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WAIT AND SEE.

In publishing this issue of the Herald, there are no excuses to make as to volume and appearance. In fact, this office has too busy endeavoring to been provide some means by which this paper will continue publication, that it is indeed fortunate to edit and publish this week. Our sole purpose in getting out this issue is to validate the legal advertisements that were inserted last week and previous to last week.

Ere another issue of this paper has gone to press (if there is to be another) the Editor will be in the service of the United States. The Herald has gone to no little trouble in trying to con-tinue publication, and the solution is not yet at hand. But it is our hope to continue publication, if by any means it can be done without a financial loss to the owners. And, it is certain, that this cannot be done, unless this paper continues to enjoy its present patronage. For the present at least, we shall give it a try-out. If we cannot succeed, the publication will be discontinued until Manager and Editor return from war time activity.

However, we do promise to the people of Hertford County a newsy, well edited, and creditable newspaper, containing each week eight pages, home print. An added feature will be the very latest war news right up to the time of going to press. Every service that we now have will be maintained, in addition to the above feature. The office will be open to receive patrons and friends, and every department of the business will be open and ready for business, as usual.

We could not close without genuin WOI e app ciation for the encouraging letters that have been written to us, since making last week's en-nouncement, and for the wholehearted generosity of our sub-scribers. Their attitude towards the present situation in which the County paper is placed will be ever remembered and appreciated by the publishers. Yet, we must add that the Herald cannot subsist, nor can it be published, without a financial loss, unless our people give to it their patronage, good will, and support. This, we believe, will be forthcoming from a people who have hitherto stood loyally by us in building up what "they say" is a creditable weekly newspaper.



TAXES HERE AND ABROAD.

American Taxation the Most Demo cratic in the World.

BY OTTO H. KAHN.

Nothing is plainer than that business and business men had everything to gain by preserving the conditions which existed during the two and a half years prior to April, 1917, under which many of them made very large profits by furnishing supplies, provisions and financial ald to the allied nations. Taxes were light, and this country was rapidly becoming the great economic reservoir of the world. Nothing is plainer than that any same business man in this country must have foressen that, if America entered the war, these profits would be immensely reduced and some of them cut off entirely, because our government would step in and take charge; that it would cut prices right and left, as, in fact, it has done; that enormous burdens of taxation would have to be imposed, the bulk of which would naturally be borne by the well-to-do; in short, that the unprecedented golden flow into the coffers of business was bound to stop with our joining the war, er, at any rate, to be much diminished. But it is said the big financiers of New York were afraid that the money loaned by them to the allied nations might be lost if these nations were defeated, and therefore they maneuvered to get America into the war in order to save their investments.

Proof That the Charge Is Absurd.

A moment's reflection will show the utter absurdity of that charge. Let us assume, for argument's sake, that the allies had been defeated. Let us make the wildly improbable assumption that they had defaulted for the time being upon these foreign debts, the greater part of which, by the way, is secured by the deposits of collateral in the shape of American railroad bonds and stocks and of bonds of soutral countries, aggregating more than sufficient in value to cover these debts. Let us assume that the entire amount of allied bonds placed in America had been held by rich men in New York and the east instead of being distributed, as it is, throughout the country.

Is it not perfectly manifest that a single year's American war taxation and reduction of prefits would take out of the pockets of such assumed holders a vastly greater sum than any possible loss they could have suffered by a default on their allied bonds, not to mention the heavy taxation which is bound to follow the war for years to come and the shrinkage of fortunes through the decline of all American securities in consequence of our entrance into the war?

Not only is the "rich man's war" an abstird myth; the charge is a hateful calimny. different from other Americans, and we reject the thought that any American, rich or poor, would be capable of the hideous and dastardly plot to practicable to have that burden lightbring upon his country the sorrows ened. But excessive taxation on capiand sufferings of war in order to enrich himself. Business men are bound contrary, it will tend to intensify the to be exceedingly heavy financial losers through America's entrance into the Every element of self-interest War. should have caused them to use their utmost efforts to preserve America's neutrality, from which they drew so much profit during the two and a half years before April, 1917. Every consideration of personal advantage commanded men of affairs to stand with and support the agitation of the "peaceat-any-price" party. They spurned such ignoble reasoning; they rejected that affiliation; they stood for was when it was no longer possible, with safety and honor, to maintain peace. because they are patriotic citizons first and business men afterwards

The rich man can spend only a rela tively small sum of us ney unpro tively or selfishly. The money that it is in his power actually to waste in exceedingly limited. The bulk of what he has must be spent and used for productive purposes, just as would be the case if it were spent by the gover ment, with this difference, however, that, generally speaking, the individual is more painstaking and discriminating in the use of his funds and at the same time bolder, more imaginative, enterprising and constructive than the government with its necessarily bureaucratic and routine regime possibly could be. Money in the hands of the individual is continuously and feverishly on the search for opportunities-L e., for creative and productive use In the hands of the government it is apt to lose a good deal of its fructifying energy and ceaseless striving and to sink instead into placid and som molent repose.

There need not be and there should not be any conflict, between profits and patriotism. I am utterly opposed to those who would utilize their coun try's war as a means to enrich then selves. The "war profiteer," as the term is generally understood, is a public nuisance and an ignominy. Extor tionate profits must not be tolerated, but, on the other hand, there should be a reasonably liberal disposition toward business and a willingness to see it make substantial earnings.

For, canation presupposes earnings Our credit structure is based upon values, and values are largely determined by earnings. Shrinkage of values necessarily affects our capacity. to provide the government with the sinews of war.

The Conscription of Men.

Reverting now to the subject of the conscription of men, I know I speak the sentiment of all those beyond the years of young manhood when I say that there is not one of us worthy of the name of a man who would not willingly go to fight if the country needed or wanted us to fight. But the country does not want or call its entire manhood to fight. It does not even call anywhere near its entire young manhood. It has called or in-tends to call in the immediate future perhaps 25 per cent of its men between twenty and thirty years of age, which means probably about 4 per cent, of its total male population of all ages. But it has called from incomes, business profits and other imposts falling principally on the well to do, approximately ninety per cent. of our war taxation, not to mention the contributions to the Red Cross, the Y. M. G. A. and other war relief activities.

Let me add in passing that the children of the well to do have been taken for the war in proportionately greater numbers than the children of the poor, because those young men who are needed at home to support dependents or to maintain essential war industries are exempted from the draft.

Our Laws Favor Sons of the Poor.

The draft exemption regulations disoriminate not; as in former ware, in favor of the rich man's con, but in faver of the poor woman's sen.

I realize but too well that the burden of the abnormally high cost of living, Business men, great or small, are no ily indeed upon wage earners and still more upon men and women with moderate salaries. I yield to no one in my desire to see everything done that is tal will not accomplish that; on the trouble

In America incomes of married men up to \$2,000 are not subject to any federal income tax at all. In Inigiand the income tax in: 4% per cent. on \$1.000 6% " " 1.500 7% " \$.000

(These are the rates if the income is

derived from salaries or wages; they are still higher if the income is derive from rents or investments.)

The English scale of taxation on mes of, say, \$3,000, \$5,000, \$10,000 and \$15,000 respectively averages as follows as compared to the American rates for married men :

COD CRUE	201100 10 (22) (51)	1
teon	England.	America
8,000	14 per cent.	B-S of 1 p. c.
5,000	16 per cent.	1% p. c.
0,000	20 per cent.	\$16 p. c.
5,000	35 per cent.	5 p. c.
it we add	the so call	ed "occupa-

tional" tax our total taxation on in-comes of \$10,000 is 6% per cent. and on nes of \$15,000 9% per cent.)

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In other words, our income taxation is more democratic than that of any other country in that the largest in-comes are taxed much more heavily and the small and moderate incomes much more lightly than anywhere else and incomes up to \$2,000 for marvied men not taxed at all.

(3.) It is true, on the other hand, that on very large incomes-as distin-guished from the largest incomes-our income tax is somewhat lower than the linglish tax, but the difference by which our tax is lower than the English tax is incomparably more prohounced in the case of small and moderate incomes than of large incomes.

The "Excess Profits" Tax Here and Abroad.

Moreover, if we add to gur income tax our so called "excess profit tax," which is merely an additional income tax on earnings derived from business we shall find that the total tax to which rich men are subject is in the great majority of cases heavier here than in England or anywhere else.

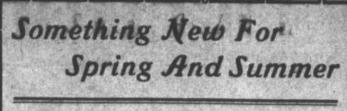
(4.) It is likewise true that the Hinglish war excess profit tax is 80 per cent. (less various offsets and allowances). whilst our so called excess profit tax ranges from 20 per cent. to 60 per cent

But it is entirely misleading to bas a conclusion as to the relative heaviness of the American and British tax merely on a comparison of the rates, because the English tax is asses ied of a wholly different basis from the American tax.

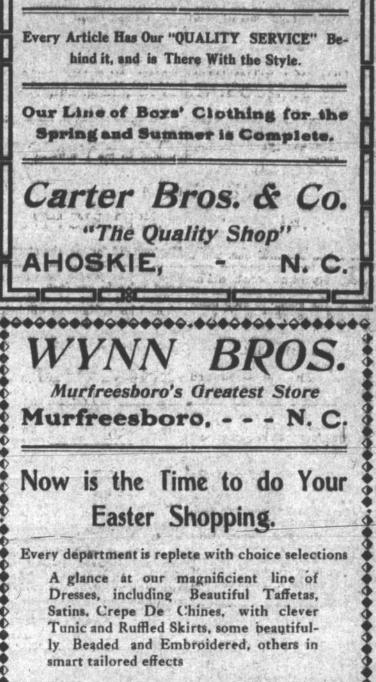
The American excess profit law (se called) taxes all profits derived from business over and above a certain moderate percentage, regardless of whether or not such profits are the result of war conditions. The Ameri-can tax is a general tax on income derived from business in addition to the regular income tax. The English tax applies only to excess was profits-that is, only to the sum by which profits in the war years exceed the profits in the three years preceding the war, which in England were years of great prosperity. In other words, the English tax is nominally higher than ours, but it applies only to war profits. The normal profits of busi--i. e., the profits which business ness used to make in peace time are exempted in England. There, only the excess over peace profits is taxed. Our tax, on the contrary, applies to all profits over and above a very moderate rate on the money invested in busine

We Tax Normal Profits, They Tax Only War Profits

In short, our lawmakers have decreed that normal business profits are taxed here much more heavily than in



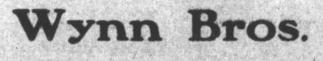
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Our Income Tax and Taxes Abroad.

(1.) The largest incomes are taxed far more heavily here than anywhere else in the world.

The maximum rate of income taxation here is 67 per cent. In England it is 421% per cent. Ours is therefore 50 per cent. higher than England's, and the rate in England is the highest prevalling anywhere in hurope. And in addition to the federal tax we must bear in mind our state and municipal taxes.

(2.) Moderate and small incomes, on the other hand, are subject to a far smaller rate of taxation here than in England.

Taxation must be sound and wise and scientific and cannot be laid in a haphazard way or on impulse or according to considerations of politics, otherwise the whole country will suffer. History has shown over and over again that the laws of economics cannot be defied with impunity and that the resolting penalty falls upon all sections and classe

The question of the individual is not the one that counts. The question is not what sacrifices capital should and would be willing to bear if called upon, but what taxes it is to the public advantage to impose

I do not say all this to plead for a reduction of the taxation on wealth or in order to urge that no additional taxes be imposed on wealth if need be. There is no limit' to the burden which in time of stress and strain those must be willing to bear who can afford it except only that limit which is insposed by the consideration that taxation must not reach a point where the business activity of the country becomes crippled and its economic equilibrium is thrown out of gear, because that would harm every element of the commonwealth and diminish the warmaking capacity of the nation. CHEMINAL 24-21

taled less heavily.

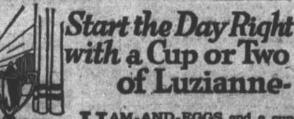
You will agree with me in questioning both the logic and the justice of that method. It would seem that it would be both fairer and wiser and more in accord with public sentiment if the tax on business in general were decreased and, on the other hand, an increased tax were imposed on specific war profits.

(5.) Our federal inheritance tax is far higher than it is in England or any where else. The maximum rate here on direct descendants is 27% per cent as against 20 per cent. in England. In addition to that, we have state inheritance taxes which do not exist in Eng land.

(6.) Of her total actual war exper ditures (exclusive of loans to her al-lies and interest on war loans) Eng-land has raised less than 15 per cent. by taxation (France and Germany far less), while America is about to raise by taxation approximately 28 per cent. of her total war requirements (exclusive of loans to the allied nations and of the amount to be invested in mer-cantile ships, which, being a produc-tive investment, cannot properly be classed among war expenditures).

We men of business are ready and willing to be taxed in this emergency to the very limit of our ability and to make contributions to war relief work and other good causes without stint. The fact is that, generally speaking, capital engaged in business is now being taxed in America more heavily than anywhere else in the world. We are not complaining about this; we do not say that if may not become necessary to impose still further taxes: we are not whimpering and squealing and agitating, but-we do want the people to know what are the present facts, and we ask them not to give heed to the demagogue who would make then believe that we are escaping dur shur of the common burden.

opening. Yours to serve, MISS N. T. WIGGINS MURFREESBORO, N. C. <u>~~~~~~~~~~~~~~~~~~~~~~~~~~</u>



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