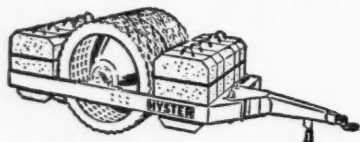


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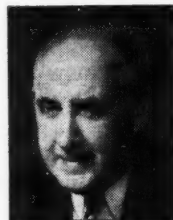
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The Power to Destroy

by Raymond Moley

THAT canny maestro, James A. Finnegan, says that of all the issues with which he hopes to elevate Adlai Stevenson to the White House, "big business" is the most valuable. And so the Stevenson-Kefauver theme is that the bigs are the deadly enemies of the smalls, driving some into bankruptcy and devouring others by mergers. The Eisenhower Administration, they say, views that devastation with cold satisfaction. The Administration, says Adlai, has "the corporate mind" and is pushing all of us into the maw of "the concentrated power of finance and industry." Kefauver is even more virulent.

The negative role of attack rests with the Stevenson-Kefauver team. The Finnegan-Butler plan leaves the job of capturing a Democratic Congress to the AFL-CIO Committee on Political Education. No doubt, if COPE achieves that, the Democratic organization will permit the political arms of unions to propose the program.

It is clear that after this campaign, in which "big business" has been the major issue, the proposals in Congress will be designed to punish and destroy big business by measures mainly in the field of taxation. For the New Deal long ago established taxation as the chief means of achieving economic and social reform.

'REFORM'

The so-called "liberals" in Congress, including that very large group which has been and will be elected by the multitudinous workers of COPE, will be determined to overhaul or repeal the Comprehensive Revenue Act of 1954. The AFL-CIO Resolution on Economic Issues, adopted by the first constitutional convention of the merged federations in December 1955, specified the program for which COPE will drive. First priority in tax cuts, it states, shall be given to a reduction of excise taxes, an increase in the individual income-tax exemptions from the present level of \$600, and a reduction of the 20 per cent rate for at least part of the first \$2,000 of taxable income.

In corporation taxes, the resolution says, the present level of 52 per cent should be maintained for at least another year. Then there should be a

shift in the normal and surtax rates to ease the burden on small corporations. Next, there should be a drive to close "loopholes" by repealing the small 1954 dividend relief, repealing the new depreciation provision of the 1954 act, abolishing income-splitting by husband and wife, "tightening" the capital-gains tax by lengthening the period of long-range gains and by increasing the rate considerably, tightening the estate- and gift-tax structure, and repealing the tax-exempt status of state and local bonds.

In addition, the AFL-CIO seems to favor the "progressive" principle in corporation taxes.

FALSE ANALOGY

Congressman Patman has a bill all ready to accomplish the latter objective. It would raise the surtax exemption from its present \$25,000 to \$100,000, and after that graduate the rates up to 75 per cent. Patman supports his plan with a false analogy. He says that if there is to be a graduated tax on individual incomes there should be one on corporations. But our largest corporations are owned in considerable part by small stockholders, and some little companies are owned by very rich people. Our five largest corporations have 3 million stockholders.

Under such a graduated corporation tax there would be restriction of growth, higher prices for products, and the breakup of large companies.

The time for business management to meet this sort of threat is here and now. Management must take a lesson from COPE and provide manpower in the precincts to help elect members of Congress who have been unwilling to bow their heads to a single interest such as COPE.

Chief Justice Marshall, borrowing a sentence from Daniel Webster, said: "The power to tax involves the power to destroy." If under the leadership of COPE, victorious in the coming election, the Congress sets to work to make good on the reckless, irresponsible, vindictive attacks of Stevenson-Kefauver, the smalls as well as the bigs may well be destroyed. Higher costs, higher prices, paralysis of investment and technological progress, bankruptcy, more mergers, and fewer jobs may well be the harvest.