

7 Billion Income Tax Due March 16th. For 22,000,000 Americans

Expected Yield 100 Times Revenue From Original 1914 Levy

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(First of a Series of Articles On the Federal Income Tax)

In 1941 a married man earning as much as \$4,000 annually could view the federal income tax adopted the year before as an interesting phenomenon, secure in the knowledge that it didn't affect him. On March 15 of this year the married man who earned \$4,000 in 1941 will owe Uncle Sam about \$248, nearly three and one-half weeks' salary. The \$18-a-week typist will owe \$21.

Twenty-eight years ago when the first national income tax became due only 367,598 Americans filed returns showing that they had taxable net incomes. This year 22,000,000 Americans will file returns and make payments ranging from a few dollars to hundreds of thousands.

In 1914 individuals paid a total of \$28,253,535 and corporations paid \$48,127,740. On March 15, 1942 a golden stream estimated by research experts of the Tax Foundation at \$7,147,000,000 will pour into the federal treasury — more than 100 times as much as the 1914 collections.

The story of the income tax and how it grew is the story of America during the last quarter century. A graph of income tax collections charts the periods of national crisis, of national prosperity, of peace and of war as accurately as a member pilot charts his course. The graph for this year will show the nation in its greatest peril since Valley Forge.

The same graph will support the contention of tax experts and economists that a tax once levied is rarely abandoned — particularly when it brings in revenue as effective as does the income tax. While the three other major sources of federal revenue — customs, alcohol and tobacco — show a fairly level return, increasing only gradually each year, the income tax shot to a spectacular first place almost from its inception, with peaks and valleys as prosperity waxed or waned, but constantly bringing in more money than the three other taxes put together.

Great figures of American politics fought for and against the tax. William Jennings Bryan lifted his golden voice in its cause; Cordell Hull, now our distinguished secretary of state, then an ob-

scure congressman from Tennessee, gained early recognition as an expert on the tax. Richard Evelyn Byrd, speaker of the House and father of the present senator and of the explorer-admiral, predicted directly (and, seemingly, correctly) that if the tax were adopted "an army of federal inspectors will descend upon the state." Charles Evans Hughes, as governor of New York, favored an income tax but feared it gave the Federal Government undue powers over the states. Elihu Root, William E. Borah, the powerful Nelson Aldrich, Indiana's distinguished Beveridge "Old Bob" LaFollette and then-young Alben Barkley waged bitter combat to further or oppose the measure.

It took four years for the necessary number of states to ratify the Sixteenth Amendment which made the tax constitutional and an income tax law became effective March 1, 1913. It levied a one per cent tax on the net incomes of individuals plus an additional surtax ranging from one per cent on incomes between \$20,000 and \$50,000 to six per cent on incomes of \$500,000 and over. A personal exemption of \$3,000 was allowed each taxpayer, plus \$1,000 additional if married and living with husband or wife.

In sharp contrast on September 20, 1941, President Roosevelt signed a revenue act that will bring in the greatest tax collections ever paid by the people of any nation in a single year. It reduced the exemptions of married citizens from \$2,000 to \$1,500 and of single persons from \$800 to \$750. It levied a tax at the rate of four per cent on all net income, plus surtaxes beginning at six per cent on the first \$2,000 of net income. The surtaxes increase proportionately thereafter to reach 77 per cent on incomes above \$5,000,000.

Corporations with net incomes above \$25,000 a year will pay a 21 per cent tax, while those under that figure will pay 15 per cent on the first \$15,000, 17 per cent on the next \$5,000 and 19 per cent on the remainder. Corporate incomes up to \$25,000 are subject to a six per cent surtax and seven per cent above that amount. All corporations are also subject to an excess profits levy ranging from 35 to 60 per cent.

The income tax was no longer an instrument for putting the cost of government on the "upper brackets."

Triple Wreck Near Horseshoe Curve



Shown here are two of three Pennsylvania Railroad company locomotives which were derailed in a spectacular wreck near the famous horseshoe curve at Altoona, Penn. Two coupled engines which were traveling down the mountain sideswiped an engine pulling a freight train in the same direction. All three engines were derailed, and the locomotive which was pulling the freight rolled down the embankment. It is shown lying on its side at the left.

Schooner Settling In Hatteras Sands

MANTEO — Submerging into the sandy bottom so rapidly that there is a likelihood the entire cargo will be so buried as to prevent salvage, the four-masted schooner Anna R. Heidritter is being drawn down by quicksands just south of Hatteras Inlet and soon will be completely out of sight, as are hundreds of other ships which have gone down in the past years in those areas.

The ship, loaded with cordwood and dyewood of a valuable variety, its total cargo running in thousands of tons, was bound from Haiti to Chester, Pa. Sometime Monday night, March 2, the ship's crew found it necessary to put out three anchors in order to hold against the heavy wind that was blowing.

The heavily loaded vessel was too much to hold against the near gale that was blowing. Two of the anchor chains were parted, and the vessel came to her last resting place about six miles south of Hatteras Inlet Station.

The eight men in the crew, including Skipper Bennett Coleman of Miami Beach, Fla., clung to the rigging until daylight, when full rescue was made by Ocracoke and Hatteras Inlet Coast Guard crews. Her hull is about 600 yards from the beach.

daily all along the line.

The question arises among some observers as to whether the Germans have had time to prepare for the all-out offensive that has been promised by the high command. Undoubtedly some of the reserves that were to be used in Spring offensive have been used to repel the Russian attacks this winter.

On the other hand, it appears that the Germans have been emphasizing the success of the Russians, the success of the peoples of occupied countries in resisting the Nazis, and all other reports that indicate that the strength of the Nazis is waning. German propaganda is trying to lull us to sleep; so that the German Army, or perhaps the German Navy, will be able to take full advantage of the element of surprise.

Shipping Losses Serious

Perhaps the most acute battle today is being fought on the oceans. Reports from England indicate that conditions there are becoming critical. Food supplies are getting smaller, as Churchill announces that the Germans are taking a heavy toll of Allied shipping. On the Atlantic coast of the United States alone, Germany is sinking on the average of twenty ships a month. Germany claims to be sinking ships at approximately the same rate as the peak of last spring's sinkings—but Japan was not in the war at that time.

The future is grim. Too grim for us to send a large fighting force to Australia, when all of our strength may be needed to keep the British Isles from sinking, to keep Russia fighting. Our ships are limited and inadequate to supply the many battlefronts with enough supplies for successful offensive action.

Japanese Drive Wedge Dividing Allied Forces

Invasion Of Java Cuts Americans and Australians Off From British and Chinese

By HUGO S. SIMS

The Japanese success in Java is significant. The style of this battle may be a forerunner of the battle for Britain. The Axis have always had a testing ground before each great battle; Spain was the first big proving ground.

The invasion of Java was not carried out by massing troops on beachheads, pitched battles, and a policy of seeking out the enemy. New Jap tactics are focused on widely dispersing troops in every tree, house, and cross road over the entire country. When invasion forces were landed in Java they sifted in small groups inland; they did not wait on reinforcements.

Of course, an infiltration attack can only be a success with air superiority. For without air superiority, small enemy groups could be spotted by observation planes. This should be remembered when we consider the fate of Australia.

Japan Drives Wedge

The Japanese invasion of Java is a wedge between Allied forces. Now, the Australians and Americans are cut off from the British retreating in Burma toward India. Whether the Australians will be able to weather the inevitable infiltration attack of the Japanese depends entirely upon the aircraft and tanks and guns that are sent there from the United States. To halt the Japanese success we must have air superiority!

If the Nipponese are allowed to devote their entire energy toward an invasion of the Commonwealth, the fate of Australia is sealed. The Japs have air supremacy, they have supremacy of the sea, and they have an army capable of taking over the Australian Continent. Even the fighting valor of the Anzacs can't win against such odds.

However, the Jap invasion of Australia will be different from any previous conquest, in that the Japanese will be fighting against a nation of educated and civilized white people, instead of a nation of tribal people.

Burma Road Lost

On the Burma front the British

continue on the defensive; the Burma road has been lost; and the natives of Burma and India refuse to take a part in the conflict. Allied observers hope that the British government will make enough concessions to the natives of India to persuade them to fight side by side with the soldiers of Great Britain.

With the Burma Road cut, the Chinese are isolated from the rest of the Allies. They are working frantically to build another lifeline — this time through India. That the Chinese may be forced to quit appears improbable, but the cutting of the Burma Road will undoubtedly lessen their effectiveness.

Russians Retain the Offensive The Russians continue to hold the offensive against the Nazis, on what is probably the main battlefield. The Germans acknowledge the "bitterness" of the Russian attacks in the South. The Russians grabbed the initiative when have been hitting the Germans

Tank 'Stickup'



This unusual photo shows actual capture of an Axis tank by British forces in the Libyan desert. Note German member of tank crew clambering out while he is "covered."

What Should You Save To Help?

WASHINGTON, D. C.—The following table issued by the Treasury Department is intended as a savings yardstick for the average income-earner. It suggests how everyone of the 48,000,000 employed persons in the United States may participate in the war effort through the systematic purchase of Defense Savings Bonds.

"The job ahead of us is far bigger than most of us realize," Secretary Morgenthau declared in making the table public. "I know that the American people are ready to do their part to win the war. One of the ways we can do much more is by intensifying our effort in the purchase of Defense Bonds."

While persons without dependents may be able to set aside more than the suggested figures, persons with several dependents, or with other heavy family obligations, may be unable to save at the suggested rate, the Treasury Department pointed out.

Table with columns: If Weekly Earnings Are, And One Saves Each Week, In One Year He Will Have, Number of Persons in Each Income Group, Total Annual Savings.

Game Fish Have Departed From Coast for Duration

NORFOLK, Va.—Game fish off the Atlantic coast have mostly disappeared and won't be back until the war ends, according to an internationally known salt water fisherman, Bryan Travis of Cape Charles, Va.

Travis, who holds coastal fishing records from Maine to Florida, is now chief boatswain's mate in the Coast Guard.

"Torpedo and shell-fire explosions have run the fish away," he said in an interview. "As a matter of fact, they left — some of them—before it ever started in their particular area. They knew it was coming. They were warned by their fleeing brothers who had already been under fire."

Travis said that there is nothing smarter than the game fish.

"Should any one ever call you a 'poor fish,' take a low bow because he has just extended you an extraordinary compliment," Travis said. "He can sense danger, locate food and plot the future."

Travis said that when the first torpedo exploded off the Atlantic coast it probably killed every living thing in the sea within a quarter of a mile area and a like distance in depth, and that within that area now no fish will go.

"It may be years before another fish will enter that area," he said. "Those lucky enough to escape, on the outer rim of the area, notified all fish for hundreds of miles around. They left their old haunts without further ado. Where there was good fishing last year, there won't be any at all this year. Nor for several years to come."

Travis said game fish will not stay in waters which are unduly disturbed, no matter whether the disturbance comes from above or below the water.

"A game fish can sense danger, say a hurricane, hours ahead," he said, "and for protection will seek deeper water. He knows if he remains in shallow water that he will be washed up on a bar, a mud bank or ashore. He knows that will be his end."

Travis said that all along the coast game fish have deserted the old fishing grounds. Those that were not in the explosion areas were warned by those escaping

Jap Roundup



Many Japanese have been taken into custody in FBI and police roundups in San Francisco during recent weeks. This photo shows an official of the Japanese association, Shojiro Hori, being led to a car by Police Officer Bert Nelson.

those areas, and they have gone not less than 150 miles out.

"And there," he said, "most of them will stay until the sea warfare is over. It may take years to get them back within 10 or 15 miles of the coast."

Tin

Deliveries of tin cans for home canning will not be affected by the recent curtailment order, since the Government hopes that an increase in home preserving will relieve pressure on commercial canners.

Industrial activity rose further in January and the first half of February, reflecting continued sharp advances in the output of military products.

THE POCKETBOOK of KNOWLEDGE

Illustrated advertisement for 'THE POCKETBOOK of KNOWLEDGE' featuring various scientific and technical diagrams and text.

Sugar

Sugar beet processors are prepared to operate their factories to capacity this year in an effort to meet greatly increased government requirements.

Tomatoes

All commercial British greenhouses producing crops for sale have been ordered to produce tomatoes exclusively for at least six months of the year.

Junior and Senior medical students are eligible for appointment as Ensign in the Volunteer Probationary, Class H of the Naval Reserve.

The Navy is giving the Shick test for diphtheria susceptibility to 1,000 men in each of three Naval training Stations.

Dr. Wilbur A. Sawyer, Director of Rockefeller Foundation, International Health Division, is now an honorary consultant of the Navy Medical Department.

IN THE ARMY THEY SAY: "CAMELS!"



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