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Friday, January 11, 1924

Will the Senate consider the Bok peace to be ok?

The Bok peace plan seems to be productive of anything else but peace in political circles.

In other words de la Huerta doesn't stand much higher with Coolidge than the other Huerta did with Wilson.

Bryan says he is grooming a Florida man for president and our guess is that this man has been groomed three times already.

Even if the Climate did slip up a bit, it wasn't a circumstance compared to the terrible weather that has afflicted other and less fortunate sections.

"The Republican slogan is expected to be 'Keep Coolidge.' Some, however, will shout 'Hire Hiram!' — South Bend Tribune. And a lot of the Democrats will yell 'Let McAdoo it.'"

Right along with the glad New Year come Collector Grisom's charming assortment of puzzles, understood presumably by Einstein, and reffered to in our calmer moments as income tax returns.

"Inquire and hew to the line" says General Leonard Wood anent the proposed Congressional investigation of his activities in the Phillipines. Better not, General they might knock a chip off the old block.

According to the bug-ologists the boll weevil has been killed by the billions by the recent cold wave. The next cotton crop will probably sell for eight cents a pound if the experts are correct in regard to Brother Boll Weevil's demise.

**The Democratic Substitute**

The immense popularity of the Mellon plan for cutting down taxes will not let certain Democrats in Congress sleep. The minority members of the Ways and Means in Congress sleep. The minority members of the Ways and Means Committee have hastily put out a half-baked scheme which they think will outbid the Secretary of the Treasury. It is evidently intended as a notification to the country that the Democratic Codlin is the friend, not the Republican Short. Does the Administration propose to do something for the great body of citizens? See, cry the Democrats, how much more we will do. So they without a blush begin to count noses. The raising of the individual exemption to \$2,000 and \$3,000 will relieve something like a million persons from making any tax return at all. With great gusto the Democratic members figure it out that they will also relieve 1,646,000 laborers and small farmers and merchants. Likewise they will come to the aid of thousands of heads of families now in the \$2,000 to \$3,000 bracket. What a mass of votes ought to be won in this way!

It is a great drive for the favor of the common people that these Democrats believe that



they are making. They print a table showing how much greater their reductions are in the taxes of certain classes than those of the Mellon plan. But where do they draw the line? At an income of \$60,000. All below that they apparently consider the proletariat, all above it, the profiteers. Beginning with \$60,000, the proposed Democratic reduction is progressively less than that of the Mellon plan, and so on up to the higher brackets.

At the very top the Democratic tax reviser falter. Till that point they have gone on the theory that the rich may be heavily taxed with impunity because they are few in numbers. Why, then, do they stoop to such a compromise as reducing the present 50 percent surtax to 44 percent? This is to admit the soundness of the principle laid down by Secretary Mellon, but to deny its proper application. The contention of the Treasury, amply sustained by official figures, is that the surtax of 50 percent steadily yields less and less revenue, while diverting from commerce and industry great sums which would be spent on new enterprises were not the tax so heavy. It was on this basis that the Secretary proposed to make the maximum surtax 25 per cent. His prediction was that it would both bring more money into the Treasury and make available for new business undertakings large amounts of capital which now are driven to take refuge in securities. As we say, the Democrats tacitly confess the accuracy of this diagnosis. But they refuse to act upon it. The concession of 6 per cent off the maximum surtax would have little practical effect, while it would show that the Democrats are really compelled to admit the financial truth which Secretary Mellon lays down, but are afraid to live up to it. On the theory by which they have framed the rest of their taxation rates they ought in consistency to keep the maximum surtax where it is, or even to raise it. Their makeshift compromise simply shows their muddled and worried state of mind.

Politically, this hurried alternative of the Democratic members of the Ways and Means Committee was supposed to be a bid for an alliance with the La Follette group and other loose fish in Congress. But it is now evident that the bait will not be taken. The unterrified Radicals will denounce the Democrats as miserable compromisers, and already forward their own plan to re-forward their own plan to restore the excess profits tax, keep up the surtaxes, and in every show that they mean to make "wealth" pay through the nose so as to cover all governmental expenditure. Thus the ill-judged Democratic appeal to the Congressional disturbers of the peace is bound to fail, while on the other hand it is highly prob-

able that it cannot have the support of many clear-headed and sensible Democrats in the House as well as in the Senate who have already announced themselves as heartily in favor of the Mellon plan. That would be the policy of the Democratic Party if its leaders were shrewd. They could insist, if they chose, that the plan was borrowed from Democratic sources, could taunt the Republicans with having taken up what they reject when it was urged by a Democratic President, and make all the political flourishes of this kind that might seem to be necessary. But they would then get the bill enacted and out of the way before the Presidential election, so that the voters could be asked to think about other things. Whereas, by obstructing or defeating tax reduction, through the proposal of insincere substitutes, they will make a present to the Republicans of a victory-compelling issue. The Democrats in Congress and throughout the country cannot too soon wake up to the fact that this way party madmen lies.—New York Times.

to do away with the tax-exempt securities passed the House of Representatives last winter but died at expiration of Congress. It is now necessary to pass it again, this takes valuable time and shows waste to and expense resulting where public officials play politics instead of expediting the business of the nation.

At the present time it is estimated that the income from approximately \$30,000,000,000 in capital invested in government tax-exempt securities, escapes all forms of taxation. The fact that cities, counties, states and nation can issue tax-exempt bonds drawing a low rate of interest has caused a reckless increase in public debt and has furnished the loop-hole for billions of dollars to escape taxation.

After an amendment to the United States constitution is passed permitting the taxation of income from future issues of public bonds, it will be necessary for legislatures of the various states to ratify the measure. For this reason, quick action in Congress is essential in order that state legislatures which are in session or which will be in session in the near future may be able to act on the measure and put an end to the present lawful but an end to the present obsolete system which is an invitation for the reckless piling up of debt on one hand and tax dodging on the other hand.

**TAX EXEMPTION FARCE MUST END**

Will Congress adopt Secretary Mellon's program for tax reduction which includes a reduction in income tax and the doing away with future issues of tax-exempt bonds?

The President and the people are in favor of tax reduction. The politicians, through their blocs and parties in Congress, are pulling and hauling to try to gain personal prestige through delays and log rolling in the tax reduction program.

A constitutional amendment

and get down to business on this measure?

and get down to business on this measure?  
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