

## LOWER TAXES ARE NOT YET TO BE SEEN

Roger Babson, Statistician, Makes Report on Tax Situation.

### TAX REDUCTION IS UPPERMOST PROBLEM

"Future Taxes Depend upon Future Expenditures," States Babson; Last Year Figures Hopeful.

WELLESLEY HILLS, Mass., Feb. 9.—"When will taxes be reduced?"

The problem is uppermost in the mind of the American business man and investor as he figures his report for 1922.

To get the answer Roger W. Babson, statistician has spent a week in Washington studying the tax situation. His first hand findings and unbiased report is of vital interest.

"Future taxes," says Mr. Babson, "depend, in part, upon future expenditures. The figures for the past year on this score, at least, are very hopeful. Whatever criticism may be made of the present administration it must be admitted that it has exerted a continuous effort to reduce expenditures. An honest attempt is being made to introduce and operate a budget system. At the conference of Bureau Chiefs, held recently at the Continental Memorial Hall some 600 men met to affect further economy in the operation of the Government business.

Tax changes, interest rates, and previous obligations of course, cannot be changed, and in spite of the splendid work done to cut down expenditures, the expenses of the government for 1922 reached a total of \$3,795,302,499.80. Nearly one billion of this amount was paid out as interest on the public debt such as Liberty Bonds and other securities. The United States, \$25,500,000 was used in pensions to soldiers or their dependents, of the War of 1812, Mexican War, Indian Wars, Civil War, and Spanish American War, while \$450,000,000 was paid for compensations, care and training of veterans of the World War. Approximately \$475,000,000 went for the army, and \$175,000,000 for the navy. About 5 per cent of total expenditures go to the payment of interest, sinking funds, pensions and the relief to veterans.

"During the fiscal year of 1922, the government collected \$4,108,194,150.94. Present prospects, however, indicate that no such amount will be collected in 1923. The Excess Profits Tax has been removed and general business is not as vigorous, and therefore will not yield as much in taxes as in previous years. To meet this situation, President Harding has earnestly requested that expenditures be cut by \$22,000,000 more.

"If we look at the United States government as we would a corporation, there is no cause for alarm. Expenses have increased, to be sure, but expenses have increased in all businesses. On January 1, 1921, we had in the United States in gold \$2,922,475,851, about 45 per cent of all the gold in the world. Of this, over three and one quarter billion is held in the treasury mostly in the form of bullion. If we look at the ledgers, we find that 2,400,000 tax payers and 151,200 corporations contributed \$2,085,123,182.48 in 1922. While only \$234,442,287.18 was received from customs and duties.

founded not from a purely selfish point of view on the business man who must pay such a tax, but because of its effect on the prosperity of the whole country. The re-enactment of such a tax would be a distinct set-back to everyone. Natural resources, available labor, not even capital, is sufficient to make a country prosperous. Russia is rich in natural resources, Africa abounds in available labor, and in every country, where money is cheapest business is at its worst. Prosperity is really the result of initiative courage and hopefulness. These intangible but all-important forces are the result of encouraging business. We cannot get prosperity by putting a ball and chain on the entrepreneur.

"Inheritance taxes may be increased without affecting business. Congress may even increase the tax on incomes, stocks, and bonds without hurting the farmer, but a re-enactment of the Excess Profits Tax, which paralyzes efficiency, enterprise and initiative would be distinctly harmful to all sections of the country and to farmers, businessmen, and wage workers alike.

"These figures on government receipts and expenditures have a direct relation to investors. They mean that the present demand for non-taxable bonds will continue. A good many people who have their money in taxable securities have continued to hold these securities and pay a tax on them with a sub-conscious hope that some time, some day, some how, some where, their taxes would be reduced. A statistical study of the situation leads one to believe that high interest rates are here to stay, and that it will be a long time before we can expect to see a real feat to keep them low to present figure.

"An interest in tax-exempt securities may also be increased by a constitutional amendment preventing the sale of any more 'tax-exempts'. A resolution to this effect is before Congress at the present time. If it is passed, it will go before the states for ratification. It will be a long time, however, before such a bill will get the necessary two-thirds of the states to sign it, that it may become a constitutional amendment. Even if enacted it, of course, could not be retroactive and cannot affect the tax-exempt securities already issued. The very agitation may tend to bring out a rash of new issues which will have a depressing effect on the municipal bond market in spite of the strengthening tendency which many people expect.

"All this means," concluded Mr. Babson, "that the very large investors will continue to hold tax-exempt securities but there is no reason why the average investor should stampede to secure such issues. The bond crop is one crop that has never yet been known to fail. Many people believe that owing to the improved conditions, money will be much higher and that all bonds will decline in price during the next few months. This may be true, but I seriously doubt it. Although the Babson chart stands today at 2 per cent above normal, which would ordinarily signify that we are entering another period of inflation, a statistical study strongly suggests that this present optimistic figure is only temporary. The great readjustment which is now being made is only a decline in price during the next few months. My prediction is that bond prices in 1923 will average about the same as the bond prices in 1922, and the tax-exempts will follow the general market.

"It will be safest for investors to count on present high taxes continuing, even if Congress has sense enough not to re-enact an Excess Profits Tax."

### POLO SEASON STARTS

(By Associated Press)  
DEL MONTE, Calif., Feb. 10.—Riverside and Del Monte polo teams are showing to good advantage in the early polo season, each having scored over the Pasadena Hibernia club, which has held the Pacific coast championship for the last few seasons. All weekend games are preliminary to the tournament which will be held here March 23 to April 15.

### Wine Rations Arrive for Belgians



Barrels of wine followed the Belgian troopers as they penetrated into the German industrial district. One of the barrels from which the daily rations will be drawn is shown being rolled to the center by the troopers.

### Report Germany Mobilizing Reichswehr



Unconfirmed dispatches report that Generals Von Hindenburg and Ludendorff have inspected the Reichswehr, or German State Militia, which will be the first troops to face the French in case of armed outbreaks. Ludendorff (extreme left) and Hindenburg (right) are shown inspecting this type of troops.

### PIERCE ON TAX BURDEN OF OREGON

In a speech before the sportsmen of Jackson county at Medford at a banquet Governor Pierce said in part:

"Six years is but a short time. Measured by the span of life, that period passes almost in a night. But in that length of time, many things can happen.

"Six years ago, America had not been embroiled in a ghastly war. Six years ago, many of the splendid accomplishments of science had not been attained. Six years ago many of our greatest structures had not been reared. And six years ago, the state of Oregon was free of debt.

"Today there are but two states in the Union, Kansas and Nebraska, that can boast freedom from public debt. Six years ago there were several; ten years ago many more. In that proud list was Oregon. In 1916, an issue of \$340,000 in rural credit bonds was listed as outstanding against the credit of the state. A month ago that little \$340,000 had grown to the staggering sum of \$55,000,000 and today it is \$58,000,000. At the end of this year (the wealth will aggregate \$72,000,000, the greatest per capita indebtedness of any state in the Union. In a short six years, Oregon has been transformed from a debt free community to the heaviest bonded state in the entire country.

"Must Be Sold.

"The remaining \$14,000,000 in bonds to be issued during the year cannot be withheld. They have to be sold to meet existing contracts with the soldiers and with counties for roads. There can be no escape from the \$72,000,000, a sum that means a debt of \$90 on every man, woman and child in the state, as against a similar debt in Washington on the north of \$9.22 in California on the south of \$12.50 and of Idaho on the east of \$13.85. The comparison is even more astonishing when we see states in the great Mississippi valley, such as Missouri, Michigan and Ohio with respective per capita debts of six, twelve and three dollars."

### UNDERGROUND COAL STORAGE NOT USED IN ILLINOIS STATE

(By Associated Press)  
SPRINGFIELD, Ill., Feb. 10.—Storage of reserve supplies of coal underground, as suggested recently by H. Foster Bain, director of the United States bureau of mines, would be impossible in the soft coal fields of Illinois, according to Robert Medill, state director of mines and minerals. Liability of combustion resulting in disastrous fires, would make this proposed means of insuring stability in the coal industry impractical, Mr. Medill said.

"To attempt this in Illinois mines, however, would simply mean to start so many mine fires," said Mr. Medill.

"Combustion fires from mine refuse are now one of the problems of mining in this state. This danger would be only increased by attempting any large storage underground. The only place soft coal can be safely stored is above ground, and then of course, it is subject to shrinkage."

"Seasonable demands for coal could be stabilized by the storage plan, Director Bain of the bureau of mines suggested in a report to the United States coal commission. His plan was to keep the miners at work, but to limit coal only as requirements demanded.

### ALLOTMENT FOR WHITMAN ROADS IS ANNOUNCED

BAKER, Feb. 10.—An allotment of \$31,000.00 for the upkeep and repair of old road sand trails and for the construction of new roads and trails within the boundaries of the Whitman National forest has been made according to W. E. Ramsdell, supervisor of the forest, who has returned from a meeting of all supervisors of the district of Oregon and Washington in Portland during the past week. This year's allotment, according to Mr. Ramsdell is slightly less than for last year but it is undoubtedly more than that received by other forests east of the mountains. The reason for the decrease of the allotments is believed to have been caused by the heavy fire losses in several of the forests, states the Baker Democrat.

Of the total allotment for the Whitman forest \$4000 will probably be spent in the upkeep and repair of trails and roads previously built and for betterment work. The remaining \$27,000 will be expended chiefly in constructing trails benefiting stockmen. All projects to be undertaken have not yet been decided upon but it is certain that the North Powder lakes road will be completed as soon as weather conditions will permit. Also the road to Olive lake will be completed. This latter work will consist chiefly of surfacing the road.

Appropriations for the construction of telephone lines and buildings have not yet been definitely set as to the amount according to Mr. Ramsdell but it is certain that a standard lookout house will be erected on the summit of Cornucopia mountain at an altitude of 8500 feet.

Approximately 128 miles of roads in the Whitman forest have either been built by the service or taken over by the service and improved and maintained, according to Mr. Ramsdell while 452 miles of trails are directly controlled by the service.

### Quiet Sheik



The once war-like sheik of Islam who was credited with inciting Moslems to massacres of Armenians is now a refugee from Constantinople in Cairo. He is on his way to Mecca.

### BEUFALO'S COUSIN ON RANGE

FORT WORTH, Feb. 8.—The first cousin of the buffalo has appeared on the Texas range. He'll be known to the livestock world as Vernier and he's a second cross of the cattle and the buffalo—something, once considered impossible.

### MATCH HEADS NOT RELISHED BY MICE

CHICAGO, Feb. 9.—The poor mouse and rat have been suffering under an undesired stigma for centuries, getting the blame for fires which have cost untold millions, according to conclusions reached by the Fire Underwriters Laboratories, Ltd., of this city, after exhaustive tests.

As a result of experiments conducted by the laboratories' experts on more than 100 rats and mice the conclusion was reached that the rodents will not nibble matches.

For the tests more than fifty rats and as many mice were trapped and confined in cages for three days without food or water. Then a quantity of straw and 150 matches were placed in each cage. Observation over periods of from one to five days showed that neither the mice nor rats so much as nibbled at the match heads.

### HUGE TIMBER PURCHASE MADE

Sixteen Million Feet of Timber Is Purchased by Baker White Pine Company at Cost of \$50,000.

Purchase of 16,000,000 feet of timber at an approximate cost of \$50,000 by the Baker White Pine Lumber company from P. A. Nestor, of Portland, and Mrs. John Millen, of Duluth, Minn., was announced yesterday at the head of Trout creek directly south of McEwen and immediately adjoining the site of the present operations of the company. In the vicinity of their most recent purchase the Baker White Pine company owns approximately 20,000 acres of timber which it is estimated will be sufficient for a run of 25 years. The new railroad built by the company from Curry runs a distance of nine miles to the timber. The purchase was negotiated through W. C. Calder, of the Oregon White Pine Lumber company, who returned yesterday morning from a business visit to Portland, states the Baker Democrat.

### STOREY TELLS DIFFICULTIES RAILWAYS HAVE

"The Railroads Are Not Healthy," States William B. Storey in Address in Kansas City.

(By Associated Press)  
KANSAS CITY, Mo., Feb. 10.—Give the railroads credit, let them earn a fair return on their investment and then let them alone, are the three cardinal points emphasized by William B. Storey, president of the Atchison, Topeka and Santa Fe Railroad, in telling the Kansas City Chamber of Commerce members how to overcome the ills that are interfering with the prosperity of the country.

Mr. Storey blamed high labor costs as being responsible for the present condition of the farmer and attributed high labor costs to the restrictive immigration laws and a high tariff wall.

"The railroads are not healthy. They have too many doctors and too much medicine," said Mr. Storey. "First came the United States government with the Interstate Commerce Commission. Then came the State Commissions, and gradually the medicine applied became stronger and stronger. Finally when the war came the railroads were unable to function properly. Instead of changing the medicine, the government seized the roads.

"Government control raised costs, decreased the efficiency, and nearly ruined the roads. But it convinced the people that they wanted no government ownership and it led to the enactment of the Esch-Cummins bill, the Transportation Act 1920. This law was the first really constructive measure attempted.

"It recognized, first, that credit is absolutely necessary to the roads. This credit had been gradually undetermined during the long period of doctoring when the enormous business and need for good transportation manifested itself, the railroads had not enough equipment. They were short of everything that goes to make up a complete railroad.

"The only cure is credit. Establish the ability of the roads to pay interest on the money invested and the money necessary will flow toward the roads. The Transportation Act attempted to meet this situation and this was attempted by the commission when it made the rate increase in 1920 but their figures were based on a certain volume of business. Unfortunately, the slump of 1921 came on, the volume was not there, and the roads earned that year a net of 2.7 per cent on their valuation. But the business of the country had started on the upgrade when the Interstate Commerce Commission, acting under political pressure, made a horizontal reduction of 10 per cent. The result has been that in 1922 the railroads have been unable to earn over 4.2 per cent. This reduction checked railroad buying; it retarded railroad spending.

"We feel, however, that if the prospects for 1923 are fulfilled, we stand a chance of earning a fair return. But we are certain that if the many nostrums that are now proposed are administered we shall be in a worse condition at the end of the year.

"To show you what those 'cure-alls' consist of, I might cite the bill by Mr. Gooding, of Idaho, to reduce all freight rates on agricultural products 25 per cent; Senator Johnson's bill to prevent dividends until the necessary cars are provided; Senator Brookhart's opinion that seven or eight billion dollars should be squeezed from the valuation of the railroads; the American Farm Bureau demand that all guarantees be taken out of the act (there are in reality no guarantees).

"The farmer is demanding lower freight rates and Senator Capper is backing him up in this demand. Senator Capper has made statements on the floor of the United States Senate which he cannot substantiate.

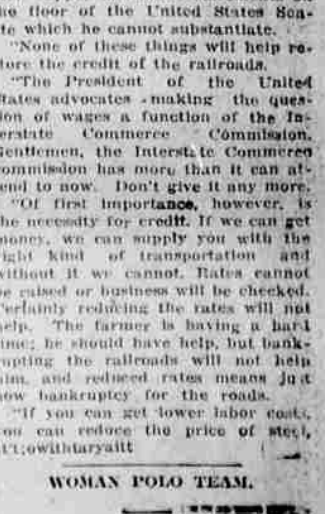
"None of these things will help restore the credit of the railroads.

"The President of the United States advocates making the question of wages a function of the Interstate Commerce Commission. Gentlemen, the Interstate Commerce commission has more than it can attend to now. Don't give it any more.

"Of first importance, however, is the necessity for credit. If we can get money, we can supply you with the right kind of transportation and without it we cannot. Rates cannot be raised or business will be checked. Certainly reducing the rates will not help. The farmer is having a hard time; he should have help, but bankrupting the railroads will not help him, and reduced rates mean just now bankruptcy for the roads.

"If you can get lower labor cost, you can reduce the price of steel, agricultural machinery.

### YOUTH IS SERVED AGAIN



When William Morris, 20-year-old son of a Glasgow (Ky.) storekeeper, first eloped with pretty Carolyn Shuster of New York and Baltimore, the bride's irate parents secured her return. The second elopement was more successful and the young couple are shown here on their honeymoon in Baltimore.

### N. E. A. HEADS WILL CONVENE

(By Associated Press)  
CLEVELAND, O., Feb. 10.—Special attention to a plan for solving the financing of public schools will be paid by the winter convention of the Department of Superintendence of the National Education Association meeting here February 24 to March 2. The convention is expected to be one of the largest gatherings of educators in the history of the country as 12,000 delegates will attend. Every state will be represented.

Delegates will include school superintendents, college presidents and deans, heads of teacher training schools and elementary, high school and college teachers.

The convention also will give attention to the production of better trained teachers and to a discussion of proposed measures for federal aid to education.

J. H. Edwards, of Omaha, Neb., is president of the superintendents.

### TACOMA TO GET LUMBER PLANT

(By Associated Press)  
TACOMA, Wash., Feb. 10.—Memories of vast lumber operations in the early days are being revived by the clearing of the Old Tacoma mill site for a new lumber plant.

In 1867, Hansen, Ackerman and company of San Francisco, established at Old Tacoma a large mill, and for 47 years it continued in operation. In 1889 the mill was famous as the largest lumber plant in the northwest, cutting 467,000 feet of lumber daily.

During its almost half century of continuous operation the mill cut 2,200,416,000 feet of lumber and more than 65,000 acres of timber land were devoted to supply it with logs. Its products, it is said, were shipped to all parts of the world.

For the past seven years the old mill has been abandoned, and the remains are now being burned so that a more modern mill can be erected on the site.

### U. S. Leads in Philippine Trade

MANILA, P. I., Jan. 19. (By Mail).—More than one half of the total trade of the Philippine Islands for November 1922, amounting to \$15,250,000 went to the United States, the trade with that country being valued at \$8,231,000, according to a report issued today by the insular collector of customs. The remainder of the trade was distributed among 24 different countries. Of the trade with the United States, approximately \$5,000,000 represented exports of island products and about \$4,500,000 imports from the United States.

### WOMAN POLO TEAM

PASADENA, Calif., Feb. 10.—Women of the Plover Riding and Hunting club have organized a polo team and are practicing regularly for their first encounter with some rival poloing aggregation, if any such can be found.