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Don't Let Tax on Oil Profits Fool You

SOME of the people are being fooled some of the time when Congress enacts a law to tax away oil company profits on pretexts of extending the fuel supply, equalizing costs, aiding the poor, or whatever.

People are fooled if they fail to interpret promises to distribute part of the taxes collected to help pay fuel bills for the poor as political strategy to "buy votes." It is questionable whether "emergency fuel aid" they might receive will offset increased costs.

People are fooled if they think oil companies are going to be enthusiastic or aggressive about investing millions in exploratory and drilling operations just to pay more taxes.

People are fooled if they do not see through this scheme of special class taxation as a pioneering venture to confiscate profits of other free enterprise industries or businesses.

It should be noted that government already may obtain larger shares of corporate profits than

those who own the businesses. This is accomplished by high tax rates on corporate earnings, plus regular income tax rates on dividends.

People are fooled if they do not see this tax law as a move toward nationalization of industries, with bureaucrats determining how much profits (or losses) should be allowed and taxing away the rest.

"If the government can do it to the oil industry this year, who will they do it to next year?" a Washington tax expert, Robert F. Hannon, asked in an address to Oklahoma City businessmen recently.

In a satiric article published in Newsweek magazine, Milton Friedman, noted economist, discussed "A Modest Proposal for 1984."

"Senator Eager-to-be-Re-elected introduced today a bill that would levy a Windfall Profits Tax on Real Estate," Friedman wrote.

The fictional senator argued that "these unearned gains by right belong to the people as a whole, not to a selfish class of lucky homeowners." To protect the poor, it was pro-

vided that homes valued at less than \$100,000 would be exempt from Windfall Real Estate taxes.

Claims that taxing gasoline at high rates would benefit working people are utterly fallacious. Most proposals call for imposing taxes of 25, 50 or 75 cents per gallon to discourage gas consumption.

Paul Davidson, editor of the Journal of Post Keynesian Economics, Brunswick, N.J., wrote a letter which was published in Business Week magazine last month suggesting \$6 a gallon "conservation tax" on gasoline, plus \$1 a gallon for the fuel.

Davidson also proposed a complex, costly system of rebates to "motorists who drove less than 80 per cent of normal." What's the point in collecting taxes and giving them back? The answer is obvious: It would give collectors and rebaters political power.

It seems to be about as logical to impose special taxes on profits and fuel to conserve gasoline as it would be to levy over-eating taxes on food in order to control obesity!