3. *Excessive depletion allowances.* These allow owners of oil wells and other mining and extractive operations a special allowance up to 27½ percent of all revenues received.

The average worker is not the proud owner of any oil wells. He cannot avail himself of the very generous depletion allowance provisions of the tax law. Nor is he the owner of an establishment engaged in extraction of any type of mineral and metal, ranging alphabetically from asbestos to zircon, to say nothing of brick, sulphur, gravel and oyster shells—all of which are now covered, in one form or another, by similar if not quite as generous depletion allowances.

4. *Special tax advantages for higher salaried executives.* These include liberal expense accounts, deferred compensation plans and use of company facilities for personal use.

5. *The special "get rich quick" system of granting stock options.* Many prominent corporation executives have been able to show profits of well over $1 million through the practice of granting stock options, the gains from which are never taxed as ordinary income, only as capital gains income.

6. *The so-called "split-income" provision.* This section of the tax law was enacted in 1948 which provides special benefits to married couples in the upper-income brackets. The benefits of this provision are open to all married couples but because no benefit is available for families whose incomes are below the level of $5,000, most workers find they received little or no benefits from its provision but the major benefits go to families in the upper-income brackets.

American workers and American unions will be closely watching Congressional developments on the tax issue. They are more than willing to pay their full share of the tax burden. This is particularly true at the present time when revenue needed by the federal government will be rising to meet the cost of an adequate defense, as well as additional government programs in such fields as education, health, housing, etc.

American workers, however, are seriously concerned with the manner in which tax revenues are to be obtained. They insist that a tax system adhere to the basic principle that taxes be imposed according to ability to pay. It is time for America's tax program to return to this basic principle.

SUMMARY OF AFL-CIO PROGRAM

1. Provide tax relief for families of low and moderate income. Perhaps the simplest and most direct method of doing this would be to raise the level of personal exemptions. The $600 figure which was inadequate even at the time of its adoption in 1948 should be raised substantially.

2. Close the many tax escape provisions in the present law which allow higher-income taxpayers to escape their equitable share of the tax burden. Up to $9 to $10 billion in additional revenue could be recaptured by making the necessary reforms.

3. Eliminate the requirement that workers pay income taxes on their contributions to government retirement funds. At the present time workers pay income taxes on income which they never receive, their contributions enforced by law, to the various government retirement programs through the Old Age and Survivors' Insurance, Civil Service Retirement, and Railroad Retirement programs. This inequity should be eliminated by excluding these contributions up to $500 from income for income tax purposes and from "wages" for withholding purposes.

4. Congress and the Treasury should study ways and means of encouraging the adoption of more progressive tax laws by the states, including the possibility of providing a specific tax credit for income taxes paid to states under laws meeting certain minmum federal standards.

5. Reduce or eliminate, as soon as practicable, the inequitable federal excise taxes.

6. Make the estate and gift taxes a more effective source of revenue. This can be done by eliminating life estate provisions and reducing the total level of exemptions.