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Salem Scene
by Robert H. Elsner

Consumer Protection Bills Introduced

Several consumer protection bills have been dropped into the 1963 legislative hopper. One calls for the licensing of telephone solicitors. Another would prevent turning-back mileage indicators on automobile speedometers. Still another calls for large one-inch letters on bread packages, to indicate the weight of the loaf.

Most prominent of these, perhaps, is a proposal by Sen. Don S. Willner (D-Multnomah county) and 18 other legislators which would require retail merchants who offer credit to disclose the annual rate of interest charged, and to provide the buyer with a copy of the contract.

Sen. Willner told us the bill (S.B. 179) does not intend to tell the merchant "how much interest" he may charge. "It merely requires that the purchaser be told the true annual interest rate he is paying," he said. "Some Oregonians get in serious trouble by using too much credit without being aware of its cost.

"I feel this is a fairly simple bill," he added, "which would require a standardized statement showing rates of interest paid on retail installment purchases.

"When a consumer protection bill is introduced," Willner offered, "the question is always asked whether it is needed. I hope that Oregonians who have purchased goods on the installment plan without knowing the true interest charge will write me and let me know whether they think a law of this type is needed in our state."

Sen. Willner believes a disclosure bill will serve a genuine public service. He feels the "consumers are frequently an unrepresented group at the legislature.

We wanted to get the retailers' opinion of this proposed legislation, so we sought out George Wollenberg, chairman of the Oregon Retail Council, a statewide association of retail merchants.

While pointing out that merchants generally agree with a full-disclosure principle, Wollenberg protected strongly that the requirement to disclose "annual rates of interest" would result in more—not less—consumer confusion.

"Interest and percentages, themselves, are confusing," Wollenberg explained. "People don't think in terms of interest, but in terms of dollars and cents. They are paid in dollars, they make their purchases in dollars, and they better understand dollars.

"It isn't always possible to determine actual interest rates—particularly if it has to be quoted in 'per annum' terms," Wollenberg said. He dramatized this with the following example: "A man buys a \$20 auto battery on credit. He agrees to pay \$22 in four bi-weekly installments of \$5 each, followed by one final payment of \$2. How much was his interest rate?"

"This seemingly simple problem," Wollenberg said, "was asked of several persons and experts. Here are the results: "A U.S. Senator came up with three different answers—94%, 101% and 104%.

"The Library of Congress spent an hour figuring it and said the rate was 129.5%.

"A PhD in economics couldn't solve it.

"A college professor took 30 minutes and decided it was 118.9%.

"An insurance expert said the answer should be 125.33%.

"A statistical expert for a finance company said it could not be figured closer than from 110% to 130%.

"And the trust officer of a bank, figuring it on their 'discounted' instead of 'simple' interest system determined the

"The problem is not yet solved," Wollenberg added. Getting back to his feelings on the interest disclosure bill, Wollenberg suggests that it would be much simpler and easier for the buyer to understand—and the retailer to calculate—if the disclosure were made in dollars and cents.

"What the customer is really paying is not entirely 'interest' anyway," he said. "It's the difference between interest and the time-price differential, or the cost of servicing the credit account."

He explained that many retail credit departments lose money, because of such expenses as collections, postage, maintenance of extensive records and ledgers, plus the accompanying additional payrolls.

He said the proposed consumer protection bill might even be "superfluous," since he is "not aware" of any Oregon retailers offering credit who refuse to notify the customer of what installment buying will cost him.

But if the lawmakers do give serious consideration to the bill, Wollenberg hopes they will understand that "a requirement to disclose credit costs in plain dollars and cents is far more practical than one requiring disclosures in terms of annual interest rates."

Credit Buyers May Find Tax Saving in Interest Charges

There's hardly a consumer who doesn't buy something on credit, yet many of them overlook the interest charges when figuring their annual income tax, according to *Chang's Times*, the Kiplinger Magazine.

An article in the current issue of the magazine, which suggests ways taxpayers can trim the annual debt to Uncle Sam, reminds readers that finding another \$100 or \$200 of deductions can save at least \$20 to \$40 in taxes.

"Interest paid on your auto loan, home mortgage, life insurance policy loan or other debt is deductible," the article points out. So is any penalty paid to speed up mortgage payments or retire a mortgage. Taxpayers who own stock in a cooperative apartment can deduct a portion of annual payments as interest. And interest on back taxes finally paid to the Federal, state or local governments is deductible.

"Perhaps you bought on the installment plan," the article continues. "The interest charge often is included in the 'carrying charge' and not stated separately. In that case, deduct as interest 6% of the average unpaid monthly balance during the year. Check the rules on just how to figure it out."

Finally, the article advises taxpayers who borrowed on a "discount" loan to remember to include the charges. "Say you got \$1,890 cash on a \$2,100 loan and paid back \$70 monthly for 30 months. You are actually paying \$7 a month interest, which is deductible—the \$210 discount divided by the 30 months."

Feedlot Construction Told In Bulletin

A bulletin written by an agricultural engineer tells how to build and mechanize a feedlot, how to coordinate its operations, and how to fit it into other farm activities.

Free copies of "Your Feedlot" are available to Oregon residents at county extension offices or from OSU bulletin center, Corvallis.

ITS A LONG, LONG WAY BACK UP!



Highway Use Tax Questions Are Answered

District Director of Internal Revenue for Oregon, A. G. Erickson, today provided answers to truckers who have inquired about the Federal highway use tax.

Some of the most frequent questions asked and the answers follow:

(a) **How Is Unloaded Weight Figured?**
Unloaded weight is the empty weight of the vehicle when fully equipped for service. Unloaded weight includes the weight of the chassis, the weight of the body, all accessories, all equipment attached to or carried on the vehicle, and a full supply of lubricants, fuel and water. The weight of a trailer pulled by the motor vehicle is not included in the calculation. The weight of the driver and equipment used only to load, unload, protect or preserve the cargo is not included. Certain refrigeration equipment, for example, that is installed to protect a cargo in transit is not included. The weight of dollies and pads used on moving vans is likewise not included.

(b) **What Is A Public Highway?**
For purposes of this tax a public highway is any roadway that is not private. A truck which operates only on city streets is therefore liable for the tax. However, some vehicles are not subject to the tax even though they may use a public highway to move from one site of operations to another, because they are not considered highway motor vehicles. Examples include farm tractors and road and construction equipment that is designed for off-the-road use.

(c) **Is any highway use tax credit allowable on a new truck when the tax has been fully paid on the old truck traded in?**
No tax credit can be taken on a new truck which is a replacement for an old truck, even if tax for the old truck was fully paid. However, if the highway use tax has been paid on a vehicle which is subsequently sold, the new owner will incur no liability for the federal highway use tax on that vehicle for the remaining portion of the fiscal year for which the tax has been paid. A discussion of the provisions of the highway use tax law is contained in Publication No. 349, "Federal Use Tax on Trucks, Tractor Tractors, and Buses."

The booklet may be obtained at any Internal Revenue Office at no charge. In addition to information on vehicles subject to the law, the booklet contains a ready reference table to calculate the tax due on vehicles put into operation at the start of the tax year or any time thereafter.

SALEM SITUATION
State Department of Education Problems Not Easily Understood by Legislature

The row that education must hoe at this session is not an easy one. Nor should it be. But what makes it much more difficult than many other budget areas is the fact that it takes the lion's share of the money.

Consequently, when legislators attempt to save money they must look to education. At the same time, without exception, they do not want to reduce either opportunity or quality. And, it's not easy to apply the necessary tests to determine quality, opportunity or money related in proper proportions to education.

The pitch for legislative support for education is made primarily through two agencies. The State Department of Education and the State System of Higher Education.

The State System of Higher Education is a unified system. The State Department of Education must work through a myriad of local school districts and under the constant pressures of local, regional and state groups such as the Parent-Teachers Association, Oregon Education Association and Teachers' Union.

The higher education system is well-equipped lobby-wise. It is experienced in the paths that legislation must tread. The State Department of Education is just not in the same league. It has an almost non-existent public relations staff. Its executive, the state superintendent of public instruction, and his staff members, are forced by the very nature of the decentralized elementary and secondary school systems to appear before the legislature in a highly disorganized state.

Communication with the legislature is a "comparatively" simple problem for higher education. For the State Department of Education it is somewhat akin to a nightmare.

Questions put by legislators to the administrators of the higher system and comments made by these same leaders, can be scrutinized with a unified approach and met with a single, unified reply.

Not so with the State Dept. of Education. In order to carry out its responsibilities in an effective manner it must fit its application of state standards to a local situation.

Salary Situation Unsatisfactory
It is not going to be easy for the executive officer of the State Board of Education, the superintendent of public instruction, to reply to charges that suggest that the department harbors "deadwood." It isn't going to be easy for two reasons, principally:

Excellent, specialized educators are not necessarily good public communicators. The general lack of understanding of what the State Department of Education is all about—just what it does—has not been forthcoming in a day-by-day, week-by-week public relations communication system with the citizenry. The immediate need is a crash job in this area.

This writer does know that the superintendent of public instruction has been consistently concerned with proper staffing and restaffing of the department. Dr. Leon P. Minear took over his assignment under difficult conditions and the problems will not be cured quickly. No doubt the best tribute to the condition of the department is that the Ford Foundation has seen fit to put several millions of dollars into the improvement of education in Oregon.

We do know that the single, greatest factor preventing the department from getting into condition to advance at a more rapid pace is the unsatisfactory salary situation militating against attracting needed personnel.

It's patently apparent here that the legislature wants to do the right thing by all of education. The difference is—it is going to be easier to arrive at the right and best solution for one area than the other.

Salvage of Wind-Felled Timber Progresses, Says Forest Service

One hundred seventy-five million board feet of timber blown down in the Columbus Day windstorm has been sold in 294 sales on the National Forests of Oregon and Washington, according to J. Herbert Stone, Regional Forester, U.S. Forest Service.

"Good progress is reported in all the National Forests hit by the storm," Stone said.

The Siuslaw National Forest, which incurred the most blowdown, has sold 83 million feet in 118 sales, and 61 more sales involving 123 million feet will be made by the end of March. Supervisor S. T. Moore plans to sell nearly all the concentrated blowdown by July 1, except for 150-200 million board feet in remote areas such as between the Smith and Umpqua rivers. Plans have been made to construct access roads, with appropriated money, into the area in order to make salvage economically feasible.

Sales volumes do not include timber incorporated into existing sales through regular adjustment procedures, Stone said. A preponderance of small sales to date has speeded up removal of the blowdown material. Proximity to roads and weather conditions have been important factors in the salvage effort.

An estimated 1 billion 145 million board feet of timber was felled by the storm in the National Forests of Oregon and Washington. The Forest Service plans to salvage 70% of the blowdown by May 1964.

Congress "Sensitive" To Lumber Problems, West Coast Says

"We are not unduly surprised," said G. C. Edgett, executive vice president of West Coast Lumbermen's Association, when informed that the U. S. Tariff Commission had ruled against the U. S. lumber industry in its petition to regulate imports of foreign made lumber.

Under terms of the Trade Expansion Act of 1962, said Edgett, the lumber industry had to prove previous tariff concessions were a major cause of hurt from lumber imports. This would be virtually impossible for any industry to do.

Edgett saw some good resulting from the hearings. He said that they enabled Congress and other interested federal agencies to get a much clearer picture of the extent of harm being done to an American industry from excessive foreign imports. Last year Canadian imports reached almost 17% of all domestic softwood consumption in this country, he said.

"We believe," Edgett stated, "Congress is sensitive now to industry problems and will take necessary steps to correct the abuses. Several bills are already in Congress. One would prevent the use of foreign lumber in FHA financed homes."

Members of the Committee are: A. D. McReynolds, Giustina Bros. Lumber Co., Eugene; Clifford Bryden, Roseburg Lumber Co., Roseburg; Carl Raynor, Georgia Pacific Timber Co., Springfield; Milo Prindle, Eastern Oregon Logging Co., Kinzua; W. D. Hagenstein, Industrial Forestry Assn., Portland.

Parsons, president of the conference stated that the Silver Anniversary Theme is "Twenty Five and Still Alive." The keynote speaker Thursday morning is Edward R. Murrow, director of United States Information Agency.

Panel sessions in governmental regulation, safety, education and new ideas will complete the morning meetings.

Registration and entertainment schedule starts Wednesday evening at the Eugene Hotel.

The Logging equipment display will be open to the public all three days.

Logging Conference Opens Thursday

Glenn B. Parsons, of Boise Cascade Corp., La Grande, appointed Paul Ehinger of Edward Hines Lumber Co., West fir, chairman of the Resolutions Committee for the Oregon Logging Conference, Feb. 21, 22, and 23.

Parsons, president of the conference stated that the Silver Anniversary Theme is "Twenty Five and Still Alive." The key-

State Industrial Accident Fund Is Sound, Survey Says

Salem—An actuarial survey of the State Industrial Accident Commission has verified the adequacy of loss reserves, it was stated today by Chairman Sidney B. Lewis.

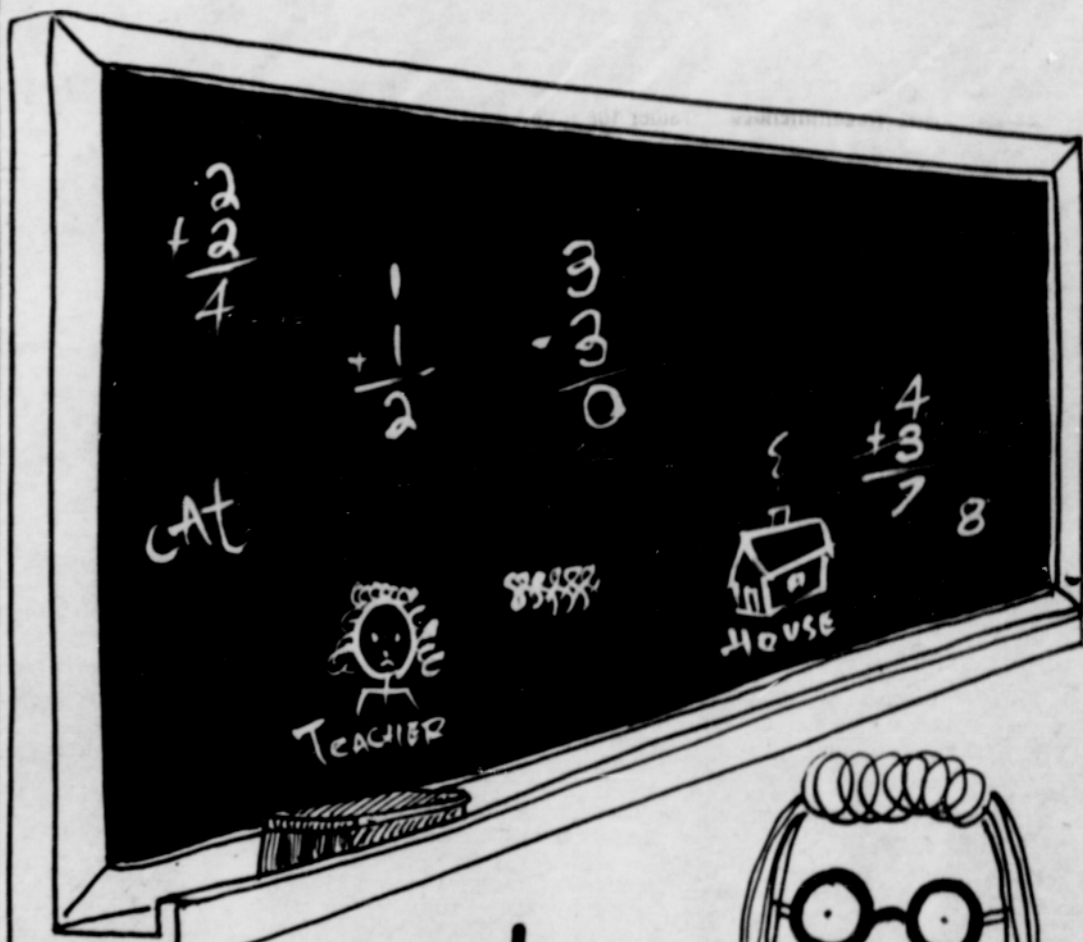
The survey was made during 1962, at the request of the commission, by Woodward and Fendler, Inc., consultants and actuaries of New York, Los Angeles and Dallas, Tex.

A report of the survey dated Jan. 21, 1963, said examination of reserves as of June 30, 1961, showed the commission to be solvent. Experience had indicated that a rate increase was necessary July 1, 1962, in order to meet rising costs. The rate revision also served to bring the premium rate for individual classes more into line with their respective hazards, in accordance with the Oregon Workmen's Compensation Law.

The report noted that of the total amount of employers' contribution, 86.8% is available for paying benefits—a considerably larger percentage than is available in most states.

Procedures were recommended in the report to evaluate the costs and results of accident prevention and rehabilitation programs. In due course, the Commission may be able to allocate about one-half of workmen's contributions to further improve these programs.

Recommendations concerned rate making procedures, experience rating plans, credibility, advance deposits, minimum premiums, catastrophe protection and financial reporting among the other actuarial considerations.



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