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Inflation Boosting Americans' Taxes

INFLATION generated by excessive government spending is boosting tax bills for millions of Americans faster than promised reforms would reduce taxes.

If workers succeed in efforts to earn more money to keep up with rising prices, they move into higher tax brackets. They must turn over large percentages of their pay for Congress and the Legislature to spend.

Fortune magazine says "under present tax laws, the average American family is in grave danger of slipping into the 50 percent bracket," counting all Social Security and income taxes.

The item cites a four-person family with income around \$18,000. Assuming that its income will rise in line with anticipated basic inflation rate of 6.5 percent, this family would reach the 50 percent tax bracket in about eight years.

Another source, The Conference Board, reports that about one American family in five now has a yearly income of \$25,000 or more. Many

achieve this by earning multiple paychecks.

Back in 1955, you could have made the top 20 percent income group by earning only \$14,900. By 1965, it took \$19,800 to get into this select class. Now it calls for \$25,000 and is rising.

Government officials are not unaware of the fact that every time a family increases its earning power, the government may get a higher percentage of total income.

The Oklahoma Banker magazine publishes a comparison of buying power recently that showed some gains. One was that only 16 average work hours were required to buy 100 pounds of hamburger meat in 1977, compared to 21 hours in 1967. It took fewer hours to buy an electric clothes washer and dryer or a queen size mattress and box springs, but substantially more to buy a car.

Leaving out Social Security and federal income tax obligations, a study by the Bureau of Labor Statistics says that the average weekly paycheck would buy \$93.77 worth of

goods and services in 1977. This is up from about \$90 reported for 1967, but is less than the peak of \$96.64 shown for 1972.

A somewhat more complex gauge compiled by analysts at the Department of Commerce showed overall buying power last year had increased about 36 percent since 1965. It's hard to believe.

Whatever the buying power might be, Americans still have a higher standard of living than any other people. It might be improved further if government would tax less and spend less.

Fortune magazine weighed the appendix for the recommended 1979 budget where spending is itemized line by line. The 1979 appendix weighed five pounds, compared to four pounds, four ounces for 1977 and 1978.

The size of the budget might or might not be regarded as burdensome, but taxpayers will feel an increasing load as higher pay due to inflation forces more workers into higher tax brackets.