'No New Taxes,' Capitol Slogan

Nuisance Taxes to Stay for a While; Social Security Raises Problem

By EARL GODWIN

WASHINGTON. — "No New Taxes" is the slogan at the capitol. I have been hoping that in addition to the "No New Tax" slogan we could initiate a movement to wipe out the nuisance taxes which descended upon us during the depression, but these will not be removed until after the administration has had a chance to see whether the budget will balance or not.

These nuisance taxes yield half a billion dollars, a sum greatly needed in any budget balancing. They automatically expire June 30 unless congress continues them, and it is Washington's judgment that they must be continued until some time after the budget ceases to be a nightmare. That means a continuation of the sales taxes on automobile equipment, telephone and telegraph messages and movies. These taxes hit everybody. There are also taxes which hit a large portion of the public but which are not so widely known: on lubricating oil, matches, tires, tubes, electrical energy and cosmetics, guns, lumber imports, electrical or other mechanical refrigerators, and several other sales and transactions taxes. The matter of three cent postage interests the big business houses not a little; my prediction is that the three cent rate will continue through the next congress.

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INVESTMENT PROBLEM.

Talking over the many aspects of the new social security administration, a Wall street investment expert told me that some of the larger insurance companies have the problem continually of finding safe and proper investments for an average of a quarter of a million dollars a day. Every time they open the office they have $250,000 or thereabouts in cash that needs investment and it is a severe task on the expert ingenuity of the officials to find the proper investments. Think, then, what a task it will be to find the proper investment for the $50,000,000,000 fund which will repose in the Treasury in about 1972—thirty-six years hence—when the social security fund reaches its peak.

The social security act as now written requires that the money set aside for old age and out-of-work pension funds be invested at three per cent. This money is that which is going to dribble in a few cents at a time from the 26,000,000 wage earners who come under the present social security act.

Every worker has a card which identifies him and there is an account to be set up for him here in Washington; an account which will run from the time a fellow goes to work until he is sixty-five years old. And, as at present indicated, the old age pensions from these enforced savings, contributed partly by the employer and partly by the employee, will range from $10 to $85 a month.

But what investment will there be found 36 years hence in which to absorb this enormous sum of $50,000,000,000—a figure far in excess of our present $36,000,000,000 national debt? Fifty billions is almost as much as all the cash there is in all the American banks today.

There are somewhere between 40,000,000 and 50,000,000 workers in this country. Registration processes now going on are expected to show 40,000,000 on payrolls in mills, factories, offices and stores. However, this social security policy will never be complete until all workers, including farm laborers and domestic servants, are insured against the disabilities of old age and lack of employment.

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THE CASE OF EARLE.

Did you ever hear of George H. Earle? Unless you live in Pennsylvania you may not recognize the name; yet he is a rich man's playboy son who suddenly went politically berserk, abandoned his friends, helped turn Pennsylvania from a Republican dukedom to a Democratic miracle state; and who stands today with more in his hands with which to become the next Democratic presidential nominee than anyone I know. He turned the Keystone state of Boies Penrose and Andrew Mellon upside down—and became its first Democratic governor in 43 years. Doesn't that rate attention among the Democrats?

Governor Earle's father was a millionaire sugar king who looked on Theodore Roosevelt as a political vandal. The millionaire father brought up a routine, plush-lined, rich son to go to Harvard and own a yacht. After that he played polo, traipsed around the world playing; came back to make more money out of sugar, and all of good old fashioned Philadelphia looked on George Earle as a safe and orthodox young man until suddenly he went mad, became democratic and is now the idol of such folks as coal miners and people on relief. It is all very distressing to the society people in Philadelphia—but if things keep on the way George Earle is administering them, he may end up in the White House!

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NO FOREIGN LOANS.

Foreign diplomats are beginning to manipulate the wires so that occasionally there appear news stories intimating that Uncle Sam is about to drop his frigid attitude about European war debts—and lend France and Italy some more money. There is no more chance of this government approving a loan to European nations than there is of European governments paying back the twelve billions or so of dollars that they owe us. Nevertheless, diplomats are flitting about New York and Washington whispering stories to gullible folks who pass these whispers on as reliable—and sooner or later they get into print.

I can't think of anything on which the government is more completely adamant than in its determination to approve no loans to Europe under the present circumstances. The congress of the United States would have to be drawn into a foreign loan; and congress, representing the feeling of the American people, would tear down the capitol building before it put an O. K. on any loan to any European country except possibly Finland which is paying its debt installment on time every collection day, in June and December.

In order to keep this policy in the hands of congress that body enacted the Johnson law which prohibits a loan to any foreign nation defaulting on its debt to us. Congress is disgusted with the failure of foreign countries to pay us while they spend their incomes on armaments. Uncle Sam is holding the bag, as the saying goes; an empty bag at that. Those foreign loans are represented in our midst by United States government bonds which have coupons representing interest. That interest is now paid by American taxpayers, who will not permit any diplomatic soft soap to interfere with the Yankee policy of "pay what you owe before you borrow any more from us."

The French diplomats seem to believe that if their government starts paying ever so little this country will look with favor on a new loan to France. That is, if they pay us about a million dollars we would lend them a couple of hundred million. There isn't the slightest chance.

Then there is Benito Mussolini; he seems to have the urge to expand at the expense of American taxpayers, and it is reported that Italian diplomats are ready to offer a plan whereby Italy appears to be sincere about repaying its old loan so that it can get a new loan. But none of these gestures carry with them ready cash. The new Italian ambassador to this country, Fulvio Suvich, is said to be directed to investigate every possibility of getting Italy back into the preferred debtor class. Tremendous pressure will be brought to bear on the Americans who are opposed to communism in Russia and undoubtedly before long the appeal will be made to help Italy in its fascist fight against the red tide of communism. The law of the United States prohibits any loan from here to Italy or anywhere else in the debt defaulting belt of Europe. At the present writing a careful canvass of the higher officials of government convinces me that European diplomats are on a fool's errand if they believe they can borrow money from us now to carry on those war maneuvers of theirs.

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A THING THAT IRKS.

One of the things now irking this government and never coming to light in the metropolitan press is the fact that the mikado of Japan, who is fast becoming one of the greatest war lords on earth, is also taking precedence as an international junk dealer and is actually competing with this country with goods made out of the stuff we throw away. The old bottles, old umbrellas, and particularly the cast-off automobiles when they reach their very last stage of rust generally find their way via several junk heaps to some Japanese factory. They are fashioned into something we sell here in the U. S. A.; coming back to compete, tariff and all, against American made goods.

The junk automobiles are particularly valuable to the mikado's industrialists. They are using that material in their factories for weapons of war; can you beat that? Also the Japs have been using cast-off, broken down spindles discarded from New England textile mills and have been weaving enough Japanese cotton goods to give some of our old time textile firms the shivers.

One valuable bit of junk, from Japan's standpoint, is tin plate and what is known as "tin scrap," odds and ends of tin thrown out of roofers' and tinners' shops and factories which stamp toys out of tin sheets and throw the odd corners away. That stuff is so valuable to Japan and creates so much competition when it comes back here in the form of "dime store" articles that congress, a few months ago, instructed the State department to put the brakes on exports of tin scrap. Junk dealers must now obtain licenses to export the stuff and the State department is presumably limiting shipments with an eye to American needs.

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Easing the Burden of Bureaucracy

By RAYMOND PITCAIRN

National Chairman Sentinels of the Republic

As every farmer, or business-man, or housewife knows, duplication of effort is one of the most deadly foes of efficiency and economy.

This is true in government, as well as on the farm, at the office or in the kitchen.

That probably explains why the nation has greeted with approval a recent promise from Washington to reorganize and curtail the confused mass of federal bureaus, boards or commissions which now sprawl over both the geographic and economic maps of America.

Expansion of the many government-supported agencies which increasingly interfere with the average citizen's life and activities is no new phenomenon of our government. It has been under way for years, regardless of which political party was in control.

Nor has it been a federal failing alone. State and local governments have succumbed to the same urge for increased authority—a trend which does much to explain our swollen public debt. Bureaucracy and High Cost of Government grow in unison.

This is by no means the first promise to the American people that Bureaucracy's costly confusion of overlapping political jobs and activities—with their enormous leakage of public funds—would be fitted into a logical and efficient pattern. America has received many earlier pledges to the same effect, while bureaus and commissions continued to multiply. But somehow those pledges failed to materialize. This time the workers and earners of America will hope the promises hold good.

They hope so for two reasons: first, because the heavy costs of Bureaucracy—however disguised—come eventually out of the workers' pockets; and, second, because Bureaucracy itself—however praised by holders of the political jobs it perpetuates—still stands as a frowning barrier across the Road to Recovery which all America is now straining to travel.

The American people didn't need a horde of Bureaucratic jobholders to help them conquer a continent. And they neither need nor seek the costly interference of so great a number in solving their problems today.

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