

SOMEONE'S PICKING YOUR POCKET!

It's the Hidden Tax Collector—He Respects Not Even the Real Necessities of Life, and How He Wallops Your Budget!

By WILLIAM C. UTLEY

DO YOU make \$150 a month? If you do, you'll be interested—and perhaps a little surprised—to learn that the tax collector picks your pocket to the tune of one-eighth of your income. He sneaks enough from the family wallet in two years to buy a new car.

Yes, he picks your pocket. For this "take"—which amounts to 12.7 cents out of every dollar—represents indirect, or "hidden," taxes. They're not like your income tax or personal property tax or a state retail sales tax, for you rarely know when you have to "shell out" for them. They're concealed in the price of the goods and services you buy, even the bare necessities of life such as bread and shoes. "Death and taxes are inevitable"—and all too often invisible.

These are only a few of many illuminating revelations to come out of a survey just completed by the Family Economics bureau of the Northwestern National Life Insurance company, of Minneapolis. The study was started in November, 1935. Records of 208 concerns—public utilities, insurance companies, manufacturers, jobbers and retailers—were investigated "in an effort to measure as accurately as possible the proportion of prices paid by the consumer for which taxes—federal, state and local—are responsible."

All levies which would not normally be included in the cost of goods and services sold were omitted in the calculations which followed from the original producer to the retailer. The principal taxes entering into the picture then were: Farm and urban realty taxes, personal property and general property taxes of business concerns, excise taxes, licenses, fees and franchises, moneys and credits taxes, gasoline and oil taxes on motor truck deliveries, import duties and the tax element in freight costs involved in the various steps of distribution.

Taxes Are Passed On.

To understand the figures it is necessary to understand how some of these indirect taxes work. "In the case of a retailer who owns the building which houses his store," says the report, "real estate taxes are shown on his books as an item of overhead, and their participation in the 'makeup' which he must add to his cost prices can be measured with considerable certainty."

"However, if he rents his store building, the taxes on the building are necessarily contained in the rental paid, and are just as surely a portion of his overhead expense, even though concealed in the entry 'rent.'"

"In the wholesale price which the retailer pays for his merchandise is necessarily contained an overhead element consisting of the real estate taxes on the building occupied by the wholesaler, and just as necessarily, taxes on the factory which produced the goods contribute a portion of the price charged the jobber by the manufacturer."

"This study," the report continued, "has undertaken to include in the figures finally attained the principal elements affecting ultimate prices charged, whether actually listed as 'taxes' on the books of the business, or contained as a portion of some other entry."

Social security taxes were not considered, "because they are in a sense deposits for future withdrawal." Gasoline taxes were computed, because gasoline and oil are subject to local taxes in all 48 states and the District of Columbia, in addition to the federal levy.

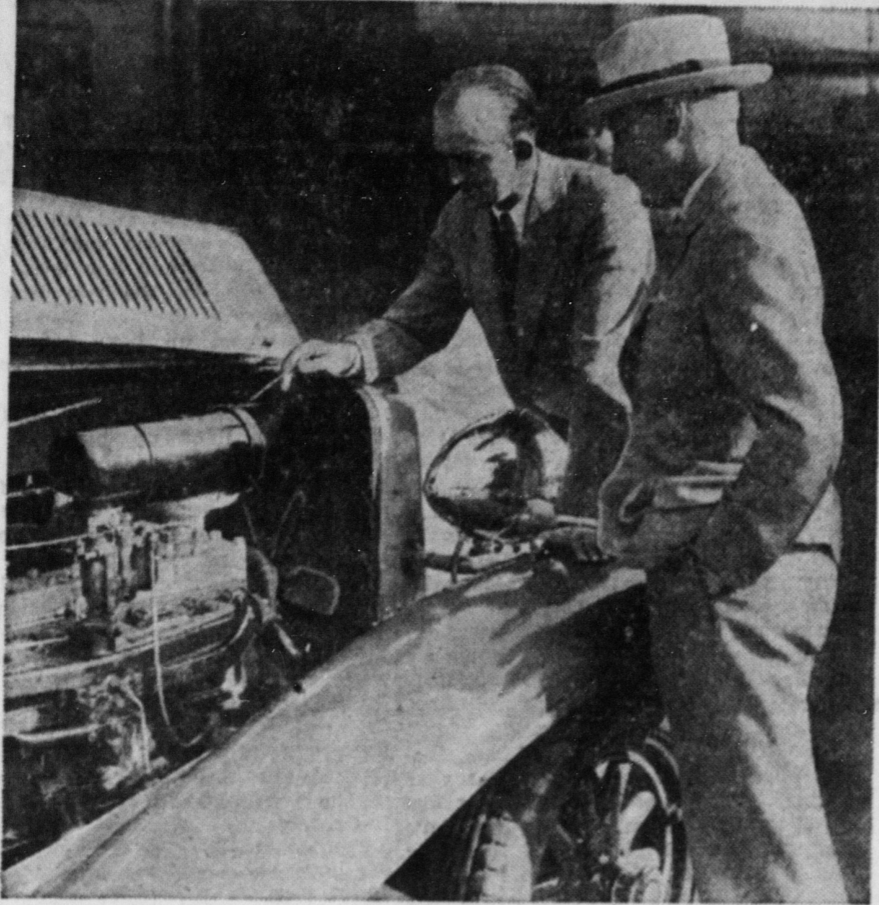
Tax-Grabber Is Killjoy.

The researchers estimated that the average worker's family with an income of \$150 a month spends \$43.50 for food; of this 7.1 per cent, or \$3.09, goes to the hidden tax collector. Of the \$30 spent for shelter, hidden taxes take more than a quarter, \$7.59. They account for 8 per cent of the \$16 clothing bill, or \$1.28. Fuel and light cost \$11, but 9.5 per cent of this, or \$1.05, represents indirect taxes.

The tax-grabber really cuts into the family's enjoyment of life. The cost of an average used car, including license, and gas and oil sales tax, is \$14.50 a month; hidden taxes get 29.1 per cent—\$4.21. And the \$3.00 the \$150-a-month family can set aside for recreation includes 30 cents for the tax-grabber, who seldom shows his face.

Insurance bears a lighter tax load. Of the \$5.00 spent monthly for that protection, only 2.6 per cent, or 13 cents, falls into the hidden-tax barrel. Sundries and miscellaneous items—toothpaste, jewelry, tobacco, etc.—which cost \$27 a month are burdened with taxes amounting to 10.2 per cent, or \$2.75.

The hidden taxes which eat away at an \$80 monthly income are slightly less in proportion, since it is assumed that such an income does not ordinarily permit the ownership or operation of an automobile.



What the salesman doesn't always tell you: The cost of a used car and its operation include hidden taxes amounting to 20.1 per cent. If it were a new car, the figure would be 21.4 per cent.

Here's the way the tax collector fares with that one:

	Cost Per Month	% of Tax in Cost	Amount Found Tax in Cost Dollars
Food	\$27.00	7.1	\$1.92
Shelter	18.00	25.3	4.53
Clothing	9.00	8.0	.72
Fuel and Light	6.00	9.5	.57
Transportation (Streetcar)	4.00	11.0	.44
Recreation	2.00	10.0	.20
Insurance	2.00	2.6	.05
Sundries & Miscellaneous	12.00	10.2	1.22
Total	\$80.00	Av. 12.0	\$9.67
Annually	\$960.00	12.0	\$116.04

Taxes on \$200 Income.

There is a slight difference in the proportion of hidden taxes to the spending of a family with an income of \$200 a month. This is again accounted for by the automobile, as shown:

	Cost Per Month	% of Tax in Cost	Amount Found Tax in Cost Dollars
Food	\$48.00	7.1	\$3.41
Shelter	38.00	25.3	9.61
Clothing	22.00	8.0	1.76
Fuel and Light	14.00	9.5	1.33
Transportation (Auto bought new)	20.00	21.4*	4.28
Recreation	6.00	10.0	.60
Savings	3.00	**	**
Insurance	12.00	2.6	.31
Sundries & Miscellaneous	35.00	10.2	3.57
Total	\$200.00	Av. 12.4	24.87
Annually	\$2,400.00	12.4	\$298.44

*Also includes license, and gas and oil sales taxes.

**Tax ratio to total time and demand deposits in banks studied was 3 per cent. However, the effect of this tax would obviously not be to increase the savings depositor's outlay, but could only affect him by reducing the interest yield on his savings. The moneys and credits taxes levied by many states are paid directly by depositors, with wide variation in rates and in minimum exemptions.

"After arriving at general tax ratios for the various lines of goods and products represented by the concerns studied," says the report, "further studies were made of in-



You'll never recognize 'em, madame, but hidden taxes will account for 8 per cent of what you pay for that dress!

dividual products in certain lines—in the case of food products, bread, pork, beef, sugar etc. The results of these studies gave an additional series of checks though, necessarily, individual items varied rather widely in some cases from the tax proportions arrived at for the general group of goods."

The loaf of bread for which you pay a dime bears in its cost .64 of a cent in hidden taxes, the study disclosed. Beef prices contain indirect taxes amounting to 8.14 per cent; pork prices, 8.04 per cent. A five-pound bag of sugar costs a nickel more than it would if there were no indirect taxes concealed in it.

Rent Boosted by Taxes.

If the man of the house buys a suit of clothes for \$25, a portion of that amounting to \$2.62 helps clothe the tax collector. If the lady spends \$5.00 for a pair of shoes, she will never be happy to learn that she could have bought them for \$4.58,

were it not for the inevitable taxes.

The great proportion of indirect taxes to residential rental costs was investigated with the aid of real estate companies in 48 cities; records on representative local properties were taken at random from their files.

A total of 7,964 single and multiple family dwelling units were covered by the final averages. These revealed that taxes represented 28 per cent of the current rental rate of the one-family dwellings studied; 19.2 per cent of the rental rates of the duplexes and 13.6 per cent of the rental rates of the apartments.

"The notably lower ratio of taxes to apartment dwellings is due," says the report, "first to the fact that a portion of the apartment rental dollar represents fuel, water, rent, janitor service, etc.; second floor space is more intensively occupied in apartment buildings, and third, apartment rental rates have in general recovered somewhat faster than house rental rates. In many communities, however, tax rates are mounting approximately as fast as rental rates are recovering."

Average Motorist Taxed \$48.

The automobile today has passed the stage where it may be classified as altogether a luxury. But it's a free luxury for the tax-grabber; in fact it's soft picking for him. Motorists paid an average of \$48 apiece in taxes, direct and indirect, contributing a total of \$1,349,000,000 or 10 1/2 per cent of the nation's entire tax revenues during the fiscal year ended June 30, 1937, according to the study.

In a detailed advance estimate, the report sets total federal, state and local tax collections at \$12,872,000,000 for the fiscal year just ended. General property taxes contribute \$4,718,000,000, and income taxes—federal, state, and local—\$2,629,000,000 according to the study, with the owners of twenty-eight million motor vehicles ranking a strong third as a source of revenue.

Gasoline and oil taxes, totaling \$884,000,000, make up the bulk of motorists' current tax contribution. Combined federal and state taxes on gasoline average slightly over five cents per gallon, for the country as a whole.

The purchaser of a new low-priced car pays \$101 in taxes, direct and indirect, during his first year of ownership, according to the study.

He pays approximately \$64 in taxes as a part of the original purchase price, the study shows. This figure includes \$3.30 estimated tax content in the freight costs, \$14.41 in excise taxes, and numerous direct and indirect taxes which accumulate in material and production costs to an estimated amount of \$46.10.

Computations Conservative.

If the motorist operates his car 7,200 miles a season, his gasoline and oil sales taxes will total approximately \$23; with an average cost for his new car license of \$14.50, a motorist thus contributes some \$101.50 in taxes during his first year of ownership.

If, however, the \$64 of taxes contained in the original purchase price is averaged down to an annual depreciation basis of \$10.42, assuming resale or trade-in at the end of the third year for \$350, the motorist's average tax cost becomes \$48.14 annually for the three years, the study shows. This figure is computed on the very conservative operating basis of 7,200 miles per season, the report points out.

The owner of a used car in its fourth to seventh year of service contributes an average of \$35 annually in taxes, the study shows, if he operates his car a modest 6,000 miles per season.

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Floyd Gibbons'

ADVENTURERS' CLUB

HEADLINES FROM THE LIVES OF PEOPLE LIKE YOURSELF!



"Assassins of the Nile"

By FLOYD GIBBONS

Famous Headline Hunter

YOU know, boys and girls, I have often said that you'll find adventure close to home a darned sight easier than you will roaming the world. One who goes traveling in search of thrills usually doesn't find any until he gets back into his own bailiwick again. But there are exceptions to every rule—and here's one of them. George C. Dorste of Bardonia, Rockland county, N. Y., met his biggest thrill when he was thousands of miles away from home and in a strange exotic country.

The country was Egypt, and George landed there in the course of his travels as a fireman on a tramp steamer. The steamer was carrying scrap iron, unloading it in consignments of various sizes at ports along the Nile river and its many branches. The year was 1912, and the ship had traveled part way up the Nile and was anchored in the river just south of the town of Medinet El Faiyum.

The ship was anchored not far from a pier. The weather is pretty hot in Egypt. In the afternoon, particularly, the sun beats down with such intensity that it is next to impossible for anybody but a native to do any work. It was at the height of the hot season, and the crew of the steamer, dripping sweat from every pore of their bodies, were just about all in. Along in the afternoon the skipper gave orders for all hands to knock off work for the rest of the day.

The men didn't argue about that. Most of them just walked to the shadiest spot they could find on that hot ship, flopped on the deck and rested. But there were a half dozen young fellows—George among them—who had a better idea. They stripped off their clothes and dived over the side into the water.

A Dandy Day for Lazy Sport.

The water was cool and refreshing. Those lads were in it, off and on, for the better part of the afternoon. They came out, now and then, for a breathing spell on the ship's deck, but the sun beating down on the iron hull of the vessel made it so hot that they were glad to get back in the water again.

The afternoon wore on and the sun began sinking toward the horizon. As its scorching rays withdrew little by little, the day became cooler. One by one the swimmers climbed back aboard the steamer and stayed there. Finally all of them were out of the water except one. And that one man was George Dorste.

George loved the water and he hated to leave it. He was swimming some distance away from the ship's side, and about half-way between it and the pier. As he splashed about in the river he heard a voice calling on shore and, looking up, saw a native standing on the pier.

If George Had Only Been a Linguist!

The native was shouting to George, but in a language he didn't understand. Then suddenly, he began to point toward the ship. George



The great reptile was between him and the ship.

could figure out only one reason for that pointing. He immediately jumped to the conclusion that someone aboard had dropped something over the side and wanted him to retrieve it.

He turned and swam slowly toward the ship. The native on the pier kept right on yelling, but George paid no attention. And then, suddenly, he saw it—a thing that looked like a log floating in the water, but a log that had a rough wrinkled snout and a pair of glassy eyes just showing above the surface!

A crocodile!

The great reptile was between him and the ship—and not more than twenty feet away from him. A shudder went through George's body when he saw it. He turned and began swimming toward the pier. But the pier was a great distance away—or at least, so it seemed to George. He knew that beast could catch up to him in less time than it takes to tell the story.

He Looked Like Good Meal to Crocodile.

He was swimming as fast as he could—exhausting himself in a spurt for the pier. And the crocodile was following along behind. It seemed to George that the great reptile never approached any closer than that original twenty feet—the distance that had separated them when he turned toward the pier. Was the beast playing with him, as a cat would with a mouse? Or was it waiting until George had exhausted himself in the swim toward shore before those cruel jaws opened and closed over him?

Still swimming frantically, he reached the pier. And then another terrifying discovery greeted him. As he made frenzied efforts to climb up the piles that supported the pier, he found that he couldn't. Those piles were covered with a slippery moss. He could make no headway up them. And all the time, now, the crocodile was coming closer, swimming slowly toward what it knew must inevitably furnish it its evening meal.

By now, George was mad with terror. He was still clawing and scraping frantically at those smooth, moss-covered piles, when the native on the dock came to his rescue. Suddenly, the native picked up a huge piece of scrap iron from a pile on the dock, and hurled it at the swimming crocodile. The piece missed. The native threw another—and that one found its mark. It hit the beast on the snout, and it dived beneath the surface.

Native's Accurate Peg Saves George's Life.

By that time a boat had been launched from the ship. It came tearing across the water as George's shipmates pulled hard on the oars. It reached George a few seconds after the crocodile had gone down.

"As they pulled me out of the water," George says, "I lost consciousness for a minute or two. But I came back to life before the boat had reached the ship—in time to see the steely eyes of the crocodile which had reappeared once more. It was following along, not more than ten feet behind the boat."

And George says that if he'd had a gun then, it would have given him the greatest pleasure to aim it right between those two glassy eyes and pull the trigger.

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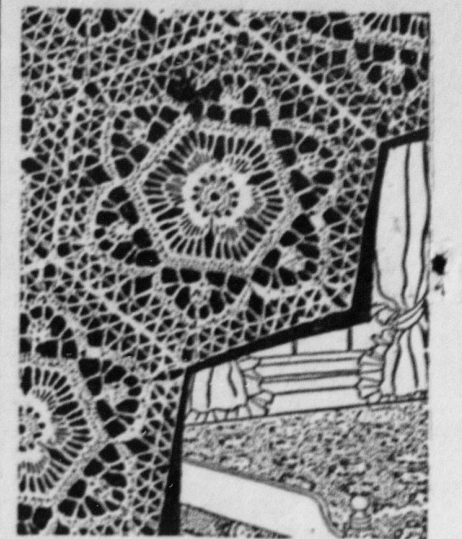
Elements Needed for Plant Growth

The elements essential for plant growth are hydrogen, oxygen, carbon, nitrogen, potassium, calcium, magnesium, phosphorus, iron, chlorine and sulphur. Certain plants make use of other elements, but they are not considered essential. With the exception of potassium, phosphorus and nitrogen, these elements are prepared in most soils in sufficient quantities to meet the plant's need. Green plants use carbon dioxide from the air in making starch. The other foods come normally from the soil.

A French Commune

The entire territory of France is comprised in municipal organizations called communes, the number exceeding 36,000. They vary greatly in size and population. All except Paris are governed under a single brief code, the municipal law of 1884. Each commune has a municipal council composed of from 10 to 36 members, elected by universal French male suffrage for 4 years, and a mayor, elected by the municipal council, who may be assisted by one or more aids called adjoints. All serve without pay.

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