

PATHFINDER

DIGEST OF WORLD AFFAIRS

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“Soak the Rich” to Benefit Masses —is F. D.’s Plan

LIKE an overwhelming clap of thunder out of the clear blue—came President Roosevelt’s surprise announcement of his new “share-the-wealth” plan. Even some of the President’s most devoted followers had been wondering of late if he wasn’t losing his grip on the political situation by letting his rivals—especially the “left-wingers”—outbid him for popular support. But he has once more proved himself to be the most masterful politician who has ever held office in this country. He allowed his would-be rivals to develop their millions of followers—and then, by a single round-up which nobody even suspected—he gathered all these millions into his own camp and corralled them. His new plan offers so much more than Huey Long’s plan that the Kingfish danced with joy when he heard it and fervently shouted “Amen!” Progressives and liberals of all degrees expressed themselves for the President’s plan “100 per cent.” Even the political hard-shells were so stunned that about all they could do was open their mouth and gasp. The numerous critics—both Democrats and Republicans—who have been taking the President to task for not balancing the budget, according to the Democratic platform promise—had their thunder stolen from them by this clever maneuver. For the President says that he can go right ahead and balance the budget, just as the critics demand—but it will be by putting in effect the most drastic shakedown of wealth that any nation has ever known. In other words, all the problems and puzzles which have been put up to the President are solved by this one master key—plainly marked “Soak the Rich.” The multitudes who for generations have cried in the wilderness and denounced the accumulations of wealth are now to have their fondest dreams fulfilled. The “forgotten man” for whom the President made his original plea is to get his “new deal” in reality. Instead of living in the constant fear of unemployment, loss of income, ill health, old age and other misfortunes, he is to be provided for in every way. And the beauty of the plan is that OTHERS, and not himself, are to be taxed to pay the bills. This is an entirely new social philosophy, which has some points of difference from anything which has been adopted in Russia, Italy, Germany or the other more progressive countries.

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The "social revolution" in the United States was really started in the administration of President Cleveland, about 40 years ago. It was resumed when the next Democratic President—Wilson—was in the White House, about 20 years ago. It was re-resumed when still another Democrat—Roosevelt—came in. So, while President Roosevelt's "New Deal" has some elements of novelty, there is nothing in it which is radically new. Rather, it is an extension of the plans of the President's great Democratic predecessors—Wilson and Cleveland. President Roosevelt does not go back to those other great Democrats—Jefferson and Jackson—for his models, as he considers "horse-and-buggy" ideas too old-fashioned to fit present-day requirements.

"Soak the rich!" has been a popular slogan for generations. President Roosevelt knows the people and he knows that this cry is even more popular now than it ever was before. Taxes which increase the cost of living and which hang so heavily on the poor cannot be popular. That explains why the sales tax has gained very little headway as a general proposition. But pick some taxes which bear down on the rich and—and then you have something which almost everyone will hurrah for. The number of rich are comparatively few, and hence their votes and influence can be disregarded entirely. Even some of the rich people are broadminded enough to fall in with the plan. Senator Couzens, of Michigan, who is regarded as one of the wealthiest men in the country, gave his endorsement to the President's proposals and said: "It should not take long to adjust rates and enact the program outlined." The income tax records show that in 1929 there were 513 persons in this country who had an income of \$1,000,000 a year or over. By 1933 the number had been reduced to only 46—but even these 46 can be squeezed so that a lot of juice will come out. There is one person who has reported an income of \$3,000,000, one with \$4,000,000 and one with \$5,000,000. And from this peak the other income tax payers broaden out in number as we come lower, like a pyramid. The British have balanced their budget by cutting their expenditures. Our system is to be different. We are to eventually balance the budget and also pay off the national debt by levying greatly increased taxes on those who are best able to stand it, the President says. It was the British who invented the graduated income tax. We borrowed the system from them, and added American improvements. But we don't tax people with small incomes, as the British do. For instance a Britisher with an income of \$970 a year has to pay an income tax of \$22, while Americans pay nothing. An unmarried Britisher with \$4,850 a year income

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has to pay \$665 tax, while in this country the same man would pay only \$138. While no absolute comparison can be made, in a general way the British taxes total two or three times as much as our taxes do. So there is abundant chance to turn the screws without coming to the end of the threads.

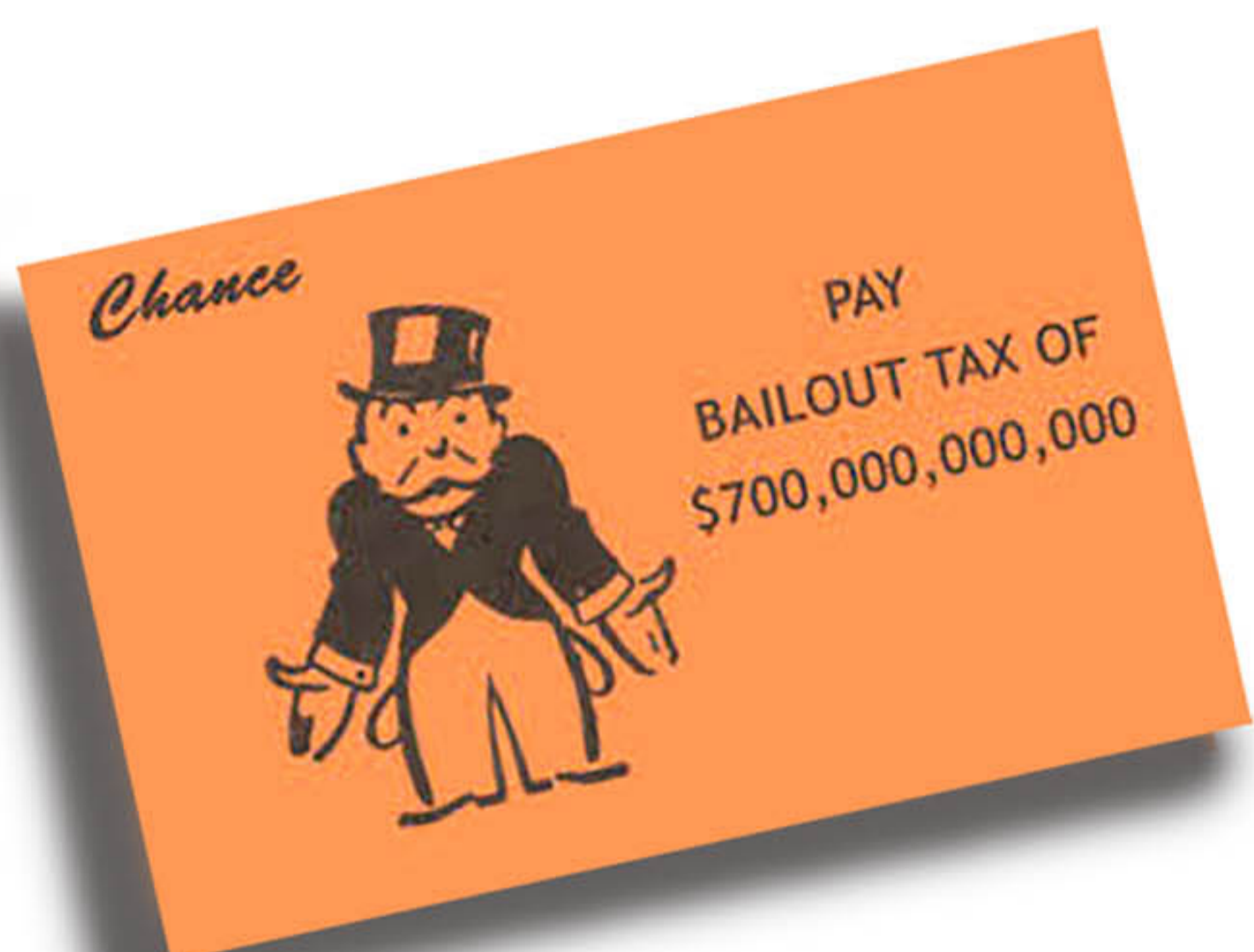
In fact the President's new addition to the tax system is a three-in-one affair. First, all great fortunes are to be directly tapped by the government, by increasing levies on inheritances and legacies. Second, the individuals who have very great fortunes will have to pay much more. Third, the income tax on corporations is to be re-adjusted so that in place of the present flat rate of $13\frac{3}{4}$ per cent, the tax on small corporations will be reduced to $10\frac{3}{4}$ per cent and the taxes on big ones will be graduated upward until the biggest will pay $16\frac{1}{4}$ per cent.

The President said: "Our revenue laws have operated in many ways to the unfair advantage of the few and they have done little to prevent an unjust concentration of wealth and economic power. The individual does not create the product of his industry with his own hands; he utilizes the many processes and forces of mass production to meet the demands of a national and international market. Social unrest and a deepening sense of unfairness are dangers to our national life which we must minimize by rigorous methods. People know that vast personal fortunes came not only through individual effort or ability of those who receive them but also by the opportunities for advantage which government itself contributes. Therefore the duty rests upon the government to restrict such incomes by very high taxes."

The New York Times, leading conservative Democratic paper, seems to be oppressed with forebodings that the President's tax plan is going to cause trouble. It says: "Though he may please the Western Progressives and retain their support, the substance of his scheme must seem to them, on close examination, to come far short of their perfect model. The President cheerfully assumes that the return from these estate taxes would be very large and should be segregated so as to be applied to the payment of the national debt and balance the budget. These avowed purposes are confused or conflicting. Federal inheritance taxes have averaged \$100,000,000 a year. Suppose this could be increased to \$300,000,000. It would not begin to pay the interest on the national debt, to say nothing of reducing the principal, and if it were taken it would leave the budget more unbalanced than ever. There can be little doubt, moreover, that the levying of any very high estate tax would in a few years exhaust the source, so that

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the government would get smaller and smaller returns from it. The plan of income and corporation taxes may be pushed to fatal extremes and defeat its own purpose. If this issue is carried into the next presidential campaign we shall find out whether the President is right or not in saying that his plans are in line with the ideals and aspirations of the American people. They have not as yet had a chance to vote on that question."



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