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SUBC/RESPONSE
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Dear Brian -

I just found C-Span a month ago on our cable system. Best and most intelligent discussion around - I feel so lucky to be able to see and hear it - down the way you "handle" your fine speakers and not least you self. Never thought I'd be this lucky - I am 78 - unable to go out often - so appreciate the program very much. So glad you made a point this morning of the inept performance of the Iraqi ambassador - I have seen him on too many programs the past week - he is so absolutely inept - his defensive statements so empty - so futile, I almost feel sorry for him. If he is an example of the educated, experienced elite in his country - Iraq is in lots of trouble.

My basic reason for writing is that although we are in "deep doo doo" as George B. says we are - and I agree tho with a large measure of confidence in our coming out OK - please read the enclosed George Will essay - I hope we can get more coverage - public discussion and interest going on this subject. As a New Jersey tax payer I have a problem with our people so upset with small sales tax (local) to help reduce our expenses - residents here are up in arms and yet this tax increase does not compare with our probable S & L obligation and the manner in which we will pay Social Security Tax over & above much higher earnings. Are they blind?

Please excuse my writing - I leave with nice words - Sincerely,

Moynihan's Social Security plan could send the little guy back to the Democrats

Sen. Daniel Patrick Moynihan ostensibly has applied the ointment of compromise to the abrasions caused by the budget unpleasantness. But he actually could be creating, from the unpromising material of his fellow Democrats, a serious opposition party.

Moynihan, the Senate's Sisyphus, recently applied his sore shoulder yet again to the rock that he has been trying to roll up hill. Many months ago he proposed cutting, in just two years, Social Security taxes, putting the system on a pay-as-you-go basis. This would have quickly shut the spigot from which now gush surpluses generated by the increases put in place in 1983.

Those increases were supposed to build "reserves" for when, around 2020, baby boomers retire. The "reserves," now flowing in at \$1 billion a week, will rise to \$3 billion a week in 1997 and even more after that. But they are being used to finance government operations, thereby masking the real size of the deficit. (The real deficit is forecast to be \$241.8 billion in fiscal 1991, not counting the cost of the savings-and-loan shambles.)

Moynihan's aim was — is — to force hon-

Most workers in the 15 percent income-tax bracket pay a total tax rate (including employee and employer tax for Social Security) that is higher than that paid by the richest Americans.

esty in budgeting, and equity in taxation. However, his party, the conservative (meaning resistant to change) party, flinched from Moynihan's radicalism and from the need to think (about equitable taxes to replace the Social Security revenues). But now comes Moynihan's compromise: Phase the rate cuts over five years.

For someone earning the maximum income

taxable for Social Security purposes (about \$54,300 next year), the savings during 1991-1995 would be \$1,900. In 1996, the wage earner would be saved \$708. The tax rate would not rise again until 2010 and would not reach today's rate until 2015. Moynihan says 132 million Americans are paying a rate that is a quarter of a century premature, on a tax that is inequitable in its current use — financing the government's general operations.

This tax, which for 74 percent of taxpayers is a bigger burden than the income tax, is regressive: It has a flat rate and is not applicable on income above \$51,300 (this year). Because of the 15.3 percent Social Security tax on earnings (including the employer's portion), most workers in the 15 percent income-tax bracket pay a total tax rate higher than that paid by the richest Americans. The richest are in the 28 percent bracket, but any income in excess of \$51,300 is exempt from Social Security taxes.

C. Eugene Steuerle of the Urban Institute notes that if fringe benefits, such as employer-paid health insurance, are thought of (as they should be) as income, then two workers with equal incomes can have signifi-

cantly unequal Social Security tax burdens. A worker with \$30,000 cash wages will pay \$1,200 per year more than a worker whose \$30,000 in earnings breaks down to \$22,000 in cash and \$8,000 in fringe benefits. That means a five-year difference of \$6,000 in tax bills.

If this regressive tax is not cut, by the end of this decade it will slurp up \$200 billion a year more than Social Security will pay out that year. Moynihan says the money is not needed now for Social Security, so leave it with the workers who do need it: "The soul of the Democratic Party is at stake."

Talking about that party's soul is what philosophers call a category mistake, like talking about the wit of Brussels sprouts. But consider the political consequences if Moynihan's tax cut for 132 million Americans were to pass in September with the support of most Democratic senators and opposed by most Republicans.

For a quarter of a century, since George Wallace got their attention, Republicans have celebrated Joe Sixpack, a fellow of hearty but simple appetites — beer, not Scotch. The courtship of Joe Sixpack is going to be complicated enough if Republicans,

busy campaigning for a capital-gains tax cut, vote against the cut in Social Security taxes. And that might not be Joe's only grievance.

Consider the surrealism of Washington these days. The estimate of the number of S&Ls that will fail has been doubled from 500 to (so far) 1,000. The Bush administration cannot say, within half a trillion dollars, the eventual cost of this black hole for money: Guesses range between \$400 billion and \$1 trillion, depending on the interest-rate assumptions. And while these big numbers are bandied about, Republicans have floated an itchy-bitsy idea for helping to reduce the deficit by just \$50 billion this year.

(Perspective: \$50 billion is less than the deficit number will be increased by removing Social Security surpluses from the budget for deficit calculations. And \$50 billion is just half of the additional sum sought last week just for this year's S&L spending.)

The Republicans' bright little idea for nibbling at the deficit? A new tax adding 75 cents to a sixpack of beer.

George F. Will's latest book is "Men at Work: The Craft of Baseball."



The Philadelphia Inquirer / DAN STETS

Thiel stands at the place where Hitler's body was burned.

maiden. Above, a British pilot is parachuting to the ground from a bomber that has been shot from the sky. At the end of the war, British and U.S. planes engaged in saturation bombing that destroyed two-thirds of the buildings in Berlin.

In another mural, troops and tanks are fighting the advance of a British tank column. In the heavens, the Germanic god Wotan is overseeing the scene and supporting the defenders of the Reich.

Thiel thinks the bunkers that remain should be preserved and memorials created to serve as a warning against the threat of fascism.

To that end, he recently poured almost a ton of concrete into the entrance of the SS bunker so that vandals could be kept from the artwork there. Tons of dirt and several heavy concrete slabs have been placed over the entrance to the bunker below the old Reich Chancellery.

Vandals have already been in there, he said, drawing swastikas and other fascist graffiti on the walls, an indication that the bunkers need to be protected until a determination is made on what to do with the sites, he said.

"It would be nice if we had a prettier past," said Thiel. "But you can't choose your own history, and we shouldn't forget ours."

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