The News-Review

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FOOLING THE TAXPAYER

By Charles V. Stanton

The special session of the legislature, now meeting for the assigned purpose of lightening the load on state taxpayers, seems to me to be preparing only to add to the burden.

The taxpayer, I expect, will be told he is to have part of his load lifted and, in fact, may get a little temporary relief. But, if the session continues along the course outlined, the taxpayer probably will have real cause for grief the year after election.

Right now it appears that the legislature will increase the amount of basic school support. The increase will be in the neighborhood of $5 million for one year, which would make $10 million for the biennium for which appropriations are made when the legislature meets in regular session. This $5 million cost for one year is to be paid out of surplus funds and will be credited against property taxes in the fall of 1958. The 1957 tax already has been levied. So, the taxpayer will get no benefit from the tax cut for a full year. The tax bill will be received in October, just ahead of the general election. It will be possible to "point with pride" to the property tax offset and the more money provided for schools.

Obviously the plan is designed to please the large school organization, a powerful force in Oregon politics. At the same time taxpayers will have evidence of the appreciation of a Democratic administration.

Tax Will Continue

The increase in school funds and the offset in property taxes will be a fine campaign argument in October and until the November election.

Then, the legislature will meet in January in its regular session. It will be facing a $10 million dollar appropriation for the basic school fund for the next biennium. Schools, of course, are being told that the $5 million appropriation is for one year only, but it is my belief that anyone who expects the appropriation will not be continuing should have his head examined.

So, after full political advantage has been made of the contribution to education and the offset to property taxes, the burden can be piled on the shoulders of the taxpayers. The administration then will have a full four years in which to repair any fences that may be broken.

Republican senators, in my opinion, are not helping the prestige of the Republican Party by their policies in the current session. They had opportunity to advance a constructive program for use of the state's surplus funds — a program that would be of actual benefit to the state's faltering economy. Instead they elected to play the game of politics.

Would Endanger Tax Base

The Republican Party could have earned the confidence of the state's voters, had its leaders taken a different course. Instead they have sought only to embarrass the administration. Their proposals, if adopted, could seriously endanger the state's tax foundation.

It is most desirable, I believe, that there be maintained at all times a surplus in the state treasury. Republican administrations had such surpluses, ranging from $30 to $50 million. Republicans, in a period of weakened state economy, are proposing to cut the treasury surplus to $10 million. That amount is insufficient as a cushion against possible contingencies, in my opinion. At the same time I believe the $50 million proposed by Governor Holmes to be more than is needed.

No program so far proposed, other than the one advanced by Senator Dimick for state loans to veterans for homes, offers any immediate relief to the state's economy. Taxpayers would get some lifting of the load in late 1958, probably followed by a prompt increase in the tax load for 1959.

It is generally anticipated that the state's economy will be returning toward previous high levels early in 1958. If that is true, the tax relief now proposed most definitely will be inflationary and will do more harm than good.

If the legislature wants to do a really constructive job, it should, in my opinion, set aside an adequate cushion to protect the tax base against emergencies, then turn all possible dollars into projects creating immediate employment and adding to the state's capital investment.

Sen. Pearson Charges GOP Motives Purely Political, Aimed At Embarrassment

SALEM (AP) — Sen. Walter J. Pearson, Portland, asserted Wednesday "Republican motives are purely political and intended to embarrass the administration and the Democratic Party" in opposing the Democratic tax cut plan.

Sen. Philip S. Lowry (R), Medford, responded, "The Republicans have a sound and sane program. I don't horse trade when I know I'm right."

The Democrats proposed a 10 per cent tax cut, the Republicans want a 30 per cent reduction.

Pearson, Senate Democratic leader and chairman of the Senate Taxation Committee, said on the Senate floor that the Democrats had offered to compromise at 15 per cent, but the Republicans "turned it down flatly."

Delayed Consideration

Lowry said that Pearson has delayed consideration of the tax bill, and that most of the Democrats refuse to discuss the bill in committee.

Pearson said the Republican program "would place the state's economy condition in jeopardy. As a former state treasurer, I can say it would endanger the state's economic future and damage its credit rating."

The Senate seems certain to pass the bill Thursday as amended by the Republicans. Pearson said such action would make it doubtful if any compromise could be reached.

"The bill," he said, "then would go into a conference committee, and the Lord only knows if the committee ever could agree and how long we would be here."

Sen. Carl Francis (R), Dayton, protested that Pearson was out of order in making his statement under "personal privilege."

Sen. Ben Musa (D), The Dalles, whose vote gave the Republicans control of the Taxation Committee, said, "Surpluses are not good for the state. I'm proud to be a Democrat, but first, I vote as my judgment dictates."

Sen. Sidney Schlesinger (R), Salem, said he resented Pearson's statement that the Republicans wish to embarrass the Democrats.

"But," he added, "I don't want to embarrass the taxpayers by taking 60 million dollars away from them."

Increased Surplus Crop Sales Urged By Benson

ANKARA, Turkey (AP) — U. S. Secretary of Agriculture Benson said Wednesday the Eisenhower administration will ask Congress to approve a billion-dollar increase in American surplus crop sales abroad in 1958.

Benson, on an 11-nation tour, said one of the purposes in stepping up the program would be to prevent a rise in surplus stocks at home. Such an increase would double this year's surplus sales to foreign countries.

"We cannot predict the decision of Congress," Benson said. "But we think the increase proposal will be received positively."

Editorial Comment

From The Oregon Press

POLITICAL HOKUM

Grants Pass Courier

Richard Neuberger, the more level-headed of Oregon's two senators in most respects, knows the value of a dollar. He also knows—or should know—the importance of maintaining the value of that dollar.

Therefore when he joins in attacks on the administration's tight money policy, and cites misleading statistics in support of his charges, he plainly is resorting to demagoguery.

The paragraph in question is in Sen. Neuberger's current weekly news letter, and is entitled "Who's been getting the prosperity?" We quote:

"A detailed study of staff members of the Senate Finance committee illuminates the distribution of Republican economics from 1953 until 1957. These are the percentage changes in five major categories of American income:

"Wages and salaries, up 13 per cent; farm operators' net, down 17.5 per cent; business and proprietor's income, up 2.9 per cent; dividends, up 24.5 per cent; income from interest up 26.6 per cent. Need more be said about who's cashing in on prosperity?"

In the first place any fair comparison should start with the generally accepted norm, which is 1940, instead of 1953. This is the base used by economists when they chart increases in the cost of living that have depreciated purchasing power of the dollar to its present level of less than 50 cents.

This would show wages and salaries up several hundred per cent in many categories. True, it would show some segments of agriculture have failed to share in the general prosperity, but not the favored classes supported by parity payments and subsidies. Business income also definitely would be up, even more than the figures quoted by Neuberger, and as a result dividends also have been good.

All of these figures are reasonably correct. They have been the basis of our unparalleled post-war prosperity. But they also have been indices of inflation. All the while everything else was going up the dollar was losing value, partly due to financial legerdermain developed under the Roosevelt administration and partly because man-hour production has not kept pace with wage increases.

The New Dealers and Fair Dealers resorted to just about every device short of outright printing press methods to depreciate the value of U. S. currency. The gold standard was abandoned and it was made illegal for Americans even to own gold, except for limited uses such as jewelry, dentistry or as souvenirs.

Cheap money was the goal of the Democrats, and it was realized in full. The 100 cent dollar became a 48 cent dollar, thereby halving the value of all life insurance, pension funds and the savings of the nation as a whole. As a result it no longer seemed logical for people to be frugal or to put aside something for the traditional "rainy day." Get cash into something tangible as quickly as possible, before the dollar eroded still further, became the order of the day.

The Eisenhower administration fortunately recognized in time the terrible tragedy that could ensue if this boom and bust inflation were not curbed immediately. The horrible example of what happened to the German mark was not too far removed. The plight of the French franc is a current and very apt illustration of what inflation can do to a nation's solvency.

We credit Sen. Neuberger with more intelligence than to assume he really believes the national administration should permit inflation to run wild. Therefore his comment, "Need more be said about who's cashing in on prosperity" is nothing more than political hokum.

12 YEARS TO BECOME 14?

The Oregonian

Oregonians had better begin to give some serious thought to the "community college," for it appears that the establishment of such schools — usually as a two-year extension of the local school system — will become the most common means of meeting the skyrocketing demands for education beyond the high school. This was the clear implication of much that transpired at the recent statewide meeting in Eugene sponsored by the governor's Committee on Higher Education.

The "community college" is not a new idea. In the past it has often been called a junior college. Two generations of Californians have attended such schools. The state of Washington, too, has long-established two-year colleges in several communities in the state.

In Oregon, there is but one such college — in Bend — operated by the public school district there.

State legislation is permissive, leaving the initiative up to the local district, providing it meets certain qualifications as to size and resources. The last Legislature provided that a share of the cost would be paid by the state. Chances are that, in the next few years, other Oregon cities, particularly those without a higher educational institution of any kind, may find it desirable, as has Bend, to provide two more years of at-home schooling for their children.

The community college should not, however, be considered a panacea for higher education's growing enrollment problem. The establishment of several such schools in the state, indeed, might very well aggravate that problem. The increase in accessibility of the first two years of a college education would surely increase the applicants for upper division and graduate work. That has been the experience in California and Washington.

There are other considerations. The practice has generally been to administer the community or junior college through the local school district, expanded in some cases to include several public school districts, as union high schools have been created. In Oregon, this raises the question of conflict with the state system of higher education, which currently has jurisdiction over higher education institutions. There is the probability too, that although the local district pays the bills, students will be drawn from outside the district boundaries. State support is only a small fraction of the cost under current legislation.

But none of these difficulties is insurmountable. It will not suffice for the state merely to raise admission requirements in its established colleges to keep enrollments there within the limits imposed by facilities. For education beyond the high school is becoming essential for an over-growing segment of the population. The state's youth must be served. It may very well be that the only way to serve it adequately will be through a two-year extension of the public school system to include the public community college.

—Hal Boyle—

NEW YORK (AP) — Horace A. Carter never wanted to be President of the United States.

All he ever wanted to do was sell underwear to the Presidents—and the people who voted for and against them.

At 88 Carter, durable as a hickory fence post, is the dean and kingpin of the nation's prospering underwear industry. He is president and treasurer of the William Carter Co., which this year expects to do a record $35,000,000 business.

"We have outfitted most of the Presidents since Theodore Roosevelt," recalled Carter, who still gets up at dawn as did his father, William, who landed here from England just 100 years ago with about $2.50 in his pocket.

"President Taft was so large that we had to make special garments for him. Calvin Coolidge took considerable pride in his underwear. He wore ankle-and-waist length one piece union suits made of silk and wool—the same style the year around.

"Once, when I visited him in the White House, he told me, 'I always have Grace wash them herself'."

Sometimes Coolidge, a personal friend of Carter and a man who placed a high value on a dollar, would accept gifts of underwear. But once he wrote on White House stationery:

"Now, wool and labor are cheap, I will pay this time, so send me the bill."

At another time he told Carter:

"I tell you, Horace, underwear is not a necessity. Underwear is a luxury. My father never wore undershirts and underdrawers, and I never wore them until I was 21."

The underwear firm was founded by William Carter, who as a boy had knitted hosiery for the Prince of Wales, in the family kitchen in West Needham, Mass., in 1865.

At 16 Horace entered the firm and worked a 60-hour week.

"In addition I had to milk two cows, and feed the horses, swine and chickens," he recalled. "In my spare time I took correspondence courses.

"It didn't hurt me. Responsibility and work wouldn't hurt any of today's children either."

In his youth the big item in underwear was the famous "long-johns," a full-length drop-seat model made of red flannel or oatmeal-colored fabric. The greatest business now is in children's and infant underwear, which Carter helped pioneer.

"With a population of 204,620,000 expected by 1967," Carter said cheerfully, "business ought to continue to boom."

One item popular with elderly ladies — the "belly warmer," a wool wraparound worn about the midriff — was discontinued only three years ago. But the "belly trimmer," a knit girdle-type garment to slim down the silhouette, is still in high favor with middle-aged pot-shaped men.

Carter first won personal renown in the industry with an ad around 1902 showing a husband and wife, clad in long underwear and shaking hands under the caption: "In union there is strength."

"It was a bit daring for that day," he chuckled.

A rugged individualist who still keeps a firm hand in the business and travels thousands of miles each year, Carter has a simple New England philosophy.

"The almighty's been with me," he said. "I try to enjoy what's good, to live frugally and moderately, to keep interested in everything and everybody."

Throughout his life Carter has had no hobby, except the occasional writing of poetry.

"I gave that up around the second world war," he said, his old eyes twinkling, "for fear people might think I was eccentric."

—Peter Edson—

WASHINGTON — (NEA) — One of the great difficulties in analyzing today's high cost of living and the wage increases which have to be granted to meet it is in determining where an increase in the standard of living leaves off and where inflation begins.

It is a common belief of most younger people that inflation is a post-World War II phenomenon. Old-timers know better.

A good case can be made that both inflation and the American living standard began their present climb back in 1914 when the late Henry Ford arbitrarily raised the minimum wage of his employes from $2.34 a day to $5 a day.

This was a revolutionary step that was bitterly opposed by most other employers. But gradually the rest of American industry followed suit. And so a pattern was set for higher standards of living, in which wage earners were paid enough to buy automobiles and own their own homes.

FEW PEOPLE HAVE regarded the steady rise of American living standards since that time as particularly inflationary. But along with this 40-year rise, the United States has been through three periods of inflation and two of deflation.

First was the terrific inflation of World War I, followed by the deflationary period of 1920-21.

The second inflationary boom of 1925-28 ended with the crash of 1929 and the ensuing deflationary depression.

The eight New Deal years that followed saw passage of a broad social welfare legislative program that gave labor unions new bargaining power. This enabled them to win sizable wage increases, general acceptance of the eight-hour day and other gains.

These increases were not considered inflationary. They were more in the nature of recovery measures to increase the standard of living out of the depression lows.

THE THIRD U.S. inflationary boom came with World War II. Price and wage controls held down the pressures to a degree. But subsidies concealed price increases. And fringe benefits granted to offset increases in the cost of living concealed wage increases.

All these gains increased the American standard of living. But inflation as it is felt today had its real beginnings in the 1940's—not in the Korean War and early 1950's.

From this over-simplified summary it can be seen that every period of inflation is followed by a period of deflation. The inflation is the high old time which everyone enjoys. The deflation is the resulting hangover which is awful.

It is the threat of deflation which now appears to be worrying the Federal Reserve Board as much as the threat of inflation.

AS FRB CHAIRMAN William McChesney Martin told Senator Byrd's Finance Committee investigation of fiscal policy:

"Our battle should constantly be against deflation. I think that is our object in combating inflation. First you have inflation, which is followed by deflation."

The desirable condition which avoids the evils of both inflation and deflation is obviously one of stability. This is not interpreted to mean a condition in which all prices and all wage levels would be frozen, without hope of change.

Some prices might go up and some go down, with the average remaining stable. Wage increases to offset increases in the cost of living could then end.

But there would be wage increases to match increases in the productivity of labor.

And in this condition the American standard of living would continue to rise, without constant inflation.

REELECTED PRESIDENT

CINCINNATI (AP) — Russell S. Waltz, Seattle, was reelected president of the National Milk Producers Federation Wednesday.

In The Day's News

(Continued from Page 1)

waiting to see how he passed the New Jersey gubernatorial election, in which he was opposed by youthful Republican Malcolm S. Forbes, who is something of a glamor boy himself.

Meyner passed the test with flying colors, winning re-election in a landslide victory that won not only the governorship but wrested the New Jersey state assembly from Republican control for the first time in 20 years.

The votes aren't all counted as this is written, but Meyner is a country mile ahead of his Republican opponent.

The Democrats won the governorship of Virginia handily—which is no particular surprise, but it at least dims GOP hopes of winning a Republican following of sorts in the South.

As a sidelight, the easy winner of the Virginia governorship race is a segregationist.

New York City voters handed Mayor Robert Wagner re-election in a landslide vote over his Republican opponent, a business executive (he's in the hotel business) by the name of Robert Christenberry. Christenberry had the blessing of President Eisenhower, as did Forbes in New Jersey.

Pittsburg re-elected Democratic Mayor David Lawrence for an unprecedented fourth term. At Bridgeport Connecticut, Democrat Samuel Tedesco defeated SOCIALIST Mayor Jasper McLevy, who had been undefeatable for 24 years. By way of minor small change, Democrats won decisively in municipal elections in Albany, Buffalo, Louisville and New Haven.

The results of these elections lead Democratic National Chairman Butler to say that the American people are turning unmistakably to the Democrats for leadership in this time of crisis.

In the face of Tuesday's evidence, it is a little difficult to dispute his statement.

Let's put it this way:

The Republicans sit in the seat of power. That is to say, there is a Republican President, even though control of both houses of the congress is in Democratic hands.

So they carry on their shoulders the load of administrative responsibility for the state of the nation. The state of the nation, at this moment in history, isn't too happy.

So—

Public opinion is leaning toward a change. That seems to be the verdict of Tuesday's elections.

Question:

Will public opinion CONTINUE to lean that way?

The answer, one must say, is that a great deal depends on President Eisenhower's leadership in the next few critical months.

Reader Opinions

SP Traffic Manager Answers Editorial

To The Editor — My attention has been drawn to your editorial "Industrial Bypass," October 15, in which you infer that one of the reasons Douglas county has not attracted more industries is because it is served by only one railroad. There are a number of statements in your editorial which I think need clarification.

You indicate that the Container Corporation of America chose Renton, Wash., for a paper plant because "it is served by four of the northwest's leading rail lines." The plant at Renton is a paper box plant using pulp board manufactured at other plants located near the source of supply. This is a distributing plant and was located at Renton because of the proximity to markets. We are certain that proximity to market was the controlling factor in selection of this site. The pulp board plant for which Roseburg and other Oregon locations were considered has not been constructed due to a change in economic conditions.

The Renton operation is similar to that provided by the Western Kraft Company which built a plant north of Albany at Millersburg. You said this plant was served by two rail lines; however, it is served exclusively by Southern Pacific as is the Western Corrugated Box Plant which this company built at Beaverton, using paper board manufactured at Millersburg.

You also stated that Georgia-Pacific's big new plant now under construction at Toledo, Oregon, has both rail and water transportation available. While there are some water transportation facilities there, Georgia-Pacific is spending $17 million for a kraft paper and paper box plant served exclusively by the rails of Southern Pacific.

You refer to several manufacturing companies moving into the Eugene - Springfield area where two railroads operate. This statement is partially correct as Eugene is served by two lines. Springfield, however, one of the fastest-growing cities in the state, and site of such great industrial plants as Weyerhaeuser and Booth-Kelly, is served exclusively by Southern Pacific Campany.

Your statement that industry shuns your area because of lack of transportation and inference that this is because you have the service of only one railroad is refuted by the fact that in the last three years alone 35 industries in Oregon served exclusively by Southern Pacific, have spent $27,625,000 in locating new plants or expanding existing plants.

We of Southern Pacific feel we have been, are and will be a very important factor in the economic well being of Oregon. We approach our problems realistically by exerting every effort to attract new industries along our entire system and to provide services required to encourage established businesses to expand.

It's encouraging to have our efforts along this line appreciated as they were by Don O'Kane who recently editorialized favorably in his paper, the Eureka, California, Humboldt Standard. Eureka is served exclusively by Northwestern Pacific Railroad — a wholly-owned S.P. subsidiary.

Aside from furnishing the transportation needed for sound economic growth, we are also contributing heavily to the economy of this state by large payrolls, payment of city, county and state taxes and large purchases of materials and services available in Oregon.

Our confidence in the growth of the areas we serve and our desire to give good service to these areas is reflected in our record-breaking program of appropriating $365,000,000 for new freight cars since the end of World War II. We have placed 46,268 new freight cars in service between January 1, 1946 and December 31, 1956. In recent years we have spent $12.8 million to improve our service in Oregon by installation of C.T.C., line changes, erection of a new gravity classification yard at Eugene and other improvements.

All of these improvements reflect our optimism by giving this and other areas which we serve a more efficient transportation system which will ultimately benefit both of us.

Bernal S. Quayle,
Passenger Traffic and
Public Relations Manager,
Southern Pacific Co.
622 Pacific Building
Portland, Ore.

Gold Star Mothers May Get Veterans' Benefits

It has been brought to my attention recently that there are Gold Star mothers in the county who are undergoing undue hardships due to a lack of understanding of Veterans Administration benefits.

Many Gold Star mothers with low incomes may be entitled to monthly benefits from the Veterans Administration. Interested parties should contact the Veterans Service Officer in Room 213, Douglas County Courthouse, Roseburg, Oregon.

Martha E. Ball
Pres. Roseburg Chapter
Gold Star Mothers, Inc.
Gazley Rt. Myrtle Creek,
Ore.