

# Washington Digest

National Topics Interpreted  
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Washington.—As it becomes more painfully apparent that there is no basis upon which to expect present returns of federal taxation to produce sufficient funds to maintain the administration's rate of spending, the President and the Treasury are peeping into every corner for new sources of money. They have already recommended to congress that the present nuisance taxes be re-enacted to bring in some five hundred million a year and they are casting their eyes elsewhere for other tax receipts.

In addition, and as a part of the general pinch that the Treasury now feels, Mr. Roosevelt has asked congress to revise certain provisions of income tax law to close up loopholes and prevent escape from taxation. The President's message to congress on this point was quite bitter and, many observers thought, rather unfair but, nevertheless, he told congress that it was up to the legislative branch to see that there was no tax avoidance.

The President's message dealt with an alleged moral phase of tax avoidance and that part of his message has provoked much criticism of the Chief Executive's attitude. He sought in his statement to the congress to make it appear that many wealthy persons had avoided taxes and that, by so doing, they had sinned.

Now, the President's view is entitled to consideration and his charge that there is tax avoidance is correct. Indeed, I believe no one can successfully dispute the charge that there is tax avoidance of a wholesale character in the United States. But when the matter is placed in the category of a moral issue, it must be examined in a different light. The President did not talk about tax evasion in his message; he talked about tax avoidance. Tax evasion is illegal and immoral. Tax avoidance is purely and simply the arrangement by an individual so that he pays the lowest tax he can and still complies with the law.

I am inclined to side with those in congress who have criticized the President on the attitude he assumed. As long as congress tells an individual, through the language of a law, that he must pay so much tax and prescribes the conditions, if that individual complies with that direction of congress, he does not commit a crime when he pays only that much tax.

I am constrained to support my view in this instance with the language of the late Mr. Justice Oliver Wendell Holmes who, as a member of the Supreme court of the United States, gained probably as much respect as any man who ever sat on the highest bench. Mr. Justice Holmes said in a decision of the court 21 years ago and now strangely apropos the following words:

"We do not speak of evasion, because, when the law draws a line, a case is on one side of it or on the other, and if on the safe side it is none the worse legally that a person has availed himself to the full of what the law permits. When an act is condemned as an evasion, what is meant is that it is on the wrong side of the line indicated by the policy, if not by the mere letter, of the law."

Again and again, courts have held that a citizen may employ "any legal means" available to him to diminish the tax which he must pay. It would seem then that Mr. Roosevelt's message used rather ill chosen and ill advised language when, in dealing with questions of tax avoidance, he sought to make it appear that it was wrong for a citizen to try to save his own money.

It has been rather interesting to note the type of outbursts, editorial and verbal, that has come as a result of Mr. Roosevelt's tax message. These outbursts have continued partly because the President asked congress to make an investigation of tax avoidance where some very large taxpayers are involved. Of course, congress is going to do that because it will give congress, or at least certain individual members, an opportunity for publicity. And they do not overlook opportunities for publicity.

### Message Causes Stir

Since the discussion of tax questions has continued on the basis of the projected investigation, it has given plenty of writers an opportunity to express their opinion in detail. Many of these critics have become quite personal in their assault upon Mr. Roosevelt and their biting observations are doing him no good politically at all. In fact, I have heard some rumblings beneath the surface to the effect that his tax message has hurt him as much politically as his proposal to add six new justices of his own choosing to the Supreme court of the United States.

Probably the worst of these criticisms appeared in the Washington Evening Star, a newspaper that seldom takes a bitter stand on any question. The Evening Star called attention

to regulations of the bureau of internal revenue which prescribed that a person must count as income anything taken in payment of services, whether that thing be money or some other thing of value. It cited the fact that the President occupies the White House without payment of rent and that he has available a large staff of servants who man that institution; that he is provided with automobiles and yachts and various other services and circumstances without cost. Editorially, the newspaper then goes on:

"Has the President of the United States, unwittingly, failed to include in his income tax the value to him of the residence provided by the government which pays him his salary? Under these regulations it would appear that even the automobiles and the yachts provided by the government should be considered in making out an income tax return. There is no publication of income taxes and therefore the public is not informed as to whether the high officials of the government who are provided with residences, as some are, or with automobiles, as many of them are, take these things into consideration in reporting their income taxes. It would scarcely be an argument to say that residence provided for a public official is not part of his pay. Cabinet officers, for example, are not provided with residences by the government. They must provide residences themselves, at considerable cost. It is obvious, therefore, that a residence given a government official is part of his pay."

When the President proposed the tax investigation, he said that he believed there were a good many millions of dollars that could be forced into the federal treasury as a result of such inquiry. His action followed sweeping orders issued to internal revenue agents and auditors to review every income tax return with the utmost care. The agents and auditors, of course, will go over the returns filed by the entire list of income tax payers, little as well as big, but the congressional investigation will be devoted only to some of the men called by Mr. Roosevelt, "economic royalists." It is obvious that congress cannot go into all returns so congress will pick on the big ones because those men will have names out of which good headlines in newspapers can be written.

### Pick on Big Ones

The Treasury had a different idea about the investigation which congress undertook at the President's request. The Treasury's plan contemplated a number of secret hearings, star chamber sessions, and I believe everyone knows what can be had in a star chamber session with bureaucrats operating with all of the powers they possess in our government. Word of the Treasury's ideas did not please congressional leaders and they very quickly put their foot down on the scheme. Of course, members of the house and senate figured they would not share in the political benefits unless they did the investigating. I hear much comment to the effect, however, that an investigation in the manner congress had decided to make it is much preferable to the star chamber proceedings which the Treasury proposed.

I mentioned that the congressional committee is dealing only with "big names." The reason for this in a publicity way for the congressional groups to call in some small taxpayer who, by availing himself of the privileges of the law, had been able to reduce his total tax to a comparatively few dollars. On the other hand, if a big business man, an economic royalist, claims all of the exemptions and deductions that the law specifies and thereby cuts down his tax, he becomes the subject or the target for much ballyhoo about tax avoidance. I do not see the difference.

Since the President finds himself in a deadlock with congress on his proposal to add six justices of his own choosing to the Supreme court of the United States, he has turned to a new approach in dealing with the legislative situation. He has suddenly loaded congress down with work. This is to be distinguished from the course he has followed in his earlier years of his tenure when he submitted only one legislative suggestion at a time.

### Piles Work on Congress

Now, in addition to the court reorganization proposal, there is before congress the far-reaching governmental reorganization plan, the billion dollar slum clearance and house building, farm tenancy bill and a highly controversial piece of legislation proposing to establish minimum wages and maximum hours for labor. These are, in addition, of course, to the tax revision proposition I have discussed above and the annual appropriation bills with the billion and a half relief fund measure.

## NEWS NOTES OF THE NORTHWEST

### A Brief Summary of Events of Special Interest to Oregon, Washington and Idaho Communities.

**SALEM, Ore.**—The Salem Hunters and Anglers club has adopted a resolution requesting the state game commission to put in force a closed season on silver squirrels.

**TWIN FALLS, Ida.**—Following the sale of a 15-acre tract, 50 families, comprising about 400 persons, must abandon their homes in "Shantytown," in Rock Creek canyon, south of Twin Falls.

**WALLA WALLA, Wash.**—The estate of Dr. Howard R. Keylor, pioneer physician and theater owner, who died this spring, has been valued at \$330,000, of which personal property totaled \$277,330.

**SALEM, Ore.**—The federal bureau of public roads is expected to call for bids within the next month for surfacing and bridge construction that will complete the last link in the North Santiam highway.

**PULLMAN, Wash.**—Life memberships in the Alumni Association of Washington State college have reached 1000 with the registration of Edward Watson of Pullman, member of this year's graduating class.

**KLAMATH FALLS, Ore.**—Assurance has been given the Lane and Klamath county courts by the state highway commission and the federal bureau of public roads that the Willamette highway will be completed by 1939.

**PASCO, Wash.**—Mormon cricket hordes are advancing into hitherto unoccupied territory in Franklin county. Deep ditches are dug in front of the cricket army, into which they fall. They are then sprayed with poison powder.

**HARRINGTON, Wash.**—More than 10,000 sheep have been shipped via the Great Northern from Harrington in the last three weeks. They are sent to summer range, some to Montana and some to the Marcus district in Washington.

**LEWISTON, Ida.**—Cassius M. Day, one of Northern Idaho's best known pioneers, died at Lewiston at the age of 84 years. He came to Idaho in 1873 and was the sole survivor of an Indian massacre at Cottonwood in 1877, when 17 whites were killed.

**ASTORIA, Ore.**—Plans for enlargement of the 4-H club fair this fall to include a number of county fair features are under consideration by the Clatsop county fair board. The fair will be considerably larger than for a number of years, but will not be a regular county fair.

**BOISE, Ida.**—The United States department of agriculture has begun condemnation proceedings in federal court to obtain title to 79 acres of Canyon county land sought as an administrative site for the 20,000-acre Deer Flat migratory bird and wild life refuge.

**EUGENE, Ore.**—A rusty razor, believed to have been lost by General U. S. Grant on his trip through Oregon, has been added to the pioneer collection at Eugene. It was found near that portion of the Sluslaw through which Grant passed en route to the Northwest Indian wars.

**PALOUSE, Wash.**—A free health clinic for babies and children of preschool age was scheduled for Tuesday, June 22, by a Spokane child specialist in the high school, the Round Table club, sponsors announced. Sixty children were to be examined. Mrs. T. M. Anderson and Mrs. W. W. Bruner are the clinic registrars.

**BIKE LICENSING ON**  
**KLAMATH FALLS, Ore.**—Issuance of city bicycle licenses to boys and girls started last week. No licenses will be issued, according to Police Judge Otto Langset, until each bicycle has been inspected for brakes, lights, reflector or tail light. In the last three weeks, several hundred boys and girls have completed written and driving tests, in accordance with the new city ordinance.

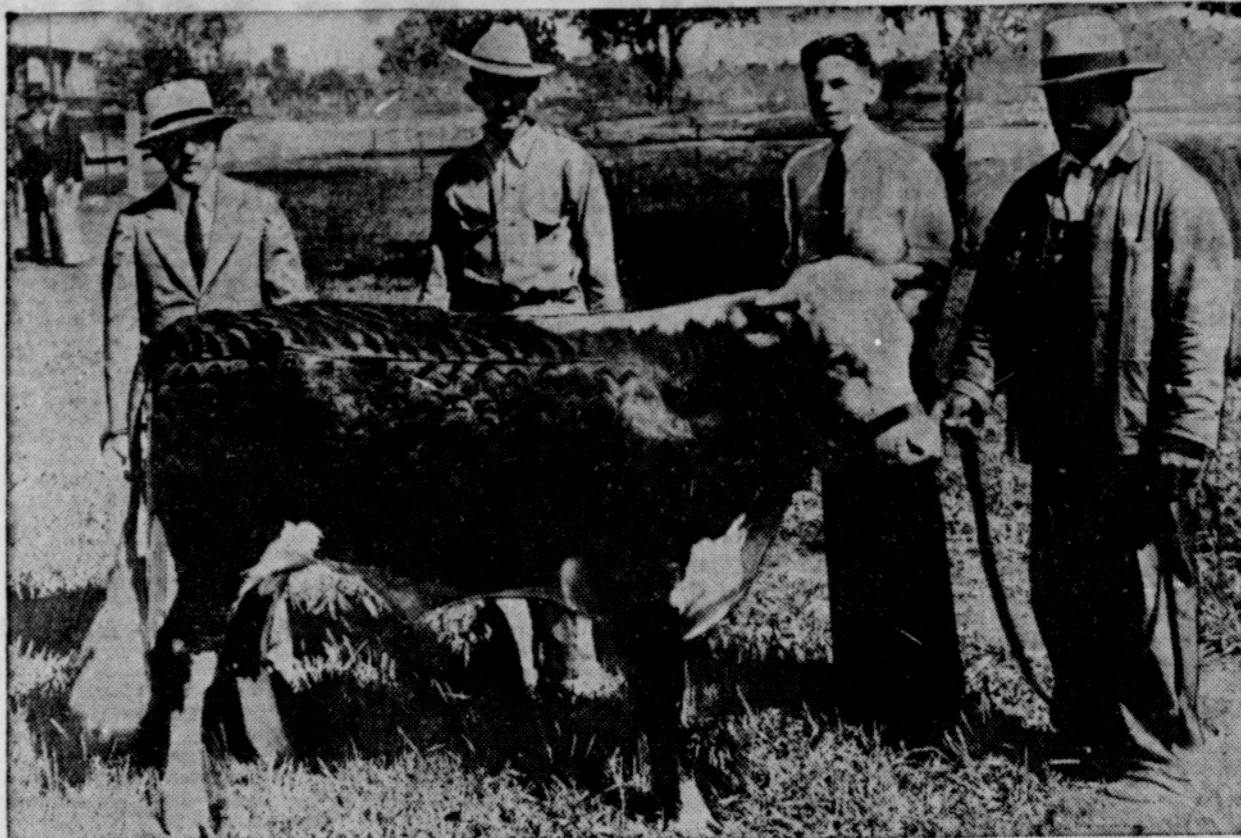
**SPAWNING STARTS**  
**SOUTH BEND, Wash.**—Willapa harbor's oysters have started producing their 1937 families. Practically all oyster opening plants and canneries closed last week when heavy spawn suddenly appeared in the oysters.

Oystermen have started preparations now to put out culch and catch the young oysters for seed, though it is not expected that the spawn will be in the bay waters in any appreciable amounts for two or three weeks yet.

**BOISE, Ida.**—Idaho has spent \$76,482,213 on highways since the program was started in 1913, according to J. H. Stemmer, state highway director. Of this total nearly 60 per cent came from the federal government.

**MCMINNVILLE, Ore.**—Dedication of the new library building on the Linfield college campus took place last Saturday. The library, built by the city of McMinnville as a PWA project, has been leased to the college for 99 years.

## Finger-Waved Hereford Cops the Blue Ribbon



A yearling Hereford which scored in the recent fat stock show at Montgomery, Ala., after it had been finger-waved by a "beautician" is pictured above. In the picture are Allen E. Grubbs (left), cattle breeder, A. E. Thrash, who gave the wave, Allen E. Grubb, Jr., and John Hill.

## Want Dimples? Device Will Make 'Em



It's simple now to have those charming dimples. All you have to do is apply this dimpling machine shown being demonstrated by Miss Evangeline Gilbert of Rochester, N. Y., on the face of Bobby Joyce of Hollywood. The device was on exhibition at the National Inventors' congress held in New York recently.

## INDUSTRY'S ADVOCATE



Mrs. Anna Steese Richardson, playwright, author and associate editor of Woman's Home Companion, who has just completed a 100,000-mile trip throughout the United States, talking to women's groups and conventions, explaining the constant efforts of industrial and business research experts to perfect products for the American home and American health. Says Mrs. Richardson: "Anyone who reads the advertisements in the newspapers and magazines can see the romantic story of what industrial research and mass production have done to make this country the best on earth in which to live."

## HIGH SCHOOL GRAD



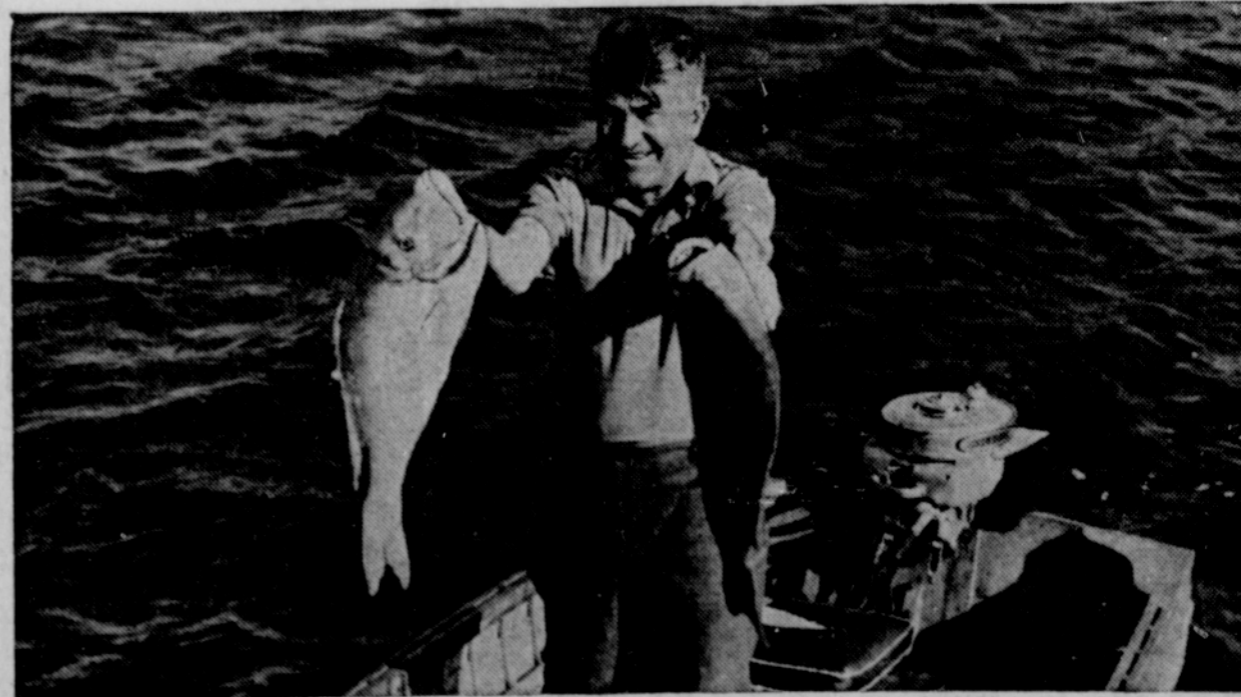
Edward P. Kearney, thirty-six years old, father of two children, a successful business man, and holder of several town offices, who was one of 16 seniors graduated from the Bellows Free academy of Fairfield, Vt., recently.

## Wins Coveted Architect's Award



Henry A. Jandl of Princeton university and Spokane, Wash., is pictured with some of his prize-winning works after he was awarded the thirtieth Paris prize scholarship in architecture at the headquarters of the Society of Beaux-Arts Architects in New York.

## Big Ones Are Biting This Fishing Season



Two fine fish such as these are enough to account for a happy smile on any fisherman's face. Lakes and streams are yielding bigger catches than in recent years, sportsmen report, and fishermen find their angling made easier when a little outboard motor eliminates the backbreaking effort of getting to the spot where the big ones are biting.