

1974

## Fellner Wants Tax Cut Applied To Business and Capital Gains

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WASHINGTON, Dec. 3—Any tax reduction to stimulate the economy should apply to corporation taxes and capital gains taxes as well as to the regular individual income tax, a member of President Ford's Council of Economic Advisers said today.

William J. Fellner, the council member, followed up a speech yesterday by the council's chairman, Alan Greenspan. Both men told the National Economists Club here that no decision on economic stimulus had been made, but both said that if it were needed, it should take the form of tax reduction rather than more Government spending.

Mr. Fellner cast his prescription for tax change in the form of revisions in the general tax structure "to eliminate the distortions" caused by inflation.

In the case of individual income taxes, he noted that persons at a time of inflation constantly move into higher tax brackets and pay "higher effective tax rates" even though "their real incomes have not been rising or in some cases have even declined."

### Relief for Individuals

He said relief for individuals, amounting to some kind of tax cut, would "fit in with a politically popular line." He continued:

"But it is necessary to place equal emphasis on two politically less popular propositions, namely, that defining taxable capital gains in money terms is becoming an increasingly inequitable and efficient practice, and that inflation has distorted the corporate tax base to an extent that can only be described as extreme."

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