

The Income Tax

Secretary Mellon objects to the income tax. In a radio address Saturday night, the greatest secretary of the treasury since Hamilton pointed out that two-thirds of the government's revenue is derived from the income tax which is subject to sweeping variations due to ever changing periods of prosperity and depression.

The cost of government is more or less constant. At least over any great length of time, it is constantly increasing. But incomes are not constant. As a whole they may be tremendous this year, and almost insignificantly small next year, just as the individual's may be ten thousand dollars this year and only four thousand next year. Consequently the revenues derived by the government from income tax sources varies greatly as the incomes vary.

This year the government is faced with an eight hundred million dollar deficit, due entirely to declining incomes. Last year, as everyone knows, was a bad year in the business world. Few indeed there were who made any money at all. Incomes dropped from hundreds of thousands to mere thousands. Consequently the revenue which the government is deriving from last year's incomes is considerably less than anticipated, and the government will have to make tremendous loans in order to take care of the deficit.

It is in this situation which Secretary Mellon would seek to correct. "The situation in which we find ourselves at present, with a serious deficit facing us at the end of the year," the Secretary declares, "raises the question as to whether we have yet developed a sufficiently well balanced system to provide the revenues on which the government must be able to count from year to year." He does not say what system he would approve, but he intimates he would do away with the income tax system to a large extent.

It seems to us that the present situation in the government's finances might be met by borrowing this year and increasing the income TAX RATE next year sufficiently to take care of the deficit. While all incomes are lower this year than last, it nevertheless seems to us more reasonable to tax those with reduced incomes, than those with no incomes at all. While the capitalist's income may have fallen from one hundred thousand a year to fifty thousand, a man can still live on that and pay a tax too.

But the man with an income of two thousand dollars last year, who has been thrown out of a job this year, would certainly have a great deal of difficulty paying any tax at all.

The income tax system may be subject to certain imperfections, but the principle of taxing those most who can afford to pay most, is certainly right.

Consolidation

The numerous governmental entities which go to make up Greater Miami have started a movement which, while it may produce nothing beneficial in the near future, may eventually result in very material savings to the taxpayers. The county commissioners, the school board, the city commissioners of Miami, Miami Beach, Coral Gables, Hialeah, Miami Shores, all have duties very similar which might easily be managed in the interest of economy by a single board.

"Immediately it becomes apparent, as the budgets of the various corporations are compared, that there is duplication of effort in many respects," says the Miami Daily News. "Each, in some measure, is carrying out welfare work independent of the other, for example. Each is performing many services independently, in fact, that could be given at less cost if the efforts were coordinated. Each had thought it had done well in paring expenses, but consolidation of agencies in recognition of mutual interests puts a different light on this. The directors are finding many things to do, now they are together, trying to work in closer harmony."

"We support in Greater Miami 10 distinctly local governments—eight municipal corporations, the county and the school board—not to mention the minor governmental units of special or school districts. If any resident of Greater Miami can name even the mayors of all eight cities in the area—Miami, Miami Beach, Coral Gables, South Miami, Hialeah, Country Club Estates, Opa-Locka and Miami Shores—he deserves a memory prize.

"If we are to consider the entity of interests in Greater Miami seriously we cannot doubt that its affairs could be administered more economically and efficiently by a consolidation of our multiple governmental units. With proper representation of the various sections and proper adjustments of tax rates for the various areas, we might conduct this administration through a single corporation with no more serious harm than a drastic cut in the ranks of professional officeholders.

"An intriguing subject, this coordination of our governmental structures! There is no possibility of any of the suggested major changes being accomplished this year. They would require legislative action that could not be rushed through the present session and two years will not be too long to devote to study of such questions. The work the joint committee now begins, however, may lead to some such far-off goal as Greater Miami, Inc., the simple application of sound business practice to public affairs."

NEW YORK INSIDE OUT BY SAM LOVE

In regular military formation, one army advanced to the Ohio river with no intention. They immediately became members of the Indian and Ohio.

Previously 400 of these planes had attacked Ohio and Indiana. One plane, its engine stopped, was forced to land, and a great battle was fought. They showed themselves to be a very different kind of a force than the Ohio.

American opponents of cooperation with the world court say that the world is an arena of the League of Nations, that the world is not to be run by a few nations, but by the world as a whole.

the world court come from countries which can be counted as military powers or dominating nations. Cuba, Salvador, Belgium, China and Colombia can be counted as the court; France, Great Britain, Italy and Japan, the four military powers in the League of Nations.

This makes the most conspicuous case yet before the world court. If the court decides against Germany and Austria, the American critics can say that was business France, Great Britain and the other league powers control the court. If the court decides in favor of Germany and Austria the American critics can say that is a simple device to hide the fact that the court is controlled by those powers. The critics of the world court will not run out of something to say.

Critics of our American supreme court were saying 80 years ago that it was under the thumb of the slave power. Critics of that court have said since that it is under the thumb of the money power. Some day the majority of the court will be of the Holmes Brandeis complexion and then the court will be charged by shocked conservatives with going bolshevik.

Losing litigants can always sue the courts. Nevertheless, no way has been found to do without them. We did too long without them in international matters. What happened between 1914 and 1918 was the price of that delay. Now we have a world court, and the signer the United States is in it, the better.

Or can't we bear to quit the exclusive company in which as outsiders, we find ourselves. There are eight besides the United States: Russia, Turkey, Afghanistan, Mexico, Ecuador, Argentina, Egypt, Honduras. A country is known by the company it keeps.

Addition and subtraction are the simplest forms of arithmetic. Multiplication and division are almost as universally understood. No higher forms of mathematics are needed to figure out Florida's tax problem. We are trying to add to the amount of property we can collect taxes from, subtract from the tax bills of those who now pay, multiply values and divide burdens.

Here, then, is a simple problem in arithmetic:

Florida has a property valuation of \$775,000,000 shown on its tax books for 1930. The average tax rate for state and county was 90 mills, or nine cents to be collected on each dollar. How much should Florida collect? Answer: \$81,750,000.

Here is a little harder problem: The state's share of what was 14 1/4 mills, or \$1,125 multiplied by \$775,000,000, and the counties' share averaged 75 3/4 mills, or \$7,078 multiplied by \$775,000,000. How much should each receive? Answer: State, \$2,193,750; counties, \$43,556,250.

The first part of Florida's tax problem, as we said, is to add to the property from which we can collect taxes. We had \$775,000,000 to draw on last year. Approximately \$500,000,000 of this was real estate; the remaining \$275,000,000 was personal property.

This same year there was more than \$2,500,000,000 of fire insurance in force in Florida. We will assume that \$1,000,000,000 of this was on real estate improvements and \$1,500,000,000 was insurance on personal property. In addition to this it is conservatively estimated that there is \$2,000,000,000 worth of personal property that is not insured. Suppose we place this \$3,500,000,000 worth of personal property on the tax books at a value equal to that of the real estate already on the state and county books, or at only one-sixth the estimated true value. We then would have:

| | |
|---------------|-----------------|
| Real property | \$ 500,000,000 |
| Personal | 500,000,000 |
| Total | \$1,000,000,000 |

With \$1,000,000,000 worth of property to collect taxes on, and with collections assured by provision to sell the property for taxes when the levy was not paid, the state could reduce its millage from 14 1/4 to 2 1/4 mills and the county from 75 3/4 to 42 1/2 mills, or a total tax rate of only 44 3/4 mills against the present 90 mills. Real estate owners would pay 14 1/4 mills, or 1/6 of the total of 44 3/4 mills. With the same millage which the state and county had the year before, the state would collect \$112,500,000 of the total of \$443,750,000.

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After all, we have not made it in the past, we can struggle along, if we stick to principle rather than politics and the tax sources we bring?

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Silence! But let us not be deceived as to how much this actually will change the situation. Let us stick to our arithmetic a moment longer. It is more reliable than political orations, when the pocketbook is concerned.

Multiply the \$500,000,000 assessed valuation of real estate on state and county tax books in 1930 by 4.0125 and the answer is \$2,006,250,000. This is the amount of burden that could be lifted from the backs of our real estate owners by removing all but the one-mill tax levy required by state constitution for school purposes.

It is \$12,508,000 less than would be saved to the real estate owners of the state by making the assessed valuation of our personal property only one-sixth of the true value.

There is no need, of course, to keep 13 1/4 mills of state tax on real estate if it can be replaced temporarily by taxation on other classes of property better able to pay. There is no question that real estate needs an opportunity to recover from the effects of carrying nearly 90 per cent of our tax load.

We can well afford, then, to increase the valuation of personal property slightly above one-sixth theoretically, property is assessed at half its true value in Florida and can eliminate the 13 1/4 mills, making it up on taxation of personal property which has yielded so little to the government in the past.

With \$2,000,000,000 worth of personal property that has been represented by only \$75,000,000 on our tax books, we can do even more in that direction without approaching the excessive burden

placed upon real estate in the past.

Is it not reasonable, in fact, to assume that with the help of the six-cent gasoline tax now in effect (a tax that produced ap-

proximately \$13,370,000 last year) with the new inheritance tax that, once in operation, is expected to bring in a few additional millions annually, and with the tax on intangibles our constitution pro-

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