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TAXES AND STANDARDS

Just how far will the standards of government be reduced before they meet the capacity of the people to pay taxes?

The question is fast becoming more than an academic one and frantic, even desperate, business men and farmers and home owners are trying to devise means and plans to balance the tax budget with their capacity to pay.

The suggestion that those who have escaped taxation for years through putting their wealth into so-called intangibles instead of real property will strike many as not only just, but necessary.

As against the sales tax, which is wrong, as Governor McNutt declared in principle, it has much to commend it. And, incidentally, any method which is wrong in principle is even worse in an emergency. Then its results mean disaster.

That the business interests of the state look upon any sales tax as increasing their difficulties and inviting bankruptcy for many independent merchants should carry some warning to the legislature.

Above all else, there is a growing sentiment that all tax legislation and appropriations must be reduced to the simple terms of capacity to pay.

The local units of government carry huge bonded indebtedness. The interest charges on these debts take precedence over all other expenditures of government. They come ahead of wages and salaries and services that have become essential to orderly living.

The amount of income of the state, from all sources, has been cut almost in half. Cutting taxes in half would mean more than cutting down half the ordinary functions. It would mean more than cutting out half the teachers, half the policemen, half the sanitary workers and health facilities.

For after the interest charges on debt are paid, there would be only enough left to pay about one-fourth of the ordinary charges.

Poor relief costs are mounting and under the law, these must be met. It would be too dangerous for those who have wealth not to pay these.

In such a situation, it might be the part of wisdom, while trying to decide what to keep and how to pay, to start something to put men back to work.

This city and other cities can borrow from the government for self-liquidating projects. It might be better to pledge the future for such projects and put some men back to work and thus increase the purchasing power of the public before utterly abandoning the standards of government and the educational systems. The policemen, of course, will be kept. They are necessary.

THE STIMSON DOCTRINE STANDS

The state department chose the proper moment to reaffirm the Stimson doctrine of nonrecognition of the fruits of conquest. Rumors were current in European capitals that the United States was withdrawing from its far-eastern policy in support of the that.

Significantly, these rumors were timed to coincide with the latest pro-Japanese move of the major powers to prevent effective league action.

The state department has instructed its diplomats to inform the powers that the Stimson policy stands. If the powers decide to continue their treaty-wrecking policy in support of Japanese militarism, they at will not be able to do so under a pretense of American acquiescence.

Obviously, Japan feels certain that Great Britain and France will pull the teeth of the league. Otherwise, Japan hardly would have chosen the precise time of the meeting of the league committee of nineteen on the Manchurian dispute for her new conquest of Jehol.

In fact, the major powers on the league committee recently sent to Japan a draft resolution, in effect throwing down the league's Lytton report and omitting virtually everything to which Japan objected in the original draft.

This was done even without informing the Chinese delegate, who protested this committee's partisanship at the opening session in Geneva Monday. The smaller nations, led by Spain, are in favor of upholding the league covenant and the Kellogg-Briand pact, but to date the big powers have been able to dictate the league.

It has been said that the powers were encouraged in their anti-treaty tactics by the Washington stalemate occasioned by the change in administrations. That sounds reasonable.

But the small chance that the next administration might join the foreign powers in ignoring the treaties is even smaller, now that Secretary Stimson and Mr. Roosevelt have held their conference.

It is certain that Secretary Stimson would not have reaffirmed the American policy if the President-elect had been hostile to such course.

Indeed, no administration honorably could revoke the Stimson policy without formally abrogating the treaties.

PREVENT ANOTHER WAR

How to cut down governmental expenses is a major problem of the moment. This has encouraged the publication of a revised and enlarged edition of Congressman James M. Beck's "Our Wonderland of Bureaucracy." Beck has been the chief thunderer against the evils and expense of what he terms the growing bureaucracy and state socialism in the American federal system.

Mr. Beck presents an impressive statistical picture of our increased expenditures, especially since 1911, interlarded with the piquant rhetoric for which he so justly is famous. He calls into the examples of "state socialism," such as the shipping board, the farm board and the like.

He lambastes the federal government for entering into competition with private business, and even assaults the postoffice department, with its hordes of overworked and underpaid functionaries, as one of the most extravagant of all departments of the government.

The congressman is especially hot against governmental activity which directly or indirectly may benefit the mass of Americans.

Now any exposure of governmental extravagance is especially timely right now, but for two good reasons.

Give Light and the People Will Find Their Own Way

Sons Mr. Beck is not the man to write such a book. In the first place, he and those like him back in 1914-17 were the men primarily responsible for the vast increase in our current federal expenditures which he now so dolorously deplores.

Beck was probably the foremost of those who misrepresented the issues of the World war and helped us spill our blood and waste our fortunes to restore Alsace-Lorraine to France, to grab the German colonial empire for the British empire, and to attempt to confer the Straits upon the Romanoffs. And he is still regenerate. Not so long ago he definitely asserted that he would do it all over again if he had opportunity.

As a result of this fatal bias, Mr. Beck gives a totally false impression of the fundamental responsibility for alarming growth of federal expenditures. He would shift the blame from his own shoulders to those of men like Senators La Follette, Wagner, et al., who propose to use federal funds to benefit the common people, and to the politicians who are looking for petty jobs for hungry constituents.

More important still, he gives the impression that it is the philosophy of state socialism which is about to undo the solvency of Uncle Sam, when it is actually the philosophy of militarism which has well-nigh ruined him already and may well throw him into pauperism in the near future.

A few figures here will prove illuminating. Back in 1916, the last year before we entered the war, we had a federal budget of only \$782,534,548. Our national debt—\$1,225,145,568—was a mere trifle for so rich and prosperous a state. It was only \$11.26 per capita.

Our federal tax rate was far lower than that of any other great modern nation. We were enjoying a progressive administration which seemed destined to work out a socio-political system embodying some measure of efficiency and decency within the general framework of capitalism. It is doubtful if the United States was at any other time so prosperous and promising as in the autumn of 1916.

By 1930, federal expenditures, to use Mr. Beck's own figures, had skyrocketed to \$4,174,546, and they have shot up still further since. And we have a great national debt—\$16,801,483,143 in 1931—hanging like a millstone about our necks. It will be carried by our grandchildren. It is \$134.40 per capita.

It is not the liberal senators, the "bono boys" or the "bureaucrats" of 1933 who are primarily to blame. It is the patriots of 1914-17, of whom Mr. Beck was the drum major.

Further, it is not humanitarianism which will undermine us, but militarism. In fact, it was the surrender to militarism which made it so difficult for us to find money to support humanitarianism.

DEMOCRATIC ECONOMY

The new war department appropriation bill does not augur well for fulfillment of Democratic economic pledge.

The victorious party promised during the campaign to cut federal expenditures 25 per cent. It already is in control of the house of representatives, but on one of the worst swollen items of the budget it recommends economies of only an infinitesimal fraction of 1 per cent.

The Democrats abandon the fight they carried on with so much reason and courage last year for reduction of the officer personnel of the army, and follow the amazing course of increasing by more than \$9,000,000 the amount President Hoover considered sufficient for the national guard.

A year's study has convinced most of those working with the problem that further large economies can not be made in the civilian branch of federal government. When the economy drive began, military expenditures were taking approximately 55 per cent of the annual cost of operating the government.

Civilian departments were receiving about 45 per cent of this total. And in the last two years it is this second group—the civilian government—that has borne the brunt of budget cuts.

Little visible progress is being made toward reduction of the staggering annual expenditure for veterans. Proposals to reduce the \$700,000,000 interest charge, by refinancing the public debt at a lower interest rate, are receiving little serious consideration.

And now the third big budget item escapes unscathed from the pruning knife.

If party platforms are to be more than scraps of paper and party leaders more than campaign come-on men, real savings must be made, not sham ones, no matter what obstructive pressure or influence is brought to bear.

It is a strange type of mind that fails to grasp, in these tragic times, that money saved the taxpayer or money spent to assure Americans three meals a day and a chance to earn a living is better national defense than a large, expansive army.

Just Plain Sense

BY MRS. WALTER FERGUSON

NOW and then we must be thankful for inhibitions. I believe I am right in saying that the reading public is bored with the love lives of those individuals who feel urged to set them down in print.

Anyway, it is a distinct relief to get the autobiography of Mary Austin—who grew up in the recent period—and who consequently keeps her love affairs to herself, while she writes entertainingly and often excellently of the profounder things of the human soul.

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THE INDIANAPOLIS TIMES

Presto—Change—O!!



It Seems to Me by Heywood Broun

I CAN NOT get the point of view of those who wish to retain the Philippines Islands. Once upon a time there was a warlike group which contended that Manila would be an essential coaling station for us if we were engaged in a far eastern war, but now the military and the naval men seem to be agreed that the islands would be a handicap rather than a help in case of conflict.

Nor is there much appeal any more in the cry that the American flag once raised never must be hauled down. Upon the part of the public at least the imperialistic urge which swept the country during the Spanish-American war has slowed down to a walk.

This seems to be an era in which empires fare not so very well, and the American experiment as a colonizer has not been a happy one.

I think I fairly may assert a claim to being disinterested. Not by the most elaborate system of bookkeeping can I figure that I will be a nickel better off or worse after our divorce from the far-flung islands. And so I think that I am moved chiefly by the notion that the Philippines should be free because they desire freedom.

I never was much moved by any of the arguments which contended that we should keep tight hold because freedom would be bad for the islanders. That may be so. I don't profess to know. But freedom is bad for many peoples, and yet it is essential.

And so those who fight for Philippine independence because of mercenary reasons should not be denied a place in the ranks.

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