

Radio Talk, WSM  
March 28, 1943

Good Morning, Friends:

The big news in Washington for the week <sup>was</sup> ~~is~~ the debate on pay-as-you-go tax bills. There <sup>were</sup> ~~are~~ other important events - the demotion of Secretary of Agriculture Wickard and the appointment of Chester Davis as food and farm labor boss; John L. Lewis' fight for increased wages; and other features of the fight against inflation - but the big ruckus has been on the tax proposals.

The debate was opened by Congressman Robert M. Doughton from the mountain country of North Carolina. I wish you could have seen his performance. First, let me tell you a little something about <sup>him</sup> ~~it~~. He will be 80 years old his next birthday. But don't get the idea that he is decrepit. <sup>far from it.</sup> He is not a lawyer, nor has he ever laid claim to being an economist. He is a farmer,

<sup>used to</sup> But that head <sup>of his</sup> ~~is~~ packed full of common sense and quick wit. One of the other Congressmen from North Carolina told me that several years ago, Congressman

Doughton had a fine span of horses advertised for sale. During his absence, <sup>one day</sup>

a horse and mule dealer from another part of the State came and bought them

from Mr. Doughton's farm manager but did not leave <sup>a</sup> ~~his~~ check for them. In

a few days, Mr. Doughton got a letter from the fellow <sup>saying he would mail the check, but no check. Instead the dealer</sup> ~~in which~~ he claimed

that the ~~him~~ horses were wind broken, wouldn't work, had the fistalo, and

generally stating that he had been cheated in the deal. Mr. Doughton came

to the conclusion that this fellow was a cheat and that he was going to have

a lawsuit on his hands if he didn't do something about it. So, he bought

a ticket to Fayetteville, North Carolina, where the horse and mule dealer

lived. He went to the dealer's barn and introduced himself under a fictitious

name, saying that he wanted to buy a pair of horses. The dealer took him through his barn, showing him several different pairs. Mr. Doughton looked them over but he kept coming back to the pair which he had sold to the dealer. Finally, he said, ~~although~~ "Although you have these horses priced too high (he had actually priced them for about \$100 more than the price for which he had bought them from Mr. Doughton), I think I like them best, but I would like to know if they will work. The dealer gave him every assurance that they would work. In fact, he put the harness on, ~~and~~ hitched them up and proved it. Then, Mr. Doughton asked him if there was anything wrong with them.---Specifically, ~~has either of them had the pistalo, or~~ if either of them had the pistalo, if they were <sup>wind broken</sup> ~~mooneyed~~, etc. The man assured him that they were sound as a dollar. But Mr. Doughton <sup>acted not</sup> ~~didn't seem~~ quite satisfied and said that before he bought them, <sup>for such a high price</sup> he would like to have this put in writing. The dealer very readily presented him with a written and signed guarantee. Then it was that Mr. Doughton said: "My name is Robert Doughton, and I want you to pay ~~for~~ me for my horses right now."

That true story illustrates the <sup>earnest</sup> ~~candor~~ness of this genial, elder statesman who <sup>led</sup> ~~opened up~~ the debate. He spoke for an hour and a half with no show of weakness. In fact, he was going stronger at the close than at the beginning. And what I am talking about, he got the best of every person who tangled with him. ~~And most of them got all their tail feathers pulled out.~~ It was a magnificent demonstration, and when he had concluded everylasting member of

- Republicans and Democrats - rose to his feet and applauded vigorously. This 79 year old gentleman put everyone of us younger fellows to shame. He really showed us how to debate. Mr. Doughton attacked the Ruml plan as being counterfeit. He said that it was ridiculous to propose that this government just forgive everybody of the taxes which they owe or have already paid on 1942 income, when the people have more money than ever before in the history of the country and when the country needs the money more direly than ~~at any~~ <sup>ever</sup> ~~time in its history~~ <sup>before</sup>. A congressman from Illinois broke into the debate to say that the Ruml plan really provided no forgiveness, that it would provide that everybody pay taxes this year on their 1943 income instead of their 1942 income. Mr. Doughton came back by saying, "Well, that ~~was~~ <sup>is</sup> dishonest and immoral because it would mean that everybody would pay one years taxes on two years income." The gentleman from Illinois went on to say that it wouldn't make any difference to the government because everybody would be paying taxes every year and that when he knocked ~~at~~ <sup>on</sup> the door of St. Peter and someone accused him of not having paid taxes on one year's income, he would show St. Peter a tax receipt for every year of his tax paying life. And St. Peter <sup>he said</sup> will have to let me in if that is all he has against me. And what else do you think St. Peter ~~would~~ <sup>could</sup> say." Like a flash, Mr. Doughton shot back, ~~and said~~ "Depart from me, ye worker of iniquity, I know ye not."

That, of course, brought the House down. It was one of the sharpest quickest and most effective ~~re~~ repartees I have heard in my five years in Congress.

You must by now think that this 79 year old gentleman from North Carolina is sort of a hero in my eye. Well, he is and he is a hero to every Member of Congress. Not only is he a great debater, but he is a true counselor and friend to ~~the~~ young members who look up to him as a <sup>legislative</sup> ~~parliamentary~~ godfather.

Now, let it be understood that neither the bill reported by the Congressional Committee nor the Ruml Bill, nor any bill being discussed, is a tax bill. None of them levy any taxes. They ~~will~~ deal only with the manner of collecting taxes which have already been levied. This ~~whole~~ question of changing the manner of collection arises out of the need to put income tax collection on a current basis insofar as possible. It is made more acute now at income-paying time because millions of people can not pay the taxes on last year's income because they didn't save it, because they spent their income <sup>as they made it</sup> and now they just do not <sup>have it.</sup> ~~have the money to pay it~~. Then ~~there~~ there are the cases of people who made good money last year but, because of illness or some other reason, are unable to make very much this year. Therefore, it is a tremendous hardship. Thus, the need for collecting the taxes as the money is made <sup>has been</sup> ~~was~~ clearly recognized. Mr. Ruml, a banker in New York, suggested his plan for doing this, which is, <sup>simply stated, to</sup> ~~to just~~ forgive and forget the taxes on the 1942 income and start paying now on the 1943 income. The newspapers and commentators over the country picked the idea up and for some unknown reason, it has become popular in the country. Letters

and telegrams have been pouring in to all of us to vote for the Ruml plan.

> Now, let us see how it would operate. Those who support <sup>it</sup> ~~is~~ say that by forgiving everybody's taxes on 1942 income, ~~that~~ <sup>we</sup> it would be treating everybody alike. But would <sup>we</sup> it? Let us examine that. The tax on a Congressman's salary is \$2160. So, by voting for the Ruml plan, a member would be voting to cancel his tax debt to the government in that amount and for any additional amount which he might owe on the basis of his 1942 income tax. Those arguing against the Ruml plan have been constantly pounding on that. <sup>And</sup> ~~Congressman Jere Cooper of Tennessee, perhaps the best informed man in Congress on taxes, had this to say about that:~~

and it is causing some of the members to turn against the plan. I dislike to take a personal example, but I think I can make myself clear<sup>er</sup> by doing so.

My taxes on my 1942 income was, in round numbers, \$2400. Like most people,

I did not have the money to pay the full amount ~~by~~<sup>on</sup> March 15. But the

government does not require taxpayers to pay the full amount. <sup>at least</sup> ~~at that date.~~ One fourth

must be paid by March 15, the second fourth by June 15; the third fourth

by September 15, and the last quarter on December 15. Now, I paid my first

quarters instalment on March 15 as did millions of other taxpayers. But

I still owe \$1800 to the government as taxes on the money I made last year.

Now, should I vote for the Ruml plan, I would be voting to cancel my debt

of \$1800 and require the government to apply <sup>on my 1943 taxes</sup> the \$600 which I have already

paid, ~~them on my taxes for this year.~~ Now suppose after <sup>that</sup> doing that, I go home

and meet one of my neighbors, and after talking about the war and a few

more things, he brings up the subject of taxes, whereupon I say: "Yes, they are pretty high, but I voted to forgive you of the taxes on your 1942 income."

He will say, "Yes, I appreciate that. <sup>It was</sup> ~~You voted to forgive me of~~ \$200, but

at the same time, how much did you vote to forgive yourself." I would have to

say \$2400. This argument has begun to sink in on vote-conscious congressmen.

But the inequity does not stop <sup>there.</sup> ~~with a congressman's income.~~ After all,

<sup>not many</sup> ~~1~~ congressmen are not big tax payers. Let us look at the effect of the Ruml

plan on some of the really large taxpayers. Let us take the person with a

net income of \$100 thousand dollars. The Ruml plan would forgive him ~~of a~~

~~tax debt of~~ approximately sixty four thousand dollars. A person with a one million dollar income would be forgiven eight hundred and fifty-four thousand dollars. Therefore the ~~Ruml Plan~~ Ruml Plan would increase the wealth of the person with a one million dollar income more than he could save for the next six years provided he saved every dollar of his income after payment of taxes, ~~for six years~~. It really amounts to a redistribution of wealth in the wrong direction. How anyone can argue that it treats every one alike, I can not see. True, it forgives everybody's taxes, but there is a very wide difference in the amount of taxes which people pay. ~~Now the bill reported by the committee and supported generally by the democrats~~ *for which the Ruml plan is offered as a substitute* does not forgive anyone his ~~tax~~ taxes. The committee bill provides a method by which people can become current and pay-as they-earn, ~~tax payers~~, if they chose to do so, but it does not forgive any ~~taxes~~ *body anything*. And as I see it, this is no time to wipe off the taxes owed by anyone. The nation's income is the highest in our history. We are in the midst of a terrible war, and the government direly needs money to prosecute that war. After all, it's not the fault of the government that we didn't save enough money out of last year's income to pay <sup>our</sup> taxes. It's a debt. It is a debt which I owe to the government, and if you who are listening owe the government <sup>income</sup> a tax, it is a debt just as much as your note at the bank. *And, folks,* The only honorable way which I know to discharge a debt is to pay it.