THE CONGRESSIONAL FRONT.
By Congressman Everett M. Dirksen
16th District.

AUTHORS NOTE. Some wag once remarked that only two things are certain in this world—death and taxes. Both have been with us since the beginning of civilization. Five thousand years ago, Egyptian kings secured their taxes in the form of grain and food-stuffs. Slaves armed with whips would attend the king’s boats and barges and great was the cry of the people as the overseers shouted, “Come now with corn for the king.” That was the first evidence of taxes. Both Scripture and the historian Josephus record that Jesus was born in Bethlehem because Joseph and Mary had gone there to pay their taxes. Small wonder then that as a new tax bill comes before the Congress, there should be a universal interest in this measure. Every man, woman and child in the nation is directly affected by taxes. It is necessary that each get a connected and simple picture of taxes, expenditures, and the budget. This letter will therefore be devoted to a simple explanation.

NATURE OF OUR GOVERNMENT. First, it is essential that we have a well defined idea of government. All authority of the government springs from the Constitution. This Constitution makes this a representative form of government. At stated times, the people go to the polls and elect certain individuals to represent them. That is why it is representative. They select a President to execute the laws, a Congress to make laws and leave it to the President and the Congress to get judges to interpret the laws. Hence you have the Executive, the Legislative and the Judicial branches of government and the powers of each are set forth in the Constitution. In general, this threefold government, in the language of Abraham Lincoln undertakes to do for people what they cannot do so well for themselves or cannot do at all. As an example, government operates the postal system, encourages and protects agriculture, carries on a program for checking and exterminating insect pests, makes laws for the prevention or punishment of crime, and a hundred thousand other things that can be done better by the government than by the individual.

APPROPRIATIONS. Everything which the government does costs money. Everybody agrees that government should look after navigable streams, keep endear our food, fruit, and forage supplies. To do so requires men, insecticides, and a host of things. All these required vast sums of money. Farmers agree pretty well that government should carry on a program of checking chinch bugs, corn borer, yellow fever; it required bookkeepers, laborors, soldiers, food, clothing, medicine and a host of things. All these required vast sums of money. Farmers agree pretty well that government should carry on a program for checking chinch bugs, corn borer, fruit fly, army worm, Russian Fly, green aphid, cockling moth and other pests which endanger our food, fruit, and forage supplies. This requires money. Everybody agreed years ago that the Panama Canal should be built. To build this canal required men and steamshovels; it required doctors to stamp out the yellow fever; it required bookkeepers, laborors, soldiers, food, clothing, medicine and a host of things. All these required vast sums of money.

REVENUES. From where does this money come? Money to be good money must be gold, silver, or a promise that is backed up by the Government’s resources. Otherwise it would be useless. It is as poor as the proverbial churchmouse. To be sure, it operates a printing plant within five blocks of the White House where it could print money to it’s heart content, but that kind of money would have little value unless there was something behind it. Money to be good must be redeemable. If the holder of a $5 bill suddenly needed his money as evidence of value. If this be the case, where does Uncle Sam get the actual money with which to buy gold and silver, or pay bills. From two sources. One is to borrow. The other by imposing taxes. If he borrows, he must give a note. Instead of calling it a note, he calls it a government bond. It is Uncle Sam’s promise to pay. He issues bonds and sells them to the public. Any citizen can walk into a bank, lay down a $100 and buy a bond. He thereby becomes a creditor of his government. That bond runs for a fixed time. It bears interest. The citizen knows that he will receive his interest on each interest paying date and that at the time of the maturity of the bond, he will receive the $100 which he paid for it and por-
hops a little more. But where does the money come from with which to pay the interest and the principal. The answer is a painful one. It comes from taxes. Uncle Sam can borrow enormous sums from his citizens but some day he must pay them back and then he must resort to new borrowings or taxes. If he resorts to new borrowing, he is still there but deferred for a while. If he keeps deferring too long, he is like a man who promises to pay his grocery bill but fails to do so. The grocer puts him on the dead-beat list, notifies other grocers to do likewise and thus ruins the man's credit. So at last we come to taxes. Since Uncle Sam has no money of his own, he is put on the basis of original way for him to raise money and that is by taxes.

GOVERNMENT EXPENDITURES. How much does Government spend and for what purposes?

The reason the budget is made now for 1937 is that the law provides that a budget must be made in advance showing what the estimated expenses and the estimated revenues for the following year will be. Hence, the appropriation bills now being passed by Congress do not become effective until July 1, 1936 and run through the fiscal year, namely to June 30, 1937. Here then is the way the expenditures are estimated for the period from July 1, 1936 to June 30, 1937:

1. For expenses of Congress, the Federal Courts and the White House 42 million; (amounts will be stated in the nearest round number.)
2. To run the Departments of Agriculture, Commerce, State, Labor, Interior, Justice, Treasury and other departments including the many independent agencies of the government such as the Federal Trade Commission, Interstate Commerce Commission, Social Security Board, and dozens of others 1 billion dollars.
3. For the Army and Navy about 950 million.
4. For pensions for veterans of all wars 790 million.
5. For the Agricultural Adjustment Act 619 million.
6. For the Civilian Conservation (CCC) Camps 220 million.
7. For interest on the national debt (money that Uncle Sam has borrowed from his citizens) 805 million.
8. For payment on the principal sum of the national debt, (just as an individual pays off his mortgage) 547 million.
9. For the Farm Credit Administration, Federal Land Banks and others who loan money to farmers 126 million.
10. For Public works such as the FWA, WPA, and others to carry on relief 888 million.
11. 231 million for aids to home owners such as the housing programs, subsistence homesteads, the home owners loan corporation and other agencies.
12. 10 million for miscellaneous item such as the Federal Deposit Insurance Corporation and others.
13. 125 million for the Reconstruction Finance Corporation to carry on its work and 225 millions of funds, previously appropriated but not expended.
The total is 2,726 millions which Uncle Sam estimates that he will spend between July 1, 1936 and June 30, 1937.

REVENUES. Where are you going to get the money? That question recurs day after day and is heard in a thousand places. (1) First there is the income tax on incomes large and small which is expected to bring in a little less than 2 billion dollars.
(2) Next comes the internal revenue taxes on tobacco, liquor, furs, jewelry, gasoline, motor oil, tires, tubes, candy, chewing gum, electric refrigerators, on estates, gifts and a host of other items which may produce 2103 million.
(3) Then comes the national revenue taxes on tobacco, liquor, furs, jewelry, gasoline, motor oil, tires, tubes, candy, chewing gum, electric refrigerators, on estates, gifts and a host of other items which is expected to bring in a little less than 2 billion dollars.
(4) Processing taxes were expected to yield about 457 million, making a total expected income for Uncle Sam of 5654 million dollars.

DEFICIT. That 1098 million is the deficit for the fiscal year 1937; but Uncle Sam does not pay his bills or his credit gets shaky. How can he pay his bills or his credit gets shaky. He must pay his bills or his credit gets shaky. Hence, a new tax bill which requires 120 million a year for nine years. There must be revenue for that, we still owe farmers 230 million on the 1935 contracts which was to be paid out of processing taxes. New revenues must be found for that. So the cry is "Revenue, Revenue, where is the revenue?" It's like the old button game. Hence, a new tax bill.
NEW TAX PROPOSAL. Since new expenditures have been added to the budget by Congress and existing sources of revenue have been destroyed by the Courts, Uncle Sam must find new sources of revenue to pay his bills. These new sources are the recent proposals to repeal the corporate income tax, capital stock tax and the excess profits tax and substitute therefore, a new processing tax on agricultural products, a tax on undistributed dividends in the treasuries of corporations and some others. No matter what the nature of the tax, it will be resisted because we are tax-conscious. In any event, it is clear that the Government is like a family. If it spends more than it takes in, there is a deficit and if such deficit stands long enough, it ruins government credit. That is why you hear so much about balancing the budget.