

## Legion Official Scores Mellon's Soldiers' Compensation Attitude

*Editor's Note: The accompanying matter relative to Adjusted Compensation for five million veterans of the World war, is published by Winnetka Talk at the request of Winnetka Post No. 10 of the American Legion. It treats of a matter quite generally discussed at this time, especially in view of President Coolidge's recently revealed attitude toward a national Soldiers' bonus.*

Adjusted Compensation for five million veterans of the World War.

Tax reduction for twenty-two thousand millionaires?

This is the issue between the Legion and its supporters and Secretary of the Treasury Mellon, as outlined in a letter from John Thomas Taylor, vice-chairman of the American Legion National Legislative committee, to Chairman Green of the House committee on Ways and Means. The letter was the outcome of Mr. Mellon's budget recommendations, which calls for a tax reduction more than adequate to meet the demands of Compensation for 1924. Mr. Mellon made no allowance for compensation.

The letter follows:

In the newspapers of November 12, there appears a letter to you from the Treasury Department, containing recommendations for proposed legislation dealing with suggested tax reductions, but which is in fact a personal and direct attack upon the Soldiers' Adjusted Compensation Measure, which will, as heretofore, be considered by your Committee in the early days of the 68th Session of Congress.

This letter has brought to light the real issue, although this is not the issue which the Secretary intended to have raised when he made his letter public. That issue is simply this—

Shall twenty-two thousand millionaires, men who profited greatly out of the war, have their income taxes further reduced by \$85,000,000 a year;

or

Shall five million soldiers and their families be now paid the just debt owed them by the nation for five years?

This is the real issue which Mr. Mellon has brought up, although, in order to make the public agreeable to cutting surtaxes on net incomes between fifty thousand and one million a year, he has prepared a schedule which would reduce the income of the average taxpayer.

Of course Mr. Mellon knows that the Treasury department does not enact tax laws—this is the sole function of the Congress, and is initiated by the great committee of which you are chairman. Of course you know—as Mr. Mellon well calculated when he published his letter to you—that the statements he made are inaccurate, but were deliberately injected for the purpose of continuing his fight against the Soldiers' Adjusted Compensation Bill.

His statement that there can be no reduction in federal taxes if the Adjusted Compensation Bill becomes a law is absurd on the face of it, and on a parity with his miscalculations in government finances for three years.

According to the figures prepared by the Treasury Department for the Senate Finance Committee, the Soldiers' Measure will cost \$242,000,000 for the first three years period, or an average of slightly more than \$80,000,000 a year.

Through his inaccurate and misleading use of figures, Mr. Mellon has sought to make the public believe that the question up for consideration, is whether fourteen million citizens may have their income taxes reduced, or whether the Soldiers' Adjusted Compensation Bill can be paid. But out of his own mouth, and his own official statements, it is shown that these tax reductions which he schedules for the fourteen million tax payers who are not millionaires, can be reduced exactly as he indicates, and the Adjusted Compensation Bill can be paid by that time. The real nub of the situation is the \$85,000,000 a year which Mr. Mellon wants to again cut off of the income taxes of the war millionaires, in addition to offering tax reductions to the average citizens.

This proposed cut of \$85,000,000 a year for the millionaires will pay the Adjusted Compensation Bill year by year, although Mr. Mellon proposes Tax reductions of \$323,000,000 a year or four times the sum needed to pay it. You know this, and Mr. Mellon knows it, so what can be his purpose in telling the public that \$80,000,000 a year in payments for Adjusted Compensation, will prevent tax reductions of \$323,000,000 a year, or four times that sum?

His purpose is of course apparent. He wants to again fool the people—he wants to get their backing, under a misapprehension of the facts, for his plan to cut the big millionaires' taxes, so he is forced to include the little fellow in his tax reduction plans. Then, having included the little fellow, the ordinary tax-payer for once, he attempts to deceive the little tax payer, the ordinary citizen, into thinking that he will not get his taxes cut if the honest and square thing is done by the Soldier.

Mr. Mellon has gotten the habit of

allowing his zeal to overcome his mathematics when he issues statements opposing the Soldiers' Measure. His anxiety for the big financial interests and his desire to defeat Adjusted Compensation, has led him in the past to give the Congress and the President official statements, as a guide for their actions, concerning the country's financial condition, which he later had to admit, to say the least, were wholly inaccurate. However, he got them over as official statements at the time, and they did their work in spite of the fact that they misrepresented the situation.

It is unpardonable for the Secretary to try to fool the nation into believing an untruth—that \$80,000,000 taken from \$323,000,000 leaves actually nothing at all. Yet, in his desire to defeat the Soldiers' Measure, he now attempts to again deceive the people (for of course he is not trying to deceive you) and make them think that \$80,000,000 actually equals \$323,000,000 instead of being only one-fourth of it.

Because of your long service on the Ways and Means committee you of course recall some of these official mis calculations of Mr. Mellon, for their history is officially recorded in the Congressional Record. Doubtless his error—or miscalculation, if you please of \$959,000,000, which he made in estimating last year's fiscal operations, when he advised the President to veto our measure, is still fresh in your memory. This may have seemed a small error to a man who thinks in billions, but it was officially used as an argument for the veto of the Soldiers' Bill. Mr. Mellon has been lucky, seemingly, to have his errors on the same side of the ledger of his sentiments. It might have been embarrassing had his error of \$959,000,000 been on the other side of the ledger, and to have thereby caused the President to sign the bill, instead to veto it.

You will recall another statement made by Mr. Mellon in this connection which also proved to be inaccurate. He officially advised your committee in the winter of 1921-22 against favorably reporting the bill, giving as the chief reason for this official advice, that the fiscal year would end with a deficit. Your committee must have had a hunch about the inaccuracy of Mr. Mellon's mathematics—for you reported the bill favorably, and a few months later, the year 1922 ended with a surplus of more than \$300,000,000. Mr. Mellon's error in this case alone would have met the first three year's payments of your bill.

Again when he advised the President to veto your bill, he said that the fiscal year 1924 would end with a deficit. He now states that it will end with a surplus of three hundred millions, for the purpose of cutting the taxes of millionaires. You may not realize it, but the official records of Congress show that in the past two years, Mr. Mellon's official miscalculations concerning Government finances total a greater sum than the entire amount the Adjusted Compensation Bill would cost if paid out in a lump sum. The records of Congress show that these official miscalculations were made in statements opposing the Soldiers' Measure.

It is really unfortunate that a high government official, occupying the position as head of the government's financial administration, will deliberately and officially supply inaccurate and misleading statements to be sent Congress for its official use in drafting legislation.

In the past four years every possible bugaboo has been raised by the administration leaders to frighten Congress into the belief that the financial condition of the country was such that it would not carry out the expressed mandate of the people, and settle in an honorable way the debt admittedly and justly due the ex-service men. Time after time these figments of imagination have been destroyed by the actual conditions subsequently shown by the official facts. Mr. Mellon realizes that his inaccurate predictions of national poverty are not longer taken seriously by the country. They have been disproved too often.

Now, being convinced that the public can no longer be deceived by such hallucinations, this new bait is thrown out that "there can be no reduction in taxes if the Soldiers' Adjusted Compensation Bill becomes a law."

We, of course, know that you will not be deceived by this false propaganda. The members of your committee know the actual facts in the case and are firmly convinced that the cause of the soldier is a just one. Your committee believes in the Soldiers' Measure as it has been reported favorably three times, and passed by the House.

Notwithstanding, this attempt to mislead you and the members of your committee, The American Legion understands and has full confidence that the Bill will be reported promptly by your committee, and enacted into law during the early days of the session. From the beginning this has been inevitable legislation.

Very truly yours,  
JOHN THOMAS TAYLOR,  
Vice Chairman  
NATIONAL LEGISLATIVE COMMITTEE

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## This Christmas

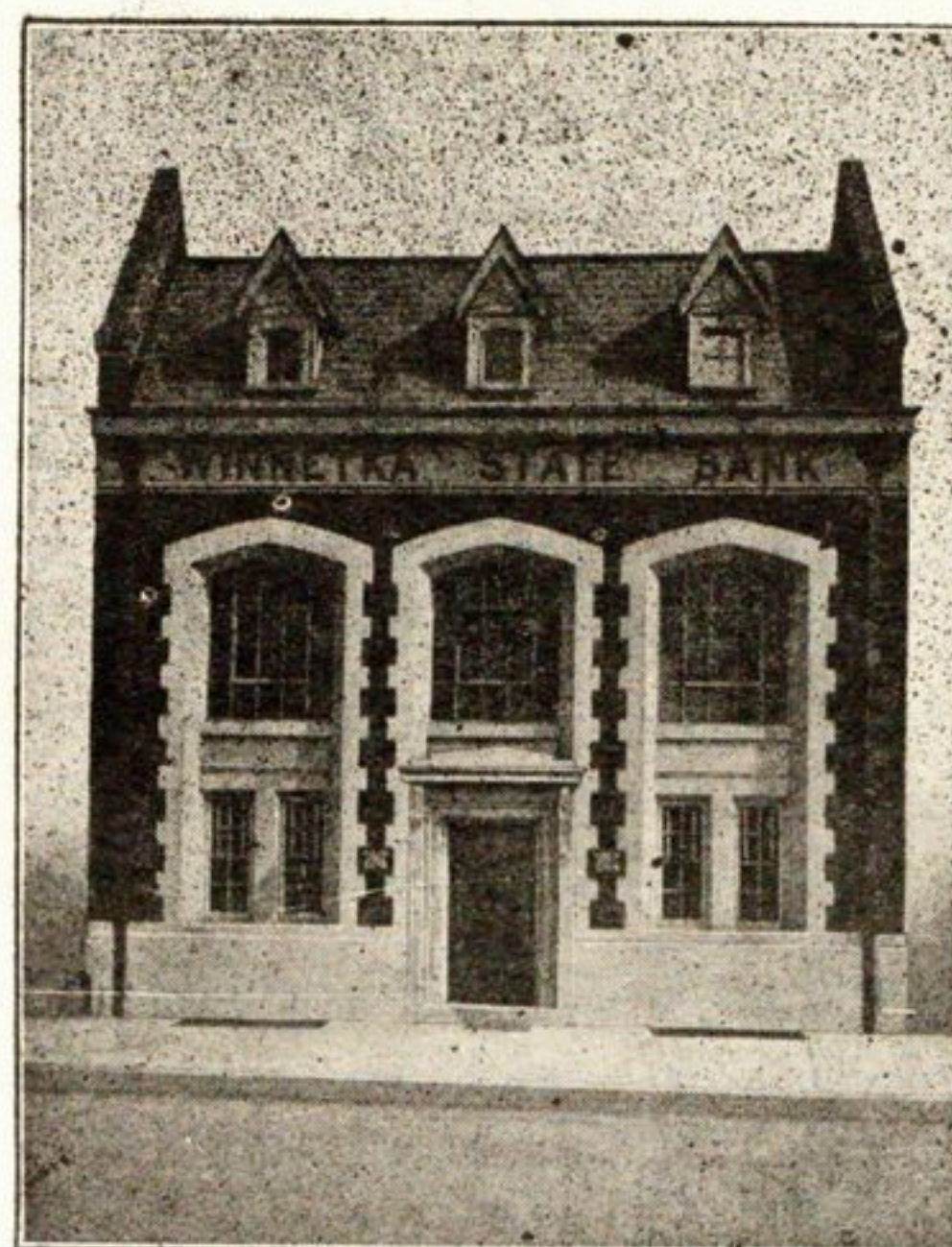
Hundreds of people who joined our 1923 Christmas Savings Club a year ago are receiving checks from this bank. They will get more enjoyment from this holiday season because the check will eliminate all the worry from their Christmas buying.

## Next Christmas

You, too, may experience the joy of having extra money at Christmas time if you join the 1924 Club now forming at this bank. The weekly payments are small, so at no time is it a burden to keep them up. The check which will be ready three weeks before next Christmas will be ample reward for your faithfulness in making the deposits regularly.

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