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THE PRESIDENT HAS SEEN....
THE WHITE HOUSE
WASHINGTON

August 23, 1976

MR-1

MEMORANDUM FOR: RICHARD CHENEY
FROM: ROBERT A. GOLDWIN *RAJ*
SUBJECT: Response to Carter on Tax Reform

Carter has presented an issue on which we are very strong and the Democrats very weak. I recommend that the President find the occasion to speak along the following lines:

Once again we are hearing a Democratic presidential candidate call for tax reform. "It is time for a complete overhaul of our tax system," says Jimmy Carter. "It is a disgrace to the human race."

Something definitely ought to be done about taxes, I agree, and without delay. The worst thing about federal taxes is that they are too high--too high for the individual taxpayer and too high for the good of the economy as a whole. There is no tax reform like lower taxes.

At my urging, the Democratic-controlled Congress did extend last year's temporary tax cut, but they have not yet done what needs to be done. In my State of the Union address, I urged them to enact an additional permanent tax cut of \$10 billion.

Seven months later they still have not acted. If the Democrats are serious in supporting tax reform, let them start with a significant tax cut. That is a solid, meaningful, realistic tax reform, not vague, complicated, or remote. It does not require a year of study. It can be enacted at once.

As for our tax system being "a disgrace to the human race," that is an exaggeration that is very misleading and harmful, one more example of how some of us damage our country by unwarranted and excessive criticism of our faults. Aren't you tired, as I am, of people who keep knocking America and American institutions?

The fact is that, with all its faults, the American tax system is one of the fairest in the world. That is why most Americans pay their taxes with remarkable honesty and co-operativeness. The American taxpayer is beheld with wonder and admiration and envy around the world, and that would not be the case if there were not a recognition that our tax system is basically fair.

What we know is that there are inequities, some of them quite serious, and a constant need for changes as conditions change and as inequities develop and are discovered. These things can be remedied and they are remedied by the representatives of the people. I am not in the habit of defending the Democratic Party, but to speak of our present tax system, largely the work of the Democratic-controlled Congresses for the past two decades, as "a disgrace to the human race," is to put a correctable problem in entirely the wrong perspective.

That kind of condemnation should be reserved for the truly disgraceful official behavior that occurs around the world, even in our country from time to time: religious or racial persecution, harrassment of dissidents, supression of freedom of speech or press, secret arrest by secret police, imprisonment without charges, or denial of the right to a fair trial-- these are the kinds of things that are deservedly denounced as "a disgrace to the human race."

So instead of wild exaggeration, my preference is to just say what needs to be done--and then do it.

I say that the most urgently needed tax reform is a permanent \$10 billion tax cut. The Congress has had seven months to think about it. They can enact it now, and should before they adjourn. It is not complicated. It is not difficult. It would be one reform that would benefit everyone, immediately and directly. Let's get it done.