

# Mr. Rayburn Suffers a Lapse of Memory

The distinguished speaker of the House of Representatives at Washington, Sam Rayburn of Bonham, seems to have been suffering from a touch of forgetfulness in his lecture last week to the oil men of Texas. The stern, and even threatening, tone of that lecture might have been more effective if the whole thing had not been based upon a plain error of fact.

Said Speaker Rayburn, "Texas oil men have the advantage of the 27½ per cent depletion allowance for income taxes because the Democrats gained a majority in Congress during the Hoover administration."

The Democrats did have a bare but controlling majority in Congress during most of the last half of the four-year administration of President Hoover. But Mr. Rayburn is mistaken in saying, or at least implying, that the percentage depletion allowance statute was enacted during that period. That was not the case. The present depletion allowance formula for oil and gas well was written into the revenue act of 1926 and has remained substantially unchanged since that time. That, as Mr. Rayburn will recall, was during the administration of Calvin Coolidge, when Nicholas Longworth presided as speaker over a Republican-controlled House.

The revenue act of 1932, enacted during the period referred to by Mr. Rayburn, continued percentage depletion and extended it to include coal mines, metal mines and sulphur. Appropriate congressional committees since have made thorough review of the depletion provisions at repeated intervals and have seen fit to recommend no material changes.

It is true, as Mr. Rayburn says, that despite frequent attacks upon the depletion allowance and efforts to eliminate or reduce it, the subject never has reached the House floor for a vote since the formula originally was adopted. As speaker since 1940, Mr. Rayburn can be given credit for that fact. But his remark that "I believe in reciprocity and the people who deal with me had better practice the same thing" is to be regretted by Mr. Rayburn's friends.

Mr. Rayburn seems to say that the depletion allowance was a gift to the oil men—a Democratic gift. He seems to threaten that if the oil men do not support Governor Stevenson and Senator Sparkman, whose campaign he heads in Texas, he will use his efforts to take that "gift" away from them.

That attitude we think is regrettable, coming from a man of Mr. Rayburn's high standing and able service to Texas and the nation. The depletion allowance is either justified as a matter of public policy or it is not. It is either a good principle of taxation or it is not. That is the basis on which it ought to be judged.

We believe that it is sound from the standpoint of tax policy and from the standpoint of the public welfare. The congressional committees which have made a close study of it evidently believe the same thing, else they would have seen fit to recommend its alteration or abandonment. Evidently they believe it serves the purpose for which it was intended: to allow oil men to recover invested capital without taxing it away, which accords with the American principle that income and not capital is to be taxed, and to provide incentive for the heavy risk-taking involved in drilling for the oil that the nation needs in constantly increasing quantities.

Mr. Rayburn is a dyed-in-the-wool Democratic partisan who has been highly and justifiably honored by the citizens of Texas and the nation as a whole. No one can quarrel with him for sticking to the home team, so to speak, unless it is to the detriment of the citizenship of Texas which has made it possible for him to be available for the high position he now occupies. Many will find it difficult to understand, however, how he could approve the position taken by Governor Stevenson on the tidelands, which would have the effect of robbing Texas school children of their birthright.

Be that as it may, Mr. Rayburn needs to take a look at the record. When he speaks on so important a matter as the depletion allowance, he should have his facts straight.



YER  
'NOTHER!

AN' SO'S YOUR  
OL' MAN !!!

LIAR !!

YA!  
COME OUT-  
SIDE AN'  
PUT ME  
OUT !!

JOHN  
PUBLIC

LOW BRIDGE!  
THEM AIN'T  
SAUCERS !!!

HAL COFFMAN