

Colleges Engaged In Business Eyed By U. S. Government Tax Collectors

By SAM DAWSON

NEW YORK, Jan. 24.—(AP)—The tax collector is breathing down the neck of the nation's colleges and charitable trusts. Beset by rising costs and falling yields from their traditional investments, some of these institutions have gone into competition with business.

They enjoy exemption from income taxes, and some businessmen complain that this gives the schools and other tax-exempt institutions an unfair edge in competition. And the U. S. treasury is looking for more and more cash wherever it can find untaxed income.

Most of the colleges and universities who now run just about everything from macaroni factories to cattle ranches say they have entered the business world reluctantly. They call it the only way to make enough money to keep their educational plants running. That is because times have changed in the investment world.

These institutions always have been exempt from income taxes. In the old days they put their endowment funds into high-yielding bonds and mortgages. But in recent years the yields on such investments have slipped steadily. Money invested in the traditional ways no longer brings in enough return to support the schools.

But the tax collectors and some businessmen see the thing in a different light. There has been a growing tendency since the war for business enterprises to deed themselves to universities and colleges, who operate the firms under a trusteeship. The business escapes the income tax that way, and the educational institution gets a higher return as its share of the profits than it could from investing in securities. And the schools pay no income tax.

Another big trend has been for

business firms, especially retail stores, to sell their buildings to tax-exempt institutions, and then lease them back. The college pays no income tax on the rent it receives, while the business charges off the rent it pays as expenses when computing the tax on its earnings.

Federal tax collectors say that some 14,000 educational and charitable institutions report their incomes—only a small part of the total such groups. They report total annual income of \$1.2 billion, of which \$556 million was from business activities.

Tax collectors add that if you take in all the tax-exempt organizations, such as farm cooperatives, you find some 99,000 (also only a small percentage) report their incomes, with receipts of \$9.8 billion, of which \$8.1 billion comes from business activities.

Some of the activities from which schools draw their funds include: rent from business properties, apartments, homes, profits from farms, shops, creameries, laboratories, printing plants, cattle ranches.

As one example, New York university is reported to have acquired businesses valued close to \$500 million. The Internal Revenue bureau is trying to collect \$135,000 for income tax on a macaroni factory which the university operates under a trusteeship. The case is pending before the tax court. A member of the house ways and means committee has said that the university saved \$1.5 million altogether in taxes that would have gone to the government if the businesses it runs had remained in private hands.

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OUT OUR WAY

By J. R. Williams

Reds Still Peril West Germany, McCloy Reports

WASHINGTON, Jan. 25.—(AP) High commissioner John J. McCloy says he is ready to crack down "swiftly and firmly" if a dangerous revival of nationalism should develop in western Germany.

While expressing confidence pro-western democratic elements will prevail, McCloy acknowledged in a report on his first six months in Germany, there is peril from the extremists—especially if they join forces with Soviet Russia.

His view is that the United States, Britain and France retained "ample powers" in setting up the Bonn regime to deal with any threat. They have authority to intervene directly, and can deny further concessions to

West German government, he noted.

"If necessary, I would not hesitate to apply these remedies swiftly and firmly," McCloy declared last night.

McCloy gave a progress report after conferences with President Truman and Secretary of State Acheson following his arrival in the capital. He brought up the matter of the authority retained by the occupation forces because he said there is some feeling the West gave up power too soon.

"If there were no danger in Germany we would not be there," he said.

"Germany constitutes a danger within itself and even more fearful danger if allied with, or subordinated to, the interests of the Soviet Union."

He said that the Communist and rightist extremists "seem prepared to get together with the totalitarianism of the Soviets, should a good opportunity pre-

N. W. Power Lack To Last Several Years, Claim

WASHINGTON, Jan. 25.—(AP) Secretary of the Interior Chapman says there are no indications the power shortage in the Pacific northwest can be relieved in under four or five years.

He so told a House appropriations subcommittee. "There is a definite shortage of power on the west coast," Chapman testified.

"To what extent or rate I am not prepared to state. The indications are there is a definite shortage now. There is no indication that it can be relieved under four or five years in the Pacific Northwest, even if we proceed at the present pace on authorized projects in that area."

on that basis rather than on their past weaknesses and misdeeds.

While acknowledging that former nazis have found their way back into important governmental jobs and leading business positions, he contended that "little nazis" both cannot and should not be excluded forever from normal life in the community.

Undertakers Face Strike Of Drivers

MINNEAPOLIS, Jan. 25.—(AP)—Minneapolis undertakers today rescheduled funerals and sought emergency equipment to replace service shut down when 40 union drivers of hearses and limousines struck in a wage dispute.

The men walked off their jobs Monday and placed picket lines around the four livery firms involved.

Ralph A. White, president of the Minneapolis funeral directors association, said the undertakers planned to appeal to Gov. Luther W. Youngdahl, seeking intervention and a quick end to the strike. He said Minnesota law provides that bodies must be moved from the place of death within five hours.

A union spokesman said the drivers are currently paid \$50 a week for 60 hours work and sought \$62.50 for a 48-hour week when their contract expired Jan. 1. The walkout came after negotiations failed.

SWANS SIGHTED

Residents of the area west of the Roseburg Veterans hospital grounds Monday reported a large flock of white swans had stopped over, presumably to refuel during their air journey.

Identified by some amateur ornithologists as trumpeter swans and by others as "just plain swans," the large birds defied efforts of a News-Review photographer by remaining out of range of the camera.

The birds, when last viewed, were taking it easy on a small pond formed by recent rains.

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