TAX FOUNDATION'S VOL. 32, NO. 7 OCTOBER 1988

TAX·FEATURES

Shadow Committee Urges New Budgetary Procedure During Transition

Tax Foundation's Annual Conference Set for November 30 in New York City

The Tax Foundation will convene its 40th National Conference in New York November 30 with "Facing Fiscal Reality" as the conference theme. Dr. Theodore R. Eck, Chief Economist of the Amoco Corporation, will launch the program by assessing the economic outlook for 1989.

A discussion of how Washington manages to evade or avoid fiscal restraint follows, titled "Federal Budget Limitations and Ways Around Them: Government Guarantees, Mandating of Employee Benefits and Hidden Taxes." This panel features: Rudolph G. Penner, senior fellow, Urban Institute, former director, Congressional Budget Office, and a member of Tax Foundation's Shadow Committee on the Federal Budget; Kenneth McLennan, President & Chief Executive Officer, Machinery & Allied Products Institute; and Gary S. Becker, Professor of Economics and Sociology, University of Chicago.

David Gergen, Editor-at-Large of *U.S. News & World Report* and former White House Communications Director, will keynote the luncheon on "The Next Administration Faces Fiscal Reality."

The afternoon session poses: "Is the Income Tax System Becoming Compliance Proof?" The panelists: Ronald A. Pearlman, Chief of Staff, Joint Committee on Taxation; Byrle M. Abbin, Managing Director, Federal Tax Services, Arthur Andersen & Co.; and Don J. Summa, Professor, Graduate School of Management, Rutgers University.

At the 51st Annual Dinner that evening, the Trustees will confer on The Honorable Bill Archer, U.S. Representative from the 7th District of Texas, the Foundation's Distinguished Public Service Award for 1988. As Ranking Minority Member on the Ways & Means Committee, Congressman Archer has been an outspoken proponent of market-oriented tax policy and a fiscally sound social security system.

For conference information, call 202-822-9050

The Shadow Committee on the Federal Budget's mid-September report, entitled "The Budget Calm Before the Deficit Storm," analyzes the current political situation and election campaigns to see what they portend for fiscal policy. It finds pent-up demand for spending in numerous areas: the savings and loan and bank crises; national defense; day care; drug control; welfare reform; and housing programs. Recognizing that the candidates face enormous pressure to endorse the spending initiatives promoted by various interest groups, the Shadow Committee nevertheless sees in the upcoming months an opportunity to ease the Federal budgeting impasse. To this end the Shadow Committee prescribes structural changes in the Federal budgeting process which, if implemented during the transition period, could break the policy deadlock that has paralyzed budgetmaking.

The report begins by comparing OMB and CBO deficit projections, alarming in themselves, but all the more so in that they allow for no new spending initiatives. It is this crunch between pent-up demand for spending on one side and the budget deficit on the other that the first two recommendations address, urging the candidates not to make unrealistic spending promises, and to spell out a plan to cope with the deficit.

Permanent Changes Needed

The last two recommendations are concrete proposals for permanent change in the budget process:

- Beginning with this presidential transition, the outgoing President should submit a budget consisting solely of current service estimates.
- The incoming President should submit a four-year fiscal policy framework, with appropriate budget detail for the first year, aimed at a balanced budget by the end of his term of office. He should be provided with sufficient transitional staff for this purpose.

The report is available for $4 plus $1 p/h from Tax Foundation, One Thomas Circle, N.W., Suite 500, Washington, DC 20005.

The Shadow Committee on the Federal Budget is an independent citizens' watchdog group acting under the auspices of the Tax Foundation, a Washington-based fiscal policy research organization. Members include Chairman Leif H. Olsen, The Honorable Harry F. Byrd, Jr., W. Bowman Cutter, Paul H. O'Neill, Rudolph G. Penner, and Allen Schick.

THIS ISSUE:

Tax Index Reaches Record Level As 1st Quarter 1988 Taxes Rise $110.9 Billion

Tax Index (1967=100)
Total, Federal, and State and Local
Selected Periods 1970-1988

Calendar Year and Quarter	Total All Taxes	Personal Income Taxes	Corporate Profit Taxes	Indirect Business Taxes[a]	Social Insurance Contributions	All Other Taxes[b]
	Total Government Tax Index					
1970	132.5	141.4	105.2	134.7	136.0	124.6
1975	205.4	203.3	156.1	199.4	260.8	167.7
1980	363.8	416.6	260.1	295.4	479.3	233.8
1981	414.7	481.7	248.8	347.4	556.8	247.7
1982	421.4	494.2	193.3	355.1	596.6	267.7
1983	445.6	491.3	236.8	386.7	644.4	250.8
1984	491.9	526.7	288.0	427.0	718.7	261.5
1985	532.7	583.7	296.0	453.0	783.3	281.5
1986	564.2	610.5	327.0	476.0	836.9	304.6
1987	617.4	685.0	410.1	500.1	883.1	326.2
1988 I[c]	640.6	688.2	419.9	518.2	958.6	329.2
	Federal Tax Index					
1970	128.0	137.9	102.0	119.7	135.8	119.4
1975	193.2	187.6	145.3	146.1	262.6	158.1
1980	362.4	389.9	234.3	223.7	485.7	212.9
1981	418.5	453.0	219.0	330.9	569.5	225.8
1982	414.6	460.4	163.3	271.7	607.7	245.2
1983	430.7	447.4	204.3	295.4	656.8	190.3
1984	473.4	471.6	250.7	316.4	739.8	196.8
1985	514.3	526.2	254.3	307.9	808.0	209.7
1986	541.7	549.1	279.7	292.8	863.7	229.0
1987	599.2	616.1	352.7	310.5	912.5	238.7
1988 I[c]	621.5	614.8	357.3	321.7	996.6	229.0
	State and Local Tax Index					
1970	141.9	178.7	142.3	139.0	137.3	129.4
1975	232.1	368.9	280.8	214.9	250.7	176.5
1980	366.8	698.4	557.7	316.3	443.3	252.9
1981	406.6	785.2	592.3	352.2	485.1	267.6
1982	435.9	850.8	538.5	379.3	534.3	288.2
1983	477.1	955.7	611.5	413.2	574.6	305.9
1984	530.9	1,108.2	719.2	459.1	600.0	320.6
1985	571.6	1,183.6	776.9	495.2	644.8	347.1
1986	611.8	1,259.0	873.1	529.3	686.6	373.5
1987	655.8	1,411.5	1,073.1	555.3	717.9	405.9
1988 I[c]	680.9	1,463.9	1,142.3	575.3	744.8	420.6

[a] Sales, excises, customs levies and real property taxes.
[b] Estate and gift and personal property taxes.
[c] Seasonally adjusted annual rate.
Source: Tax Foundation computations based on data from U.S. Department of Commerce, Bureau of Economic Analysis.

The Tax Index climbed to a record level of 640.6 (1967=100) in the first quarter of 1988, representing $1.419 trillion in taxes at an annual rate. First quarter 1988 tax receipts were up $110.9 billion or 8.5 percent over first quarter 1987 and are almost six and one-half times their 1967 base year level.

The Tax Index is a fiscal yardstick designed by Tax Foundation economists to provide a continuing current measure of trends in taxes at the Federal, state and local government levels. For 1988, both Federal and state/local tax increases fueled the 23.2 point jump in the overall Tax Index. The Federal Tax Index at 621.5 showed a 3.7 percent annualized increase over 1987 and represents $934.8 billion in tax revenues. The state/local Tax Index increased at a slightly faster 3.8 percent annual rate mirroring a 1988 tax take of $481.1 billion.

Tax Growth Outpaces GNP

Since the trough of the recession (fourth quarter 1982), the Tax Index has risen from 421.4 to 640.6 or 52 percent. Federal taxes have gone up a hefty 49.9 percent, and state/local taxes increased even faster at 56.2 percent. The 52 percent rise in taxes slightly outpaced the 49.2 percent gain in GNP over the same period.

Social Insurance Taxes Dominate

By far the fastest growing tax as measured by the Tax Index has been contributions for social insurance, now almost ten times their 1967 level. Personal income taxes ranked second, approaching seven times their 1967 level. The Federal personal income Tax Index reflects tax reductions resulting from the Economic Recovery Tax Act of 1981 (ERTA); however, the state/local personal income Tax Index increased consistently during the same period.

Corporate Taxes Rise Fastest Since Recession

Examination of the Tax Index since the 1982 trough of the recession reveals corporate profit taxes increasing a whopping 117.2 percent from an index of 193.3 in 1982 to 419.9 by 1988—far outpacing the growth in all other sources of tax revenues. Other significant increases for this period are seen in social insurance contributions, up 60.7 percent and indirect business taxes (sales, excises, custom and real property taxes), up 45.9 percent.

'80s: Slower Tax Growth Than '70s

In the 1980's, overall taxes have risen an average of 7.6 percent per year, however, this rate of increase is slower than the average 10 percent yearly increases witnessed during the 1970s. Federal taxes, which increased an average of 9.9 percent per year in the 1970s, have averaged 7.2 percent annual increases since 1980. State and local tax increases have also slowed in this decade from yearly increases averaging 10.2 percent in the 1970s to 8.1 percent annual increases in the 1980s. See the accompanying table for further detail.

Budget Watch By Allen Schick

The Disappearing Impoundment Power

Once upon a time, Presidents used impoundments to control federal spending; nowadays, Congress uses the impoundment power to control the President. This role reversal has a lot to do with the huge deficits that beset the federal budget.

For most of American history, Congressional appropriations were deemed to limit the amount that could be spent by Federal government agencies. There was no requirement that they use all the money; if they didn't, the unspent funds were impounded and returned to the Treasury. Today, however, appropriations are often considered mandates to spend available funds. If an agency doesn't want to use the money, Congress can exercise its impoundment controls and compel it to make the expenditure. In fact, the impoundment controls are rigged to force more spending than the executive branch wants.

The Basic Rules of Impoundment

Prior to 1974, there were no established procedures for congressional review of presidential impoundments. From time to time, the two branches clashed over the question of whether appropriated money had to be spent. One such battle occurred in the early 1970s when President Nixon withheld billions of dollars provided by Congress. In response to what it regarded as Nixon's improper actions, Congress passed the Impoundment Control Act of 1974 (ICA) which provides statutory rules for congressional review of impoundments.

"... appropriations are often considered mandates ... If an agency doesn't want to use the money, Congress can ... compel the expenditure."

ICA divides impoundments into two categories and prescribes different rules for each. A *rescission* cancels previous appropriations; a *deferral* delays use of the funds. Every impoundment is classified as either a rescission or a deferral; it cannot be both or something else.

To rescind funds, the President must submit a proposal to Congress specifying the amount to be cancelled, the affected programs, and the reasons for not spending the money. Congress then has 45 days of "continuous session" (usually a larger number of calendar days) during which it may pass a rescission bill. This bill may cancel all, part, or none of the amount proposed by the President. If Congress does not rescind the funds by the end of the 45-day period, the President must make the money available for expenditure. This means congressional inaction compels release of the funds.

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The deferral rules have become increasingly restrictive; in their current form, they severely limit presidential power. As originally devised by the 1974 ICA, a deferral of funds remained in effect unless it was disapproved by either the House or the Senate. Thus, unlike rescissions, deferrals were upheld by congressional inaction. But funds could not be deferred beyond a single fiscal year or for a period of time that would cause the money to lapse.

In 1983, the U.S. Supreme Court ruled that all legislative vetoes (including congressional disapproval of deferrals) violate the constitutional separation of powers. As a result, Congress no longer had a means of forcing the President to release deferred funds. In response to this situation, Congress, in its 1987 revision of the Gramm-Rudman-Hollings law, took away the President's power to make "policy deferrals," that is, deferrals whose purpose is to reduce the program level or alter governmental policy. At present, the President is restricted to routine deferrals authorized by the Antideficiency Act. These deferrals occur only when programs can accomplish their objectives without using the full amount provided for them. Ronald Reagan is the first President in U.S. history barred by law from deferring funds in order to slowdown federal spending or reduce the deficit.

Congressional Review of Impoundments

Impoundment is a barometer of the political relationship between the White House and Capitol Hill. When the President dominates the relationship, Congress tends to accept his impoundments; when Congress is dominant, it often rejects them.

It should come as no surprise, therefore, that each of the presidents who has operated under the 1974 impoundment control rules has had a different success rate. As displayed in the table accompanying this article, Gerald Ford, Jimmy Carter, and Ronald Reagan tried to rescind a total of more than $57 billion in appropriated funds and to defer another $167 billion. Ford won approval of only 7 percent of his rescissions; by refusing

(Continued on page 4)

(BUDGET WATCH, *from page 3*)

to act, Congress compelled him to release more than 90 percent of the dollars he sought to cancel. Carter, who, unlike Ford, faced a Congress controlled by his political party, was more successful. Still, he obtained approval of less than 40 percent of his proposed rescissions. Reagan's overall approval rate for rescissions (38 percent) is almost the same as his predecessor's, but the data reveal a remarkable difference between his first two years in office and subsequent years. In 1981 and 1982, President Reagan prevailed on Congress to cancel $16 billion in appropriations. Since 1983, however, Congress has rescinded only $400 million. In percentage terms, Reagan won adoption of a niggardly 2 percent of proposed rescissions in the 1983-88 years, compared to 69 percent in 1981 and 1982.

Recent Presidents have been more successful in deferring funds, but there is a marked difference between routine deferrals and those done for policy reasons. Congress has acceded to more than 99 percent of routine deferrals but has gone along with only slightly more than half of policy deferrals. Here, too, President Reagan was much more successful in his first two years than in the next six. More than 90 percent of the policy deferrals made in 1981-82 were accepted by Congress, compared to only 35 percent in subsequent years. No policy deferrals were proposed for 1988, the first time since the Impoundment Control Act of 1974 that this type of impoundment was not used.

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Rescissions and Deferrals

1975 - 1988
(dollars in millions)

Rescissions	Proposed	Accepted[a]	Percent Accepted
Ford Rescissions	$ 7,405	$ 530	7.2%
Carter Rescissions	6,946	2,580	37.1
Reagan Rescissions (1981-82)	23,269	16,079	69.1
Reagan Rescissions (1983-88)	20,011	400	2.0
Total Reagan Rescissions	43,280	16,479	38.1
Total Rescissions	57,631	19,589	34.0
Policy Deferrals[b]			
Ford Deferrals	$ 23,904	$ 14,145	59.2%
Carter Deferrals	12,905	7,314	56.7
Reagan Deferrals (1981-82)	6,788	6,174	91.0
Reagan Deferrals (1983-88)	22,333	7,736	34.6
Total Reagan Deferrals	29,121	13,910	47.8
Total Policy Deferrals	65,930	35,369	53.6
Routine Deferrals			
Ford Deferrals	$ 16,623	$ 16,610	99.9%
Carter Deferrals	17,943	17,928	99.9
Reagan Deferrals (1981-88)	66,807	66,274	99.2
Total Routine Deferrals	101,373	100,810	99.4

[a] For rescissions, accepted means that Congress passed legislation rescinding the funds; for deferrals, accepted means that Congress did not disapprove the deferral.
[b] Routine deferrals are those authorized under the Antideficiency Act; all others are classified as policy deferrals.
Source: U.S. Office of Management and Budget.

Restoring Impoundment Power

A number of proposals have been made to strengthen the President's authority to impound funds. President Reagan has requested "enhanced rescission authority" which would permit the continued impoundment of funds unless Congress expressly rejects the proposed rescission. The President has argued that this power would enable him to reduce spending and the deficit by eliminating wasteful expenditures.

Enhanced rescission authority would make the President a stronger participant in the budget process. His rescissions would remain in effect if Congress failed to muster a majority against them. Unlike the present situation, the President—not Congress—would prevail in case of legislative inaction. The outcomes of rescissions and deferrals proposed since 1975 provide conclusive evidence that the branch that prevails in case of legislative inaction has the upper hand.

The impoundment power goes to the heart of the budgetary relationship of the President and Congress. Presidential success in impoundment depends not only on rules and procedures, but also on the Chief Executive's political standing. Despite the fact that the ICA rules terminate rescissions in case of inaction, President Reagan obtained $16 billion of rescissions in 1981 and 1982. A popular President, armed with strong public support, can exercise the impoundment power effectively. When the President's budget status weakens, so too does his impoundment power.

Tax Features

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Tax Structures Vary Greatly Within OECD

Despite numerous economic and political ties, member nations of the Organization for Economic Cooperation and Development (OECD) display great disparity in how they structure their respective tax systems.

In 1986 (latest reported), the share of revenue raised by individual and corporate income taxes ranged from 17 percent in Greece to 70 percent in New Zealand and 56 percent in Denmark. Nations which collect a very small part of their revenues from social security taxes or none at all tend to derive a large share of their revenues from taxes on income.

Income taxes furnish about 39 percent of tax revenue in the 23 OECD countries combined. The U.S. share—42 percent—ranks ninth highest.

France and Greece raised the least through individual income taxes, both at 13 percent. In contrast, New Zealand derived 63 percent of its tax collections from this source. Denmark and Finland also raised only a little less than half of their revenues from individual income taxes. The United States, ranked seventh among the member countries, raised 35 percent of all revenues through the personal income tax.

Corporate profits tax levies also generate significant public revenue for most of the member countries. Japan raised over one-fifth of its 1986 receipts by taxing corporate incomes, ranking highest among the OECD nations. Seven percent of total tax receipts were derived from corporate income taxes in the United States in 1986, close to the OECD average of 8 percent. At the low end, Austria and Ireland raised slightly over 3 percent of their revenues by taxing corporate income.

Taxes on goods and services (sales or consumption levies) are second to income taxes as revenue-raisers in the OECD countries. They provide an average of 30 percent of tax revenues. Governments in the United States raise just under 18 percent of total

(Continued on page 6)

THE FRONT BURNER

By Robert C. Brown
President, Tax Foundation

"Social Security: A Devil's Dictionary"

Federal spending on Social Security (OASDHI) for fiscal year 1989 is estimated to top the $300 billion mark, claiming over one-fourth of Federal spending. This is larger than the national budgets of most nations on the planet. Yet, many of us are unclear about even the basic vocabulary needed to follow intelligently the national debate on this enormously costly program. The following definitions are offered in the hope that they will add light—and, perhaps, a chuckle or two—to the discussion:

COLA—Not a soft drink, but the automatic annual jump in social security and other benefits, to offset inflation. Capping the COLA's growth at something like 1 percent less than the growth of the Consumer Price Index (CPI minus 1) would save billions of dollars; but it would also alienate millions of older voters, so Congress and the White House won't touch this hot potato.

Long-Term Care—If you think Medicare is expensive now, wait until this baby comes on stream. That's why the Congress wouldn't even debate the issue in this election year. Look for a stepped-up effort next year.

Medicare—The health insurance portion of Social Security. This is the runaway winner in growth of all the pieces of the Social Security pie-chart—27 times larger than when health insurance was conceived in 1967. Financial pressures on and expansion of this system have led to higher **Premiums,** and **Income-Based Premiums**—really income taxes.

These are ploys the politicians use so that they can continue to distribute goodies and claim credit for largesse, while simultaneously passing the costs back to you the taxpayer. Most of the time, they don't even have to call them tax increases. These gimmicks perform a double service: They make Congress look more generous, and they mask your real costs for government-provided (i.e., taxpayer funded) health insurance.

Social Contract—What most Americans thought social security was. As program costs rise, politicians are cooling their rhetoric and reminding us that Social Security was never intended to be a total national pension system, but only base income support.

Surplus—What is supposed to exist now in the so-called trust funds. It's merely an accounting "surplus"—not even as real as the surplus that exists in your checking account between the day you deposit money in the account and the day you write checks against the total amount you have deposited. There is no true surplus, but this won't keep the politicians from trying to spend it.

Trust Fund—The account where payroll deductions are supposed to be deposited after they leave your paycheck. In reality, there is no real trust fund. Uncle Sam spends your payroll taxes on social security checks or medicare payments. Whatever is left over in effect is used to pay for the government's spending programs.

Welfare Component—Having "cancelled" the contract, Washington next told us that most of what retirees get from Uncle Sam is the "welfare" component that kicks in once they have received back earnings witheld in the payroll tax. This pleases neither the oldsters who feel they have paid into the system all their lives and now are entitled to whatever they can collect, nor young workers who fear the system will go broke before they get any social security benefits.

A34. Percentage Distribution of Tax Revenues in Selected Countries by Source

Fiscal Year 1986

Country	All taxes	Taxes on income and profits[a]: Individual income	Taxes on income and profits[a]: Corporate profits	Social Security taxes: Total[b]	Social Security taxes: Employers' share	Social Security taxes: Employees' share	Taxes on goods and services: Total[c]	Taxes on goods and services: General	Taxes on goods and services: Specific	Property taxes[d]	Other and unallocable[e]	Total tax as a % of GDP	Per capita taxes[g]
Australia	100.00%	46.6%	9.0%	-	-	-	30.5%	7.8%	18.5%	8.0%	5.5%	31.4%	$ 3,419
Austria	100.00	23.4	3.4	31.9%	15.8%	13.3%	32.1	20.7	10.2	2.4	6.8	42.6	5,281
Belgium	100.00	33.7	6.6	33.6	17.3	13.7	24.0	15.5	6.8	1.9	0.2	45.4	5,302
Canada	100.00	37.0	8.1	13.7	8.7	4.8	29.7	14.6	11.4	9.4	2.1	33.2	4,820
Denmark	100.00	47.8	6.2	3.1	1.2	1.8	35.4	19.5	14.7	4.7	2.8	50.6	8,151
Finland	100.00	48.1	3.7	9.0	9.0	-	35.8	21.5	13.9	3.1	0.3	38.4	5,499
France	100.00	13.0	5.1	42.7	27.4	11.9	29.4	19.5	8.9	4.8	5.0	44.2	5,802
Germany	100.00	28.6	6.0	37.2	19.1	16.1	25.2	15.3	8.6	3.1	-	37.5	5,484
Greece	100.00	13.1	4.0	32.6	14.3	13.7	45.4	17.0	24.4	2.7	2.2	36.7	1,461
Ireland	100.00	32.6	3.5	14.2	9.1	5.0	44.1	20.8	21.4	3.9	1.7	40.2	2,781
Italy	100.00	28.0	9.9	34.3	24.6	6.5	24.6	14.6	8.6	2.7	0.5	36.2	3,798
Japan	100.00	25.1	20.7	29.8	15.4	10.9	13.4	-	11.4	10.9	0.1	28.8	4,698
Luxembourg	100.00	26.5	16.7	25.6	13.8	10.3	24.5	13.3	10.5	6.2	0.5	42.4	6,540
Netherlands	100.00	20.3	7.3	42.5	17.3	18.1	26.0	16.5	7.3	3.6	0.3	45.5	5,483
New Zealand	100.00	62.6	7.0	-	-	-	26.9	12.9	13.2	1.7	1.3	32.9	2,775
Norway	100.00	22.8	13.3	22.2	14.9	6.5	38.8	19.7	17.8	2.1	0.8	49.8	8,346
Portugal	100.00	f	f	28.1	18.5	8.5	48.0	21.0	25.7	1.9	22.0	32.4	968
Spain	100.00	17.7	5.9	39.1	29.4	6.9	32.0	18.0	13.4	3.2	2.1	30.4	1,798
Sweden	100.00	38.0	4.7	25.0	24.1	-	24.8	13.4	10.2	2.8	4.7	53.5	8,385
Switzerland	100.00	34.9	6.2	31.6	9.9	10.0	18.8	9.3	8.1	8.4	0.1	32.6	6,707
Turkey	100.00	26.9	12.1	12.8	7.5	4.3	31.5	23.0	8.0	3.3	13.4	22.7	259
United Kingdom	100.00	27.9	10.3	17.9	9.1	8.2	30.9	15.5	13.7	12.9	0.1	39.0	3,762
United States	1d00.00	35.4	7.0	29.8	17.3	11.5	17.5	7.6	7.5	10.3	-	28.9	4,944

[a] Includes taxes on capital gains.
[b] Includes taxes on self-employed.
[c] Includes import duties, profits on public fiscal monopolies, licenses, and other business taxes.
[d] Includes taxes on movable and immovable property, net wealth taxes, and estate and gift taxes.
[e] Includes general and selective taxes on payrolls which are not earmarked for social security purposes, and other taxes not elsewhere classified.
[f] Income and profit taxes are 21.2% of total taxes and are included under other and unallocable, as they are not segregable between individuals and corporations.
[g] In U.S. dollars.
Source: Organization for Economic Cooperation and Developement.

(OECD, *from page 5*)

receipts from such taxes, placing the U.S. 22nd among the 23 OECD members in terms of reliance on consumption taxes.

The major industrialized countries' tax systems can also be compared by examining the size of their tax receipts in relation to economic production.

The ratio of tax revenues to gross domestic product averages 38 percent in OECD countries. By this measure, Sweden is the "most taxing" nation, with receipts coming to just over 53 percent of GDP in 1986. U.S. taxes in 1986 came to 29 percent of GDP, placing this country 21st among its OECD affiliates. Only Japan, with slightly under 29 percent, and Turkey, with 23 percent, ranked lower than the U.S.

The table above provides further details on the distribution of tax revenues in selected countries for fiscal year 1986.

Toward better government Founded 1937

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