

Preparing Counterattack To Blunt Tax Reform

By NORMAN KEMPSTER
WASHINGTON (UPI)—President Nixon is preparing a political counterattack which he hopes will blunt tax reform as an election issue for the Democrats.

The effort so far is based on

subtle economic theory without much political appeal for the average wage earner.

While his potential Democratic opponents belabor him with talk of closing the tax loopholes through which some rich people escape taxation, Nixon has

maintained an official attitude of: "What loopholes?"

The Republican administration's first line of defense is to insist that the tax laws are fair and equitable, pointing out that far more tax money is lost through the deduction for



Three strikes and your out in the old ball game, so the saying goes, and after attempting to identify members of the Sagle baseball team on two previous occasions, we are up for the third try. Identified by Harp Turnbull, Mrs. Icymina Fackenthall, Mrs. Bessie Wilson (owner of the photos) and Laura Powell as the 1908 Sagle Baseball Team, members are (l to r) Oliver Turnbull, Tom Turnbull, Harry Rogers, Andy Turnbull, Lew Summers and Harp Fackenthall. Seated (l to r) are Oscar Turnbull, Tom Summers, Nathan Turnbull and Jerry Miller. Taken at the Dufort diamond, all the players pictured were related, either by blood or marriage with the exception of Harry Rogers. Mrs. Phoebe Turnbull, grandmother of Phoebe Senft hand made the uniforms worn by the team. When she became ill, the uniforms were finished by Mrs. Harry Fry



A fire which destroyed the main street of Sagle, August 21, 1910, also burned the uniforms of the Sagle Baseball team. They were in the Sagle store which was then owned by Oliver Turnbull. Efforts of the Bonner County Historical Society are being made to gather information about this area.



The 1914 Sagle Team appearing in new uniforms are left to right Roy Height, Haze Allen, Venus Verhei, Justine Verhei, Tim Coleman, Clarence Rainey, Andie Turnbull, Oscar Turnbull and Mike Colman. In the background seated in the grandstand are Lillian Lombard, Edith Colman, Bessie Wilson and Jim Wilson.

interest payments on home mortgages than through oil depletion or interest-free municipal bonds.

The fall back position is to propose some sort of "true tax reform." The Treasury Department is actively preparing several variations on that theme but the President has made no decision on which—if any—of them to adopt.

Tax Reform Plan

A Treasury official has said the tax reform plan, if actually proposed, will be intended to encourage saving and investment instead of consumption. This could be done by imposing a value added tax—a sort of national sales tax—combined with either cutting corporate and personal income taxes or avoiding an increase in those taxes.

The economics behind such a move is to give people an incentive to save. If taxes are paid when money is spent instead of when it is earned, thrift is rewarded.

Critics of such an approach claim that it hits hardest at the poor who must spend all of their income just to live.

The administration is also considering a value added tax as a substitute for local property taxes.

So far, Nixon has stoutly defended the tax breaks for business and the wealthy which the leading candidates for the Democratic presidential nomination take such pleasure in attacking.

A Lot of Talk

"There has been a lot of talk lately about the need for tax reform, and a great deal of criticism of so-called tax loopholes," Nixon told a group of 200 rich and powerful Texans recently at Treasury Secretary John B. Connally's ranch home.

"One of the loopholes is supposed to be depreciation," he said. "Another is supposed to be (oil) depletion (allowance). Now all of you here in this state know my position on depletion and depreciation, and you also know that this administration has been subjected to considerable criticism on the ground that we are for big business and we are for rich oil men and against people."

"I will tell you what we are for," he said. "What we are for is for more jobs for America and for American industry to be able to compete abroad."

The President then recited the industrial gains of post-war Germany and Japan. This, he said, was due to tax laws which favor investment.

Going Further Favored

"That is why I strongly favor not only the present depreciation rate, but going even further than that ..."

"That is why in terms of depletion, rather than moving in the direction of reducing depletion allowance, let us look at the fact that all of the evidence now shows that we are going to have a major energy crisis in this country in the '80s."

"To avoid that energy crisis we have to provide incentive rather than disincentive for people to go out and explore for oil," he said. "That is why you have depletion, and the people have got to understand it."

Economists differ on the soundness of Nixon's analysis. The argument went over well with the carefully selected audience in Connally's backyard. Whether it can be sold to the mass market of the electorate this fall is another question.

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