

# The News-Review

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## THE LUMBER GREMLIN

Charles V. Stanton

Some people doubtless are puzzled why competitive bids for federal timber often are so far out of line with appraisals. In recent months many federal offerings have been sold at prices far in excess of the values fixed by the selling agency. This would lead to the assumption that federal agencies selling the timber are inefficient in determining values.

Writing under the title "Lumber Gremlin" in the current issue of *Oregon Voter*, Ralph T. Moore explains why this condition exists. He says, in part:

Those in the trade, however, recognize the soundness of present price formulae and know that the antics of high income taxation are to blame. Quick turn-over buys at certain loss are often good operating policy. Uncle Sam finances half the loss and the balance is reduced to a negligible minimum by gains from the mechanics of added production volume. Postponement of a capital-gains tax on a first-time timber sale is often very profitable also. Thusly are principles of good economics grossly distorted by present high taxation. It's a weird situation, neither conducive to the health of the lumber industry nor with any guiding precedent.

All high stumpage buys are not in accord with the foregoing. Some are made possible by easy access, savings in operating costs accruing to favorable location, and exceptionally high yields in veneer-type logs. These factors are, of course, taken into account by U. S. foresters when fixing stumpage values. Embarrassment when prices bid are so much higher than those asked is mostly due to the private circumstances of the bidder. The gremlin will continue to sneak in as long as income taxes are high.

### Tax Policies Unrealistic

Sit in an informal gathering of businessmen for an hour and invariably the conversation turns to income taxes. Our complex income tax laws are so unrealistic that they often make it advantageous for a large business to incur losses to avoid high tax brackets.

Our income tax laws are based on principles of politics rather than principles of economics.

The New Deal sold the public on the "Soak the Rich" policy of taxation. From an economic standpoint there never was a more fallacious policy. In the first place, the rich are not "soaked" because they can pass their tax costs on to the consumer. So it is the small taxpayer who pays the taxes on the products he buys. In the second place, the manager or operator of a big business often absorbs losses, curtails production, or takes other steps to keep under confiscatory surtaxes, excess profit taxes and the other politically-inspired tax traps. These are not evasive tactics. They are covered by law. But laws fail to provide incentive for highest possible production or for creation of jobs.

### Jobs Control Economy

Jobs are the most essential factor in economy. When we have full employment and a scarce labor market, wages are high, permitting a high level of buying power. With high buying power we have a high consumer demand for products, thus maintaining a high rate of production. It is a cycle fundamental to economy.

But when a man with money, who might be investing risk capital in the creation of more jobs, finds that it is not profitable for him to expand his business, because he would move into higher tax brackets, potential jobs are lost.

One of my good friends recently related to me how he had refused to replace a business destroyed by fire because the profits from that business, combined with the several other activities in which he was engaged, were largely confiscated in taxes. The small returns to the owner from that business, didn't justify, in his mind, the amount of work involved in supervision. So he did not rebuild the plant and the 35 persons employed had to seek other jobs.

This is not an isolated case. Many similar decisions could be cited.

Here in Douglas County we are in urgent need of secondary wood manufacture to take care of materials now being wasted. But one of the handicaps to the development of a secondary manufacturing industry is found in the federal tax structure which contains little encouragement for investment of risk capital.

The "Lumber Gremlin" mentioned by Ralph Moore seems to be working an overtime shift.

## Hal Boyle

MESCALERO, N.M. (AP) — Leaves from a touring notebook:

Many a Park Avenue father heaves a sigh at the cost of throwing a debutante ball for his daughter.

But he'd break down in tears if he had to foot the bills for introducing her to society on an Apache Indian reservation.

A debutante ball lasts only a single evening under the white man's idea of what makes a good party. The Apaches have a more muscular and red-blooded approach.

When an Indian father announces he has a daughter who is ready to set up teepee-keeping, it isn't just a shindig for a few close friends of the family. The whole tribe shows up. And the feasting and celebrating goes on for four days and nights. When the Apaches have themselves a ball, they like to bounce some real echoes off the mountain.

The "coming of age ceremony" of an Apache maiden, usually held when she is 12 to 14 years old, in the old days was a time when the nomadic tribes fulfilled their religious as well as social obligations. The rites drew the wandering groups together, gave them an occasion to swap tall tales of the hunt, exchange gossip and renew their ancient beliefs by the mutual performance of rituals.

In the simple past when buffalo were plentiful the warriors in the Indian maiden's family usually found it reasonably easy to provide meat for a four-day feast.

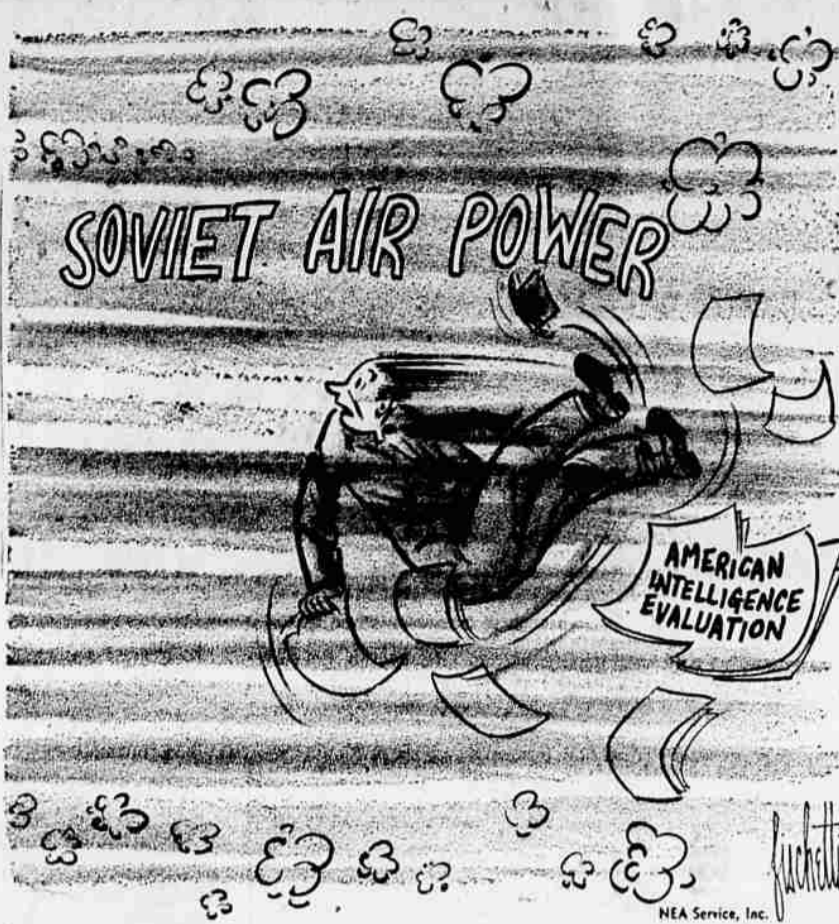
But with the price of beef what it is today the situation has changed. Few Apache fathers now could pick up the tab for a daughter's debut. So the tribe itself throws the party.

Only one girl, Iva Lee Enjady, 14, will go through the social ringer at this year's annual festival, July 14.

As of old, she will have her own ceremonial teepee. Her hair will be washed with yucca root suds. She will wear a buckskin dress and two tail feathers (a female eagle, signaling her entrance into womanhood. If she scratches, she must use a wooden scratcher, as she mustn't during the entire four days scratch any part of her body with her fingernails.

She also must not look up at the sky or be disobedient in any way for fear of bringing rain clouds. To assure her of a good appetite through life she will be fed wild fruit marked with a cross of yellow pollen. She will also be anointed with the pollen.

The maiden, whose buckskin dress is adorned with tiny tin bells, will perform ceremonial



## Peter Edson

WASHINGTON — (NEA) — When the record of the United Nations Disarmament Commission's subcommittee meetings in London last spring is made public, it will reveal another amazing performance in Soviet double-talk. The full story has not yet come out, but certain highlights can be given.

This five-power meeting — U.S., U.K., France, Canada and the U.S.S.R. — was held in compliance with a U.N. General Assembly resolution passed last fall. The Russians voted for this resolution. The assumption was that they would cooperate in trying to find workable disarmament plans.

But the first proposal put forward by Russian Ambassador Andrei Gromyko at the February opening would have set back disarmament by ten years.

On paper, the Russian proposal called for the destruction of all atomic weapons. This sounded all right in principle, but the western powers delegates wanted to know what would happen after the A and H-bombs were destroyed. On close questioning, it developed that what the Russians were proposing was that the United States destroy its stockpile of bombs and the Russians destroy their stockpile. But after that, both sides would be free to go ahead and produce bombs as fast as they wanted to.

IT TOOK THREE WEEKS OF frantic arguing to impress on Gromyko the fact that this would merely be ending one atomic arms race and starting another. It would be no disarmament at all.

Then Gromyko was "called" as Russian delegate on the subcommittee. Ambassador Jacob A. Malik took his place. It was obvious from the start that Malik had no instructions other than to stall the conference. The old Russian proposal for a one-third cut in armed forces was brought forward again. Western delegates questioned Malik to know what base the troop strengths were to be cut from. They told what U.S., British, French and Canadian forces were.

Malik's only reply was to accuse the westerners of wanting to spy on the Russians by finding out how many troops they had. His final comment was that after a treaty agreeing to cut forces one-third was signed — then and then only would the Russians come forward with a statement of what strength they would cut to.

THE KEY TO the whole sorry business, however, was found in the Russian proposals for inspection. They called for teams to be located in specified airdromes, seaports, rail and highway junctions, and key munitions plants. This was the provision of the Korean cease-fire agreement which U.N. forces have had bitter experiences. After the inspection teams were set up in the specified points of entry, the Communists and the Red arms build-up began again.

Western delegates also questioned Malik about inspecting factories which might not be listed as arms plants, but which might be making secret weapons on the sly. "Suppose we should want to inspect a button factory?" they asked Malik in effect.

In dead-pant seriousness he replied, "Who would want to inspect a button factory?" And on this note the three-month meeting broke up. The disarmament subcommittee is reconvening in New York to tidy up leftovers of the London meeting. Its record will be transmitted to the U.N. General Assembly in September. And the U.S. will decide what should be done next.

Program For Lookout Point Dam Announced  
 SALEM — The program for the dedication of Lookout Point and Dexter dams on June 25 was announced today by Iva E. Oakes, engineer for the Willamette Basin Commission and chairman of the dam dedication committee.

The ceremonies will start at 2 p. m., and will last about 1 1/2 hours. Speakers will be Asst. Secy. of the Army George H. Roderick, Gen. E. C. Itchner, assistant chief of Army Engineers for civil works; and U. S. Rep. Harris Ellsworth (R-Ore). Gov. Paul Patterson will be master of ceremonies.

The dams will be open for inspection at 8:30 a. m. on that day and visitors will be taken onto the reservoirs behind the dams.

The dams are 23 miles southeast of Eugene on the middle fork of the Willamette River.

Car Dealers Warned Against Price Fixing  
 WASHINGTON — Asst. Atty. Gen. Stanley N. Barnes said Tuesday local associations of car dealers may be engaged in conspiracies to fix or peg prices for new automobiles.

If they "continue to agree among themselves upon price, or any element entering into the price of new automobiles, we shall prosecute," he added.

He added "prosecutions of price fixing schemes are on the criminal side of the law."

He told the Senate judiciary antitrust subcommittee there is no evidence that the National Automobile Dealers Assn. "has had any part in these price fixing schemes."

### In The Day's News

(Continued from Page One)

tract. It is out of this tangle that payments for layoff periods will be made.

Keep in mind this word LAY-OFF. It is important. It means layoffs ordered by the employer. It doesn't mean just any layoff the employee decides to take for reasons of his own.

The Ford Company's vice-president in charge of industrial relations, John Bogas, says the company agreed to go along with the guaranteed wage plans after considerable debate among Ford officials.

He adds: "We think it is significant. We think our plan will be particularly useful in the AUTOMOBILE INDUSTRY."

What he means is that the automobile industry has been a particularly seasonal industry. It has changed its models at frequent intervals, and while it has been tooling up for new models it has laid off large numbers of employees. People buy more cars in certain seasons than in others, and during seasons when sales have been smaller it has been the custom of the industry to lay off men.

What the new Ford agreement adds up to is that hereafter when men are laid off they will receive during the layoff period (up to half a year) a certain percentage of the wages they would have received if they had been kept at work.

What it will probably result in — especially if General Motors and Chrysler come into the plan — is more stabilized production in the automobile industry.

That is to say, fewer layoffs. I think it will be generally conceded that the new Ford agreement — especially if it is gone along with by the rest of the automobile industry — is a good sign for the future.

It is a good sign because in this modern world sensible agreement is better than war, and strikes are industrial war. Like that of shooting war, their cost is very great.

So far, we have dealt here with the PRINCIPALS in the automobile industry — that is the employers and the workers. We mustn't forget that in this situation, as in every similar situation, there is a THIRD PARTY.

The third party is the general consuming public. I think the ordinary car-buying public is entitled to hope that the increased cost involved in this epochal settlement will be offset by INCREASED EFFICIENCY IN THE INDUSTRY and won't just be added to the price of cars.

Merely jacking up the price of the product to cover the increased cost of the wage settlement is INFLATION — and inflation is BAD in any language. It does NOBODY any good.

### Douglas County Timber Involved In Mill Sales

MEDFORD — Sale of Timber Products Co. and Veneer Products Co. and 70,000 acres of Jackson and Douglas county timberland to the Cyprus Mines Co. of Los Angeles was announced here Tuesday.

The purchase marked entry of Cyprus into the timber business after years of mining and oil operations.

Purchase price was not disclosed. The two local firms had common ownership with Timber Products founded in 1918 as Tomlin Box Co. Its last president was Floyd Hart who died last week.

The Mudd family of Los Angeles is one of the Cyprus owners and also owns the Rogue River Orchard Co. here.

Cyprus Mines was founded in 1916 and its interests include copper and pyrites on the island of Cyprus, iron ore in Peru and copper, zinc and oil properties in the United States.

### Three Conventions Of Lutherans Are Held In Tacoma

TACOMA (AP)—Three conventions of Lutheran churchmen were being held simultaneously Tuesday on the Pacific Lutheran College campus.

Representatives of 106 congregations of the Pacific District of the Evangelical Lutheran Church and delegates from 87 congregations of the Northwestern District of the American Lutheran Church were in their second day of deliberations.

The Women's Missionary Federation of the Pacific District of the E.L.C. opened its convention Tuesday.

Dr. Alvin Rogness, president of Luther Theological Seminary, St. Paul, Minn., will address a joint session of the three conventions Tuesday night.

Negotiations to merge the American and Evangelical Lutheran Churches have been under way for the past six years. The union is expected to be completed within four years.

Dr. H. L. Foss of Seattle told the Evangelical convention two new congregations, one at Tacoma and

the other at Concrete, were established last year.

He said that the Pacific Northwest District of the Evangelical Church last year raised \$153,115 for church-wide benevolences in addition to local church expenditures.

He said that five new churches will be established in Washington this year and that a sixth will be established at Anchorage, Alaska.

Two new dormitories were completed at Pacific Lutheran College at Parkland during the past year and the school's total enrollment

reached an all time high of nearly 900.

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