Townsend Topics

By Publicity Committee — Ashland Townsend Club

Townsend Plan Radio Talk

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In the limited time I have, I am going to confine my talk to the transaction tax which is to be collected to pay the pensions when the Townsend Plan is enacted into law. Before I go into that, however, I want to clear up, so that you may better understand how ridiculous is the charge made by our opponents that the Townsend Plan will, by paying $200 per month to our retired elders, bankrupt the National government and destroy its credit.

This, of course, is false, and is only made to frighten those who are not informed as to the sound basic principles upon which the Townsend Plan has been worked out by its founders. Let me repeat, here and now, in the interest of truth and understanding, that the Townsend Plan stands on its own feet. The Townsend Plan does not require that the government sell bonds or borrow money—as the government is now doing. It does not call for the printing of new currency—or greenbacks. We advocate the policy of pay as you go and stop increasing the national debt.

With this in mind the Townsend Plan provides that the pensions to be paid shall not be paid from loans or other government revenues now collected. It provides that these pensions be paid by a special tax; and that the monies collected from this special tax shall be deposited in the United States Treasury and used only for the payment of old age pensions; that this pension money, raised by this special tax, shall not be used for any other purpose; and that no other taxes, revenue, or receipts of the federal government shall be used for old-age pensions.

Let me repeat, the Townsend Plan stands on its own feet. It cannot bankrupt the government—or the states—or destroy the credit of the United States. All pensions will be paid from—and only from—this special tax, which is clearly set forth in the bill before Congress.

And let me say further, that as a safeguard, and as a complete answer to this false charge—about bankrupting the national government—that if the amount collected from this tax is not sufficient during the first few months—or at any time—to pay every qualified applicant $200 per month then, and in that event, each annuitant will receive his or her share—the total amount to be paid out, divided by the number of pensions to be paid. And at no time will the government pay out more money in pensions than there is money in this special annuity fund. This wise provision in the Townsend Plan removed all honest fear that the Townsend Plan might involve the government's credit or funds raised for other purposes. And the Townsend Plan does not require any tax to be levied by, or on the state governments—as is now required by the present old-age pension law—which has just been declared unconstitutional by the state Supreme Court of Oklahoma. Now that I have tried to make this clear, let me explain just what this special transaction tax is and the amount we believe it will raise.

Briefly stated, and I must be brief, the transaction tax—called a turnover tax by some—is a tax levied on every business transaction—every turnover in business. The Research and Statistical Department of the Federal Reserve Board at Washington, in 1932—two years before the Townsend Plan was proposed by Dr. Townsend and myself—gave this information to the Ways and Means Committee of Congress: "The total volume of business transactions in this country in 1929 was about 1,200 billions of dollars". The Dow-Jones business statistical organization of New York, reported our business volume in 1929 to be 1,165 billion dollars. The United States Department of Commerce recently issued a bulletin saying tnat check transaction alone in 141 cities estimated by the Board of Governors of the Federal Reserve System, representing 70 to 75 percent of all checks drawn in the country, amounted to 935 billion dollars in 1929. Taking these authorities, and others that I do not have time to quote, it is fair and conservative to say that during times of prosperity,the total volume of business in this country will and has amounted 1,200 billion - the figures given by the Federal Reserve Board's statistical department. Personally, I contend that with the Townsend Plan in effect, the total business in this country will far exceed that amount. But for the sake of being conservative - and taking figures from conservative sources - I will use 1,200 billion as the correct estimate.

A two percent transaction tax on 1,200 billion dollars will produce two billion dollars per month - to put into this special pension fund which I have already explained.

It is estimated that eight million persons could or would qualify for the $200 per month. That would require one billion 600 million dollars a month. This would create - after paying the $200 per montn to eight million pensioners - a surplus of 406 million dollars in the pension fund every month - or five billion 800 dollars a year - a surplus sufficient to retire the national debt in five years. And the figures I am giving you are not mine; they are based on the figures which I have just quoted. My belief is, I repeat, the figures which I use are too conservative. Certainly, they are taken from conservative sources.

But assume these figures and my estimates are too high. In that event, we have two safeguards. First, we have figured a margin of 400 million dollars a month, above the amount necessary to pay the $200 per month; Second, we TOWNSEND TOPICS GAL. 2— U have the absolute safeguard that no more money will be paid out than the two percent transaction tax will produce. So much for that.

Now let me say a word about the effect of the transaction tax on the consumer - what would it cost the consumer. It is our contention that it will not increase the cost to the consumer over 5 to 6 percent. But let me give you the authorities First, let me quote Roger Babson, stock market analyst, well known here in New York on this particular subject. He says in a special circular issued last December on the Townsend Plan: "It would increase the demand for small houses - it will tend to increase employment as industrial activity improved to satisfy new-created purchasing power—it would tend to raise wage rates." And I remind you that Mr. Babson is NOT a supporter of the Townsend Plan. However, he says further in this bulletin, which I haven't time to quote further, that the Townsend Plan will raise the cost of consumer goods 15%. This we deny, but likewise, Mr. Babson has denied in the statement certain college economists and newspaper columnists, who claim the transaction tax will increase the price of commodities 100%, or as the associate editor of a New York magazine said, 500%.

In 1921, a transaction tax was proposed and a bill introduced in the Congress calling fo ra 1% tax. This was over ten years before you ever heard of the Townsend Plan. A hearing was held on tnat proposal before the Finance Committee of the United States Senate. It had the endorsement of the biggest business organizations in America. Here is what they said a transaction tax would do in raising prices. I hold in my hand the printed hearing of the Senate Finance Committee of May 20, 1921. On page 398 the increased cost of sugar, because of a 1% transaction tax, is given as 3.44 percent; figures furnished by Seeman Bros., New York, who are in the sugar business. On bread it is given as 2%; information obtained from wholesale and retail dealers in New York. On beef, founded on figures furnished by Armour and Company, the increase would be only 2½%, on a suit of clothes, figures given by a New York clothier, the increase in cost to the consumer would be 2.34 percent; on a pair of gloves, 2.8 percent; on a pair of shoes, 3.3 percent; on an auto tire, 3.259 percent; and the machinery manufacturers furnished the information for the Senate Committee hearing that a transaction tax of 1% would increase the cost to the farmers from 3 to 3½ percent.

This is the information furnished to the United States Senate in 1921 by the largest business firms in the United States—on the increased cost to the consumer—if a 1% transaction or turnover tax was levied against business. This official information, given to the Congress in 1921, confirms our repeated statements that a two per cent transaction tax will not increase consumer costs over 5 to 6 percent—as the figures I just gave you from this Senate document were based on a 1% tax, and they are, therefore, one-half of what a 2% tax would amount to.

So let me say to you in closing, that the figures and statements which I have quoted to you from others, from official and private sources, gives to you and me concrete proof of the questionable and malicious campaign that the Townsend Clubs of America must meet. But our cause is just, and truth and honesty will prevail.

The Townsend Club meeting last Friday evening was well attended. Only routine business was taken care of. Club No. 2 has consolidated with Club No. 1 and we now have one enthusiastic Townsend family in this vicinity. Steady progress is being made—fifteen new members at our last meeting.

Every qualified voter should register and be prepared to vote this fall. This is very important.

You can help the movement by attending the Leap Year dance on Friday evening the 13th.

SANDWICH SHOP

Mr. and Mrs. Donald Caul opened the sandwich shop at 279 East Main street Monday night. New decorations have been installed and the shop presents a neat appearance.

The anniversary celebration of Alpha Chapter of the Eastern Star has been postponed to March 17, it is announced by Mrs. H. C. Sparr, worthy matron. There will be a covered dish dinner at 6.30, followed by an interesting program.

The district meeting of P. T. A. units is to be held next Tuesday at Grants Pass. A delegation from Ashland is expected to attend.