

### McADOO FAVORS 8 BILLION TAXES

#### Secretary Suggests How Third of 1919 Revenue Should Be Raised.

### WAR PROFITS SPECIFIED

#### Recommendation Made to Chairman Kitchin That Income Levies Be Increased and Luxuries Help Bear Burden.

WASHINGTON, June 6.—The recommendation that one-third of the \$2,000,000,000 estimated expenditures for 1919 be raised by taxation was made today by Secretary McAdoo in a letter to Chairman Kitchin of the House Ways and Means Committee.

Other recommendations of Secretary McAdoo were that a war-profits tax at a high rate be super-imposed upon existing excess profits taxes; that heavy taxation be imposed on luxuries and that an increase be made over the normal rate on unearned incomes.

The suggestions were given in response to a statement made by Kitchin and constituted an outline of the treasury's ideas not only of taxation to meet the Nation's huge war expenses in the future, but of preparing the way for floating of additional billions of liberty bonds.

Increasing the rate of normal taxes on incomes, from which liberty bonds are exempt, said the secretary, will tend to make these bonds better investments and to permit them to compete with industrial and municipal securities bearing higher rates of interest.

#### Articles Not Mentioned.

Mr. McAdoo made no attempt to specify the means of carrying out his suggestions in revenue legislation and did not intimate what articles might be classed as "luxuries" for heavier taxation.

He stated, however, that in many cases the present excess-profit taxes do not reach real war profits, for instance, where a corporation with big earnings made directly out of the war has also a big over-capitalization, and therefore, an apparently low rate of profit.

After explaining that his estimate of \$4,000,000,000 expenditures in the fiscal year ending July 1 is based on expenditures in the past and a calculation of the rate of increase, Mr. McAdoo said it would constitute an unusual financial policy to raise \$2,000,000,000 of that sum by flotation of liberty bonds to make up the deficit that would follow, if there were no increase and the \$4,000,000,000 revenue obtainable under existing law.

About one-third of the \$12,500,000,000 or \$13,000,000,000 expenditures this fiscal year, ending June 30, will come from taxation and this ratio, he suggested, should not be reduced.

#### Four Recommendations Made.

"If I may without impropriety offer a suggestion as to the revenue measure," wrote the Secretary, "I should recommend:

"First—That one-third of the cash expenditures to be made during the fiscal year ending June 30, 1919, be provided by taxation. According to my estimates, this would involve raising \$3,000,000,000 through taxation.

"Second—That a real war profits tax at a high rate be levied upon all war profits. This tax should be super-imposed upon the existing excess profits tax in such a way that the taxpayer should be required to pay whichever tax is the greater. The existing excess profits tax should be amended in certain important particulars so as to remove inequalities.

"Third—That there should be a substantial increase in the amount of normal income tax on unearned incomes. Under existing law earned incomes above certain exemptions are taxed 4 per cent as an income tax and 8 per cent as an excess profits tax, making a total of 12 per cent, while unearned incomes, derived from securities, etc., are taxed only 6 per cent. The 8 per cent tax should be recognized as an income tax and the rate of 12 per cent (4 per cent normal and 8 per cent excess profits) should be retained in respect to earned incomes, while a higher rate than 12 per cent should be imposed on unearned incomes.

"Fourth—That heavy taxation be imposed upon all luxuries.

#### Taxation Only Sure Way.

Explaining his ideas for a new tax to reach actual profits made out of the war, Mr. McAdoo wrote:

"The existing excess profits tax does not always reach war profits. The rates of excess profits taxation are graduated and the maximum is 60 per cent in Great Britain, there is a flat rate of 80 per cent on all war profits.

#### Taxation Only Sure Way.

"The Government departments, under great pressure as they are to get necessary war materials and supplies with the utmost expedition, cannot in the nature of things fix their prices nor guard their contracts in such a way as to avoid the possibility of profiteering. The one sure way is to tax away the excessive profits when they have been realized."

"I do not see the spirit of criticism of the corporations or business men of the country, who have for the most part loyally supported the Government.

"In entering into war contracts they take grave risks. They are called upon to make vast expenditures of capital for purposes which may prove unproductive after the war. They are not to be blamed in these circumstances for asking prices and terms which cover those risks.

#### Reasonable Profits Favored.

"On the other hand, when the risk has been liquidated by proper allowances and the contract has proved profitable, the Government should take back in taxes all profits above a reasonable reward.

"Of course, one objects to reasonable profits; on the contrary, everyone should want, and I am sure does want, business and enterprise to be rewarded with reasonable, or even liberal, profits. Prosperity should be preserved and can be preserved, I believe, on the basis of reasonable profits."

The way in which a higher normal rate of incomes would promote the sale of liberty bonds, particularly to persons of big means, was explained as follows:

"I hope that it will not be necessary to increase the rates on Government bonds. The number of subscribers to the three Liberty loans aggregated 30,000,000. The people who subscribed are impatient of those who have not. There is also a popular demand that all the people should contribute to financing the war.

#### Incomes to Be Affected.

"There should, therefore, be a substantial increase in the normal income tax rate and a higher tax should be levied upon so-called unearned than on earned income.

"Income derived from liberty bonds

would be exempt from this taxation and the relation between income from liberty bonds and income from other securities would be readjusted without increasing the rate of interest on liberty bonds.

"There is another feature deserving of consideration. There is a natural feeling among the masses of the people that taxation upon incomes and upon war profits should be high enough to bring the return from corporate investment more nearly on a parity with the return from Government bonds; that the Government should not be forced to compete for credit with war industries which are profiting abnormally and which, unless restrained by the exercise of sound and just taxation, will constantly add to the difficulties of the people of the United States in their effort to supply the Government at reasonable interest."

### FORMER PORTLAND PASTOR, GRADUATE SURGEON, IS CALLED TO SERVICE.



Dr. J. Carlos Gormley, son of Rev. and Mrs. J. F. Gormley, one of the graduates of the medical department of the University of Oregon, yesterday received his orders from the Government to report at once for duty. He is now assistant surgeon, U. S. N. H. He has the degree of bachelor of arts from the University of Oregon and also from the Bible University, Eugene. Dr. Gormley was a medical missionary in India and served as pastor of Rodney Avenue Christian Church for two years.

rates with the credit it needs to fight successfully this war for liberty."

#### Inflation to Be Avoided.

"Not to increase the sum to be raised by taxes next year, and consequently to raise \$2,000,000,000 from Government bonds," said Mr. McAdoo, "would be a surrender to the policy of high interest rates and inflation, with the evil consequences which would flow inevitably therefrom and which would, I firmly believe, bring ultimate disaster to the country."

Treasury tax experts are at work now drafting plans for removing some of the acknowledged injustices of the present excess profits measure, applying particularly to businesses with small capitalization and consequently high rates of earnings.

Suggestions for these amendments will be presented to Congress if they are called for. Secretary McAdoo has expressed himself, however, as anxious to avoid the appearance of dictating legislation on revenue matters.

### PROEBSTEL SCHOOL LEADS

#### Record of Sale of Thrift Stamps More Than \$8 for Each Child.

YANCOUVER, Wash., June 6.—(Special.)—The highest record for buying thrift stamps in schools in Clarke County is held by Proebstel School. The children, about 50, have bought less than three months \$420 worth of stamps. The average, more than \$8 per capita, is the highest in Clarke County to date.

J. L. Sutherland, chairman for Clarke County, has called a meeting of all campaign committees, to be held in the Courthouse at 1:30 P. M., Friday, June 14. At this time the committee will be given instructions in conducting campaigns as approved by the National committee.

### HEPPNER TEACHERS NAMED

#### Board Elects Instructors for Schools for Coming Year.

HEPPNER, Or., June 6.—At a recent meeting of the Heppner School Board the following teachers were elected for the coming year: Prof. E. W. Eddy, recently of Prairie City, superintendent; high school, Miss Thiel, Miss Strunk, Miss May Hewes, Miss Ida Johnson; grades, Miss Blanch Watkins, Misses Mota Douglas, Mabel Noyes, Mamie Harper, Mildred Cox, Ruth Charon and Gertrude Nash.

Mrs. Watkins and Misses Strunk, Thiel, Noyes, Harper, Cox, Charon and Nash were re-elected.

### Money Refunded Company.

OLYMPIA, Wash., June 6.—(Special.)—By order of the Public Service Commission the O. W. R. & N. Company is directed to refund \$2455 to the North River Timber Company. The judgment is allowed as the difference due the timber company on a charge of \$1.25 per thousand feet for logs hauled from Hanna to South Aberdeen, which the commission adjudged to be an over-charge and reduced it to \$1.

### BUILD MUSCLE, BLOOD AND BONE.

Free to every reader of The Oregonian. Help win the war. Food will do it. Not less for you, but more of the food that the boys won't need. Send for these booklets that show you in many easily made recipes how to turn what you have, at small cost, into many fine and nourishing dishes.

THIRTY-SIX WAYS to make CREAM CHEESE into things that you can enjoy every meal in the day. Many potato dishes that you will not recognize.

All will give you that Oliver Twist "feeling"—when he wanted "MORE."

Nothing less than GRAND are these soups and sauces, salads and dressings, meatlike dishes, and dandy combinations with vegetables. Presto! Potatoes suddenly become cookies, muffins and biscuits.

Government authorities stand back of these recipes. Send your name and address with request for booklet to The Portland Oregonian Information Bureau, Frederic J. Haskin, director, Washington, D. C. Inclose 2-cent stamp for return postage.

### U. S. BOYS TRAINED FOR OPEN WARFARE

#### Troops Will Be Taught Trench Fighting by Few Weeks' Instruction in France.

### ALLIED ADVANCE NEARING

#### Expectation of Observers in United States Is That General Foch Will Soon Begin Forward Movement Against Boche Hordes.

WASHINGTON, June 6.—American troops in training at home are being especially schooled now in preparation for the forward movement of the allied armies expected to follow the ultimate crushing of Germany's offensive power. It was learned today that orders have been issued to division commanders to lay greater stress upon training for trench warfare and reduce the time devoted to teaching trench specialties.

The men are being hardened to long marches, given target practice to the end, and thoroughly trained to take care of themselves in the give and take of open combat.

Military observers say this change in the midst of the greatest effort of the German general staff of the entire war speaks significantly of the spirit of confidence that pervades the councils and armies of America and the allies. When many of the men now in training were reach France long marches and swift maneuvering against a retreating foe may well be the order of the day.

Influential officers returning from the front have been insisting recently upon greater attention to general elements of warfare and less to the fine details of position fighting in fixed trench lines. These officers say the American soldier takes naturally to training of this sort and that he should be developed as highly as possible in all-round soldiering, leaving the details of trench-warfare education to be added by a brief postgraduate course when he reaches France. This view found ready sympathy here, for it is believed the old stalemate of the trench lines has been broken never to be restored.

Today's news from the front added to the growing conviction that General Foch has out-generated the Germans on the Aisne front in having brought them to a halt without weakening the defenses of the channel ports. Territory has been yielded, but no point of strategic value and the Germans must try again to draw away the supporting lines in Picardy and Flanders or face the necessity of hurling their army into the wall of manpower, French, British and American, that now blocks the road to the channel ports.

Officers who have come from the front say that the American units arriving well advanced in training for the business ahead of them.

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### TOLL QUESTION STILL UP

#### REMITTANCE OF CHARGES TO SOLDIERS IS DOUBTFUL.

#### Definite Action Deferred Pending Suggestions From Governor Venable and Washington Officials.

It is considered doubtful that soldiers can be exempted from the payment of tolls when crossing the Interstate bridge, although Attorney General Brown in a formal opinion has advised the Board of County Commissioners that it has authority to relieve enlisted men from this charge. Definite action in the matter has been deferred pending suggestions from Governor With-

### THE DUSTY SHAFT OF LIGHT

#### The pure, clean sunshine that streams through the tree-tops of a mountain forest—contrast it with the dusty beam of light that comes through your window. The woods are healthful mainly because they are free from dust. Cities are nurseries of disease because they are dust-enslaved.

Heed well the lesson in the dusty shaft of light. Contemplate the menace of its uncountable dust particles. Every breeze—every footstep—every turning wheel—every broom-swish keeps the germ-laden dust in never-ending circulation.

Remember that dust is the most efficient germ carrier known.

### LYSOL DISINFECTANT

Protect your home with Lysol Disinfectant. It annihilates all germ life at the instant of application.

It is economical; a 50c bottle added to water makes 5 gallons of powerful disinfectant; a 25c bottle makes 2 gallons. Get a bottle today. Make systematic household disinfection a regular duty. Use the Lysol solution in scrubbing-water and in garbage-cans, sinks, drains, and dark unclean corners.

Take these simple, easy precautions and you will make a better fight against disease than it can make against you. Lysol is invaluable for personal hygiene. See instructions with package.

### Lysol Toilet Soap

Contains Lysol, and therefore protects the skin from germ infection. It is refreshingly soothing and healing and helpful for improving the skin. Ask your dealer. If he hasn't got it, ask him to order it for you.

### Lysol Shaving Cream

Contains Lysol, and kills germs on razor and shaving-brush (where germs abound), guards the tiny cuts from infection, and gives the antiseptic shave. If your dealer hasn't got it, ask him to order a supply for you.

OUR SIGN IS OUR BOND.

Lehn & Fink

New York

combe, the Board of County Commissioners for Clarke County and District Attorney Walter H. Evans, to whom copies of the Attorney-General's opinion have been sent.

In his opinion the Attorney-General pointed out that under the law Multnomah County has full power and authority to levy and collect tolls for use of the bridge. He then holds that the same county "also has authority to remit such tolls to such persons or classes of persons as may in the exercise of its sound discretion deem advisable."

In an off-hand opinion yesterday, District Attorney Evans said he believed legislative action by the two states, joint owners of the bridge structure, would be necessary before the tolls now provided could be remitted as to any class of persons. Furthermore, the Clarke County Commissioners have at all times zealously contended for the collection of tolls on the bridge. "The Washington county is heavily bonded and relies on the revenue from the operation of the bridge to meet its bond and interest charges."

William Reid, "father of the Third Oregon," yesterday cited his own experience as an instance of the unjust practice of charging soldiers bridge tolls. For some time Mr. Reid has been going to Vancouver and taking convalescent soldiers to the city on his private automobile. He says the tolls required to be paid on account of these soldiers for two trips daily average \$2.50.

### TRAINING COURSES OPEN

#### ARMY ELIGIBLES MAY ASK FOR SPECIAL INSTRUCTION.

#### Time of Filing for Mechanical Courses at Benson School, Believed Past, Found to Include Today.

Applications of registrants wishing to enter the soldier training courses at the Benson Polytechnic may be received by draft boards of the state today. It was originally thought the time for applications expired yesterday. Instructions received by Captain J. E. Cullison, in charge of draft details at the Adjutant-General's office, stated that enrollments should be taken "until June 7." Subsequent statements indicate that this date is to be included.

In most divisions of the state the opportunity of obtaining instruction in mechanical lines has been fully appreciated by registrants and quotas were quickly filled. In some divisions, however, the chance to enter the training school for the two-months course offered is still open to applicants. Where quotas are not filled by voluntary inductions the board will fill them by selections from their lists.

Yesterday was the last day on which registrants under limited and special service classification could voluntarily obtain admission to the spruce production division of the Signal Corps.

Names of the limited service volunteers will be reported to Provost-Marshal-General Crowder's office, in Washington. Calls for involuntary inductions needed to make up the contingent of 9000 such men sought throughout the Nation will then be made.

### "NAUGHTY" FILMS SEIZED

#### Bathing-Suit Girls and Waterfront Scenes Interest Amateurs.

What is said to be the most unusual photographic exhibit collected in Portland is in the hands of Chief of Police Johnson. The exhibit comprises pictures taken along the waterfront and on islands in the Willamette River and includes pictures from camouflaged ships to bathing suit girls.

The pictures are from films confiscated by the police.

"Some are well, just naughty, and I intend to destroy them so as not to cause anyone any embarrassment," said Chief Johnson. "Unless camera friends use precautions they will be subject to arrest and punishment. No one is allowed to take photographs on the waterfront, without special permission from the Government."

### Panama Canal Defense Cash Asked.

WASHINGTON, June 6.—A supplemental appropriation of \$492,000 for the defense of the Panama Canal was asked of Congress today by the War Department.

Arrow Shirts—the new detachable collar to match—\$1.50 to \$6.

## Dixie Weaves

For hot weather comfort

You know how it is with most light-weight Summer clothes; the fabric may be cool but the fit and styles makes you "hot." You'll find the ideal combination at this store.

### Hart Schaffner & Marx

#### Dixie Weave Suits

They're made of light-weight all-wool fabrics; they're very cool—and all wool keeps its shape, tailors better than other fabrics and the style is there. Better have us show you today. Satisfaction guaranteed.

\$25, \$30 and Up

Straw Hats for Summer comfort. We have them here, and every style and shape. Get yours now—we're ready for you. \$2.50 and up to \$7.50

## Sam'l Rosenblatt & Co.

The Men's Store for Quality and Service

Gasco Bldg. Fifth and Alder

# FACTORY SAMPLE SHOP

286 Morrison St., Next to Corbett Bldg., Between 4th and 5th

Beware of imitators and imitation Sample Shops. Look for the big sign with the hand pointing at 286 Morrison Street. Factory Sample Shop.

# FACTORY SAMPLE SHOP SALE

The greatest bargains yet this season on merchandise that has just arrived and must be sold at once. No matter at what price we sell goods, we get our commission. The prices are left to us, not how much it will bring, but how quick we can dispose of the stock.

REMEMBER, during this sale the Factory Sample Shop will exchange all sale goods and your money back if not perfectly satisfied.

## Silk and Serge \$8.95

# Dresses

to close out at once. Some in this lot run up to \$27.50. They are offered in this sale at only.....

Your Money Back if Not Satisfied

## Sample Long Coats \$12.95

Hundreds of them—all shades and sizes. Must go at once. Some would be cheap at \$27.50.

Beautiful Sample Silk Waists  
Hundreds of new styles. Hundreds of silk Georgette crepes—must go at once, only..... \$2.95

## Stock and Sample Suits

All shades, all sizes, in all kinds of cloth. Most beautiful suits in the country. Some in this lot run up to \$40— at only \$18.95 and.... \$14.95

## Georgette Dresses

Mostly samples; some in this lot run up to \$45—must go at once \$14.95 and.... \$12.95

Silk Fiber Sweaters at 1/2 Price  
Silk Sport Skirts Half Price at Only \$3.95

\$16.95 \$12.95 \$14.95