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

This profits tax. What is this much discussed tax on undistributed profits that is blamed for the present business set back? Here it is in a broad way. Suppose the net income of a small corporation after deductions for materials, labor, sales expense and other deductible items is $50,000. On this amount it pays a corporate income tax of 15%. This tax together with the interest which it may have received on government bonds is deducted from the $50,000. The balance is referred to as adjusted net income. From this adjusted net income it may then deduct dividends that may have been paid, together with dividends or payments which it is obliged to make under any existing written contract. One other deduction is allowable as a specific credit for all corporations with adjusted net incomes less than $50,000 per year. That credit amounts to $500 or the difference between $500 and 10% of the adjusted net income. The balance is known as the Undistributed net income. Suppose therefore that the net income is $50,000, the adjusted net income after the above deductions is $40,000, and the undistributed net income after allowable deductions is $30,000. On this remaining $30,000 of undistributed profits, the corporation must pay a surtax unless it pays out the entire $30,000 to its stockholders. On these retained profits, if the corporation fails to pay them to stockholders it would pay 7% on the first $5000, 7% on the next $4000, 12% on the next $5000, 17% on the next $6000, 22% on the next $8000, and 27% on the last $1000 or a total tax of $8350. The normal income tax it would pay would be $8540 in addition to the $3500 on it's undistributed profits. It must also pay a capital stock tax of $1.00 per $1000 of declared value, together with an excess profits tax if it made profits in excess of 10% of the declared value of the capital stock. These are only the Federal taxes on corporations and in addition there must be added such taxes as states and cities impose on real estate, personal property, etc. All in all, the tax man takes a big chunk of the earnings pie. If a corporation wants to use earnings to pay debts or expand production it must pay a stiff tax to do so.

Longer shirt tails. If every Chinaman added an inch to his shirt tail, it might solve the cotton problem, but it's doubtful. It's a national problem and of interest to the North because prosperity for the cotton farmer creates an outlet for the manufactured products of the North. But here's the problem. In 1921, about 28 2/3 million acres of land were devoted to cotton production in the U. S. and about 28 1/3 million acres in all foreign countries combined. In 1937, 28 3/4 million acres in the U. S. and 52 million acres in foreign countries went into cotton. World acreage therefore jumped from about 57 million in 1921 to almost 82 million in 1937, but the significant thing about the acreage is that virtually all of it is in foreign lands. Production for this year is estimated at 162 million bales in the U. S. and 50 million bales in foreign lands. This total of 362 million bales is about 29% more than the highest consumption on record when conditions throughout the world were highly prosperous. To complicate matters, the world production of rayon which is in direct competition with cotton jumped from 33,000,000 pounds in 1920 to 1 1/3 billion pounds in 1936. This is the equivalent of 2 3/4 million bales of cotton. If we curtail cotton acreage, other countries will increase their acreage as they have done in the past few years and completely threaten our cotton export trade. If we produce other cotton crops as large as this years crop and the price goes to 85 cents per pound (the present price) what about the purchasing power of the 2,000,000 southern families who depend on cotton for a livelihood. Here is a real problem.

Wages and hours. The wage-hour bill is still locked in Committee because there are insufficient votes to report it out and insufficient signatures on the petition to discharge the committee. On Monday morning, November 22nd, there came to the desk of each Member, a letter from President Green of the A. F. of L. stating his objection to the Bill in it's present form. A day later, Sam Rayburn, the Majority Leader in the House announced his intention of signing the petition and urged others to do likewise. A number signed but it's still 40 short of the required number. This is the first time insofar as the older members of Congress can remember that an Administration Leader signed a petition to discharge one of his own committees from further consideration of a bill, so that it might be brought to the floor.

Wash line crisis. Tugwelltown consists of a 1000 nice, new, bright and shiny homes. One thing is missing - basement space to dry clothes. Thus, Tugwelltown housewives must resort to the outdoor wash line where panties, scanties and undies dance in the breeze and pillow cases vie with red flannel underwear for attention from the curious passers-by. Now comes a Tugwelltown housekeeper to confess her embarrassment that the family unmentionables must be exhibited to public view, and thereby precipitates a wash line crisis to add to our troubles. Pioneers of other days to whom a well stocked wash line is a source of real pride have also been pulled into the fray, to defend the ancient and honorable outdoor wash line as an index of prosperity and social position.