

The Washington Merry-Go-Round

DREW PEARSON

TREASURY'S COMPLEX TAX PROBLEMS

(Ed. Note—In Drew Pearson's absence, Fred M. Vinson, secretary of the treasury, contributes a guest column on one of the most important problems of the treasury—tax evasion.)

Drew Pearson has offered me his Washington Merry-Go-Round column to present any subject of interest to the treasury department and to the American people. I know of no subject of more immediate concern than the treasury's campaign against tax evasion.

Here, in a nutshell, is the situation the treasury faces:

In 1940 there were 4,999,999 individual taxpayers. Today there are more than 50,000,000. In an effort to handle the vastly increased task of processing returns and collecting taxes the personnel of the bureau of internal revenue was increased from about 22,000 to about 50,000.

With the manpower shortage the bureau could not expect to increase its forces proportionately with the number of taxpayers. And in many respects bureau employees found their work increased out of proportion to the number of returns. Under the withholding program, a large part of the work formerly done by the taxpayer is now done in the bureau. The processing of wartime tax relief provisions also threw much additional work upon the bureau. Under these conditions the normal investigative work of the bureau inevitably suffered.

The bureau has always proceeded upon the theory that the average American is honest, and that a small but efficient force could deal with the dishonest.

But millions of us are now taxpayers and the honest must be protected against those among us who, tempted by war-swollen incomes and shortages in civilian goods and services, would cheat the rest of us. No city, however small, can afford to be without a police force. And no city, which has experienced a population increase of more than tenfold in a five-year period, would think of trying to get along without enlarging its law enforcement groups.

That is why the treasury is building up its investigative forces. Our object is to recruit and train 5,000 men.

This will be no Gestapo. It will be a taxpayers' law enforcement group protecting the government's interest in taxes, and at the same time protecting the honest taxpayer against the black market operator, the racketeer and every other kind of tax evader. And it will be good business, too. We expect to collect \$20 for every one spent.

When taxes are evaded the honest taxpayer loses, since every dollar evaded increases by that much the burden borne by other taxpayers. In many cases, the honest taxpayer has a special reason to welcome the tax-evasion campaign. A reputable furrier or jeweler, for instance, could not continue in business if a next-door competitor should be permitted to sell furs or jewelry without collecting excise taxes. Any business firm which cheats the government by failing to pay for the services which government provides is engaged in dishonest competition, just as much as if it cheated the landlord out of his rent or workers out of their pay. Taxes are high, but they must be collected fairly. And so long as any substantial portion of the taxes due remains uncollected, it operates to defer the reduction of tax rates.

Much more than expedience directs this tax-evasion campaign. Fundamental morality is involved. The man who evades taxes picks his neighbor's pocket. And in these times, when we are asking so much from the men in uniform, any pocket-picking at their expense becomes unthinkable. As President Truman has said:

"We are not fighting this war to make millionaires, and certainly we are not going to allow the black-market operators or any other racketeers to be in a favored class, when the men in the armed forces, and our citizens generally, are sacrificing so heavily."

My readers may say, "All right. Tax evasion is indefensible. How bad is it? What are you doing about it?"

The answers to the two questions go together. The treasury is gathering, from many sources, information that will give the entire picture of tax evasion. That same information will serve as evidence to bring tax evaders to justice. The treasury is enlarging its investigating forces, as I have noted, to handle a tremendous backlog of fraud cases, accumulated during recent years and the cases now piling in.

NEWS BEHIND THE NEWS

By PAUL MALLON

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TAX RECONVERSION 'A MUST DO' NECESSITY

WASHINGTON. — The confusion about where the United States is going in this world seems developing into a debate. Mr. Churchill, still the best reporter of international events in his new secondary role (his speeches give more news) told parliament the U. S. "at the minute stands at the summit of the world." He added that in power and responsibility it would take two or three years before our great progress is overtaken. Yet since peace, all you hear on our radio every hour on the hour are doleful tomes about how many unemployed there will be and Mr. Truman has summoned back congress primarily to raise the unemployment compensation level from \$20 to \$25 a week and extend the allowances from 20 to 26 weeks.

There are some who see a connection between the cries that the wolves are at our door, and the program to push up the unemployment allowance which congress had steadfastly resisted for many months. In fact the connection is so closely joined, in their eyes, that the common prophesies of defeat for the Truman idea — and the CIO demands which would go further — are being softly amended. Word being passed around now, the Truman measure will surely be adopted and the CIO may pry additional concessions.

I am not a master of the propaganda arts, which become more mystifying to me as new techniques develop, but I do recall many past occasions, in recent years, when the cry of "wolf, wolf" was raised solely for the purpose of shearing the sheep while the public was looking for the wolf.

In this particular case, I note that tax reduction is a subject further down the list. Indeed, no program for that phase of post-war adjustment was worked up in advance by the administration, although some anonymous members of congress were being quoted on the back pages of the papers that the normal tax will be cut from 6 to 3 per cent. Also I have heard some rather good authorities suggest the taxes our people are paying are greater than the war expenditures of all the other nations of the world—in short, our people are paying more than all other nations were putting out in the war. This cannot be precisely proved or disproved because what Russia spends is not even known to her own people, but I believe it to be substantially true.

Not only that but you never even get a straight-forward picture of the unemployment situation. No one has gone on the radio at any hour I have been on, to say that 80 per cent of the unemployed are already authorized to get the maximum of \$20 a week, but an expert figures out the fact, and the congressional experts say it is about right. The states, of course, are flushed (possibly \$6,000,000,000) with big unemployment reserves from war taxes, as in New York, for instance, where the unemployment sales tax was kept on before and throughout the war although there was no unemployment. When need for the tax passed, the tax was not repealed. Perhaps I am expecting too much, to think that any politician would wolf up a tax reduction program. But why is this? There are more taxpayers than any other class.

Non-Military Spending Reaches High Peak

Nor do I hear anything about the existing, greatest non-military spending program ever conceived in the mind of man. Congress has appropriated \$1,500,000,000 for flood control works and \$500,000,000 a year for highways, a fact you will never find in a CIO leaflet promoting increased free compensation. The G. I. bill of rights is supposed to disburse between \$3,000,000,000 and \$4,000,000,000 in compensations within two years, with allowances to pay the way of many boys through two years schooling, but there is no advertising on that.

In any case, everyone now is paying taxes, or should be, most people through the nose by the withholding arrangement, yet no comparable interest in their behalf is noticeable. You never hear anyone crying: "Wolf—the tax collector."

The present-day politician never mentions the subject most affecting practically all the people in their pocketbooks and breadbaskets? And why their publicity men do not add up and announce what they are spending.

I thought I had a rather good column lately showing the unadded total of our foreign spend-lend program was \$15,700,000,000 including lend-lease, export-import bank, Bretton Woods, army relief and UNRRA, but that fact is still otherwise unadvertised. No one else added it and no one has ever referred to it as a foreign lend-spend program. In connection with this current story, it must be considered an unemployment relief measure.

Farm Topics

Contour Cultivation Grows on U. S. Farms

Bigger Yields Result From Soil Protection

Expansion of contour cultivation under the Agricultural Adjustment agency program has been rapid during the war years. Assistance for contour practices was given on a record total of 29,217,806 acres last year, including contouring inter-tilled crops, contouring drilled crops, contour listing, furrowing, chiseling, and subsoiling, and contour strip cropping.

This method of farming "around the slope" instead of up and down the hill cuts down erosion by preventing water from carrying off the soil. It increases acre-yield of crops, maintains their quality by holding the fertile topsoil in place, and increases the moisture content of the land. Combined with other better farming practices, it has been found to add to their effectiveness.

States in the north central area more than tripled their acreage of contour drilled crops and almost doubled their acreage of contour inter-tilled crops, reports show. Three southern states — Arkansas, Oklahoma and Texas—raised their acreage of small grain and other drilled crops on the contour by about 50 per cent.

Studies have brought out that when contouring cuts the speed of

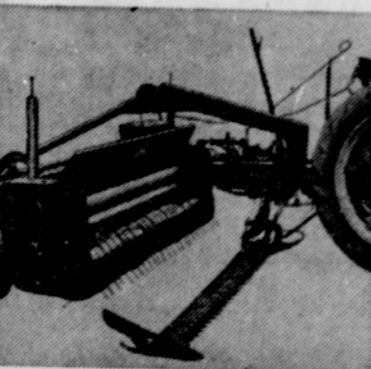


Ideal contour arrangement.

the water run-off in half, for example, its capacity for carrying soil drops about 75 per cent.

Some startling increases in acre yield have been reported in specific areas as a direct result of the conservation of moisture, soil and plant nutrients through contouring. An increase of 23 bushels more corn an acre in one Iowa area, 6.2 bushels of soybeans per acre in Illinois, 44 more bushels of potatoes per acre in New York, an increase of four bushels of wheat per acre in the Great Plains, and 29 pounds more cotton per contoured acre in Texas.

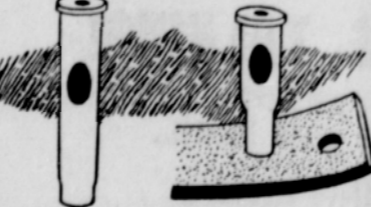
Postwar Machinery Haymaker



The haymaker cuts the hay and passes it directly from the mower cutter bar by means of a pickup attachment to a pair of rollers to crack the stems.

The haymaker, designed by John Bean Manufacturing company, has a seven-foot cut, with mower built into the machine, operated from the power takeoff by any full two-pow tractor. Has hydraulic lift and reduces the time of drying at least 50 per cent.

Ideal Leather Punch



Belt Punch Made of Cartridge Shell. By using the size rifle cartridge shell desired, leather punches may be made. Holes cut in the side of the shell enable the emptying of leather without trouble.

Treat Pullet Ills

Pullet flocks often are affected by a strange malady known as Pullet Disease, or Blue Comb. Individual birds may show darkened combs, labored breathing, inactivity and sleepiness and the legs have a dry withered appearance. Rutgers university recommends for an emergency treatment that 2 tablespoonfuls of muriate of potash be placed in each gallon of drinking water. To prevent the disease 1 1/4 pounds can be added to 100 pounds of mash.

Production of Civilian Radios Gets Under Way



Production of radios for civilian sale has started in full force. One of the first radio production lines in the country is pictured at a Plymouth, Ind., plant. The capacity of the plant will shortly be 2,000 sets a day. This will aid materially in making radio sets available for almost every need. Production has speeded up beyond earlier reports with every indication that the market will shortly be well supplied.

Cabinet Meets on Reconversion Planning Program



President Truman calls his cabinet to consider all angles of reconversion brought to a head by the Japanese surrender. Photo shows, left to right: Clinton P. Anderson, agriculture; Lewis B. Schwellenback, labor; John B. Blandford Jr., housing agency; J. A. Krug, WPB; J. E. Snyder, war mobilization; William Davis, economic stabilization; Leo T. Crowley, foreign economics; Henry A. Wallace, commerce; Abe Fortas, undersecretary of interior; Robert Hannegan, postmaster general; Henry L. Stimson, secretary of war; James F. Byrnes, secretary of state; President Harry S. Truman; Fred M. Vinson, treasury; Tom Clark, attorney general; and James F. Forrestal, secretary of navy.

Landing Map of Surrender Group



Official map released by the Japanese Imperial headquarters, showing where landing points were made available for the airborne troops accompanying General MacArthur and his staff. The main point of contact was the Atsugi airfield, 20 miles southwest of Tokyo. Following the landing by air, strong U. S. troops were to be provided with landing ports in Yokosuka, south of Tokyo bay.

Navy Father Enlists Triplets



As their mother looks on, Charles Allen, James Milton and Robert Winchester Hardin, left to right, triplets, are sworn into the navy by their father, Capt. David Winchester Hardin, USN, senior officer in the Baltimore district. The triplets plan to follow the navy as a career and later take Annapolis examinations.

After New Honors



Weighted with medals and shooting for the national swimming championship is 17-year-old Frances Kenney of Raleigh, N. C., three-time Carolina swimming champion. She also holds three junior AAU national medals as well as relay team first place.

DeGaulle at Capital



Photograph shows Gen. Charles de Gaulle with President Truman, during De Gaulle's recent visit to Washington. They are shown during the playing of the national anthem, as the White House troops paid honor to the French leader.