

PUBLIC FINANCE IN THE 1980s
ILLUSIONS AND REALITIES

A Symposium of the
NATIONAL TAX ASSOCIATION-
TAX INSTITUTE OF AMERICA



May 12-13, 1980

The Mayflower Hotel
Washington, D. C.

PUBLIC FINANCE IN THE 1980s
ILLUSIONS AND REALITIES

Monday, May 12, 1980
9:00 A.M. - 12:00 Noon

INTRODUCTION: OVERVIEW OF THE SYMPOSIUM

Norman B. Ture, First Vice President,
NTA-TIA; President, Norman B. Ture,
Inc.; Institute for Research on the
Economics of Taxation

INFLATION, TAXES AND GOVERNMENT SPENDING

A. OFFSETTING THE INTERACTION OF INFLATION AND
THE TAX STRUCTURE ON THE PRIVATE SECTOR

Emil Sunley, Deputy Assistant Secre-
tary, U. S. Treasury Department,
Moderator

1. Indexing Business Income for Financial
and Tax Purposes

John Mendenhall, General Tax Counsel-
Director of Taxes, Union Pacific
Corporation

Peter Hart, Partner, Price Waterhouse
& Co.

2. Indexing Individuals' Incomes

Martin Bailey, Professor, Department of
Economics, University of Maryland

Kevin O'Brien, Senior Partner, Paul,
Weiss, Rifkind, Wharton and Garrison

*The concerns in this session are how inflation
and the tax structure interact to impair and dis-
tort economic incentives and evaluation of the
effectiveness of various indexing systems in
moderating these distortions.*

B. EFFECTS OF INFLATION ON STATE AND LOCAL
GOVERNMENT FINANCES

John Ross, Director, Division of Eco-
nomic Development and Public Finance,
U. S. Department of Housing and Urban
Development, *Moderator*

1. Effects of Inflation on Major Revenue
Sources

2. Effects of Inflation on State and Local
Program Costs, Total Outlays and Net
Fiscal Position

Richard Levinson, Associate Director,
Office of Policy, Evaluation and
Planning, Pennsylvania Department of
Revenue

and

Howard Cohen, Secretary of Revenue,
Pennsylvania Department of Revenue

Attiat Ott, Professor, Department of
Economics, Clark University

*This session will examine such questions as what
inflation has done and is doing to the basic
revenue sources of state and local governments
and what these governments have done and are do-
ing to adapt their financing to the constraints
and opportunities inflation provides. A second
paper will focus on how inflation has affected
state and local government program unit costs and
aggregate outlays and their net fiscal position.*

12:30 P.M. - 2:00 P.M.

SYMPOSIUM LUNCHEON

David O. Williams, Jr., Tax Counsel,
Bethlehem Steel Corporation, *Moderator*

HOW THE CONGRESS LOOKS AT SUPPLY-SIDE TAX POLICY

Bernard (Bob) Shapiro, Chief of Staff,
Joint Committee on Taxation, U. S.
Congress

2:15 P.M. - 5:15 P.M.

"SUPPLY-SIDE" FISCAL POLICY: ALTERNATIVE
TAX AND FISCAL POLICIES TO PROMOTE SAVING
AND CAPITAL FORMATION

Donald Kiefer, Specialist in Taxation,
Congressional Research Service, Library
of Congress, *Moderator*

A. ALTERNATIVE REVENUES SOURCES AND SAVING

1. Substitution of VAT and/or Expenditure
Taxes for Income Taxes

Charles McLure, Jr., Vice President,
National Bureau of Economic Research

2. "Windfall Profits" and/or Other Selective
Excises as Substitutes for Income Taxes

James Wetzler, Chief Economist, Joint
Committee on Taxation, U. S. Congress

B. INCOME TAX INCENTIVES TO PROMOTE SAVING

Don Fullerton, Assistant Professor of
Economics and Public Affairs, Woodrow
Wilson School of Public and Interna-
tional Affairs, Princeton University
and

Charles Becker, Research Assistant,
Department of Economics, Princeton
University

C. FEDERAL BUDGET SURPLUSES TO AUGMENT NATIONAL
SAVING

Larry Dildine, Deputy Director, Domes-
tic Taxation Staff, U. S. Treasury
Department

*The papers in this session will address the po-
tential of these alternative tax and fiscal
strategies for increasing the rate of saving and
private capital formation, and for enhancing pro-
ductivity. The approach in each paper will be to
examine the theory and the evidence regarding the
responsiveness of saving and capital formation to
the price and income effects of alternative tax
and fiscal structures.*

Tuesday, May 13, 1980
9:15 A.M.

RETIREMENT SYSTEMS: FACTS AND FANCIES

Frederick D. Stocker, Professor of
Economics and Public Administration,
The Ohio State University, *Moderator*

A. SOCIAL SECURITY - FUNDAMENTAL ECONOMIC PROBLEMS AND ALTERNATIVE FINANCING METHODS

June O'Neil, Director, Women and Family
Policy, Urban Institute

B. FEDERAL, STATE AND LOCAL GOVERNMENT RETIREMENT SYSTEMS - PROBLEMS AND PROSPECTS

Arden Hall, Economist, Health and
Social Systems Group, SRI International
and
Hal Hovey, Permanently Affiliated Consultant, Urban Institute

C. PRIVATE RETIREMENT PLANS - PROSPECTIVE PROBLEMS AND FEDERAL INCOME TAX REVISIONS TO STRENGTHEN PRIVATE RETIREMENT PLANS

Gerard M. Brannon, Director of Special
Projects-Pensions, Taxes and Welfare,
American Council on Life Insurance

This session will be devoted to the fundamental economic attributes of the different retirement systems, the implications of their operations for saving and capital formation, the financing problems they face, and the potential in Federal tax revision for improving and strengthening these programs.

PROGRAM COMMITTEE

Norman B. Ture, *Chairman*
Gerard M. Brannon
Howard Cohen
Peter Hart
Attiat Ott

Bernard (Bob) Shapiro
Burns Stanley
Frederick D. Stocker
Emil Sunley
David O. Williams