ing Medicare, almost as much as in the previous 166 years. And the record of most of the social and economic innovations of the 89th Congress follows the same pattern.

Now it would be absurd to suggest that the United States was seriously lacking for either education or health before the 89th Congress went on its spending spree. This country was a pioneer in providing education for all its children and has long led the world in the proportion of its young men and women enrolled in colleges. Nor have Americans suffered from neglected health.

Loss of Local Control

What has changed is that much power and emphasis has shifted from elected school boards, responsive to the feelings of their community, to a distant irresponsible bureaucracy in Washington; and the simple human patient-doctor relation of the past has been fuzzed up by the intrusion of an enormous official apparatus, smothering patients and doctors alike in an avalanche of questionnaires and red tape.

Most economists agree that the heavy increase in government spending during the last years is a cause of the inflation which has touched off boycotts of stores and other protests. And inflation is another cause of the gap between what a man is supposed to earn and what he receives in real values. He may be receiving the same number of dollars, even a larger number of dollars, in his pay envelope. But if those dollars buy less, the effect is much the same as that of the ever-growing bite at the pay check, represented by taxes and social security levies.

Finally, the American taxation system, especially on the Federal level, is heavily weighted against the individual who does not like to be dependent on state handouts and would rather provide his own and his family's social security. Three points should be borne in mind in this connection.

Inequitable Taxation

First, the Federal income tax is levied on a steeply graduated basis. In most countries the weight of taxation is more or less evenly distributed between direct and indirect forms of levy. No form of tax is pleasant; but direct graduated taxation bears much more heavily on savers than do sales or excise taxes. The Federal income tax, therefore, has a strong leveling effect and sometimes makes the gap between what a man earns and what the state allows him to keep almost grotesque, as graduation advances rapidly in the upper brackets.

Second, there is a gross and

palpable injustice in the practice of taxing the same source of income twice, once when it is earned by a corporation, again when it is received by the individual stockholder in the form of a dividend. For a time, a slight abatement on income tax was granted in recognition of this injustice; but even this has now been abolished. So, income that has already been taxed at the rate of almost 50 per cent as corporation income is taxed again at individual income rates when it is received by the stockholder. In the case of persons in high income tax brackets this means that the government, with two bites at the same revenue, may take 75, 80, or even 90 per cent of net income which it has assumed no risk in earning. If this is not socialism, it is something pretty close to it.

Third, there is the capital gains tax of 25 per cent on any profit earned from selling a stock or piece of tangible property at a higher price than the owner originally paid for it. This form of taxation implies both an injustice and an economically undesirable consequence. The injustice is that the "capital gain" often barely or insufficiently compensates for the loss which inflation has inflicted on the stock or property. The owner would only be even with the game if he sold a stock held for the last twenty-five years at two and a half times the price he paid for it. The undesirable effect of the capital gains tax is that it "locks" the investor into certain holdings and takes away from the market the desirable element of liquidity.

Taxing the Middle Class Out of Existence

A former Commissioner of Internal Revenue, Mr. T. Coleman Andrews, familiar from his office with the many inequities and the well-nigh hopeless complexity of the system, voiced this heartfelt appeal to members of Congress some ten years ago:

> Whether you believe it or not, everybody is being overtaxed and the middle class is being taxed out of existence. Thereby the nation is being robbed of its surest guaranty of continued sound economic development and growth and its staunchest bulwark against the ascendancy of socialism. We, who somehow have managed to hold on, finally are beginning to see the shameful extent to which we have been made the special victims of rapacious tax enactments — and we don't like it. . . .
>
> High rates of tax don't mean anything when there isn't anything to tax.

What with ever-growing withholding from wages and salaries, inflation, and outrageously high