

MILLIONS OF INCOME TAX HELD ILLEGAL

Supreme Court Rules Stock Dividends Untaxable.

NATION LOSES REVENUE

Thousands of Investors Expect Refunds Where Securities Have Not Yet Been Sold.

WASHINGTON, March 8.—Corporation dividends distributed as stock do not constitute "income" and are not subject to federal income taxes, the supreme court decided today in a five-to-four decision.

Provisions of the 1918 federal income tax law levying taxes on stock dividends were declared unconstitutional. The decision also nullified similar provisions of the present law and will involve great loss in revenues to the government and refund of such taxes already collected. Large financial interests will be affected and numerous stock dividends of generous proportion are expected to be declared soon.

In the majority decision by Justice Pitney, Chief Justice White and Justices McKenna, Van Devanter and McReynolds concurred. Of the four dissenting members, Justice Holmes read a brief opinion in which he was joined by Justice Day, and Justice Brandeis delivered a lengthy opinion in which Justice Clark concurred.

Stock Sale Could Be Taxed. In holding stock distributions are not dividends on account of no separation of corporate assets being involved, Justice Pitney for the majority declared stock shares "are nothing except certificates distributed assets, are not realized profits and, therefore, are not taxable."

The attempt of congress to tax stock distributions, the majority decided to be unconstitutional and not permitted by the 16th, or income tax, constitutional amendment. Stock dividends, the majority held, may be taxed only after stockholders realize on them by sale, in which case the government may levy income taxes on such profits.

All four dissenting justices contended congress had power to tax stock dividends. Justice Brandeis, dissenting as to the majority's definition of "income," the same as if in cash. The 16th amendment, the minority declared, is broad enough to justify the tax.

Rule Held "Narrow and Bizarre." Justice Brandeis and Clarke characterized the majority view as "narrow and bizarre" and said it would permit many corporations to escape taxation on much of what "is actually their income." Declaration of dividends in cash or in some other medium, the two justices said, "wholly a matter of financial management" and therefore "if a dividend paid in securities represents a distribution of profits, it is, of course, taxable as income."

The other dissenting opinion expressed the belief that the word "income" in the 16th amendment should be read in a sense most obvious to the common understanding at its adoption. Most people, other than lawyers, it was added, supposed when they voted for it they put at rest the question of direct taxes including levies on stock dividends.

STOCK MARKET IN PANIC

False Report Causes Flurry and Sharp Recovery.

NEW YORK, March 8.—Wall street was thrown into a state of demoralization today and many hundreds of thousands of dollars were lost and won within a few minutes when news agencies which serve the district misstated the decision of the United States supreme court in the stock tax case and declared stock dividends were taxable.

The service of the Associated Press was accurate in every particular. After its report reached the street stocks which had broken 2 to 19 points under an avalanche of selling orders, steadied and began to climb. For the balance of the session prices continued to strengthen, final quotations for leading shares making substantial gains.

During the decline frightened traders sold almost at a loss of value. The hundreds of thousands of dollars they forfeited were captured on the rebound by others who had refused to sell on the strength of the first and false reports or who were in ignorance of what was happening.

General Motors, the star performer, gained 15 points, rose, reacted 11 points on receipt of the erroneous report and then rose to 261, a net gain of 23 1/2 points.

Crucible Steel, another spectacular feature, gained 30 points after having shown an actual loss of 10 points. Many other industrial shares closed

GLASS OF SALTS CLEANS KIDNEYS

If Your Back Hurts or Bladder Bothers You, Drink Lots of Water.

When your kidneys hurt and your back feels sore, don't get scared and proceed to load your stomach with a lot of drugs that excite the kidneys and irritate the entire urinary tract. Keep your kidneys clean like you keep your bowels clean, by flushing them with a mild, harmless salts which removes the body's urinous waste and stimulates them to their normal activity. The function of the kidneys is to filter the blood. In 24 hours they strain off 100 grains of acid and waste, so we can readily understand the vital importance of keeping the kidneys active.

Drink lots of water—you can't drink too much; also get from your pharmacist about four ounces of Jad Salts; take a tablespoonful in a glass of water before breakfast each morning for a few days and your kidneys will act fine. This famous salts is made from the acid of grapes and lemon juice, combined with lithia, and has been used for generations to clean and stimulate clogged kidneys; also to neutralize the acids in urine so it no longer is a source of irritation, thus ending bladder weakness. Jad Salts is inexpensive; cannot injure; makes a delightful effervescent lithia-water drink which everyone should take now and then to keep their kidneys clean and active. Try this, also keep up the water drinking, and no doubt you will wonder what became of your kidney trouble and backache.—Adv.

LATEST PHOTO OF NOTED ACTRESS AND HER SON, FOR WHOM SHE CLAIMS SHARE OF \$50,000,000 FIELD ESTATE.



Peppy Marsh and Henry Anthony Marsh, for whom she claims a share in the \$50,000,000 Field estate. The suit is now pending. This photo was taken in England, and has just arrived in the United States.

to 10 points up. Rails were slow to move, but rose spiritedly in the last hour when word came that the railroads had won their valuation suit in court. The 16th amendment, the minority declared, is broad enough to justify the tax. It is rumored that many corporations whose dividend policies had remained in abeyance pending the tax ruling will proceed to distribute profits gained during the last few years among stockholders. In the case of high-priced stocks this is likely to take the form of a splitting up of shares with "rights" accompanying the recapitalization. In other instances, it is probable increased or extra dividends will be declared.

OREGON "REDS" ON TRIAL

(Continued From First Page.)

lowed to end in the disorganization of the ranks of organized labor. We must help to keep the workers together, and through rank and file control of the unions assist the process of uniting all workers in one big union. From the official organ of the society, the Communist Labor Party News, was read a comment that the socialist party was reactionary, that it "has officials that openly voice their hope that the Russian revolution will not succeed because it did not come by the 'ballot box route.'" The paper refers to "our bolshevik comrades" and declares that the party it represents "thinks the ballot box campaigns for establishing the dictatorship of the proletariat of secondary importance."

Propaganda Aim Revealed. The communist labor party, it is learned from this source, "participates in political campaigns for purpose of propaganda" only, and refers to itself as a "party that is uncompromising in its revolutionary tactics" and one which has adopted as its official emblem "the hammer and sickle of the bolsheviks." To the socialist, the following advice is offered: "If you still have faith in the palvering of politicians and distrust the workers on the job; if you actually believe that the co-operative commonwealth will spring full-orbed from that ballot-box; if you are afraid to join hands openly with the bolsheviks and the spartanists in the third international, then stay where you belong—in the old socialist party."

Under the heading, "What's in a Name?" the following article was read to the jury: "Did you know, that the official name of the bolsheviks, the 'government party of soviet Russia, is the communist labor party of Russia? The communist labor party of America is traveling in good company, thank you."

Opening Argument Concluded. The issue is whether or not men with lawlessness in their mouths and treason in their hearts may declare open season on our constitution and the institutions which have grown up under it. You are sitting here not as employers of labor or as workers but as God-fearing Americans to pass judgment."

In these words, Earl F. Bernard, deputy district attorney, concluded the opening argument of the prosecution, yesterday morning. John Reed, husband of the former Louise Bryant and well known in Portland, was given credit for an active part in the organization of the present communist labor party and for being one of the leaders of the society today. Bernard sketched the organization of the labor party, which he held directly connected with the soviet of Russia, in part as follows: "The bolshevik government of Russia called a congress of extreme radicals in Moscow, March 2 to March 6, 1919, at which was formulated a manifesto to the proletariat of the world. By 'proletariat' they meant men who had no property and wished to take property illegally from those who under it this manifesto there was a call for a revolution to wipe out state boundaries, to convert the world into a co-operative commonwealth, and to take property from owners without compensation and illegally. 'A state of society in which family had no place, was advocated, a state which could not be brought about by the ballot or present machinery of government, but by the seizure of arms and ammunition, formation of red armies and forcible establishment of the dictatorship of the proletariat,' knowing no law but their own will. 'This meeting adopted a programme known as that of the communist international or third international, to which the communist labor party subscribes. 'Of recent years there has existed in the socialist party of America an

DRY ACT IS ARGUED IN SUPREME COURT

Rhode Island Calls Amendment Violation of Rights.

DANGER SEEN IN DOCTRINE

Government Defends Prohibition as Legitimate Addition to National Basic Law.

WASHINGTON, March 8.—The prohibition amendment to the federal constitution was assailed in supreme court today by Rhode Island as revolutionary and defended by the government and defended by the government as legitimate addition to the nation's basic law over which the court held no jurisdiction. Throng attended the session.

Justice Brandeis, attorney-general of Rhode Island, opened for the opposition, and W. L. Frierson, assistant attorney-general, replied for the government. Other arguments will be heard tomorrow, as well as appeals from Kentucky and Massachusetts. Mr. Rice charged there was a "constitutional revolution through amendments."

"I see more danger in the doctrine urged by the government than any doctrine urged by the demagogues during the world war," he said. "Rights assured the people under the fifth amendment were never intended to be taken away."

Justice Cites Slavery Act. Mr. Rice argued that the prohibition amendment resulted from a misconception of the law by congress and that federal government had no authority to make such a change in the constitution. He said the terms of the prohibition amendment are outside the purview of the constitution. "What about the thirteenth amendment abolishing slavery?" inquired Justice Pitney.

"That was compromise amendment and corrected an error in the constitution," he answered. "Yes," replied Mr. Rice, "but it was a power to regulate."

"There is no power in the constitution to make such a change unless it could be done by unanimous consent of the states and the people," Mr. Rice said. "There is no power and there never intended to be such power for encroachment by the federal government upon the powers of states."

FOREST POLICY INDORSED

Retail Lumbermen Ask Reclamation of Western Lands.

BOISE, Idaho, March 8.—(Special.)—The Western Retail Lumbermen's association in Boise last week unanimously approved reforestation in the national forest area of the west and the reclamation of arid lands. The association also declared for the formation of zones in various sections of the territory it covers, urged the governors of western states and representatives in congress from such states to get behind the reforestation plan; the establishment of field posts in the national forests; that the stand taken by the "Save the Redwoods League" be indorsed; that senators and representatives in congress be urged to use their influence to secure the repeal of legislation impeding free use of the Panama canal; that the bill presented to congress by the governors of western states for the reclamation of arid lands be passed; that the proposed plan for the education of foreigners and to advance Americanism be put into force and effect.

Amendment Is Defended.

"Wasn't slavery supported by the police powers of the states?" Justice McReynolds asked. "Yes," replied Mr. Rice, "but it was a power to regulate."

Mr. Rice said that the thirteenth, fourteenth and fifteenth amendments "were written into the constitution by the states." Mr. Frierson argued there was nothing revolutionary in the adoption of an amendment which lays down a fundamental rule of law applying to all states. "The case does involve the question as to whether a state government, into a federal court and enjoin enforcement of a criminal law on the ground the law is unconstitutional," he added. "I have never understood this court, at the instance of a state, could be constituted into a forum in which to debate the respective political rights of two state governments."

The court granted permission for the filing of briefs by Charles Evans Hays, attorney for the amendment, and Wayne B. Wheeler, general counsel for the Anti-Saloon league of America, supporting the amendment, and "I have never understood this amendment on behalf of the United States Brewers' association."

VESSLS WILL BE SENT

Ships Promised to Be Available for Orient Trade.

OREGONIAN NEWS BUREAU. Washington, March 8.—Ships needed at Portland, Or., for trade with the Orient in the service of the Columbia-Pacific shipping company, will be transferred from the Atlantic to the Pacific the moment they become available. John Barton Payne, chairman of the shipping board, assured Senator McNary today. He said the ships would be sent in ballast through the canal without waiting for cargo. A survey was promised for today by Chairman Payne, after which he said we might be able to give some specific assurance as to how many ships could be furnished and how soon. Late today he said it had not yet been possible to reach any definite conclusion.

EVERETT HAS 11.3 GAIN

Census Figures Show Contrast Between Coast and Iowa. WASHINGTON, March 8.—Population statistics for 1920 announced today by the census bureau included: Everett, Wash., 6,614, an increase of 28.60, or 11.3 per cent; and Ottumwa, Ia., 23,003, an increase of 991, or 4.5 per cent over 1910.

Egg Shipments to Be Halted.

SAN FRANCISCO, March 8.—Two of the largest shippers of eggs in California have announced that their eastern shipments will cease in the next few days because of fear of a break in the New York market.

Former Portlander Gets Divorce.

SAN FRANCISCO, March 8.—(Special.)—Mrs. Luella Marie Shaefer, who says she was married to a man of the shipping board, assured Senator McNary today.

The Shirt With Comfort Points

Continuous facing on cuffs prevents tearing. There's real workmanship, as well as "wearing comfort" in Beau Brummel Shirts. A REAL COMBINATION OF STYLE AND COMFORT.

GOVERNOR HART DEFIED

(Continued From First Page.) requiring determination and it is announced from Spokane that the "Black Top" paving interests will be here by representations in one or both houses to launch a fight against the Carlyon road bill.

Should this latter fight be made with any show of strength, hopes for a short session are extremely shadowy. With the vast number of bills being held in abeyance, many under protest because of the desire to limit the session's work, the action of the state superintendent in refusing the governor's urgent plea to defer the educational conference until the legislature has opportunity to meet and adjourn is likely to be used as the wedge to open the way for a flood of legislation.



"It makes no difference what you order" was the reply of our new Chef to a question by patron in the restaurant recently.

THAT'S the Spirit of things here—the Spirit of an Eager-to-Serve policy and an Able-to-Serve experience that gives you what you want, the way you want it, when you want it, and at the reasonable price that you want to pay.

Put us to the test—for steaks, for table d'hôte or for any specialty—any time in either restaurant.

Imperial Hotel Phil Matsuhara Manager

named Northup in Portland, Or., in 1917, has had her marriage to Arthur H. Shaefer, a hotel clerk of this city, annulled. The woman told the court that Shaefer forced her to wed after two weeks' acquaintance by threatening her with a revolver and a bottle of acid.

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Filipino Asks Bar Admission.

SALEM, Or., March 8.—(Special.)—Jose Mendez Javler, Filipino attorney of Portland, appeared personally before Attorney-General Brown here today and asked for legal opinion as to whether he could be admitted to practice law in Oregon upon a certificate issued to him by the supreme court of the Philippine islands. The attorney-general said he did not believe there was any statute in Oregon covering the case at issue, and that he probably would refer the matter to the supreme court of this state for consideration.

Cascades Sawmill to Start Up.

STEVENSON, Wash., March 8.—(Special.)—The Donovan-Dubois Lumber company which recently purchased the plant at Cascades formerly operated by the Fir Lumber company has had a number of men repairing and overhauling the machinery and logging roads for the past three weeks

Advertisement for Cherry Flip lip balm. The text says "Cherry Flip - on every lip" and "BISHOP & COMPANY". There is a small illustration of a woman's face and a tube of lip balm.

Baby Shunned Because of Eczema!

John M. Shenting, 601 Main St., Lancaster, Ohio, writes: "My baby boy contracted a severe case of eczema which covered his face and head. Visitors to our home would shut my child because he looked so terrible. I procured a bottle of D. D. D. in an incredibly short time my boy was cured." Thousands of letters from grateful users of D. D. D. prove its wonderful results in healing torturing skin disease. The very first application always brings relief and burning. Why not try a bottle at once and be convinced? Your money back if the first bottle does not bring relief. 50c. per bottle. Try D. D. D. Soap, too. Owl Drug Co., Baltimore, Md.

Large advertisement for Apex Electric Washers. It features an illustration of a woman in a long dress standing next to a large, ornate electric tub. The text says "It Washes Faster It Washes More Gently A Fine, Well-Built Machine". Below this, it says "That's the foundation of the great enthusiasm of Apex users and its national popularity. That's why there is such a tremendous demand for". The brand name "APEX" is written in large, bold letters, followed by "ELECTRIC WASHERS". A testimonial from a woman says "Discriminating women delight in its shining copper tub—always sweet smelling and sanitary—may be kept so without effort. No wood and no parts to lift out and clean. Nothing to wear the clothes." Another testimonial says "The Apex has never been equaled, because it is the original oscillating machine. Designed eleven years ago and protected by exclusive patents." The price is listed as "\$140". At the bottom, it says "Buy Electric Goods From an Electric Store J. C. ENGLISH CO. UPSTAIRS AT 148 FIFTH ST., BET. MORRISON AND ALDER PHONE: MAIN 143".

and expects to begin operating the mill this week. The mill has a capacity of 60,000 feet daily. ALBANY, Or., March 8.—(Special.)—Plans are being prepared for a complete set of buildings on the new Linn county fair grounds at this city. A big pavilion for the agricultural, horticultural and educational exhibits will be constructed, and this structure may contain an auditorium for meetings. Five or six other buildings will be erected to house the exhibits of stock and poultry. A race track will be constructed and the buildings will be erected so as to leave room for various special exhibits and attractions.

Good Clothes for Men

Quality is the keynote in the new spring suits we are showing.

The selection is large, both in fabric and model—the finest wools are here represented. Highly skilled tailors have contributed the thorough workmanship which makes these suits worthy the Mathis label.

Featuring suits from \$40 to \$75 Others at \$30 and up to \$97.50

New Spring Hats \$6 to \$20

Knitted Silk Ties Here They Are Just in—

Beautiful new pattern effects in a wide range of colors that will appeal to you strongly. Exceptional quality at \$1.50

MEN'S WEAR Mathis Corner Fifth and Morrison

Advertisement for Mathis Men's Wear. It features a portrait of a man in a suit and tie. The text says "Mathis for Quality" and "Quality is the keynote in the new spring suits we are showing." Below this, it says "The selection is large, both in fabric and model—the finest wools are here represented. Highly skilled tailors have contributed the thorough workmanship which makes these suits worthy the Mathis label." The price is listed as "\$40 to \$75 Others at \$30 and up to \$97.50". At the bottom, it says "New Spring Hats \$6 to \$20 Knitted Silk Ties Here They Are Just in— Beautiful new pattern effects in a wide range of colors that will appeal to you strongly. Exceptional quality at \$1.50 MATHIS MEN'S WEAR Mathis Corner Fifth and Morrison".