

REDUCTION OF SURTAXES URGED

Secretary of the Treasury In His Annual Report Makes Recommendations.

(By Associated Press.)
WASHINGTON, Dec. 8.—Further revision of the tax laws, with a reduction of the maximum increase in surtax rates to 20 or 25 percent, and adjustment of the rates on business profits and estates, is suggested by Secretary Mellon in his first annual report, transmitted today to congress.

The treasury secretary also announces that the treasury's policy with respect to deferment of the soldiers' bonus is unchanged, and urges prompt funding of the ten billions of dollars of foreign loans as "one of the outstanding needs of the present economic situation."

Mr. Mellon informs congress that the maturity within the next six months of \$6,750,000,000 of the short-dated debt "is imperative that the government pursue a policy of the utmost economy and avoid new undertakings that would burden the treasury and embarrass the funding operations," with respect to the floating debt.

Revenue revision is the subject upon which the secretary lays the most stress. He says the changes in the tax law voted by congress last month "give substantial relief to business and industry, and restore in some measure the freedom of business transactions, but our system of taxation still requires careful and thoughtful consideration. He then proceeds to say that if the loss of revenue and other rates suggested cannot be made up "by rigid economy in expenditures," it can be met "either by placing a tax on certain specific articles, or by a low rate general tax on a broad class of articles or transactions."

"It is of vital importance," Mr. Mellon declares, "that adjustment be made in our scheme of taxation whereby the burden will not fall unduly, either directly or indirectly, on any particular class, and at the same time will not seriously interfere with productive industry and the general prosperity."

"It would not seem either wise or necessary to change from our present system of taxation to new and untried plans. By retaining the present tax with reasonable surtax rates, which in peace times ultimately should not rise above ten percent, taxpayers would still be required to contribute in proportion to their ability to pay; while by placing a certain amount of tax on specific articles, or classes of articles, or transactions, also low rate, they could readily be borne without injury, the increase in tax could be materially simplified, the tax laws could be more readily administered, and at the same time the needed revenues would be raised without the evil effects now resulting from the excessive rates of taxation."

Mr. Mellon informs congress that the amount of revenue involved in the suggested reduction of rates is not nearly as great as is generally supposed.

"To reduce the surtax rates to a minimum of 25 percent, and graduating the reductions through all the brackets," he says, "would mean an apparent loss of about \$110,000,000. Other adjustments which should be made would probably involve an amount equal to that made in the surtax rates. This loss of revenue, however, would not be permanent, for the reduced rates would ultimately be productive of more revenue than higher rates, due to the increase in taxable transactions."

Reiterating arguments that the effect of high surtax rates is to keep new capital out of productive enterprise and to prevent normal business transactions, with the result that natural industrial development is retarded, Mr. Mellon adds:

"The idea seems to be prevalent that in taxing large incomes, only the person receiving the income and who is to pay the tax is really concerned. This is a mistake. For, whatever the government takes in the way of tax out of any income, which would otherwise be saved and invested, and thereby become a part of the capital and the wealth of the nation, affects not so much the individual from whom it is taken as it does the whole people of the country, in the direct loss of productive capital."

"After all, the wealth of the country, upon which all the activities and the prosperity of our people depend, is made up of the private property of the individual citizens—of all the people—and anything that unduly diverts property away from the accumulation of property necessarily injuriously affects the people as a whole."

Discussing the proposed adjustment of the tax on business profits, Mr. Mellon suggests no specific rates but calls attention that the repeal of the excess profits tax made necessary an increase of 2 1/2 percent in the corporation income tax and that this with the capital stock tax, makes the total levy on corporations approximately 15 percent.

holder subject to surtax at 10 percent, really pays about 25 percent on his dividends, while a stockholder subject to a 50 percent surtax would be taxed about 45 percent on such profits."

Declaring that there are two "chief objections" to the present high estate tax rates, running up to 25 percent on the total value of estates, Mr. Mellon says much of what he has said respecting the high surtaxes, applies equally to the estate taxes. Another objection he sets forth is that in many instances a forced liquidation of estates to obtain the necessary money to pay the taxes results in loss to the estates as well as "to everyone else who is interested in these properties, especially if at the same time they desire to or must sell."

Referring to the oft-repeated statement that the tax laws need simplification, Mr. Mellon declares that "the greatest simplification that can be made is in the reduction of the rates."

"So long as the rates were low," he asserts, "there was not much difficulty in the administration of the laws, even though the system was entirely new, and the organization administering it unfamiliar with the operation of such a law. The complexity of the law, so far as it concerns the income tax itself, has arisen largely out of the high rates which make every point that arises involve substantial amounts of money, and which means that each possible question is contested by the taxpayers and by the government, and result in delay in the collection of the revenue, irritation and annoyance and expense on the part of the taxpayer and costly litigation. With moderate rates very much of this difficulty would disappear."

BAKER, Dec. 8.—When newlyweds spend their first night IN JAIL—well, let's read the rest.

Traffic officer Al Huggins and his bride of a few hours were taken to the city hall along with a bottle of "hoor" as evidence most conclusively and it was found in their home.

The were locked up—in separate cells—to await a hearing. There came another call at the police station and the officers left their prisoners to be in tortuous sight of each other, but with many bars between. Looks like a hard night with nobody to protest to.

A few hours, as it seemed, but only a few minutes later police Judge Smurthwaite held court, found the evidence conclusive but dismissed the case with the promise of the defendants to hew to the line.

They returned home. Here they found a chest of silver. Was it a joke? The cops say it wasn't but still they admit that it does seem mighty strange that they could walk right in and find the "hoor" concealed. Now if the mayor or others are arrested for speeding—and that's another story.

TREATY SIGNED.
BERNE, Dec. 8.—Germany and Switzerland have signed a treaty of arbitration under which each country is compelled to submit almost all questions in dispute to arbitration.

RETAIL BUYING IS RESTRICTED

With the approach of winter and the attendant inventory season, buying by retail lumbermen is being restricted to minimum requirements, according to the American Lumbermen. Stocks in retailers' hands are not large, but there is no desire to augment them greatly until after taking inventory and the making out of tax reports. This in part accounts for a slackening demand for southern pine and Douglas fir attended by some decreases in prices for southern pine. However, a large influence on the price of southern pine at present is being exerted by the number of transit cars which have been offered in some markets. For example, in the Detroit (Mich.) district, retail lumbermen report more transit cars than ever before in their knowledge and, with a slackening market, these cars are being offered at bargain prices and are tending to force prices on some southern pine items lower. Douglas fir prices are firm and producers are inclined to believe that fir prices will continue to prevail throughout the seasonal dull period which always occurs between Thanksgiving and Christmas. One reason for this belief is the steady increase in buying railroads and other industrial consumers. Car siding is in great demand and the railroads seem unable to fill all of their requirements. It is interesting to note in this connection that car siding which early this fall could have been purchased for \$25 now brings a minimum of \$50 f. o. b. mill. The hardwood market continues brisk, with seemingly an increasing demand. This latter condition is due in part to the growing scarcity of unsold stocks of hardwood, for with almost no production little new lumber is available for sale.



To delight the housewife or bring real pleasure to the skilled mechanic, no other selection for a Christmas gift is likely to be so satisfactory as a really useful tool or piece of cutlery selected from the old reliable Keen Kutter line which we sell. More than 50 years of conscientious endeavor to make only the best is behind each article which bears the Keen Kutter trademark. Our stock at this time affords many attractive items suitable for Christmas giving.

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This monument, erected to the memory of Joseph Bradford Carr, in Oakwood Cemetery, New York, is a combination of classic and modern ideas in monument work.

Gen. Carr's Memorial, Troy, N.Y.
—We have made a profound study of monument building, and an order placed in our hands is sure to receive faithful, intelligent execution.

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What Kind of a Day Do You Wish Yourself?

Suppose you could make a wish at the breakfast table and finally have the wish come true. Would you say,

"I want this to be a good day," or—

"I'm willing for this day to drag along?"

If you keep on wishing your days with the food you eat, finally the wish is likely to come true.

Grape-Nuts helps your wish for a good day. Nothing miraculous; just the natural result from right food with the right taste.

There is a charm of flavor

and crispness in Grape-Nuts that is like the smile of a good friend at the breakfast table—

And Grape-Nuts, with cream or milk, is fully nourishing—feeding the tissues and glands, the bone and blood, with just those elements which nature requires—building strength without any "heaviness."

Grape-Nuts is the perfect goodness of wheat and malted barley, scientifically developed—ready to eat from the package.

A Grape-Nuts breakfast or lunch is a practical wish for good luck.

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If you want a party in your parlor every night ask "Dad" to get you a Brunswick. The latest song hits, the newest dances, all the old favorites everyone loves—think how delightfully you could entertain your friends!

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Our convenient monthly plan takes care of the payments. No home need be deprived of the pleasure of a Brunswick.

Musicians Recommend The Brunswick

Because it renders true tones, conveying sustained notes of mellow quality and mighty crescendos of volume with equal facility. A remarkable achievement due to the Brunswick Method of Reproduction, embodying the *Ullona* and the *Tone Amplifier*—patented Brunswick features.

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You may think there is "no difference" in records. That the same piece is alike on all records. But just for the joy of it, hear your favorite popular "hit" or classic as interpreted on a Brunswick Record and you will realize the pleasing difference Brunswick recording makes.

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The People's Store

The prices in this store are set by the people.

Big Success in Baker, Ore. Why?

We bring the buyer and seller together. We get you a fourth more than a dealer gives you. Drayage and storage cost you nothing. You do not have to sacrifice, if you leave town.

List your farm machinery, furniture, wagons, harness, ranges, stoves, livestock, ranches, gas engines, etc.

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Surely you have something to dispose of. May we sell it for you?

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