

This Week in Washington

By Ralph E. Church
Representative, 10th Congressional District

Chicago, Ill., Oct. 18.—Considerable discussion was precipitated in official Washington and in political circles generally by the statements made by Lewis W. Douglas, President Roosevelt's former director of budget, in a speech at Philadelphia last Monday when he charged the Treasury Department with an "insidious and deceptive method" of maintaining the federal credit. He warned the country against collapse unless excessive spending is stopped.

While there have been a great many like statements made from the platform, over the radio and in the public press during the past weeks, those of Mr. Douglas are viewed with particular importance. They were not prompted by political partisanship and were the expressions of someone thoroughly familiar with questions of public finance. Regardless of whether one is in agreement or disagreement with Mr. Douglas, he will have to admit that his statements represented a sincere personal conviction. Mr. Douglas resigned as director of the budget when he found himself in disagreement with the financial policy of the Roosevelt administration.

It is difficult for the average individual to understand the technical operations of government financing, just as it is difficult sometimes to grasp the full significance of the annual report of a corporation or company. Astronomical sums, such as the \$8 billion odd appropriated by the last session of Congress, are almost beyond comprehension except to those schooled in the field of accountancy and public finance. But, at the same time, it is becoming increasingly evident that the people will be called upon to determine whether they consider the administration to be pursuing a sound or unsound economic policy.

The matter of the federal budget and credit warrants a few generalizations being made, if for no other reason than to assist in our mutual understanding. At the present time the public debt approximates \$30 billion, and if the present tendency continues it will reach a much larger figure. But, you may ask, what does that mean to me as an average individual, with an average home, an average family and an average income. It

is a pertinent question and is deserving of some kind of an answer. There are five possible ways for the federal government to meet a deficit. First, it may increase taxes; second, it may decrease expenditures; third, it may continue to borrow and refund its outstanding obligations; fourth, it may pursue a combination of all three; and, fifth, it may repudiate the debt entirely. In the last analysis there isn't a great difference between the federal budgeting than the running of a home, and the matter will become clearer if the above mentioned ways of meeting a federal debt are applied to each individual's own home.

The third method, that of borrowing and refunding, can be eliminated. If an individual owes another a \$100 on a note and he renews that note at maturity or borrows from a third person to pay the original loan, he is no better off than he was in the beginning. He has simply postponed the payment of an obligation, and it is quite possible that when he goes to get the second loan to pay off the first he will have to pay a higher rate of interest and the date of maturity will be sooner. That will become particularly true if there should arise doubts as to the borrower's credit standing and his capacity to pay.

Many a government has found itself in exactly that situation with respect to its bonds. When confidence is lost in the federal credit it becomes increasingly difficult for the government to refund its obligations. The result is that it must shorten the maturity date and increase the interest rate, and when that happens on an extensive scale the national credit approaches collapse.

Then there is the first method, that of increasing taxes. It is increasing the revenue by finding new sources or increasing the rate of the prevailing schedules. There are many who assume that because they own nothing taxable and have no taxable income that they pay no governmental taxes whatsoever, local state or federal. As a matter of fact, taxes are reflected in almost everything a person may have occasion to purchase, but we are not always aware of paying them. There is a federal tax on gasoline. Most of us are aware that we pay that, but very few of us realize we pay a tax on cosmetics and phonograph records, for example. It is embodied in the price of the article. Moreover, there is a federal tax on corporations but that can more than likely be paid in the increased price of the articles that

corporation produces. It is, as we say, passed on to the consumer. Indirect taxation is one of the greatest deceptions to the public.

When speaking of increasing the tax rates, there are a great many other factors to be considered, too numerous to discuss in detail here. The burdens may become so heavy that there is a slowing up of productive processes and thus a decline in employment and also in revenue returns. There is an old economic law, known as the law of diminishing return, which comes into play.

For illustrative purposes, let us assume that postage is one cent and that one hundred letters are mailed in a given year, making the revenue return \$1.00. Because the postage is increased to two cents does not always mean that the revenue return will be \$2.00. There is always a possibility that when you reach a certain point the number of letters mailed will decrease, because of the increased rate in postage, to such an extent that the amount of revenue received will be actually less than when the lower rate was employed.

There is the second method mentioned, that of decreasing expenditures. This involves an adjusting of the spending with the income. That is what the individual must do if he is to avoid bankruptcy and that is what I believe the national government should always endeavor to do.

And lastly there is the method of repudiation or inflation. The pressure becomes so great that the federal government begins to pay its obligations by "printing press money." A situation is produced where the individual has more money but actually he has less. To simplify the matter, the depreciation in the value of a dollar and an increase in prices may be synonymous. Let us assume that a man's income is \$100 per month, and that income increases 100 per cent in terms of dollars. But the important thing is how much the prices have increased. While he may receive a greater number of dollar bills, the value of the currency may have depreciated to such an extent that their purchasing power is considerably less. Wages always lag behind prices and during an inflation period a great hardship is placed on the general public particularly those who have a fixed income.

This whole subject is much too complicated to endeavor to discuss in this limited space, but I trust the generalizations here proposed, doubtless over-simplified in many respects, will serve in some measure to indicate what is involved in the

present day discussions of federal expenditures and balancing the budget.

Deerfield Volunteer Fire Fighters Busy

Fire Chief Jack Johnston and his volunteer fire department members attended the sessions of the state convention held in Waukegan last week. Deerfield was well represented.

The fire department was called out last Tuesday evening to the Lazarus Cozcar home on County Line road, where a large tool house and many farm implements were destroyed by a fire caused by a few drops of gasoline accidentally dropped on a lantern. The firemen used cistern water to protect the barn from flying sparks.

On Monday morning they were called out again when a truck loaded with linseed oil and a pleasure car collided and caught fire at the intersection of Waukegan road and Half Day road. The accident resulted in the death of Wesley J. Hiller of Milwaukee, driver of the truck. Miss Petra Tobias of Elgin and four other women and a child, occupants of the automobile, were seriously injured.

Holy Cross Party Thursday, October 31

The Sewing Society of the Holy Cross Church, Deerfield, will hold a public card and bunco party on Thursday evening, Oct. 31, at the parish hall. Mrs. Hubert McGuire is chairman of the party.

GREENSLADE

Electrical Contractor
Electric Shop

4 South First Street
Telephone 555 Highland Park

Dr. H. C. Phillips to Address Sunday Evening Club, Oct. 27

Dr. Harold C. Phillips, who is rapidly becoming one of the most popular preachers in the country despite his youth, will airplane next Sunday from Cleveland, Ohio, to speak before the Chicago Sunday Evening Club in Orchestra Hall, after conducting his own church service in the First Baptist Church in the morning.

With Clifford W. Barnes, president, and giving the informal Bible talk at 7:30, and the large choir in a fine musical program of Beethoven and Mendelssohn compositions, the fourth meeting of the club's twenty-ninth season promises to be an attractive one.

R.N.A. Convention to Convene in Deerfield

Wednesday, Oct. 30, is the date for the annual Lake County convention of Royal Neighbors of America, which will be held at the Deerfield Masonic Temple. The opening session will be at 1 o'clock, and at 5:30 o'clock a dinner will be served at the Bethlehem Evangelical church. The evening meeting will open at 7:30 o'clock. For dinner reservations, members are asked to telephone Mrs. William Johnston, Deerfield 333.

Quality Cleaners
RELIABLE LAUNDRY
AND
DRY CLEANING CO.
Phone H. P. 178

AT THE
BARLUM HOTEL
THERE'S COMFORT.
CONVENIENCE.
ECONOMY.

\$10
OUTSIDE ROOMS
\$2. A DAY AND UP
EACH ROOM HAS TUB AND SHOWER BATH.

DETROIT
CADILLAC SQUARE
AT BATES STREET



Your Name
Should be in the NEW
Telephone Directory!

The next Local Telephone Directory goes to press soon. Have your telephone service installed at once so that your name, address and telephone number will appear in this new directory. The first place your friends or business associates will go to get in touch with you is to this telephone directory. Don't fail to be there. Telephone or stop at our Business Office. Any telephone employee will be glad to help you place your order. Do it today!

ILLINOIS BELL TELEPHONE CO.



North Shore Buick and Pontiac, Inc.

108 South First Street

Phone H. P. 2260

Now on display! THE NEW
1936 PONTIAC
Silver Streak
SIXES and EIGHTS

More beautiful
than ever

and **BUILT TO LAST**
100,000 MILES!

ALL THAT'S BEST OF ALL THAT'S NEW

1. Solid Steel "Turret-Top" Bodies by Fisher
2. Improved triple-sealed hydraulic brakes with new chrome-nickel alloy drums
3. Enclosed Knee-Action on "s" and De Luxe "e"
4. Smoothest of "e" and "s" cylinder engines with silver-alloy bearings and full-pressure metered lubrication
5. Electroplated, light-weight nickel-alloy pistons
6. All-silent Syncro-Mesh transmission
7. Simplified starting with automatic choke
8. Concealed luggage and spare tire compartment
9. New full-length water-jacketed cylinders
10. Even stronger double X-Y frame

YES, the new Pontiacs are actually even more beautiful than before, with a new front-end, new headlight mounting, a different hood, different running boards, and a decidedly different rear-end. And that's only the outside story. The inside story is even more remarkable. The 1936 Silver Streaks are built to last 100,000 miles.

The brakes are triple-sealed hydraulics with warp-proofed drums of fused iron on steel. The solid steel "Turret-Top" Fisher Bodies and No-Draft Ventilation, insulated roofs, and built-in luggage and spare tire compartments. Clutch, brakes, and engines are even smoother, while the Syncro-Mesh Transmission is silent in every speed. And the even more economical engines feature cooling and lubricating systems that are models for the entire industry! See the new Pontiacs—and keep an open mind until you do.

PONTIAC MOTOR COMPANY, PONTIAC, MICHIGAN

List prices at Pontiac, Michigan, begin at \$615 for the Six and \$730 for the Eight (subject to change without notice). Standard group of accessories extra. Buy G. M. A. C. Plan Payment.

\$615