICTABLY, THE EXPERTS ARE ALL TOO OFTEN ON CORPORATE OR OTHER SPECIAL INTEREST PAYROLLS.



## ★ CAMPAIGN FINANCE

CAMPAIGN CONTRIBUTIONS DON'T GUARANTEE SUPPORT OR EVEN COOPERATION, BUT THEY **DO** MEAN GREATER ACCESS FOR THE CONTRIBUTOR AND A MORE SYMPATHETIC HEARING FROM THE RECIPIENT.



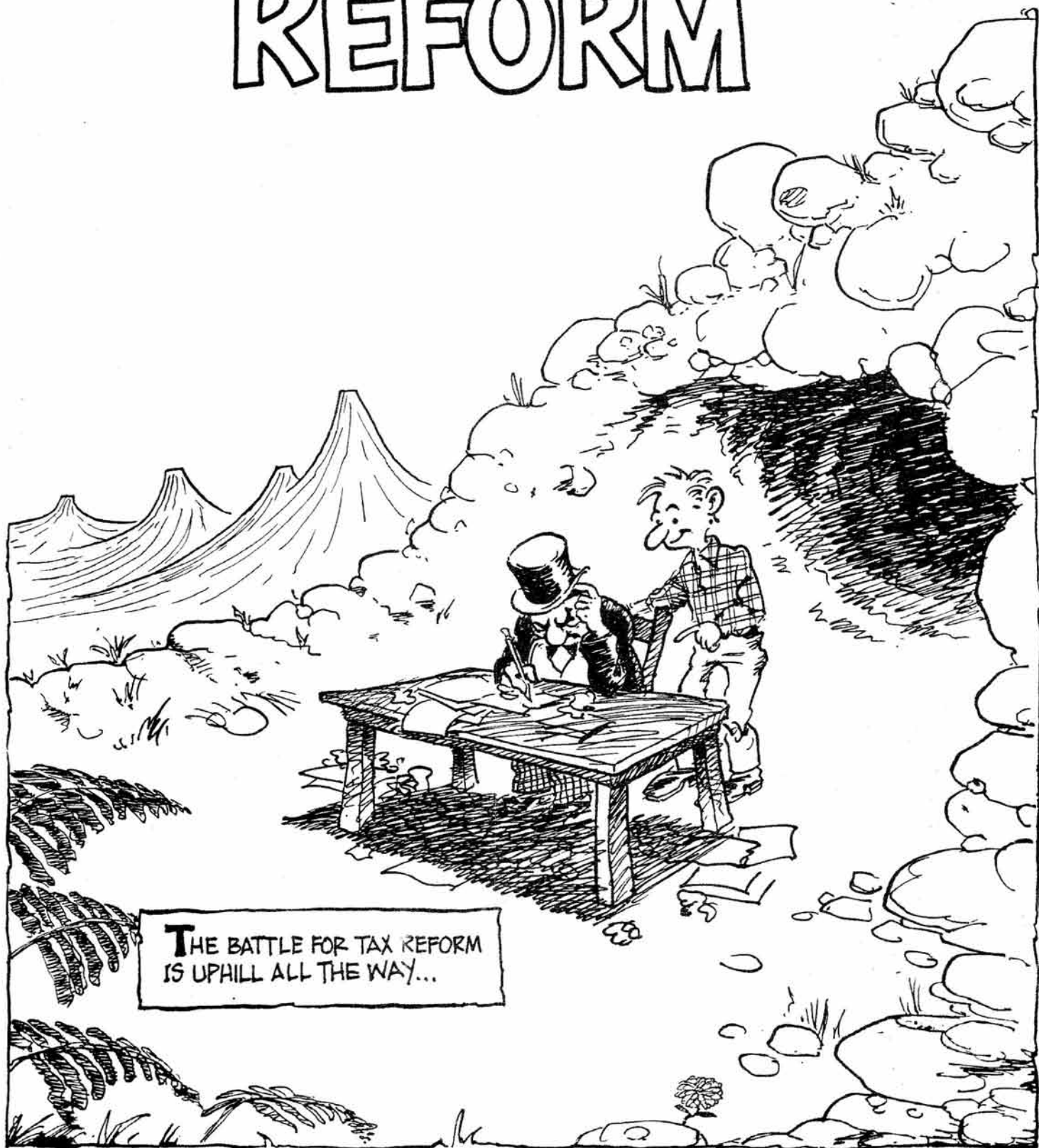
AND THAT, FELLOW TAXPAYERS, IS WHY OIL BARONS, MOVIE MOGULS, AND OTHER MONEYMAKERS FIND CONGRESS SO RESPONSIVE TO THEIR TAX NEEDS, WHILE THE REST OF US ARE LUCKY TO SEE A SENATOR ON MEET THE PRESS.

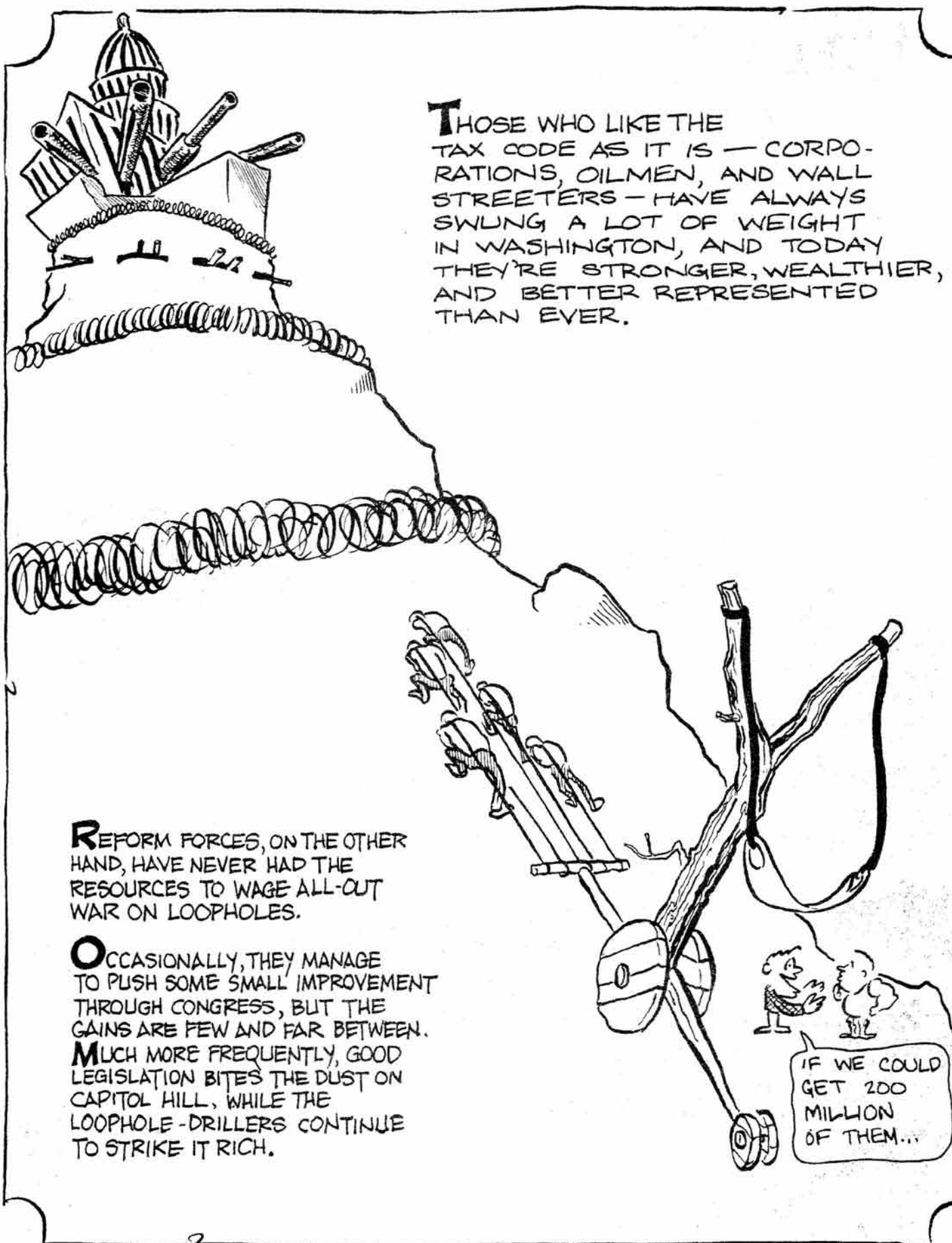




## CHAPTER 4.

# REFORM





THOSE WHO LIKE THE TAX CODE AS IT IS — CORPORATIONS, OILMEN, AND WALL STREETERS — HAVE ALWAYS SWUNG A LOT OF WEIGHT IN WASHINGTON, AND TODAY THEY'RE STRONGER, WEALTHIER, AND BETTER REPRESENTED THAN EVER.

REFORM FORCES, ON THE OTHER HAND, HAVE NEVER HAD THE RESOURCES TO WAGE ALL-OUT WAR ON LOOPHOLES.

OCCASIONALLY, THEY MANAGE TO PUSH SOME SMALL IMPROVEMENT THROUGH CONGRESS, BUT THE GAINS ARE FEW AND FAR BETWEEN. MUCH MORE FREQUENTLY, GOOD LEGISLATION BITES THE DUST ON CAPITOL HILL, WHILE THE LOOPHOLE-DRILLERS CONTINUE TO STRIKE IT RICH.

IF WE COULD GET 200 MILLION OF THEM...

STILL AND ALL, THERE **IS** REASON  
TO BELIEVE THINGS COULD  
BE **DIFFERENT?**



W-WHY?

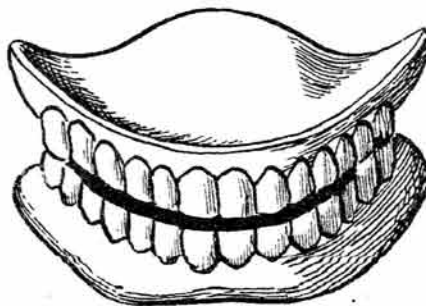
**FIRST** OF ALL, PUBLIC  
SUPPORT FOR REFORM  
IS RISING, AS MORE AND  
MORE TAXPAYERS REALIZE  
WHO'S FOOTING THE  
LOOPHOLE BILL.

**SECOND**, REFORM GROUPS ARE TOUGHER, BETTER ORGANIZED,  
AND MORE SOPHISTICATED THAN IN THE PAST, AND  
BEGINNING AT LAST TO MAKE THEMSELVES FELT.



**F**INALLY, THE NEW TENANT  
AT 1600 PENNSYLVANIA AVENUE  
IS PUBLICLY COMMITTED  
TO A GENUINE OVERHAUL  
OF THE TAX CODE, A PLEDGE  
WHICH THE PRESS AND THE  
ELECTORATE SHOULD NOT  
LET HIM FORGET.

FALSE PROMISES, JIMMY?  
LET'S HOPE NOT!



**T**O BE SURE, THESE TRENDS DO NOT GUARANTEE RELIEF, BUT THEY **ARE** HOPEFUL SIGNS,  
INDICATIONS THAT CONGRESS AND THE EXECUTIVE MAY FINALLY BE FORCED TO TAKE  
SERIOUS ACTION ON TAX REFORM.

SO THE BATTLE LINES ARE DRAWN AGAIN, THE STAGE SET FOR ANOTHER MAJOR SHOWDOWN. WILL THIS ONE BE LESS OF A DISAPPOINTMENT THAN PREVIOUS SHOWDOWNS? CAN THE **PUBLIC**, FOR ONCE, PREVAIL? IT ALL DEPENDS...

IT DEPENDS ON THE PRESIDENT...

OF COURSE, TAX REFORM IS A HIGHLY COMPLEX ISSUE, AND WE WOULD NOT WANT TO TAKE ANY HASTY ACTION WITHOUT STUDYING CAREFULLY ALL SIDES OF EVERY ASPECT OF THE ISSUE AND PRAYING FOR DIVINE GUIDANCE

MUMBLE  
MUMBLE

IT DEPENDS ON THE CONGRESS...

OF COURSE, TAX REFORM IS A HIGHLY COMPLEX ISSUE, SENATOR...

VERY, SENATOR!

WE WOULDN'T WANT TO TAKE ANY HASTY ACTION WITHOUT STUDYING CAREFULLY ALL SIDES...

LET'S ASK THE KOREAN AMBASSADOR WHAT HE THINKS?

I FIND ALL THIS TALK EXTREMELY TAXING!

**BUT MOSTLY, IT DEPENDS ON THE TAXPAYERS.** WHEN ENOUGH PEOPLE REACH THE BOILING POINT AND BEGIN TO REACT, WE CAN EXPECT **RESULTS!**

WE WANT TAX REFORM  
AND WE WANT IT  
**NOW!**







FOR THOSE WHO ARE **ALREADY** AT THE BOILING POINT, HERE ARE A COUPLE OF HINTS ON HOW TO CONVERT **STEAM** INTO **ENERGY**:

## ★ KNOW THE ISSUES

FOR MANY YEARS THERE WAS NO WAY FOR NON-EXPERTS TO FATHOM THE MYSTERIES OF THE TAX CODE. TODAY, THANKS TO THE EFFORTS OF REFORM-MINDED SPECIALISTS, THE CODE HAS BEEN CRACKED, AND ITS MYSTERIES MADE ACCESSIBLE TO THE ENGLISH-SPEAKING WORLD.



YES! I SEE IT NOW!

FOR A LIST OF READABLE, JARGON-FREE PUBLICATIONS DESIGNED TO INFORM THE PERSON IN THE STREET ON TAX ISSUES, CONSULT THE APPENDIX.

## ★ ROCK THE BOAT

ALL ACROSS THE COUNTRY, CITIZEN GROUPS ARE SPRINGING UP TO FIGHT LOCAL AND NATIONAL TAX INEQUITIES. SOME ARE ONE-SHOT CAMPAIGNS ORGANIZED AROUND LOCAL PROPERTY TAX BATTLES OR STATE INCOME TAX REFERENDA. OTHERS ARE LONG-LIVED COMMUNITY INSTITUTIONS WITH YEARS OF COMBAT EXPERIENCE IN THE WAR FOR TAX REFORM. BUT ALL HAVE ONE TRAIT IN COMMON: THEY DEPEND FOR THEIR SUCCESS ON ACTIVE CITIZEN SUPPORT AND CANNOT SURVIVE IN AN ATMOSPHERE OF APATHY AND INDIFFERENCE.



HELP ROW!

HEY!

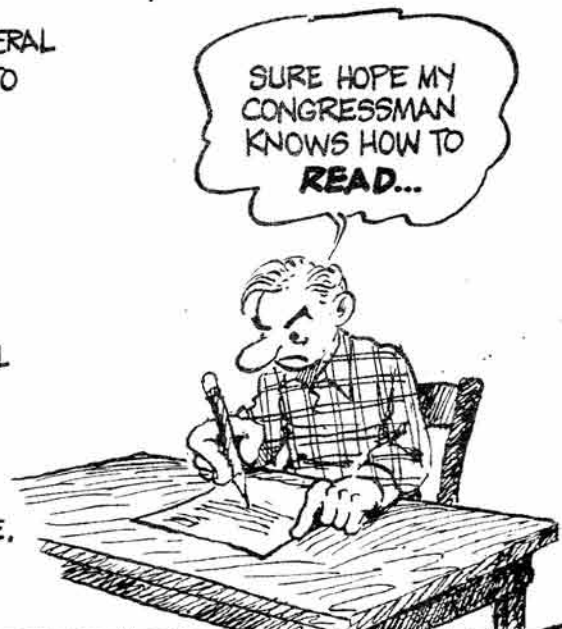
FOR A PARTIAL LIST OF TAX REFORM ORGANIZATIONS, SEE THE APPENDIX.

## ★ LEAN ON CONGRESS

SADLY, CONGRESS HAS THE **POWER** TO CHANGE FEDERAL TAX POLICY, BUT LACKS THE **INCENTIVE**. IT IS UP TO THE VOTING PUBLIC TO PROVIDE THAT INCENTIVE, TO SUPPORT MEMBERS OF CONGRESS WHO WORK FOR REFORM, AND TO DEFEAT THOSE WHO WON'T.

MORE SPECIFICALLY, THIS MEANS FOLLOWING TAX LEGISLATION, BOTH ON THE FLOOR AND IN COMMITTEE, MONITORING KEY VOTES, AND TAKING INDIVIDUAL MEMBERS TO TASK ON THOSE VOTES. TODAY, SEVERAL WASHINGTON-BASED ORGANIZATIONS ARE EQUIPPED TO DO THE MONITORING, AND WILL MAKE INFORMATION AVAILABLE TO ANYONE WHO WANTS IT, BUT THEY NEED ALERT CITIZENS OUT THERE IN THE DISTRICTS TO SEE THAT CONGRESS GETS THE MESSAGE.

(AGAIN, SEE THE APPENDIX FOR A LIST OF ORGANIZATIONS)



SURE HOPE MY CONGRESSMAN KNOWS HOW TO **READ...**

IN SUM, THERE WILL BE NO REAL REFORM  
AS LONG AS THE PEOPLE WE SEND TO WASHINGTON  
GET MORE PRESSURE TO OPEN LOOPHOLES THAN  
TO CLOSE THEM. THAT'S THE WAY IT'S BEEN  
FOR A LONG TIME, BUT ONE OF THESE DAYS,  
TAXPAYERS MAY BEGIN TO FIGHT BACK.  
WHEN THAT HAPPENS, **HANG ONTO YOUR HAT!**



## APPENDIX

### TAX REFORM GROUPS

(Non-profit organizations working on tax reform issues. For information, contact them directly.)

Association of Community Organizations for Reform Now (ACORN) 523 15th Street Little Rock, Ark. 72202 (other offices exist in LA, SD, TX, NEV, PA, IA, MO, TN, FLA, and CO)	Illinois Public Action Council 59 East Van Buren Street Chicago, Ill. 60605
Active Clevelanders Together 1537 Superior Avenue N.E. Cleveland, Ohio 44114	Institute for the Study of Civic Values 401 North Broad Street Philadelphia, Pa. 19108
Calif. Tax Reform Association 1107 Ninth Street Sacramento, Calif.	Massachusetts Fair Share 364 Boylston Street Boston, Mass. 02116
Chicago Metropolitan Area Housing Association (MAHA) 121 West Superior Chicago, Ill. 60610	Metro-Act of Rochester 8 Prince Street Rochester, N.Y. 14607
Citizen Action League 593 Market Street San Francisco, Calif. 94104	Missouri ACORN 2335 South Grand St. Louis, Mo. 63104
Citizens Choice Coalition 186 Barney Street Wilkes Barre, Pa. 18702	Neighborhoods United 4300 Rhode Island Avenue Brentwood, Md. 20722
Citizens League 84 South Sixth Street Minneapolis, Minn. 55402	New Jersey Senior Federation 554 Bloomfield Avenue Bloomfield, N.J. 07003
Citizens for Participation in Political Action (CP PAX) 11 South Street. Boston, Mass. 02111	Ohio Tax Equity for America (TEA) Party P.O. Box 3518 Akron, Ohio 44310
Communities of the Outer Mission District (COMO) 601 Tompkins Avenue San Francisco, Calif. 94110	PACE 557 Public Street Providence, Rhode Island 02907
Connecticut Citizen Action Group P.O. Box G Hartford, Ct. 06106	People for Fair Taxes 1063 South Capitol Way Suite 203 Olympia, WA 98502
Delaware Citizens Coalition for Tax Reform 1225 Lakewood Drive Wilmington, Delaware 19803	People's Empowerment Project 475 West Market Street Akron, Ohio 44303
	Public Citizen's Tax Reform Research Group P.O. Box 14198 Benjamin Franklin Station Washington, D.C. 20044

## TAX REFORM GROUPS (cont.)

Public Interest Economics Center  
1714 Massachusetts Ave., N.W.  
Washington, D.C. 20036

Public Interest Research  
Groups (PIRGs)

Note: The PIRGs are independent,  
student-run organizations now  
operating in some 30 states and  
Canada. They can be located  
through: The PIRG Clearinghouse,  
Oakdale, Iowa 52319.

Southeast Community Organization  
10 South Wolfe Street  
Baltimore, Md. 21224

Southern Indiana People's Alliance  
724 Franklin  
Columbus, Indiana 47201

Tax Analysts and Advocates  
2369 North Taylor  
Arlington, Va. 22207

Taxation with Representation  
2369 North Taylor Street  
Arlington, Virginia 22207

Texas Tax Equity for America  
(TEA) Party  
3725 Acorn Circuit  
Beaumont, Texas 77703

Virginia Citizens for Better  
Reclamation  
c/o Frank Kilgore  
Route 1, Box 418  
St. Paul, Virginia 24283

Wilmington United Neighborhoods  
1300 North Broom Street  
Wilmington, Delaware 19806

## BIBLIOGRAPHY

(A select list of publications designed for non-experts.)

### A. Books

- \* The Rape of the Taxpayer, by Philip Stern (New York: Vintage, 1972)
- \* Tax Politics, by Robert Brandon, Jonathan Rowe, and Thomas Stanton  
(New York: Pantheon, 1976) Available from the Tax Research Reform  
Group, P.O. Box 14198, Benjamin Franklin Station, Washington, D.C.  
20004 for \$ 6.95; with a subscription to People and Taxes, \$ 4.95.

### B. Newsletters

- \* People and Taxes, (published monthly by Tax Research Reform Group, P.O.  
Box 14198, Benjamin Franklin Station, Washington, D.C. 20004; sub-  
scription rates: \$ 7.50/year (\$12.00 for two years) for individuals,  
\$13.00/year (\$21.50 for two years) for business. Free samples  
available upon request.
- \* Tax Notes (published weekly by Tax Analysts and Advocates, 2369 No. Taylor,  
Arlington, Virginia 22207)

### C. Pamphlet

- \* "A Guide to the American Loophole System" (Americans for Democratic Action,  
1424 16th Street, NW, Washington, D.C. 20036)



## KEY MEMBERS OF CONGRESS

All federal tax legislation must go through the Ways and Means Committee in the House and the Finance Committee in the Senate. While the entire Congress must ultimately vote on all tax reform bills, it is the members (and particularly the leadership) of these two committees who have the most to say about the contents of those bills. Remember: whatever their politics, they all read their mail. (The names are listed by party and by seniority, with the most powerful at the top.)

### Senate Finance Committee

#### Democrats:

Russell Long (La.), Chairman  
Herman Talmadge (Ga.)  
Abraham Ribicoff (Conn.)  
Harry Byrd, Jr. (Va.)  
Gaylord Nelson (Wisc.)  
Mike Gravel (Ala.)  
Lloyd Bentsen (Tex.)  
William Hathaway (Me.)  
Floyd Haskell (Colo.)  
Spark Matsunaga (Hawaii)  
Daniel Moynihan (N.Y.)

#### Republicans:

Carl Curtis (Neb.)  
Clifford Hansen (Wyo.)  
Robert Dole (Kan.)  
Bob Packwood (Ore.)  
William Roth, Jr. (Del.)  
Paul Laxalt (Nev.)  
John Danforth (Mo.)

### House Ways and Means Committee

#### Democrats:

Al Ullman (Ore.), Chairman  
James Burke (Mass.)  
Dan Rostenkowski (Ill.)  
Charles Vanik (Ohio)  
Omar Burlison (Tex.)  
James Corman (Calif.)  
Sam Gibbons (Fla.)  
Joe Waggonner (La.)  
Otis Pike (N.Y.)  
J.J. Pickle (Tex.)  
Charles Rangel (N.Y.)  
William Cotter (Conn.)  
Pete Stark (Calif.)  
James Jones (Okla.)  
Andrew Jacobs (Ind.)  
Abner Mikva (Ill.)  
Martha Keys (Kan.)  
Joseph Fisher (Va.)  
Harold Ford (Tenn.)  
Ken Holland (S.C.)  
William Brodhead (Mich.)  
Ed Jenkins (Ga.)  
Richard Gephardt (Mo.)  
Jim Tucker (Ark.)  
Raymond Lederer (Pa.)

#### Republicans:

Barber Conable (N.Y.)  
John Duncan (Tenn.)  
Bill Archer (Tex.)  
Guy Vander Jagt (Mich.)  
Bill Steiger (Wisc.)  
Philip Crane (Ill.)  
Bill Frenzel (Minn.)  
James Martin (N.C.)  
Skip Bafalis (Fla.)  
William Ketchum (Calif.)  
Richard Schulze (Pa.)  
Willis Gradison (Ohio)

# NYPIRG PUBLICATIONS

Action For A Change — Ralph Nader and Donald Ross (2/73)	\$1.75
Blood From A Stone: A Cartoon Guide To Tax Reform (Available 4/78)	1.25
Citizen's Guide to the Emergency Financial Control Board (12/77)	1.00
Conservation: Our Largest Energy Resource (11/76)	Free
Consumer Guide to Bank Mortgage Disclosure Statements (5/77)	1.25
Damage Deposits: How Not to Lose Them (9/75)	.25
Flagyl: What They're Not Telling You! (6/77)	Free
Guide to NYC Public Records (6/75)	3.00
Marijuana in Perspective (4/77)	1.25
NYPIRG Explains the Marijuana Reform Act (8/77)	Free
NYPIRG 1977 Annual Report (10/77)	Free
NYPIRG's 1978 Legislative Program (1/78)	Free
NYPIRG's Guide To Albany Tenants' Rights (4/77)	Free
New York State Ballot Pamphlet Bill (6/75)	.65
Nuclear Energy: Not So Cheap After All (2/77)	Free
Nuclear Energy: Plant Reliability (2/77)	Free
Nuclear Energy: Rising Construction Costs (2/77)	Free
Public Citizen's Action Manual - Donald Ross (10/73)	1.95
Radioactive Ransom: The Bailout of Nuclear Fuel Services, Inc. (12/76)	1.25
Small Claims Big Problems (NYC Small Claims Court Action Center) (8/77)	Free
Take The Money And Run! Redlining in Brooklyn (12/76)	1.25
Troubled Waters: Toxic Chemicals in the Hudson River (9/77)	5.00
Voter Registration Guide (8/76)	Free
Wasted Time, Wasted Energy, Wasted Dollars: A Report on Energy Conservation in Large Buildings in Broome County, N.Y. (1/76)	1.25
Winning Isn't Everything: A Study of the New York City Small Claims Court System (9/76)	1.25
Young People Not Welcome: A Study of Discrimination in Broome County's Jury Selection Process (11/76)	1.25
Your File Is Now Open (1/75)	Free
Your Right To Go: Guide To The New York State Open Meetings Law (Revised 2/78)	.35
Your Right To Know: Guide To The New York State Freedom Of Information Law (Revised 2/78)	.35

## Wise Guides

#1 How To Challenge Your Gas Or Electric Bill (Revised, Available 4/78)	.65
#2 A Consumer's Guide to Telephone Service (1/76)	2.00
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