

## Democratic Position on Revenue Bill

(Below is a statement of Senator Walsh of Massachusetts, a Democratic minority member of the Senate Committee on Finance, setting forth his views in opposition to the Revenue Bill reported to the United States Senate by the Republican majority members of the that committee. The views expressed therein explain the objections which the minority members of the Finance Committee have to some of the principal changes proposed in the Revenue law. It also explains amendments which Senator Walsh has offered upon the floor of the Senate providing for a radical change in the majority bill in many essential features.)

The Revenue Tax Bill reported to the Senate by the Republican majority of the Senate Finance Committee is unsound, inequitable and indefensible. It retains and continues in the main, all the annoying and burdensome income and other tax provisions of the old War Revenue Bill. The people of the country want and are entitled to a peace plan taxation program. Individual taxpayers and business have demanded since the end of the war a simple, direct and easily understood tax law to assist in bringing about a readjustment of business to normal conditions. The Republican majority of the Finance Committee have not met this demand. The bill, as reported by the Senate Finance Committee, contains no new tax program. It is merely an amendment to our war tax emergency legislation. It will continue to subject our people to the annoyance, uncertainties and burdens of taxes that only war conditions justified. The country must continue the work of readjusting and rehabilitating business under a system of taxation in the main unchanged. To lift the burden of taxation from those that are best able to bear it has apparently been the sole consideration of the Republican majority.

The failure of the House to take up the Revenue Bill immediately when Congress convened last April is most regrettable. Had the House at once undertaken the revision of our war time taxes instead of the tariff, a new tax law could have been enacted long ago, and possibly the tax revision program could have been made applicable to the present year. The unnecessary and inexcusable delay of Congress to adopt a new tax law has been, in our opinion, a factor in delaying the revival of business.

We believe, after this long delay that should have been prevented, a change should be made in the entire system of taxation; but as members of the minority we can only hope to succeed, if at all, by concentrating all our efforts in an endeavor on the floor of the Senate to modify and change those important features of the Finance Committee bill which we deem to be most unfair and unjust.

We condemn the majority plan which abolishes all excess profit taxes upon corporations and the surtaxes of individuals possessed of wealth which earn a net income of over \$66,000 annually, without also reducing in a like substantial manner the tax burdens of that very large and important class of tax payers who are not within the excess profit or high surtax income tax classes. Therefore, we propose to offer amendments to the majority bill providing for a sweeping reduction in the normal income tax paid by those citizens who have an income of less than \$15,000. To pass by without lowering the tax burdens of the 3,000,000 tax payers who have incomes of less than \$15,000, while drastic reductions are being made in favor of those classes that pay high surtaxes and excess profit taxes, is indefensible. The great investment class, the unorganized middle class, the home building class, indeed, the "bone and sinew" of the country constitutes the class of taxpayers with incomes of less than \$15,000; yet, the Republican program has practically eliminated from consideration this element of our population, except for small additional exemptions in the lower surtax brackets and for the heads of families with less than \$5,000 income, which will only reduce the tax bill in the most favorable cases, where there are no children, not more than \$20. While we approve the raising of exemptions for the heads of families from \$2,000 to \$2,500, we most strongly protest against any substantial changes in the rate of taxes fixed during the war upon special classes of large financial interests, without at the same time making a substantial reduction in the tax of the class to which we have just referred, namely, that class whose net in-

come is under \$15,000. The plan which we intend to offer as a substitute for the majority report is briefly as follows:

We propose to radically cut the normal tax upon the individual's net income as follows: Taxpayers whose net income is less than \$5,000 shall pay a normal tax of 2 per cent instead of 4 per cent on \$4,000, as provided in the Republican majority bill; taxpayers whose net income is between \$5,000 and \$10,000 shall pay a normal tax of 4 per cent on the excess over \$5,000 instead of 8 per cent on over \$4,000 as provided in the Republican majority bill, and taxpayers whose income is between \$10,000 and \$15,000 shall pay a normal tax of 6 per cent on the excess over \$10,000 instead of 8 per cent on over \$4,000; all other incomes in excess of \$15,000 pay 8 per cent, but will, of course, receive the benefit of lowering the normal tax up to \$15,000. This change that is proposed in the normal tax upon the individual can best be understood by an illustration. Under the Revenue Bill reported by the Republican majority, a taxpayer with a net income of \$5,000 would pay \$120—under the provisions of the amendment proposed by us, the tax would be \$60; a taxpayer whose net income is \$10,000 would pay, under the Senate majority report, a full tax of \$500—under our plan, \$240; a taxpayer whose net income is \$15,000 would pay, under the Senate majority bill, \$1,040—under our plan \$640.

This change in the normal tax proposed by us will reduce materially the tax bills of over three millions of tax payers, in striking contrast with the Republican plan of cutting, in addition to lowering the first surtax bracket, the high surtaxes from taxpayers whose income is over \$66,000, which affects not more than 5,000 of the wealthiest class. The loss to the government by our plan, reducing the normal income tax will amount to about \$105,000,000 yet the Republican majority have with one fell sweep eliminated the excess profit taxes, and thereby reduced the revenue of the government \$450,000,000. We repeat, there should be no reduction of the substantial character proposed by the Republican majority, leading to such tremendous reductions in the needed revenue of the government in the interest of excessive profit making corporations, without providing for a just and equitable reduction to the individual whose income is less than \$15,000.

The second substantial change to the Republican majority bill which we advocate is the substitution of an entirely new tax for the excess profits tax and the 15 per cent levied on all net incomes of corporations. The effect of the Republican plan of abolishing excess profits taxes (such taxes are only levied upon corporations having profits in excess of 8 per cent on its capital investment) and substituting an increase from 10 per cent to 15 per cent in the tax upon corporations incomes at this critical time, while business is still stagnant, is unjustifiable and can result only in increasing the present depressing and discouraging condition of business; it eliminates large tax burdens from the excess profit making corporations and transfers for the most part these burdens to the non-excess profit making corporations; it forces competitive business to pay the same tax as excess profit making monopolies.

Under the Republican proposal every corporation, whether making excess profits or not, must pay an increased tax on its net income. The increased corporations income tax amounts to 50 per cent. The Republican bill doubles the tax bill of every corporation having a net income of less than 8 per cent on its capital investment, and reduces very substantially the tax upon corporations making profits in excess of 8 per cent on their invested capital. Those corporations which are certain of being able to make excess profits as soon as business revives are to be immediately and directly benefited, while those corporations that are certain of being obliged to struggle for a long period of time before any reasonable profits are to be realized, are to have their tax burdens increased.

We cannot accept the theory of the Republican majority that justifies this rank discrimination against the struggling, small profit-making corporations in favor of the excess profit making corporations. No such inequitable tax was enacted even during the war when the government was exerting every possible means to raise revenue, as is now proposed by the Republican majority in desperation to meet the loss of revenue to the government by abolishing the excess profits tax, a loss of \$450,000,000, which amounts to one-seventh of the entire tax to be raised under the proposed revenue bill. A 50 per cent increase in taxes is to be imposed upon the incomes of corporations, many of which never have and

never will make excess profits—to meet this change in favor of profit making corporations.

We propose an entirely new corporation tax plan. We believe that if every individual is forced to pay a graduated tax on their incomes, it is only fair that corporations should also pay a graduated tax on their incomes. If the principle of a graduated tax on individual incomes is sound, then we contend the principle is sound for corporations. We urge a tax of 10 per cent on net incomes of all corporations whose net income is not in excess of \$100,000.00; 15 per cent tax upon net incomes between \$100,000.00 and \$300,000.00; 20 per cent tax upon all net incomes of corporations in excess of \$300,000.00. In other words we propose that a corporation which has a net income of over \$400,000.00 shall pay 10 per cent on the first \$100,000.00, 15 per cent on the next \$200,000.00, and 20 per cent on all in excess. This schedule will reduce the tax on the net incomes of 195,000 corporations upon which the Republican majority bill increases the tax from 10 per cent to 15 per cent, while it increases the tax on only about 4,000 corporations which have a net income of more than \$300,000.00 each per year.

The fairness and advantages to all corporations of this graduated corporations income tax, if the excess profits tax is to be abolished, are self-apparent. Experts of the treasury inform us that this graduated income tax which we propose in lieu of the excess profits tax and the flat 15 per cent corporation income tax will yield to the treasury an amount substantially equal to that contained in the bill of the Republican majority.

We believe our program is more equitable because it provides that corporations like individuals of small incomes shall bear a less tax burdensome than those corporations with large incomes.

The other modifications and changes which we intend to offer in the Senate as substitute for the Republican majority bill will be announced later.

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the fact that he refused to accept some of the basic tenets of Christianity.

Mr. Bryan discussed at length Darwinism and the champions of evolution. He ridiculed the contention of the evolutionists that the light waves came first and produced the eye and that the sound waves brought out the ear. He said, "I could believe Jonah spent all his life from youth to death going in and out of the whale before I could believe this." He declared he was unwilling to replace the "Thus sayeth the Lord" of the Bible by Darwin's "we may well suppose," in pointing out that Darwin's hypothesis was all pure speculation.

Addressing the university students, Mr. Bryan declared he did not want professors to tell them "fiction that put the 'Arabian Nights,' to shame." "If you want fiction, don't read novels," he said, "take biology." He said he was not objecting to science, but to guessing in the name of science, not to facts but to "guesses not supported by facts." Professors or preachers talking Darwinism ought to take the mask off, asserted the speaker, and establish schools of their own, but they ought not to be permitted to poison the minds of the youth of the nation in the institutions of higher learning.

The evolutionists "judge" man by brute standards and shuts heaven against him," said Mr. Bryan. He declared that those who were teaching man was descended from animals were working irreparable harm.

One of the scientific boys down at Washington says we do not need to get alarmed about a failure of the supply of coal, as less than a hundredth part of it has been mined in all the years that men have been delving into the earth's depths. We hope the fact can be kept away from the knowledge of the dealers who use anything anybody says about the supply of coal to take another hitch in the price suspender.

Three marriage ceremonies were necessary in order to make sure that young Leeds, multi-millionaire of America, was safely and legally tied to Princess Xenia of Greece. In view of which each received in the trade, one a title and the other a fortune, it seems that a lot of unnecessary trouble was entered into.

With oats bringing a third of a cent a pound and less and oatmeal ten cents a pound or thereabouts, it is easy to believe that profiteering has not yet been entirely eliminated from the food stuff trade.