

How Much Is Your Tax Bill?

By **BOGGER ARMSTRONG**

The National Resources Planning Board has just published a report on "Family Expenditures in the United States" for the years 1935-1936. This report indicates how many people got how much income, and what they did with it.

We learn that 41.7 per cent of all American families "enjoyed" incomes of not over \$1,000 a year, and that one-seventh of all American families received a mean income of \$312. They spent an average of \$474, thus going in the hole \$162 per year per family. These over four million families, at \$162 apiece, cost the community—local merchants, property owners, and others who extended credit to them—something like \$700,000,000. And this figure does not include relief payments, which were counted as part of the family income.

NEWSWEEK informs us that with the passage of the new tax bill, an American for the first time pays higher taxes than an Englishman. Our tax bill will still look less than the Britisher's, for two reasons: first, Britain raises the bulk of her revenue by direct (income) taxation, while the United States relies principally upon hidden taxes; second, the Britisher does not pay to the multitude of different taxing authorities that afflict Uncle Sam's nieces and nephews.

This business of hidden taxes, which almost inevitably bear more heavily upon the poor than upon the rich, should be kept in mind when we study the spending pattern of American families, as reported in "Family Expenditures in the United States."

According to the National Resources Planning Board, if your family income was under \$4,000 during the survey year, you paid \$2.00 to \$3.00 in "personal taxes"—that is, income, poll, or property taxes. It didn't make much difference whether you received \$500 or \$3,500; you paid just about the same. On the basis of figures like these, short-sighted enthusiasts congratulate themselves on the moderate tax load of the American poor.

If you were a member of the one-seventh with an average income of \$312 and a maximum of \$500, you spent \$203 for food. There are 71 taxes on a loaf of bread.

You spent \$156 for shelter, of which \$90 was house rent and the rest operating expenses—fuel, electricity, furniture. Your landlord paid property taxes for you on the house you lived in. All the other items were subject to heavy multiple taxation.

You spent \$35 for clothing. There are 126 taxes on a pair of shoes, the most expensive single item for low income groups. This \$35 includes \$13 for Pa, \$15 for Ma, \$7 for the kids.

You spent \$18 for transportation, \$15 of which was to buy and operate a car. You may have escaped paying luxury taxes when you bought your car (but probably not sales taxes). But on the gas and oil you bought (\$6 worth) you paid the same rate of tax as Morgan.

You spent \$9 for tobacco—\$3 for cigarettes, \$6 for the "makings." The expenditure for cigarettes is much high-

er than for other tobacco at all income levels except the lowest and the highest; the very poor roll their own or shoot snipes, the very rich smoke cigars. At the time of the survey, stamp taxes on cigarettes were 6c a pack Federal, varying amounts local. There were indirect taxes on all tobacco, of undetermined amount.

There remains the sum of \$53 to be accounted for. Of this, \$22 went for doctor's bills and medicine; this includes \$2 for the dentist. You put \$4 in the church collection plate, gave away \$2 worth of presents, spent \$6 for education and reading, and \$9 for such items as haircuts and lipsticks. Your bill for amusements came to \$6. "Miscellaneous expenditures" accounted for \$2 more. (According to the National Resources Planning Board, poor people do not consume enough liquor to be worth reporting separately. The figures for "Food" include "Soft drinks, beer, and other drinks.")

That leaves \$2. You paid \$2 in taxes. The account is balanced. Look at all the things you got for your \$474 (including \$162 worth of red ink): food, clothing, shelter, recreation, tobacco—and only \$2 in taxes!

What was your real tax bill? You'll never know, and nobody can ever tell you. About 20 cent of the national income went for taxes that year, and we know that excise taxes (such as sales, liquor, tobacco, gasoline, processing taxes) bear most heavily on the poor man.

If you were on relief during 1935-1936, don't worry too much about the strain on Uncle Sam. He was still getting back about \$6 a month from you, maybe a good deal more. If you give openly, with a great show of generosity, and take away in secret, it's easy to earn the reputation of a Santa Claus.

