

The Watchman

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"Be Just and Fear Not—Let all the ends Thon Aims't"

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Sumter, S. C., Saturday

OIL MORE IMPORTANT THAN LIFE

British More Insistent on Share in Mosul Oil Field Than Protection of Christians

Lausanne, Dec. 24 (By the Associated Press).—Settlement of the Mosul dispute received a setback today when the Turks notified the British delegates that they could not accept the British contention that Mosul is part of Iraq, and therefore, of Mesopotamia, over which there is British mandate. The allies and Turks have been trying to solve this question ever since they arrived in Lausanne by means of private discussions. It will come into the conference in connection with the general fixing of Turkey's boundaries.

The Mosul oil fields are said to be among the richest in the world. Under the San Remo agreement England gave France 25 per cent of the output, but Turkey came to Lausanne with the argument that the Mosul vilayet, containing most of the oil property, belongs to Turkey chiefly because the population is Turkish. The Turks want England to recognize Mosul as Turkish, but say they will allow the British to work the oil fields.

Recently England sent a memorandum to the Turkish delegates arguing that on ethical, historical, political and economic grounds Mosul was really part of Iraq. Turkey's answer, forwarded today, is a refusal to accept the British arguments. In an 18 page document the Turks insisted that the Mosul vilayet should be considered separate from the rest of Iraq and as a part of Turkey.

They deny that the population of Mosul is chiefly Kurd, and that for racial reasons Mosul should not go to Iraq, and conclude that Mosul must be deemed an integral part of Turkey.

Turkey's determined stand adds another vital problem to the list which must be settled when the delegates reassemble after Christmas. The United States has a great interest in the disposal of Mosul because of the oil supply.

INCOME TAX REPORTS

State Adopts Uniform System of Reports For Next Year

Columbia, Dec. 25.—With an income tax law based upon the federal income tax law, the state of South Carolina has adopted a uniform system of report forms to be used in connection with the collection of the state income tax next year. It was pointed out today at the office of the tax commission, where the set of forms was exhibited.

There is a marked similarity between the state forms and those used in the collection of the United States income tax. For example, the individual with a net income of not more than \$5,000 will submit a report consisting of the identical items required by the federal report, with the addition of statement as to exemptions specifically allowed under the state law that are not permitted under the federal law. Incomes and interest received from the United States government by the taxpayer, and certain other classes of income, including pensions from the state and remuneration for duties in connection with American Legion activities, are exempted from state taxation.

The same general resemblance holds between the state and federal returns, respectively, for incomes in excess of \$5,000, the annual information return which shows at the source any payments that are classified as an income for the recipient, and the information sheets that are sent out with the blank returns.

One form that is not a part of the federal system is the annual return of normal income tax to be paid at the source, which, according to the introductory statement on the blank, is for the reporting of "salaries, wages, rent, etc., paid to non-resident individuals, foreign partnerships, having no office or place of business in South Carolina, and corporations not engaged in trade or business within South Carolina and not having any office or place of business there-in."

Accompanying the annual information return will be printed slips, to be furnished by the tax commission, which will give the specific information desired regarding the amount paid to each individual or concern, which is due to be reported for taxation. A remittance identification slip also has been printed, which is to be filled out by the taxpayer and transmitted with his check, this rendering it unnecessary for him to write a letter.

SARAH BERNHARDT IMPROVING

Paris, Dec. 28.—The condition of Sarah Bernhardt was somewhat improved today.

REPARATION PROBLEM IS ACUTE

Senator Borah Believes It Must Be Settled Before Debts Are Paid

Washington, Dec. 24.—Expressing confidence that "more mature reflection" would serve to diminish opposition to his proposal that the president call a conference of world powers for discussion of economic questions and further reduction of land and sea armament, Senator Borah, Republican, of Idaho, in a formal statement tonight declared that "we have reached a point where we are to lose all advantages gained" at the Washington arms conference "unless a solution of the reparations problem is found."

The Idaho senator made no direct reference to the statement issued, last night by Senator Johnson, Republican, of California, another "irreconcilable," in which the Borah amendment to the pending naval arms bill was assailed as a proposal which would "dump into America's lap the economic ills of Europe and the reparations muddle."

Senator Borah did mention, however, opposition to the suggestion, which, he said, "was along the lines of that to the arms conference when it first was proposed. Timidity and opposition in that case shifted," he added, to "very general support" as the proposal was studied.

Discussing Europe's war debt to the United States, Senator Borah said "some people seem to be exercised over the cancellation of this debt," adding:

"I am far more exercised over Europe's inability to pay. I haven't any fear about the open cancellation of this debt. But no child now living will see its payment if the subject of reparations is permitted to go from bad to worse until another war takes place."

"We are interested in the reparations question, however, because we are interested in the payment of what Europe owes us. We are also interested in it because we want European markets opened to our farm products. Millions are starving and dying in Europe for the products which are rotting on our farms. Shall we say that these matters do not concern us? Nothing concerns us more."

Asserting that the reparations tangle "directly, immediately, vitally" concerned the United States, Senator Borah declared:

"It involved millions to our people and it may involve another conflict. I am not over fond of conferences, but there are times when they are helpful. This seems to be one of these times."

There are many precedents for the conference he proposed, the senator said, adding that the United States had participated officially in such conferences and with European nations more than once and had never hesitated to confer with reference to economic, financial and commercial matters.

"Such conferences," the statement continued, "have never been regarded by the most zealous advocates of our traditional policies as in contravention to them."

Declaring that no public man had been a "more pronounced believer in our traditional policies" than former President Roosevelt, the Idaho senator declared that Mr. Roosevelt "specifically endorsed this kind of a conference and regarded such conferences as means of preserving the policies of Washington and Monroe."

Lausanne, Dec. 27.—The British, through a letter from Lord Curzon to Ismet Pasha today informed the Turks they will never abandon the Mosul oil fields as the Turks ask. The letter declares the prolongation of the Near East conference would fail to induce the British to recede from their position. The letter declares the British expelled the Turks from the Mosul promising the Arabs freedom from Turkish rule and had given a solemn promise to bar foreign powers from the area and intend to keep their word.

PLUNGES INTO CREEK

Greenville, Dec. 22.—John Vaughn is dead, Sam Vaughn is in the city hospital suffering from a fractured spine and Ben Tumbling is suffering from many painful bruises and minor lacerations after an automobile in which three were riding, missed a bridge near Fountain Inn and turned over several times about 7:30 o'clock tonight.

All three young men were of Laurens county and were driving back home from Greenville when the accident occurred. The driver evidently did not see a turn in the road near a spot where a small bridge spans a creek a few miles from Fountain Inn. The heavy car crashed through some shrubbery and into the creek, turning over several times. Sam Vaughn, suffering from a broken back, was reported in a serious condition.

FRENCH TALK OF SEIZING GERMAN FOREST

Another Plan to Enforce Payment of Reparations Under Consideration

Paris, Dec. 27 (By the Associated Press).—Premier Poincare plans to follow up the reparations commission's decision declaring Germany in default of her wood deliveries by presenting to the allied premiers' meeting next week a scheme of taking over the German state forests as a guarantee. If the other premiers will not agree to this step it is understood France is prepared to act alone.

It now is feared that the British and French attitudes will be as far apart when the premiers reconvene as they were when the recent London conference adjourned and the latest reparations development is taken to support this view. Sir John Bradbury went to London today to confer with Prime Minister Bonar Law and other members of the government on the effect of the reparations commission's action and on the question of the general British policy toward the premier's meeting.

Sir John's reasons for refusing to support the default vote which means, it is thought, may be taken as a reflection of the position of Bonar Law, were that certain extenuating circumstances entitled Germany to more lenient consideration and that furthermore the allies had previously agreed on a course less radical in the event of Germany's failure to make the deliveries.

France's victory in the reparations commission vote is ascribed to the personal efforts of Premier Poincare, who is said to have carefully planned the coup. The action was so quietly and swiftly executed that none of the American unofficial observers had the opportunity of being present.

Although the United States has no vote in the commission the views of its observers have always had much weight, especially when a vital issue was before the commission, as was the case yesterday. It is declared in reparations circles that the position of the American observers has approximated that of the British.

The commission's sudden decision took not only the Americans but French political circles by surprise since it was generally understood that the commissioners would take no decision until after the premier's meeting.

State Treasurer Needs More Help

New Forms of Taxation Increases Work of That Office

Columbia, Dec. 27.—The addition of new forms of taxation by the general assembly at its last session makes an increased appropriation for the office of state treasurer necessary for next year, according to a statement made public here today by State Treasurer S. T. Carter.

Pointing out that the 1922 general assembly had imposed an income tax, an inheritance tax, and a tax on gasoline and had increased the corporation license tax in addition to the levies formerly imposed, Mr. Carter declared that his regular office force had been entirely inadequate to handle the business of the office. Only through the help of the contingent fund of the state was the work kept up to date, he said.

Mr. Carter stated that his annual report probably would be in the hands of the printer by January 9, when the legislature convenes for the 1923 session. It will be transmitted to the legislators as soon as the printer delivers it to him, but the printing of the report will consume several weeks, in all likelihood, according to the treasurer.

Mr. Carter's recommendations as to the appropriation necessary to run his office efficiently will be transmitted with his report.

"If the legislature sees fit to impose still other forms of taxation and I would not be surprised if it does," Mr. Carter said, "the burden on this office will be still further increased. Last year, until we secured additional help, we were weeks behind in our work. For example, we were mailing out receipts in the middle of the summer that should have gone out in April or May."

In reply to a question, he said that the work of his office had been kept up to date since the additional help became available and that his report would be completed shortly after the books closed on December 31.

SENATE ADOPTS RESOLUTION EXPRESSING PLEASURE ON WILSON'S RECOVERY

Washington, Dec. 28.—The senate adopted a resolution by Senator Harris, Democrat, of Georgia, expressing joy and pleasure at former President Wilson's recovery of health. Most of the Republicans were silent.

TAX-FREE BONDS ABLY DEFENDED

Debate Turns Sentiment in Congress and Resolution is Held Up

(News and Courier). Washington, Dec. 26.—It is the exception when debate reverses the current in congress with regard to any cardinal measure. This is particularly true of the house. One of the rare instances in which debate causes such a change occurred last week—occurred in the house, and in a single day's session.

When the administration leaders called up the favorable report of the majority of the ways and means committee on the resolution to submit to the states a constitutional amendment giving the federal government the right to tax state and local bonds hereafter issued and, according to the same right to the states to tax future issues of federal bonds, it was the general assumption in the house that before the day closed the resolution would pass that body.

After the debate had thrown even a partial light upon the other side of the catchy proposition, it was apparent that a great change in the sentiment of the average member had taken place, and the administration leaders did not attempt to force a vote. The prevailing opinion that the report will not be adopted.

Among the telling points brought out against submitting the amendment were these: The federal government has issued about all the bonds it will care to issue for a good many years, its present problem being to reduce the enormous bonded indebtedness it has afloat. Some of the states have issued very few bonds in proportion to the federal government, and many, perhaps, most of them will in the near future wish to sell large issues of bonds to carry on public improvements, particularly in the line of road building.

As tax-free bonds now outstanding could not be taxed under the proposed amendment, the effect of its adoption would be to increase to a considerable extent the value of the present bonds in the hands of investors. It is probable that most of the bonds now outstanding are not owned by the original purchasers, and the suggestion has been made that a majority of them may have found their way into the strong boxes of the great financial centers such as New York. It is said that this is undoubtedly true of the Liberty bond issues. To tax all future issues of government, state and local bonds would probably cause a rise of many hundreds of millions of dollars in the value of the tax-free bonds now extant in this country.

To give the federal government the power to tax state and local bonds would destroy another of the great fundamental state rights which have already been reduced too much in the opinion of thoughtful people. The power of tax, as Chief Justice Marshall said, is the power to destroy. That this power should exist in many ways is not to be denied, but should the federal government have it over the state governments?

A tax on government, state, and local bonds would not come out of the pocket of the money-lender, but it would come out of the pocket of the borrower. That is to say it would come out of the pockets of the people. The lender of the money (the purchaser of the bonds) would more than recoup the difference by increasing the interest which would be required in order to make the bonds sell.

If the debate had proceeded farther, other points would have been brought out, to the surprise of the great majority of the American people, of congress, and even of many who think themselves fairly well informed on matters of revenue and taxation.

For instance, it would astonish the public if a statement should be made by the treasury department of the result of the policy of subjecting all of the Liberty bonds after the first issue to the income surtax. It is safe to assert that the government lost money by not adhering strictly to the tax-free policy in issuing its war bonds. All of these bonds could doubtless have been floated at 3 1/2 per cent, like the first issue, if all had been tax-free. Departure of the complete tax-free principle made it necessary to raise the interest rate to an extent which means over \$100,000,000 a year in additional interest which the country has to carry. Probably less than \$10,000,000, and possibly less than \$1,000,000 a year is obtained in revenue by the government from the surtax on the war-time bonds, because of the way in which these bonds can be distributed so as to avoid the tax without violating the law. In all of these taxable issues, the individual is allowed to hold a certain amount, say \$30,000 or \$40,000 before the tax applies. A rich investor can distribute such purchases among his family and thus increase the total of the exemption many times.

Further, it is contended that money raised by tax-free bonds does not escape taxation now. The bonds are sold to obtain funds

SENATE OPPOSES BORAH

Suggestion of Disarmament Conference Meets With Objections of Republicans

Washington, Dec. 27.—A score of Republican senators meeting in informal conference today decided to oppose the amendment to the naval appropriation bill asking the president call an international economic disarmament conference.

Administration Senators Senator Lodge began against the Borah amendment the senate convened. Lodge was said to have counted the difficulties of arms limitation encountered at the Washington conference. He declared in view of the attitude of other powers, useless to attempt to disarmaments.

MER ROUGE INQUIRY PROCEEDS

Effort to Run Down Persons Continues With

Bastrop, La., Dec. 27.—The department of justice agents and representatives today renewed their activities in the Morehouse case. Efforts to run down persons responsible for dynamiting the lake, which resulted in the deaths of William J. and Thomas Richards, were intensified. A man named last August, who was arrested and declared to be a dynamite dealer, was reported to have located the place where the dynamite was sold. Some reports are being watched.

The leg of the leg was broken during the holiday season. There were two small fires during Christmas day, the awning in front of D. D. Wittcover's store on the square, and the awning in front of Ben Hills' store on Pearl street being burned. The promiscuous shooting of fireworks being the cause of both fires.

The merchants reported good holiday trade and there was an unusually large amount of fireworks shot up during the day. This seems to somewhat change the talk of hard times, heard so much before the holidays. The stores were all closed Tuesday as well as on Christmas day, the employees there getting two days holiday.

THE BRITISH WAR DEBT

Plans For Refunding Debt Include Extension of Time

London, Dec. 28.—The British newspapers, commenting on the mission of Stanley Baldwin, seeking to fund the British debt to the United States, express the hope that terms fixed by congress for the repayment of the debt will be modified. A twenty-five year redemption period is condemned as too short.

with which to do things, and in doing these things the money is distributed. It is taxed eventually, according to this contention, in the channels in which it is expended by the federal or state or local government. Those advancing this argument claim that all that a tax-free bond means, aside from the question of state rights, which is fundamentally important, is that the money can be obtained for public needs at a less cost to the public than in any other way.

The proposition to adopt an amendment doing away with tax-free bonds might not be adopted by the states if submitted. The mark, the mere submission and possibility of ratification would cause an immediate avalanche of tax-free bonds on the part of the states and local subdivisions because it dictates of prudence.

Anderson, Dec. 28.—The funeral of the late Mr. Stone church was held at 11 o'clock.

OCTAVUS C. ED AS SP

Columbia, Dec. 28.—The Charleston bars, held a special judicial session in Orangeburg, S. C., on January 1st. The session was scheduled for that term.