

Clackamas County News

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THIS WEEK IN DEFENSE

Lend lease expediter Harriman and Lord Beaverbrook heads of the U. S. and British missions to Moscow announced in a joint statement the U. S. and Britain have "decided to place at the disposal of the Soviet government practically every requirement for which the Soviet military and civil authorities have asked." The President told his press conference his rule of thumb of the 50-50 allocation of war material production between this country and anti-Axis foreign powers is still in effect on the average.

Agriculture secretary Wickard in speaking at Memphis, Tenn., said this country has shipped or bought for England about a billion dollars' worth of food and "within the next year we expect to ship or buy at least another billion dollars worth." Federal loan administrator Jones announced the third disbursement of \$75,000,000 on the \$425,000,000 loan to Britain. He also announced a second disbursement of \$20,000,000 of the \$100,000,000 authorized for the Amtorg Trading corporation, a U. S. corporation owned by Russian interests.

Freedom of Religion in Russia
President Roosevelt told his press conference that W. Averell Harriman chief of the American mission to Moscow has been specifically

instructed to take up with the Russian government the question of religious freedom in the Soviet Union. Earlier he issued a statement that "it is hoped an entering wedge for the practice of complete freedom of religion is definitely on its way" in Russia.

Post-War International Cooperation

Supreme Court Justice Jackson told the annual convention of the American bar association that "at the end of this war we must either throw the full weight of American influence to the support of an international order based on law or we must outstrip the world in naval and air and perhaps military force." The tragedy and irony of the present position of the United States he said, is that this country which would not join a League of Nations which advocated economic sanctions is "now imposing those very sanctions against half the world in an effort to turn the fortunes of war."

Inflation Control

Price administrator Henderson in speaking in New York said that the country is now experiencing the "jagged, irregular price advances" with which inflation starts. Unless inflation is restricted he said, it will prevent arming and undermine the priorities system because "the getting of materials will depend not on the buyers need but the sellers greed."

He said doubling of prices means a reduction in value by 50 percent of every insurance policy, annuity, savings account, pension or other form of savings.

Treasury secretary Morgenthau in speaking in Chicago said the treasury is anxious to divert into defense stamps and bonds spending produced by pay increases and bonuses. He suggested every Christmas bonus be paid in defense stamps or bonds.

Partially to combat inflation the President plans to ask Congress to extend the social security program to 80,000,000 persons, double the number now covered. Increased payroll taxes under the program would remove additional funds from circulation.

Taxation

Treasury secretary Morgenthau in his Chicago speech also said defense expenditures are "inadequate" and the 1941 tax bill was "a good start" but not large enough to raise the necessary revenue, check inflation or take the profit out of war. He said the U. S. is trying to be the arsenal of democracy by devoting only 20 percent of factory and mining output to defense, only 30 percent of durable goods produced, only 16 percent of national income.

The bureau of internal revenue announced it will prosecute dealers attempting to make large profits by misrepresenting the new federal taxes as larger than they are or by pretending to absorb the taxes themselves when actually passing them on to the consumer.

Employment, Labor Training and Supply

Labor secretary Perkins said total non-agricultural employment of 39,542,000 last month was 3,640,000 workers more than in August 1940 and 1,166,000 more than August, 1939. Miss Perkins said the "unusual" demand in the canning industry is giving the county "its most extraordinary expansion of employment in history."

The OPM labor division reported it has given assistance to almost 1800 defense contractors employing more than 2,500,000 workers during its first year and has established 22 district offices. The WPA said its in-plant defense training program which trains workers for four weeks in plants which usually later hires them is operated in 72 cities and 24 states. Federal security administrator McNutt announced shortages of qualified workers exist in 126 or 514 occupations selected as essential to defense and are expected in an additional 38 occupations before November 1st.

Polar Exploration

The Arctic regions were explored as early as 1786 by John Davis who in that year reached latitude 72 degrees 12 minutes north. He was followed by William Barents in 1594, Henry Hudson in 1607 and William Baffin in 1616. The South Polar region was explored by Capt. James Cook in 1774.

ECONOMIC HIGHLIGHTS

Next March 1 a good many Americans will have a rude awakening. They will learn for the first time that war and defense are an incredibly costly business. For, on that date the highest income taxes ever levied in this country will be due and payable. Everyone knows that the new tax bill is severe, but it is probable that relatively few know just how much of their income it will take.

A comparison of the old tax bill with the new tells the story. Under the old law a single person with an income of \$3000 net paid the Federal government \$84 in direct taxes, under the new law he must pay \$197. Under the old law a married person with no dependents and a \$10,000 income paid \$528, under the new law he must pay \$1305. And the new tax bill reaches down into the income levels which were never touched before. For instance under the old law a married person earning \$2000 a year was not taxed at all. Under the new law he must pay \$37.

In the upper income brackets very substantial increases have also gone into effect. A married man, for example, without dependents earning \$25,000 a year paid \$3843 under the old law. Next year he must pay \$6864, an increase of more than 50 percent.

In the highest income brackets the increases are proportionately much less, and for a sound reason. That reason is that people with incomes of great size have long been taxed to the very limit. An example: Under the old law a married person with an income of \$1,000,000 a year had to pay the federal treasury close three-quarters of it, \$717,000. Under the new law he will pay something over \$732,000.

The heaviest burden of the new law falls on corporations rather than on individuals. The regular corporation income tax rates have been stepped up and in addition very large increases in corporation excess profits taxes have been enacted. A corporation with a net income of \$25,000 year or more must pay a regular 24 percent. On excess profits \$50,000 it must pay 45 percent addition where the old rate was 30 percent. When excess profits reach the \$500,000 mark it must pay 50 percent. Furthermore the new law contains a provision which makes burden on corporations consider higher than the percentage figure indicates. To quote the U. S. News: "Under the old law the normal taxes came out first, and the excess profits taxes were levied on what was left. The new law provides that the excess profits taxes come out first and the normal taxes apply to what is left. Since the excess profits rates are much higher than the normal rates the corporation fares much worse by the change."

Heavy as this tax bill is the treasury estimates that it will mean an increase in federal revenue of only \$3,550,000,000 a year. So far we have appropriated about \$60,000,000,000 for military purposes, of which \$50,000,000,000 is for our own defense and \$10,000,000,000 is for aid to Britain. In short the revenue produced by the record-breaking new taxes will be only a drop in the bucket in relation to the cost of our arms policy program. The general opinion is that a far tougher tax bill will have to be enacted before very long, possibly next year. Current English income taxes which are three or four times as heavy as ours indicate what happens when a nation goes to war in the mechanized modern manner.

The individual will not have met his share of new taxes when he signs his check for his income tax and sends it to the Collector of Internal Revenue. In addition the new bill levies a large amount of commodity taxes. Liquor, automobiles, household machinery, amusement enterprises, etc., are to be substantially taxed. And the consumer, of course, will have to pay.

As this column has pointed out before, there are two facets to heavy taxation. One the obvious one, is the production of more revenue. The other is to reduce the public's purchasing power and so help prevent or slow price inflation. But some believe that the new tax bill does not go far enough so far as the last goal is concerned. They believe that a system of compulsory savings will have to be put into effect during this period of rising incomes and declining supply of commodities. Whatever happens it is clear that we are just beginning to learn, at first hand, the financial sacrifices that the defense of our hemisphere makes unavoidable.

The Intellectual Leaders

The intellectual leaders of men are the men of vision, with the power of seeing more than others see, for seeing ahead of one's fellows.



The falls of the Yellowstone river in the vividly colored canyon of the Yellowstone. Many shades are found in the eroded walls of the canyon but yellows predominate. The falling water is very white and the rapid river is a deep green flecked with foam.

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WHEN YOU FIND—

Something on easy terms like these it's best to grab for they won't last. 10 acres cleared, 4 timber pasture, good soil, good road, bus to high school, well, cabin, barn, all fenced and cross fenced. \$1200 cash, \$200 balance, \$50 and 5 percent interest semi-annually.

GOING BACK TO MINN.

Must sell in a few days nice home 9 acres smooth land, good soil on good road, two bedroom house, basement, barn, poultry house, hog house, pump house, electric pump, wood shed, 8 bearing walnut, plums, prunes, cherries, 1 mile of town, only \$2000. \$500 down will handle, 5 percent interest.

TEN YEARS TO PAY

10 acres, 1 cleared, fir, alder maple timber, level land mostly fenced, well, good road. \$800, easy terms.

CAN'T GO WRONG

\$3000 for house centrally located in Gresham, large living dining room with fireplace, built-in bed in kitchen, bedroom, bath, first floor, 2 bedrooms, sleeping porch, toilet second floor, basement, 2 lots on corner, only \$500 down, 5 percent interest. See it before it is too late.

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