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THE CONGRESSIONAL FRONT.
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TAXES.

Taxes are as old as time. More than 4000 years ago, when the overseers of the Pharoah of Egypt went abroad on the land with their lashes and said "Come now with corn," the people knew of taxes. The second chapter of Luke recites that "there went out a decree ... that all the world should be taxed." And it was. That same chapter records that "all went to be taxed." And they were. Since the beginning of organized society, governments have imposed taxes to provide funds for the discharge of the functions of government. It is no different today. Taxes are important not alone because they touch all living persons but because the taxing power can become the instrument for completely altering the structure of society and changing the mode of life of a nation. Crushing taxes had as much to do with the decline of the Roman Empire many centuries ago as any other force because it blacked out the substantial middle class and left only a nation of large landholders on the one hand and half enslaved peasants on the other. All this is, by way of preface to some comment on the Revenue Act of 1941, passed this week by the House of Representatives. It is one of the most gigantic tax bills ever passed by Congress.

THE NEED FOR REVENUE.

For a dozen years, as a result of the depression, that far-flung corporation known as the Government of the United States was spending more than it took in. On June 30, which marks the end of each official year, the government bookkeepers hauled out the red ink bottle and inscribed a huge figure in red on the government ledger to show by how much the expesnes exceeded revenues. It is known as the annual deficit. It is becoming rather permanent. For the fiscal year 1941 it was more than 5 billion dollars. Fiscal wizards who preach the gospel that a nation can spend it's way to prosperity call this operation deficit. spending. But no matter what it is called, the fact is that the Government is making generous use of red ink. Moreover it looks as if we shall have to provide an extra supply. We may even have to place red ink on the priority list of essential items because it seems indispensable now to the operations of government.

THEN CAME THE WAR.

In the 8 fiscal years from 1934 to 1941 inclusive, Uncle Sam took in 40 billion and spent 67½ billion. He therefore owed 27½ billion. But instead of making contractors, steel companies, grocers, tailors, stenographers, clerks, mail carriers and others wait for their money, he borrowed the money and paid them as he went along. This was a simple operation. He printed his seal and a lot of nice writing on a piece of parchment paper and called it a government bond. These he sold to banks, insurance companies, trust funds, individuals and others. He now owes these folks instead of the clerks, contractors, mail carriers and others. But the debt is still there. Came the war and with it the necessity for providing battleships, cruisers, soldiers, food, guns, camps, ammunitions, airplanes and what not. We've offered to help the democracies to the extent of Seven Billion. The two-ocean Navy will cost Seven Billion. Other items for our own defense will bring the total of defense and aid appropriations to Fifty Two Thousand Million Dollars. That's real money. For the 12 month period which begins July 1, 1941 and ends on June 30, 1942, we expect to spend

Twenty Two Thousand Million Dollars. That's real spending. It will take expert spenders to spend that amount in 12 months. That's over 1830 million dollars every 30 days. If our best 18 carat spenders can do it, we would draw on the red ink supply on June 30, 1942 and close the books for that year by recording that we were Twelve Thousand Eight Hundred Million Dollars in the hole for the year. There are two ways of raising this money which will be spent and which we don't have. The first is to borrow. But borrowing is old stuff. We've been doing it for 11 years. Soon, Uncle Sam will be in hock to all his children. The public debt is now at Fifty Thousand Million Dollars. These are Uncle Sam's notes. Sooner or later, they must be paid. But if too many of these notes go floating around, it will be like the case of the man who owed everybody and couldn't get any more credit. So the thing to do is to raise a larger part of this expenditure thro [illegible]. taxes. And that's where the new tax bill comes in.

WHAT THIS BILL DOES TO YOU.

For a full year, this new tax measure will raise about Thirty Five Hundred Million Dollars, That's real money. That's on top of what is now being paid in taxes. In round figures, 1300 million will come out of corporation incomes, 1200 will come out of individual incomes, 150 million from increased taxes on gifts and estates and 900 million from taxes on liquor, automobiles, saxaphones, cold cream, pinochle decks, theatre and night club admissions, radios, coco cola, matches, wrist watches, fur coats, slot machines, pool tables, electric curling irons, and other items which are simply too numerous to mention. These are known as indirect taxes, They're collected from the manufacturer and added to the price. Thus, the public pays them but don't exactly see them. That's why they're called "painless."

THE OVERALL RESULT.

The revenues to be derived from all sources under existing law as well as the revenues under this new bill will still leave the Government in a deep hole. Since this measure will not become law until later in the year, it is estimated that for the fiscal year which begins July 1. 1941 and ends June 30, 1942, it will bring in a little less than Two Billions for that year. When the Two Billion is added to all other receipts of the government, we will still be shy about Eleven Thousand Million Dollars of making both ends meet for the year 1942. In other words, we're still in the hole but not quite down to the bottom. That is to say that if this fiscal hole is 100 feet deep, we're still 40 feet from the top.

ONE EXAMPLE.

One example will serve to indicate the proportions of this tax bill. Under present law, a single man whose net income was $2000 would pay an income tax of $44.00. Under the new bill, he will pay $110. This is a jump from 2 1/5% to 5 1/2%.