WHITE HALL FOLKS RECENT VISITORS AT COCKEYSVILLE.

Mr. and Mrs. John B. McComas, Cockeysville, entertained during the holidays, their sisters and brothers from White Hall.

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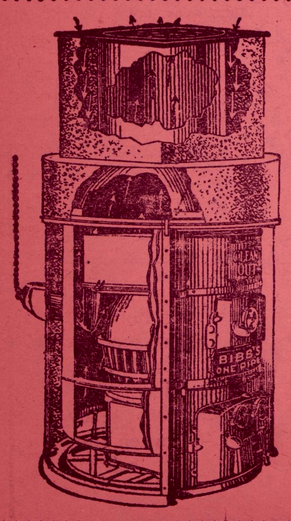

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CHIEF FEATURES OF SECRETARY MELLON'S TAX PROPOSALS AND WHAT THEY MEAN TO EVERY TAXPAYER.

For 100 Years Or More The Democratic Party, Without Any Blare Of Trumpets, Has Scrupulously Preached And Practiced Twin Policy Of Economy And Equitable Taxation.

(From the Washington Correspondent of The Jeffersonian.)

The Mellon tax plan ought to be, and for the most part doubtless will be, discussed solely on its merits and shortcomings and without partisan rancor when the administration tax bill is before the Congress. In the meantime, people who wish to see equitable and scientific tax revision will do well to withhold their final judgment as to some phases of the bill until they have been analyzed and discussed. The nation-wide propaganda of the Republican administration in favor of the bill has sought to commit the people of the country to the Mellon tax plan in every detail without telling them exactly what the plan is.

The New York Times of December 27 tells of the secrecy with which the text of the administration tax bill was guarded. The Times says:

"The bill in its entirety has not been made public either by the Treasury Department or by the Ways and Means Committee which has it under consideration. Members of that committee have been endeavoring at the request of Chairman Green to keep the text of the measure secret until after the holidays."

Since then, under pressure of Democratic members of the Ways and Means Committee, the bill has been made public.

The features of the Mellon plan which stand out are, first, a reduction of the higher surtax from 50 per cent. to 25 per cent., which means a tax reduction of nearly $200,000,000 on surtax incomes of the big taxpayers, and secondly, a reduction of 25 per cent. on earned incomes as differentiated from unearned incomes. The first of these proposals, the reduction of the higher surtax, was attempted in the last Congress, when Secretary Mellon made the same recommendation he is making now, and the Republican tax bill provided for a reduction of the higher surtax from 65 per cent. to 32 per cent. President Harding made a personal appeal by letter for such reduction. The Democrats in the Senate offered an amendment fixing the higher surtax at 50 per cent., which was accepted. Ninety-four Republican members of the House voted with the Democrats to accept the Democratic Senate amendment, which is now the law.

The second proposal of Mr. Mellon to reduce the tax on earned incomes 25 per cent. is a half-way adoption of a Democratic amendment offered by Senator Harris of Georgia in 1921 to reduce such earned incomes 50 per cent., which was defeated in the last Congress by a solid Republican vote.

The third reported feature of fixing the normal tax at 3 per cent. instead of 4 per cent. on the first $4,000 net income and 6 per cent. on the remainder is a modification of Senator Gerry's amendment to the Republican tax bill of 1921 which provided for a normal tax of 2 per cent. on the first $5,000, of 4 per cent. on incomes between $5,000 and $10,000, 6 per cent. on incomes between $10,000 and $15,000 and 9 per cent. on incomes above that amount which was defeated by a solid Republican vote with the exception of Senator Hiram Johnson.

Under the Mellon plan as reported the change on surtax rates makes the surtax begin on incomes of $10,000 instead of on $6,000 as at present.

No Democratic opposition has developed to any of the Mellon proposals for either normal tax reduction or surtax reduction on the incomes of smaller taxpayers up to $15,000 or $20,000, and upon some of these features it is entirely probable that the Democrats will insist upon a still greater reduction to this class of taxpayer.

With respect to the higher surtaxes, the Democratic attitude seems to be, with the exception of a few individual members, that only such percentage of reduction should be made as can clearly be shown to be equitable. Upon this proposition, the opinion of many leading Democrats in both houses is that the amount of reduction if any should be worked out by tax experts upon the basic theory underlying income taxation, which is ability to pay.

The entire record of tax reduction and attempted tax reduction since the close of the war shows that equitable tax reduction and all attempts to secure the same have been defeated by the Republican members of the last two Republican Congresses, and that the Democrats have unanimously supported every measure for equitable tax reduction.

For a hundred years and more the Democratic party, without any blare of trumpets or frenzied propaganda, has scrupulously preached and practiced the twin policies of rigid economy and the lowest level of equitable taxation. During recent weeks the country has witnessed the unusual spectacle of a nation-wide propaganda in support of the specific Mellon tax reduction proposals. According to this propaganda, any citizen or member of Congress who does not pledge his unqualified support to the precise Mellon proposals by signing on the dotted line is prescribed as an enemy of honest equitable tax reduction. This arbitrary test was applied before the legislative draft of the Mellon tax reduction proposals, except in small part, had been made public.

In the meantime a desperate effort has been made to convince the farmer, the tradesman, and others that great mountains of imaginary burdens will be removed from them if the Mellon proposals can only be enacted into law as they are now written. The view has been heralded everywhere that all classes of income taxpayers whose income is derived from personal service will be given a reduction of 25 per cent. in their taxes below the rates prescribed for incomes derived from invested capital.

The farmers of America and most of the individual tradesmen will now be astonished to discover that while the Mellon proposals on earned and unearned income take care of all salaried individuals, including $75,000 to $100,000 presidents of great corporations, to the extent of a 25 per cent. tax reduction, every farmer and individual tradesmen who combine their personal service with their capital for the purpose of producing taxable income are omitted from the 25 per cent. earned income tax reduction of the Mellon proposals.

The Mellon definition of earned income is that it means wages, salaries and professional fees. The farmer and the tradesmen, therefore, who supply their own capital and personal services do not receive either wages or professional fees. They work for themselves and derive an income from their joint capital and personal exertion. Undoubtedly, the owner of land who cultivates it himself should be regarded as earning his income, even though the owner of land who lets it to others to cultivate might not, at least in many instances. The Democratic attitude is that at least all farmers or tradesmen whose income is derived substantially from their own personal labor should be given a 25 per cent. tax reduction, which they are not given under the Mellon proposals.

Notwithstanding these astonishing omissions, some Senators and Con-

[redacted]

cent. will not relieve the millions of farmers of this country of one penny of taxation.

The chief beneficiaries of tax reduction made in 1921 by the last Congress were multi-millionaire surtaxpayers. On 1921 net taxable incomes the rate on $200,000 was 56 per cent. and increased until the maximum was 65 per cent. on incomes of $1,000,000 or more. As a result of the 1921 revenue bill the surtax rate on net taxable incomes from $200,000 up is 50 per cent. This saved the very large taxpayers $61,500,000. The repeal of excess profits taxes saved the same class of taxpayers $450,000,000 additional, making a total saving in taxes to the very big taxpayers of $511,500,000.

The smaller surtax payers also received some benefit by reason of the fact that on 1921 incomes the surtax started at $5,000, and under the tax bill passed at the last session the surtax rate for 1922 began on individual incomes in excess of $6,000. All attempts in the last Congress by the Democrats to give substantial relief to the small taxpayers were defeated by the Republican majority.

The enormous relief of $450,000,000 by the repeal of excess profits taxes went to the big corporations. During the four years of war these corporations so relieved made over $30,000,000,000 after paying excess profits taxes. About $19,000,000,000 of this was made by 1,000 corporations, among the largest of which were the "Mellon interests," dominated by the present Secretary of the Treasury, the steel trust, woolen trust, packers trust, coal trust, powder trust, Standard Oil, etc., all of which have enthusiastically endorsed the Mellon plan without, presumably, knowing the text of the administration bill to put the Mellon plan in effect. These are the same people who are now asking that the higher surtax rates be reduced from 50 per cent. to 25 per cent. on the theory that billions of dollars of wealth now tied up in tax-exempt securities will be withdrawn and reinvested in industry, accompaanied also by the statement that the proposed reduction in the higher surtaxes would eventually yield a larger revenut from great incomes tha nat present. These statements rest more on theories than on facts. If it can be shown by impartial expert testimony that these interests are entitled to any further reduction from what they received in the last Congress, it will be a matter for this Congress to take into consideration as a matter of equity.

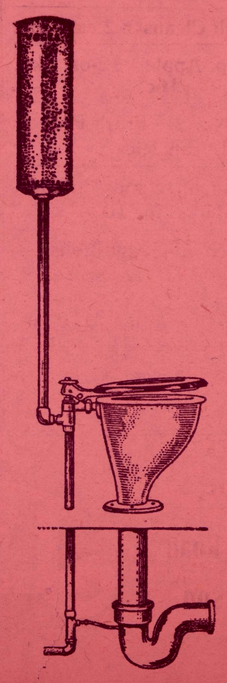
Taxation is a necessary evil to human governments. It is always a painful subject. There is no such thing as popular legislation for the levying of taxes, however popular the idea of tax reduction may be. There are, however, some ways and means of levying and collecting taxes less objectionable than others. The tariff for instance, lays tribute on the pauper's crust of bread and the beggar's rags; makes the poor bear a heavier burden than the rich, but worst of all it permits the use of the people's government to take toll from the people principally, if not primarily, for the enrichment of special privilege.

The income tax is the nearest approach to equitable assessment of the cost of government, because it seeks to make each citizen pay in proportion to his means, and, indirectly, in the ratio of the protection and benefit he receives from government for himself and his property. The tariff tax on the other hand, except when levied for revenue and upon a competitive basis is the most unfair and discriminatory tax that can be levied. It is the creation of the Republican party which uses it as a bribe to capital, to industry and to every agency that will accept it as a return for support of that party. The revenues from the income tax go into the Treasury of the United States, but under the existing Fordney-McCumber Tariff act only 12½ per cent. of the revenues go into the Treasury and the balance, $3,500,000,000, goes into the pockets of special privilege.

Secretary Mellon's tax plan proposes a reduction of only $323,000,000. The Fordney-McCumber Tariff lays a tax upon the people, conservatively placed at $4,000,000,000. Any consideration of tax reduction to benefit all of the people must necessarily include a reduction of the exorbitant rates in the present tariff bill, which is responsible largely for the high cost of living and for the more rapid concentration of wealth in the hands of the special privilege class. The chief beneficiaries of this tariff are the large trusts and the great combinations of capital of which the "Mellon interests" are a part. There is no suggestion from Secretary Mellon or President Coolidge or any member of the administration for a reduction of this enormous tariff tax. On the contrary, the President lets it be known that he ascribes what he calls our present prosperity to this tariff tax, which keeps up the present high cost of living.

The Democratic party favors honest and scientific taxation, with taxes equitably levied, and as low as the needs of government will permit. It favors this policy both with respect to income taxes and to tariff taxes, and there is every reason for asserting that the representatives of the

(Continued on Page 10—Col. 3)



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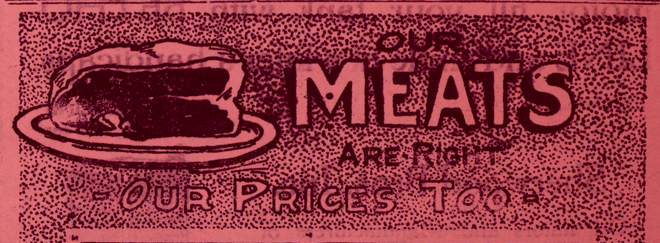

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