

Point of View

Editorial

Over the past several years, there have been a number of attempts to develop legislation to create broadly based, fair and revenue-neutral tax reform for the American people. Most of these attempts have called for a "level playing field" for consumers and business alike.

Now the Senate Finance Committee is considering a measure that would have the exact opposite effect and would tip the playing field even more sharply than it is today.

Simply put, the proposal by Sen. Robert Packwood (R-Ore.), the committee chairman, would not allow businesses to deduct from their income taxes the excise taxes they pay to the government. Currently, the federal government imposes excise taxes on things like gasoline, alcohol, cigarettes, telephone service, airline tickets and many others. The excise tax is usually included in the product's price, and consumers pay the tax when they buy the product. The maker of the product acts as a tax collector — receiving the tax from consumers and handing it over to the federal treasury.

Sen. Packwood's proposal would tax businesses on the excise taxes they are merely collecting for the government. The senator says this is just an increase in corporate income taxes, and that it won't hurt consumers. But according to the Citizens for Tax Justice, a labor-sponsored research group, Packwood's proposal will have the effect of increasing excise taxes by 50 percent. And those increases will flow straight to the consumer in the form of higher prices.

Gasoline prices would rise by four or five cents per gallon. The tax on distilled spirits would jump from \$2.50 to \$3.50 a fifth. Cigarettes would cost between nine and twenty cents more per pack. The eight percent airline tax would increase to about 12 percent, and phone service taxes would go from three to about five percent.

Other prices would be affected indirectly. Higher excise taxes on the trucking and other shipping industries would increase the prices of virtually everything that is transported on the U.S. highways — from potatoes to color TVs.

Not only will Sen. Packwood's proposal increase the prices consumers pay for everyday goods, it will fall disproportionately hard on low-income families because excise taxes take a greater percentage of their income.

The Packwood proposal also ignores the effect of higher prices and distribution costs on business and jobs. When the price of a product increases dramatically, sales drop. When sales drop, businesses lay off employees, close plants, work shorter and fewer shifts and generally cut back to make ends meet. The Distilled Spirits Council of the United States, a trade association, estimates that 23,000 jobs would be lost and up to 10,000 small businesses would close in that industry alone if the Packwood plan becomes law.

Under Packwood's proposal, the consumer loses. Business loses. And the government may not gain as much as it thinks. Higher taxes on products don't bring in much if the products are priced out of the reach of millions of consumers.

Tax reform is serious business. And Sen. Packwood's plan is seriously flawed. It should not become law.

The Las Vegas Sentinel-Voice welcomes expressions of all views from readers. Letters should be kept as brief as possible and are subject to condensation. They must include signature, valid mailing address and telephone number, if any. Pseudonyms and initials will not be used. Because of the volume of mail received, unpublished individual letters cannot be acknowledged. Send to: Letters to the Editor, The Las Vegas Sentinel-Voice, 1201 S. Eastern Ave., Las Vegas, Nevada 89104.

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To Be Equal

WELFARE PANEL LOOKS FOR CUTS

By John E. Jacob

The Administration's Cabinet-level committee studying federal family and welfare policies seems to be headed down the wrong road. Recent news accounts indicate that its "reforms" will probably be more of the same thing — abdication of federal responsibility for national social problems and more deep cuts in federal spending for the poor.

As the federal study train chugs down disaster road, it is important for public and congressional opinion to be mobilized to pressure the Administration not to pursue such a foolhardy approach.

The states have been innovative, but moving social welfare programs into a block grant — a step the study panel seems to be considering — virtually ensures increased hardship for the poorest citizens.

Welfare benefits are already set by the states, with the federal government contributing a portion of the expenditures, and not a

single state has benefit levels that even begin to approach the artificially low poverty line. In Alabama and Mississippi, welfare benefits come to an incredible 17 percent of the poverty line.

Instead of shifting more social welfare power to the states, true reform would establish nationwide minimum standards.



John E. Jacob

Another idea favored by the committee, according to press accounts, is for a "workfare" provision requiring recipients to work off their grants in public service jobs.

Welfare recipients want to work, but workfare is a poor

substitute for a human resource program that creates meaningful employment opportunities. As traditionally practiced, it is often just a punitive measure that leaves poverty intact and does little to help poor people escape welfare dependency.

It makes more sense for federal implementation of programs similar to those recently instituted by some states that provide work opportunities — support services, child care

The real welfare scandal today is the refusal to extend participation in means-tested programs to those entitled to them.

Welfare reaches only about three-fourths of eligible families — excluding over two million poor people, mostly children. Over a third of the poor aged do not receive SSI benefits.

Most eligible women, infants and children who qualify for the federal nutrition programs do not get

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provisions, and training and placement in real jobs in the private sector.

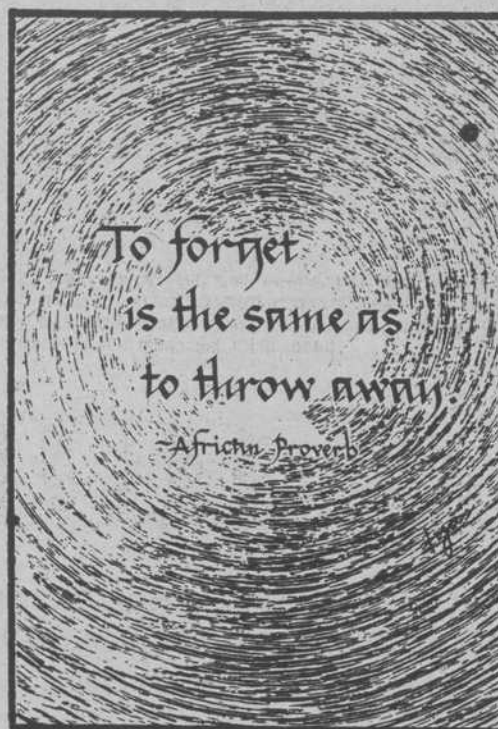
That's the way to make welfare a gateway to independence for many people who currently want to work but are unable to qualify for jobs.

We'll probably get more horror stories about planned policy changes as the commission continues its work. Such stories reinforce suspicions that the real purpose of the group is to accelerate government withdrawal from social programs and to punish poor people, rather than to reform a system deeply in need of change.

aid. About ten million people eligible for food stamps don't get them. Less than a quarter of eligible households are in the low income energy assistance program. Headstart reaches less than a fifth of eligible children. And federal job and skills training programs reach only a small fraction of those eligible.

Social welfare policies in America are not characterized by wide participation and generosity but by very low participation and meanness. That will become even worse if the commission is permitted to carry out its "reforms."

Black History



CHILD WATCH

by John Wright Edelman
President, Children's Defense Fund

Keeping the American Family Together

We have a tradition, in our families, of helping each other out. Grandparents help take care of children when they are little, and often help them pay for school as they get older. In turn, those children then assist their parents and grandparents when they become sick or frail.

We do the same thing as a nation. We all, old and young, contribute to schooling and other public programs to help our youngsters. And we all chip in for programs like Medicare

that provides the elderly with the services they need.

But in recent years this national family bond has been stretched almost to the breaking point. One major stress has been six years of President Reagan's budget policies, which seem designed to pit old against young in a desperate struggle for ever-shrinking pieces of the federal budget pie.

We must remember that this struggle is not really within our family, but

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