

### Cottage Grove Sentinel

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#### Sales tax and transaction tax—

THERE HAS BEEN considerable controversy recently as to what difference there is between a sales tax and a transaction tax.

The tax proposed for raising funds for a national old-age pension is termed a transaction tax.

The state tax proposed for raising funds with which to match old-age pensions under the federal security act is termed a sales tax.

To all intents and purposes a sale is a transaction and a transaction is a sale, so it follows that the two taxes must be similar.

The greatest difference between a sales tax and a transaction tax is that a sales tax is imposed upon only one or two transactions dealing with the same item while a transaction tax is imposed upon every transaction dealing with the sale of an item from its origin to its final sale to the ultimate consumer.

The simplest way to define a transaction tax is to say that it is a multiple sales tax.

Under what is known as a wholesale and retail sales tax, a tax is levied twice upon the same item, once when the wholesaler sells it and once when the retailer sells it. Under that form of sales tax, a 2 per cent sales tax would become 4 per cent when the sale was made to the consumer. That is, it would become approximately 4 per cent. The price at which the wholesaler sells is slightly less than the price at which the retailer sells, so that the 2 per cent paid by the wholesaler would be slightly less in dollars and cents than the 2 per cent paid by the retailer or his customer.

A retail sales tax collects only from the ultimate consumer.

The sales tax now proposed in Oregon is a gross sales tax, to be paid by the person making the sale, rather than by the ultimate consumer, although the amount of tax will be reflected in prices of commodities.

Under the transaction tax, a tax will be paid upon every sale or transfer that takes place from the time an item starts on its way to a customer. Upon a pair of shoes, for example, there may be eight sales from the time the hide is taken off the carcass until it is sold from a retailer's shelves.

If that is the correct number of sales or transactions for a pair of shoes, a transaction or sales tax would be paid 8 times, but that would not mean that a 2 per cent tax would become 16 per cent to the ultimate consumer. The amount of tax paid upon the value of the portion of hide that would ultimately become a pair of shoes would be small, its value increasing at each transaction or sale. The tax to the ultimate consumer might be 10 or 12 per cent of the retail price of the shoes.

It has been estimated that a 2 per cent transaction tax would result in a final average tax to the consumer of about 8 or 10 per cent.

Neither a sales tax nor a transaction tax is confined to sales of merchandise. For example, both may be applied to sales of professional services and may be applied

to such things as transactions on the stock market.

In the case of the transaction tax proposed by the McGroarity bill, it would be collected upon the amount of actual sales upon stock markets and in cases of marginal operations would be assessed against the value of the service rendered.

A material difference between the McGroarity transaction tax and any sales tax that has yet been proposed is that the McGroarity bill levies against some transactions in which no sale is actually made. That feature is for the protection of independent dealers who are in competition with chain organizations who may be their own manufacturers, wholesalers and distributors. The chain organization would pay the same tax as the independent organization that has to buy in the open market. In other words, it would pay a tax when it manufacturing plant turns goods over to its wholesale or distributing department and another tax when its wholesale or distributing department turns goods over to the retail department, as well as the tax when the retailer sells to the consumer.

Whether or not a transaction tax be defined as a multiple sales tax is immaterial. Regardless of which it is called, it will collect exactly the same amount from exactly the same persons. The person who pays won't be able to see any difference.

The proposed 2 per cent state gross tax, to come before the electorate of Oregon next January, will give the first opportunity to voters of the state to say whether or not they are willing to impose a sales tax or transaction tax upon themselves for the purpose of providing old age pensions.

All receipts from this tax would be used to match federal funds under the federal security act. The federal act would provide pensions up to \$30 a month, half from the federal treasury and half from state treasuries.

While The Sentinel makes no claim that this is adequate, nevertheless it would be a start and would provide \$60 a month for an aged couple, and that amount would bring happiness and comfort to many such as a year or so ago they never expected.

Inasmuch as it is admitted that old age pensions are an economic necessity we will, if we vote our convictions, vote favorably upon every proposal that would provide old age pensions in such amount as we are willing to pay.

Of course, it is possible that the Townsend plan may take the place of the security act, but that is no reason for not voting for the first proposal that promises relief for the aged.

The transaction tax, or multiple sales tax, proposed by the McGroarity bill to put the Townsend plan into effect, would amount to probably five times the proposed state sales tax. If the people should vote against a 2 per cent tax, members of congress from Oregon would have reason to feel that they had been instructed to vote against a similar tax that would collect

five times as much for the same purpose, especially as the congressional transaction tax would be paid on foodstuffs, while foodstuffs are exempted in the Oregon proposal. Therefore it is desirable that Oregon show that it favors taxing itself to provide pensions.

THE MCGROARITY BILL, which, with a slight change, would meet the approval of The Sentinel, will be discussed next week. The Sentinel is willing to pay a 2 per cent transaction tax to put old age pensions into effect.

#### Unions and lumber tariff—

THERE HAS BEEN in the past year criticism of union activities, particularly of unions on the Pacific coast and even more particularly of the longshoremen's union and of the timber and sawmill workers' union.

Whether rightfully or wrongfully we shall not at this time discuss, but it is apropos that attention should be called to the fact that these severely criticized unions have stepped in to help fight the battle of the northwest in opposition to the presidential treaty lowering the tariff on Canadian lumber products.

Employers and employes will be working shoulder to shoulder and it is probable that out of the common fight may come a better understanding between the two.

IT IS THE BELIEF of lumbermen and of business generally in the northwest that lowering of the tariff is going to close many sawmill operations and deal a severe blow to northwest industry. Mills might be kept operating through severe wage slashes, but that would be little better than closed mills.

The sawmill industry was just struggling to its feet following settlement of strikes of timber and sawmill workers.

Timber and sawmill workers were just struggling to their feet after a period of unemployment, always a serious thing to a large proportion of timber and sawmill workers.

Reduction of the tariff bids fair to deal a much more severe blow to northwest sawmill operations than anything that has happened in many years.

Already the coast was losing foreign markets because of high wages paid here and low wages paid in Canada.

UNIONS of timber and sawmill workers and longshoremen have strongly protested to the president that lowering of the tariff means the loss of many thousands of jobs, for the benefit of Canadian workers, as well as for the benefit of workers in the industrial east.

avored by the reciprocal treaty with Canada.

Unions hold the whip hand if they have a mind to use it, and it seems that they so intend.

The administration has up to this point shown a friendliness for northwest labor, but this recent move undoes all the administration has previously done for the northwest worker.

The president needs the labor vote, and knows it. For that reason protest from labor has a force that protest from employers does not have.

Lumber coming into the United States from Canada can hardly escape handling at some point by union labor.

Northwest unions have indicated that they will not handle Canadian lumber that is manufactured at a less wage scale than that paid in the northwest.

That is a fair proposition. The president can find no fault with that position.

Northwest unions alone might be helpless to handle the situation, but unionism extends over the country and is stronger today than it has ever been.

Unions work in sympathy with each other and if unions the country over refuse to handle Canadian lumber manufactured under a low wage scale, or to manufacture articles into which such lumber goes, the administration will be licked.

It won't make any difference how low the tariff is if delivery of Canadian lumber, manufactured at low wage scales, can't be made.

The unions hold the whip hand and it seems likely that they will use it in protecting their own jobs and the jobs of other union men.

The Cottage Grove local of the timber and sawmill workers gives hearty endorsement to the proposal to keep out of the country lumber manufactured at a less wage scale than that paid here.

It would seem that defeat could hardly come to a solid front presented by both employer and employe, especially when right is so strongly on their side.

#### Mrs. Clark Named Vice President.

Mrs. Mina Clark was elected vice chairman at the Rebekah convention held in Springfield Monday and will be in charge of the 1937 district convention to be held at Cottage Grove. Twenty-six members of the local chapter attended the meeting and the local group exemplified draping the charter.

#### Thanksgiving Service Planned.

A union Thanksgiving service will be held at 7:30 Wednesday in the Presbyterian church under auspices of the ministerial association. The Presbyterian choir will furnish music and Rev. E. E. Coulter of the Christian church will preach.

## Cold Sufferers Fail to Infect Human Guinea Pigs in Dramatic Experiment

Researches Prove That Internal Factor, Instead of Virus, Is Cause of Colds.

drank out of a common glass with them and sneezed at them. Twenty-four or forty-eight hours later he made his exit.

#### Failure to Infect.

You can't "catch a cold" from a cold sufferer no matter how close your contact with him! Conclusive proof of this is supplied by the interesting experiments recently performed by Drs. William J. Kerr and John B. Hagen of the University of California.

The following is an excerpt from an account of the experiments, as reported in the New York Times, August 18, in which a group of men free from colds, but susceptible to the condition (each having a history of from three to five colds a year), were placed in a specially constructed room, where temperature and humidity were kept constant, and exposed to conditions ideal for infection:

"The human guinea pigs were left alone for five to eight days to make sure that they were free from cold. Then a sufferer—the more he sneezed and the more his eyes watered, the more welcome he was—was ushered in through the airlock. He played cards with his intended victims, ate with them,

"The doctors went to great lengths in their fierce thoroughness. They contaminated a clinical thermometer, with the nose drippings of a sufferer, dried it and took the temperature of the rest. No result. Nasal secretion (both natural and clarified in a centrifugal machine) was even dropped into the corner of the eye. But still these chronic sufferers from cold could not be inoculated. There wasn't even a sign of irritation."

This remarkable experiment was repeated many times with different individuals and every time the result was the same. The conclusion arrived at is that the cause of colds cannot be attributed to the cold virus, but to an internal disturbance of the body—a failure of the body to adjust to variations in the environment, such as changes in temperature and humidity.

Thus, once more the Chiropractic viewpoint is substantiated by scientific experimentation.

Dr. H. A. Hagen can prevent as well as cure all your colds.

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#### Community Health

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Parkerhouse napkin rolls, 20c per doz.

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