

TAX POLICY AND THE JEWISH QUESTION

Our legislators are now considering many measures which will affect the lives of Jews and Jewish institutions.

Of most immediate concern on the national level, of course, is Congressional disapproval of the proposed military airplane sales to Egypt and Saudi Arabia. The JCRC is also now contacting all Congressmen on a spate of bills which might weaken the Jackson-Vanik principle. The Jackson-Vanik principle is that the United States should shape trade conditions with the Soviet Union according to the rights provided to Soviet Jews and others. You and your organizations will shortly hear more from the JCRC about proposed agricultural credit bills which might affect that principle.

But there is another matter before Congress which can affect American Jews -- and Israeli Jews and Soviet Jews -- and it has to do with tax reform. In the name of tax simplification, recent tax bills have increased the number of taxpayers who can use the standard deduction. Those taxpayers can get the standard deduction whether they contribute any money to charitable organizations or not. And if they use the standard deduction, they cannot get additional tax credit for any charitable contributions they make. So, there is no tax incentive for those people to make charitable contributions.

The percentage of Americans using the standard deduction has increased from 50 per cent to 75 per cent since 1970 because of tax reform. And the President's new tax proposal would increase that percentage to 84 per cent. That means that 84 per cent of the people will get a standard deduction whether they make a charitable contribution or not; and will have no tax incentive to make such a charitable contribution.

While very large contributors do not use the standard deduction, a recent study estimates that the increase in the use of the standard deduction cost American charities over a billion dollars in 1977. This trend has put a damper on charitable contributions from American Jews to Jewish institutions in America and in Israel. But there is a larger implication for the Jewish community. This trend further erodes the voluntary sector in American life, and enhances the public sector.

This is axiomatic: As the voluntary sector in American life becomes constricted and as the public sector becomes more all-powerful, the social and political climate of America will become more hostile to Jews.

Why? This touches on the reason for every hostility that has developed towards Jews: Our stiff-necked insistence on being different, and maintaining our identity at times of general homogenization. In the early days, we refused to homogenize into Christians. In modern history, we refused to homogenize into "complete Frenchmen," for example, We insisted on maintaining our Jewish communal identity even in the face of intense ethnic nationalism. In even more recent history, we refused to homogenize into "complete Communists," or whatever. Always, it has been our refusal to go along with the homogenizing trend.

It is also axiomatic that a growing public sector, at the expense of the voluntary sector, means homogenization. Bureaucratic life abhors differences.

Since it is in our interest to oppose efforts which would blunt pluralism in America, it is in our interest to support measures like the Conable-Fisher

Earl Raab
Tax Policy and the Jewish Question
page 3

bill (H.R. 11183). That bill would simply allow all taxpayers to take a deduction for their charitable gifts whether they itemize their deductions or not (i.e., whether they take a standard deduction or not).

This may be a long legislative battle. The organized Jewish community has put this issue on its agenda for discussion with Congressmen, following such items as the proposed airplane sale, and any weakening of the Jackson-Vanik principle. Individual citizen-constituents may wish to do the same. All these issues are tied together. Both Israel and Soviet Jewry would be in even more serious trouble without a strong, pluralistic America.