

Mellon Tax Program Favors Rich Against Poor

By JAY LOVESTONE.

The big interests have fired their first volley in preparation for the Sixty-Eighth Congress opening December 8rd.

Secretary of the Treasury Mellon, the richest man in the millionaire cabinet of President Coolidge and considered by many the wealthiest man in America today, is the man behind the gun in this instance.

In his much-heralded tax-cutting program Mr. Mellon has laid down a plan which will save the rich infinitely more than the poor. But Mr. Mellon and the press are not saying anything about this fact that the biggest bankers and manufacturers are the heaviest gainers from the proposed plan of tax revision. The newspapers are harping on the fact that the small fellow will get something out of the new income tax scales. But not a single employing class editor or financial expert has dared analyze the Mellon plan and tell the truth about it.

What the Plan Is

The multi-millionaire Mellon has proposed that the income tax be reduced from 4 per cent to 3 per cent

and from 8 per cent to 6 per cent. Surtaxes are to begin at \$10,000 instead of \$6,000. They are to scale up progressively to \$100,000 at 25 per cent where they would stop.

All in all the new scales would mean a total reduction of \$390,900,000; of this sum, \$290,900,000 would be saved in income tax payments, and \$100,000,000 thru the discontinuance of the tax on telegraphs and theatre tickets. But thru reducing the tax limit on capital losses, a further limitation of the allowance for deduction from gross income, and a revision of the scale of taxation on community property income (husband and wife in certain states) the sum of \$68,000,000 will be added to the present income tax totals. There will thus be a reduction of \$322,900,000 in the federal taxes paid.

Rig Business Applauds Mellon.

All the big bankers are applauding Mellon for this plan. The insistence by the Secretary of the Treasury that this plan can be put over only if the bonus to ex-soldiers is dropped has further endeared the tax-cutting program to the mellon-cutters the country over. Chas. M. Schwab, the

steel magnate, has called the new tax proposal a great stimulant to business. E. R. Grace, President of the Bethlehem Steel Corporation, thinks that the Mellon program will again enable the big financiers to invest in attractive securities. The spokesmen of the most powerful railway, coal, oil, insurance, textile and banking interests are all unanimous in their enthusiastic praise of the plan, though they all emphasize their endorsement on the basis of the new scales saving the lower income tax payers. The representatives of five of the biggest banks in the country

THIS ISSUE IS No. 304

LOOK AT YOUR ADDRESS LABEL! If the number appearing on your address label is the same as above, your subscription expires with this issue. Watch your expiration number. Renew your subscription before it expires.

whose total deposits are close to the \$2,000,000,000 mark have been specially fervid in their enthusiasm for the revision.

Mellon Program in Operation.

There are in the United States 14,014,150 income tax payers. Of this number, 13,124,600 pay taxes on annual incomes ranging from \$1,000 to \$6,000. The remaining 889,550 are taxed on annual incomes ranging from \$6,000 to over \$1,000,000. The lower and middle salaries and wage-earning sections of our population fall in the first division and constitute 93.66% of the total number of tax payers. Those who get their income thru rent, interest, and profit—business, commerce, real estate, stocks, bonds, royalties, dividends, fiduciaries and notes—fall overwhelming in the second category of tax payers. These constitute the backbone of the capitalist class and are only 6.4 per cent of the total number paying an income tax.

There is no way of arriving at an accurate estimate of the extent to which the poor and small fellows of the first income tax-paying group would benefit from discontinuing the

present \$100,000,000 tax on telegraphs, theatre tickets, and other miscellaneous nuisance taxes. But one can make an accurate estimate of the extent to which the poor and lower middle class on the one hand and the upper middle class and big bankers and manufacturers on the other hand would gain from the remaining net saving of \$222,900,000 in income taxes.

According to Mellon's program the big capitalists would be spared the payment of \$27,100,000 on the normal tax, \$101,800,000 on the surtax, and \$66,250,000 on earned income at 75 per cent of rates. This would be a total gain of \$195,150,000 to the employing class and its captains of finance and industry. Deducting, however, from this total saving the \$65,000,000 that these men of wealth would have to pay in new taxes on the revised basis, we find that under the Mellon scheme the rich would have a net saving of \$130,150,000 annually.

In accordance with Mellon's new provisions the poor and lower middle classes would be saved \$64,500,000

(Continued on Page 3)

Millionaire Mellon's Tax Program Favors Rich Against Poor

(Continued from Page 1)

annually on the normal tax and \$31,250,000 on their earned income at 75 per cent of rates. This would be a total gain of only \$95,750,000 to the lower and middle salaried and wage-earning class. However, deducting from this total the \$3,000,000 that this economic group would have to pay in new taxes on the revised basis, we find that the poorer layers of our economic society, the workers, the small farmers, and clerks and small business men would have a net saving of \$92,750,000 annually.

Saves Rich and Hits Poor.

The powerful rich class of manufacturers, bankers, high-priced corporation managers, and wealthy farmers who constitute only a little over six per cent (6.34%) of the total income taxpaying population receive the net gain of \$130,150,000 or close to sixty per cent (58.39%) of the total saved through the new Mellon arrangements.

The workingmen, poor farmers and lower-salaried white collars workers, whose annual income ranges from \$1,000 to \$6,000 and who constitute about ninety-four per cent (93.66%) of the total number paying taxes on income, receive only a little over forty per cent (41.61%) or \$92,750,000 of the total reduction of \$222,900,000 that the revised tax program would entail.

Thus, six per cent of the income tax payers, the wealthy and millionaire class, will gain almost sixty per cent of the total advantage while ninety-four per cent of the number paying an income tax, the overwhelming majority of the poorer people, will gain only about forty per cent of the sum saved by the reduction of the present income tax rates.

But interesting as this analysis is, the reasons given by Mellon for the adoption of his plan are still more interesting and enlightening.

Mellon is responsible for saving the big capitalist interests hundreds of millions of dollars through the repeal of the excess profits tax and the reduction of the surtax from 65 to 50 per cent. Now he is advocating a reduction of the surtax to 25%.

The argument given by Mr. Mellon for this reduction is that "the rich will pay more under his plan than they do now, as now, by investing in tax-exempt securities, they avoid paying almost altogether." Of course our efficient Secretary of the Treasury doesn't mention the countless avenues of escape open to the wealthy owners of property through the declaration of stock dividends and the manipulation of their income figures by high-priced, skilled accountants.

Yet, it is interesting and instructive to all workers and farmers that Mr. Mellon, the guardian of our national treasury, admits publicly that the Government cannot and will not do anything to prevent the millionaire stock and bond owners from defrauding the country of hundreds of millions of dollars annually in unpaid taxes. This is not the policy pursued by the government when the poor come before its courts for judgment, as shown by the severe sentences often imposed on people found guilty of stealing or attempting to steal the most trifling sum, for example the case of Judge Talley in New York sentencing Louis Wiley to fifteen years for attempting to steal 32 cents.

If the government were to apply the same measure of justice to the rich as it does to the poor it would take many centuries, going back to the Stone Age, to punish the millionaire capitalists for their failure to pay on upwards of \$2,000,000,000 in corporation accumulated surpluses. Yet, it is Mellon's own corporation, the Gulf Oil Co., that began the merry dance of stock dividends; it is the Aluminum Corporation of which Mr. Mellon is the leading stockholder that has received an amortization of \$15,000,000 on about \$30,000,000 valuation; and it is another Mellon company the Standard Steel Car, that still has an alleged \$2,000,000 tax due, though the assess-

THE I. W. W. AND THE RED INTER

The Fifteenth General Convention of the Industrial Workers of the World, which is scheduled to remain in session for three weeks, devoted 30 minutes of its time to hearing representatives of the Red International appeal to them to send delegates to the forthcoming World Congress in order to discuss there the basis of a working program upon which all the revolutionary elements in the American labor movement may unite their forces for the common struggle. Without exaggerating the immediate results accomplished, I venture to say that this act of the convention was the most significant one in all its deliberations. The Red International appeared there as the advocate of unity in the struggle of all revolutionary labor unionists of America and the world. There is no bigger question before the working class than this; and the mere discussion of it, even tho it leads to no immediate result, is an event of major importance.

The friendly approach of the Red International toward the convention of the I. W. W. does not signify any change of policy on its part. It simply represented another step in its efforts to unify all the militant elements in the labor movement on a common platform of revolutionary struggle. It has already accomplished much toward this end. The Red International has been the leading and inspiring force in the organization, for the first time in history, of the left wing of the American trade unions into a compact, unified body. It has gained a decisive influence in many of the radical independent unions, and has been the greatest power making for the harmonious co-operation of the members of these unions with the revolutionary workers in the conservative trade unions. The next necessary task is to bring about a unity of purpose between these elements and the I. W. W. It must be acknowledged that this will be a tremendous task. Thick walls of prejudice and misunderstanding stand in the way. But the Red International turns to it with such a record of real achievements to its credit as to give the promise that it will find the way to overcome all difficulties and achieve its purposes in good time.

It would be foolish to think this will be a simple or easy thing to accomplish. Real and serious differences stand in the way, and they will not disappear merely because we might wish them to. But it is worth while now to begin a serious discussion of the whole question. The Red International does not cover up real differences, it brings them out into the open and talks about them frankly. This is what we must do.

There are two main conflicts, one theoretical and the other practical, which have so far not only prevented unity between the I. W. W. and the revolutionary trade unionists and the communists, but which have charged the whole atmosphere with hostility and led to the most bitter controver-

sies. All sorts of controversies have complicated the situation, but they are all subordinate to the main questions and spring from them. The main points of controversy are these two: First, the conflict in philosophy between communism and syndicalism, or industrialism which is its American variant, over the role of the state, the necessity for a proletarian party and the question of the Dictatorship of the Proletariat; Second, the conflict between the Red International program of working within the conservative unions, wherever they exist as mass organizations, in order to revolutionize them from within, and the I. W. W. program of organizing branches as rivals to the other unions. These conflicts are of such a deep seated nature as to absolutely preclude the possibility of an immediate complete agreement and organize unity between the I. W. W. and the communists on the one hand and between the I. W. W. and the trade unions on the other. But it does not follow from this that a state of war must exist between them along the entire front, with no co-operation anywhere. On the contrary, an examination of the concrete situation will show that a working agreement and co-operation in action is immediately possible in most places and on many questions of great importance.

For example, there is no valid reason to prevent a joint fight of the I. W. W. and the communists and adherents of the Red International for the release of class war prisoners, against criminal syndicalism laws and injunctions, in support of Workers' Germany, etc. Each organization could join in such a United Front without sacrificing any principle or jeopardizing its organizational integrity in any way. All that is required to bring it about is an alliance for the specific purpose, not a unity of the organizations. Such a joint fight would be of the greatest agitational value; it would multiply the power behind the drive and make for its success. The movement generally, and the I. W. W. in particular, has much to gain from it. A campaign of this nature can be carried out without regard to the points in dispute between us. Its effect would be to strengthen and stimulate the movement as a whole and to promote a feeling of friendship and solidarity which would make it much easier to work for a basis of united effort on other questions. To say that because we do not all agree on the question of the state, we cannot make a joint fight for the class war prisoners, is tantamount to saying that we can never work together as long as there is one point at issue between us. Such a view is dogmatic and unreasonable. The united front on the questions mentioned above is an immediate practical possibility. If we are serious revolutionists who put the interests of the working class above everything, we have to say this United Front is a necessity.

Turning to the field of organization, it can be shown that the differ-

Cotton Interests Organizing in Congress

Congressmen and Senators of the cotton growing states are going to organize a bloc in the next Congress to defend the interests of the big cotton-growers. On Nov. 30th these Senators and Congressmen will get together. They will devise ways and means to do for the Southern Cotton Barons what Capper's bloc did for wealthy farmers and against the poor farmers. Representative B. G. Lowry, of Mississippi, has sent out the call.

The moving spirit of this proposed cotton bloc in the Senate is Senator William J. Harris, of Georgia, who has been a prominent figure in Southern banking and insurance business for many years.

ment letter has never been sent out. Taxes on Rich Decreasing and on Poor Increasing.

It is estimated that there are at least \$18,000,000,000 of tax exempt securities. Some maintain that the total is nearer twenty-five billion dollars.

In 1916 there were 1296 annual incomes of over \$300,000. Year by year the capitalists learned the great game of tax dodging. In 1917, despite the fabulous profits, gained in the war industries, the number in this class shrunk to 1,015. By 1921 the group dwindled to 264. And now the government offers to make a public retreat before these millionaire plunderers of the national treasury. From the report of the commis-

sioner of internal revenue for the year ending June 30, 1923 we learn that in the last year the receipts from income and profits taxes decreased by almost \$400,000,000. The inheritance tax alone showed a decline of \$13,000,000 in the last fiscal year.

On the other hand the number of people in the class of income tax payers from \$1,000 to \$6,000 has increased from 92.10 per cent of total in 1921 to the 93.66 per cent for the last fiscal year. What is more, the receipts from miscellaneous taxes, almost always paid in the main by the poor, is on the climb.

Against the Workers and Farmers.

The taxation program of Mr. Mellon is simply another broadside fired by our employing class government against the working and farming masses. Its present issuance was of course precipitated by the pressing needs of the Republican Party which happens to be in power at this time.

Almost one-sixth of our national income, according to so conservative an authority as the National Industrial Conference Board, is consumed in the expenses incurred through running the State, local, and national governments. The employing class needs the government to devote itself primarily to activities and campaigns to suppress the working and farming masses and thus guarantee the maintenance of the present system of the private ownership of the social means of exchange and production. But the capitalists hate like Cain to pay the mounting costs entailed in the upkeep of this machinery of oppression which rises in expense as the class conflicts sharpen. The employers therefore try to pass on these costs to the workers and poor farmers.

The new Mellon program is simply another effort, a very clever one, to save the rich and smite the poor. It plays directly into the hands of the big bankers and manufacturers against the working and farming classes.

ATTENTION!

ATTENTION!

Something you shouldn't miss!

CONCERT

GIVEN BY THE

Freiheit Singing Society

AND MANDOLIN ORCHESTRA

with a Symphony Orchestra

at the

Aryan Grotto Temple

Wabash and Eighth St.

Sunday Evening, December 9th,

Tickets for sale by all the members of the Chorus and Mandolin Orchestra and in the office of The Freiheit, 1145 Blue Island Ave.