

PERIL TO INDUSTRY SEEN IN TAX LAW

Existing System Described as Discouraging to Capital.

REMEDY IS SUGGESTED

Taxation Should Be So Arranged That Burden Will Be Equalized, Says Mr. Kahn.

This is the continuation of the first of a series of articles on "Faulty Taxation," prepared by Otto H. Kahn, noted financier and head of Kahn, Loeb & Co. The solution of the problem of taxation has a very large bearing on the nation's prosperity. Mr. Kahn makes it plain that many evils suggest ways and means to effect reforms.

BY OTTO H. KAHN. (Article I—Continued.)

The ideal tax is one that rests where it is laid. That is to a considerable degree attainable in the case of reasonable and moderate taxes, but only in that case. In proportion as a tax is grossly excessive or manifestly unjust, in that proportion is it liable and likely to be avoided or passed on.

Economists tell us that an income tax cannot be shifted. That is true only in part, and moreover, the evils growing out of our present unimproved and unparalleled scale of super-taxation far exceed the virtues of what measure of "non-shiftability" inheres to the income tax. It is still less true of our excess profits tax, the incidence of which is largely loaded on to costs and is frequently several times removed from the first corporation which has to pay such a tax.

Increased cost of manufacture and distribution means increased cost to the farmer, increased cost of the necessities of life, increased wages, and, in short, increased cost of living all around.

The social and moral arguments for an unsharpened war profits tax are to my mind unanswerable. To permit individuals and corporations to enrich themselves out of the dreadful calamity of war is repugnant to every right-thinking man's sense of right and justice, and gravely detrimental to the war morale of the people.

Unfortunately, however, our profits tax was in its origin dissociated from war profits in too many cases.

Heavy Hand Laid on Business.

And as for the excess profits tax, so-called, it is altogether a different thing, in spirit and effect. That measure establishes an "normal earnings" an arbitrary, and, in case of many industrial activities, inadequate percentage of return on invested capital, and by a complex, confusing and generally ill-devised system, taxes at a high rate all earnings above that percentage.

It lays a heavy and clumsy hand on successful business activity. It is grossly inequitable in its effect, and, to a large extent, the greater or lesser degree of its burdensomeness is determined by purely fortuitous circumstances. It puts a fine on enterprise and efficiency. It leaves untouched the man of wealth, who neither works nor takes the risks, and collects his coupons. It is bound to operate unfairly, freakishly and unevenly, and greatly enhance the cost of things.

Let me point out, incidentally, that the spectacular earnings of certain corporations and individuals afford no just criterion of the earnings of business on the whole.

As against a number of concerns and individuals who have made exceedingly great gains since the war, there are numerous others whose earnings have shrunk, and in some cases have shrunk, during and since the war.

Results of Investigation Quoted. It may be interesting to quote the results of an investigation conducted recently in England (where conditions appear to be similar to those prevailing here) as to the increased cost of certain articles in the two years preceding the war, had been divided.

The investigator found, taking such increase as 100 per cent, that labor received 57 per cent, that the state through taxation, 40 per cent, and capital 3 per cent.

This is not the place to argue the question whether in the pre-war era industrially invested capital received too large a part of the national income, in some respects I believe it did.

But since 1914 the wages of labor have been very low, and the farmer also rightly receives a greater return than formerly.

There has taken place, in fact, a considerable readjustment in the distribution of the national income. To a large extent this is also true of the distribution of capital. The capital value of farms and the capital value of manual labor have greatly increased, while the capital value of all fixed interest-bearing investments has been very largely diminished.

Cash Required for Taxes. One of the most unsettling consequences of our tax system is the excessive and ill-regulated cash drain which it creates, away from its normal channels into the coffers of the government. You cannot pay your taxes by turning over book assets or bills receivable or materials or inventories; you must pay them in cash. But while the outgo in taxes payable to the government is all cash, the income of most businesses is cash only to a limited extent. Consequently many a business man, however free from objectionable tendencies of the profiteer, must seek to increase his margin of profit in order to increase his margin of available cash, because otherwise, through the exactions of clumsy taxation, the cash resources independently essential to the conduct of every business would be infringed upon to a perilous degree, if not to the point of extinction. This consideration is accentuated by the fact that merely to do the same volume of business as before the war, a great deal more capital is required now, owing to the largely increased cost of labor and materials.

The excess profits tax has tended furthermore to increase actual cost of production, inasmuch as costs naturally are deducted before taxable profits are arrived at, and, therefore, under the operation of the excess profit tax there is not the same inducement as under normal conditions to keep cost down as much as possible, but, in fact, rather the reverse. It is a fact well known to those familiar with business practices that there has been gross wastefulness in certain lines of expenditures since the excess profit tax went into effect and as a direct consequence of it.

Public Held Burdened. Objection to the excess profit tax in peace time rests in my mind, not on the ground of denying the theoretical equity of such a tax, but on the ground that, in actual practice, it

does not and cannot accomplish the social purpose aimed at, and that it tends to hurt trade, discourage enterprise and burden the public, and that it presents immense difficulties of administration. Our excess profit tax certainly has not stopped but rather has intensified what is commonly termed "profit-seeking."

PAID WEDDED 50 YEARS

Mr. and Mrs. C. H. Ralston Celebrate Golden Anniversary.

LEBANON, Or., Oct. 13.—(Special.)—Mr. and Mrs. C. H. Ralston of this city celebrated their golden wedding anniversary yesterday at the home in this city with a family reunion at which five of the persons who attended their marriage 50 years ago were present. These were Mrs. A. M. Lee of Junction City, Mrs. W. A. McClain of Albany, J. M. Ralston of Albany, John Griggs and Miss Fannie Griggs of this city. Letters of congratulation were received and read from Senator Chamberlain and Judge M. C. George of Portland. They were married on October 12, 1870, on the A. B. Griggs donation claim, five miles north of Lebanon.

With the exception of 12 years spent in Portland when Mr. Ralston was employed in the custom-house, they have lived continuously in Lebanon since their marriage.

They are the parents of four children. One, Frankie, died 10 years old. The other three all reside in Lebanon. They are Mrs. H. Y. Kirkpatrick, wife of the present postmaster of Lebanon; Mrs. S. H. Landstrom and C. H. Ralston Jr.

CITY LOSES HOTEL MEET

Oregon Association to Convene at

The Dalles Early in December.

THE DALLES, Or., Oct. 13.—(Special.)—Due to the efforts of Pat Foley, proprietor of The Dalles and secretary of the Oregon State Hotel Men's association during the first week in December.

The convention will bring from 150 to 200 visiting hotel men to this city. It was originally planned for Portland but by the commission at the instance of Foley, who is second vice-president of the organization.

Entertainment for the guests will be arranged by Foley and the local chamber of commerce.

\$50 LOAN ACCEPTED BY 9

University Ex-Service Men Take Advantage of State Offer.

UNIVERSITY OF OREGON, Eugene, Oct. 13.—(Special.)—Nine university ex-service men have taken advantage of the state loan to ex-service men, according to Carlton Spencer, registrar, who has charge of the applications.

No loan can be for more than \$50 and the date of maturity is January 1, 1921. There will be no extension of this loan. Heretofore extensions have been granted in most cases, but now that the ex-service men have had time to adjust themselves and become more settled the extension will not be given.

Hood River to Honor Veteran.

HOOD RIVER, Or., Oct. 13.—(Special.)—E. W. Vanhorn, commander of the American Legion post, received a message today from William McMurray, general passenger agent of the O.-W. R. & N. company, that the body of Earl M. Robertson, who died while serving in France, with the 45th regiment, coast artillery corps, would arrive here Friday evening.

A formal military funeral will be conducted by the legion post Sunday at Riverside community church, the pastor, Rev. W. H. Huddy, officiating. Interment will follow at the family cemetery in Pine Grove, Mr. Robertson, son of Robert Robertson, was a member of the 12th company, Oregon coast artillery.

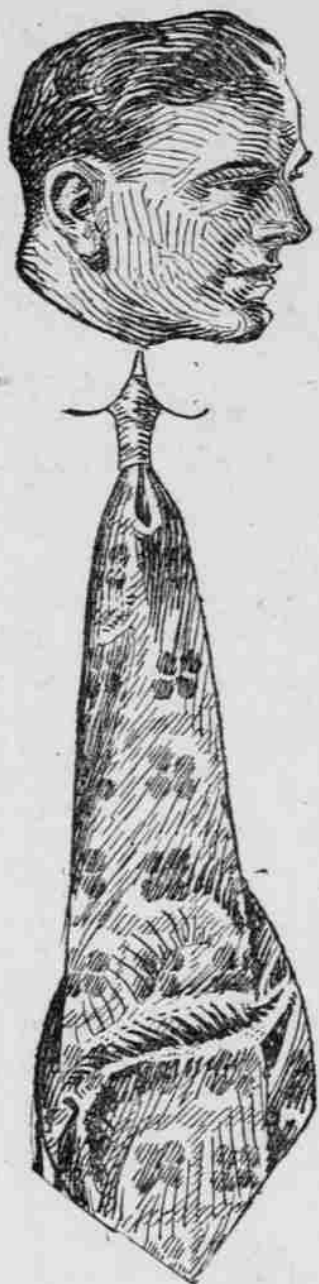
3153 in Salem Schools.

SALEM, Or., Oct. 13.—(Special.)—The enrollment of Salem public schools is 3153, or a gain of 17 per cent over last year, according to an announcement made today by George W. Hug, superintendent. There are 1835 students in the six lower grades, 849 in the junior high school and 669 in the senior high school.

Yamhill Grange Elects.

CARLTON, Or., Oct. 13.—(Special.)—The annual election of officers of the Yamhill County Pomona grange

GREAT SLAUGHTER of MEN'S NECKWEAR



To close out the balance of the Neckwear which has been on sale this week I shall further reduce the price of the \$3.50 and \$4 ties to the nominal price of

\$1.55 3 for \$4.50

Thousands of magnificent ties below pre-war prices.

Those of you who have paid me \$1.85 for these ties this week can have the difference refunded on presentation of the sales slips—

BUY AS MANY AS YOU WANT

Supply Your Christmas Needs Now!

BEN SELLING LEADING CLOTHIER

RATE HEARING ON NOV. 5

Interstate Commerce Commission to Hear Intermountain Case.

SEATTLE, Wash., Oct. 13.—(Special.)—Argument of the intermountain rate case before the interstate commerce commission at Washington, D. C., has been set for November 4 and 5, according to word received by the transportation bureau of the chamber of commerce today.

The entire commission will hear the argument, which will be based on the tentative report of W. A. Disque, examiner, made public about four weeks ago. Recommendations continued in the report were in accordance with contentions of Seattle and other Pacific coast cities and if adopted by the commission will signalize complete victory for the coast section.

Wasco to Rally Election Eve.

THE DALLES, Or., Oct. 13.—(Special.)—A republican rally, with Representative Sinnott as the principal speaker, will be staged here at Elks' temple November 1, it was announced by the republican committee today. With the election on November 2, the rally is planned to add the final stimulus which will put Wasco county over with what is hoped will be the biggest republican plurality ever recorded.

Stanfield Confers on Irrigation.

SALEM, Or., Oct. 13.—(Special.)—Raiph Stanfield was here today conferring with the members of the state irrigation securities commission with relation to the state guarantee of interest bonds in the sum of \$320,000 voted for the development of the Teal Irrigation district. No action was taken by the board with regard to Mr. Stanfield's request.

Dayton Gives Relief Clothing.

DAYTON, Or., Oct. 13.—(Special.)—The volunteer committee of Dayton and vicinity has forwarded to the state committee on the near east relief 400 pounds of clothing collected in this neighborhood.

Six Saved by Reprieves

Only Two of Eight Sentenced to Hang in Chicago Today.

CHICAGO, Oct. 13.—Only two out of the eight men originally sentenced to be hanged in Cook county tomorrow morning will die on the gallows at the appointed hour as the result of two eleventh-hour reprieves granted by Governor Lowden today. The others have been saved by reprieves, commutations and writs of supersedeas.

Olcott Addresses Rotarians.

SALEM, Or., Oct. 13.—(Special.)—Governor Olcott, in an address before the Salem Rotarians here today, reviewed the establishment of the Oregon state government and referred briefly to the various governors of the commonwealth in their several different types and capacities. Several popular songs, introduced by the Rev. H. N. Aldrich of the Leslie Methodist church, were sung by the fraternity members.

Sunday School Convention On.

MEDFORD, Or., Oct. 13.—(Special.)—The annual county Sunday school convention of Jackson county will be held in Medford Thursday and Friday

FOUR PERSONS INDICTED

True Bills Charge Utterance of Bad Paper at Eugene.

EUGENE, Or., Oct. 13.—(Special.)—The Lane county grand jury yesterday returned indictments against four persons who had been arrested on charge of passing bad checks, and spent some time examining witnesses in the case of W. R. Elliott, charged with the murder of Vivien Dunten.

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Advertisement for Marshall Neilan's 'GO and GET IT' featuring a picture of a man in a car and text about a sensational picture of newspaper life.

Advertisement for 'THE COLD THE CURE' featuring an illustration of a city street and text about a prescription drug.



Sacrifice Sale of Boys' Knicker Suits

TO MEET the insistent demand for lower living costs, I place on sale

200 BOYS' "KNICKER" SUITS at the following sacrifice prices Boys' \$18, \$20 and \$22.50 Suits, \$14.85 some with two pairs "knickers"

Boys' \$25, \$27.50 and \$30 Suits \$19.85 splendidly tailored garments

BOYS' \$12.50 CORDUROY SUITS \$9.85 These all are wonderful bargains. You will do well to come early

BEN SELLING LEADING CLOTHIER

Morrison Street at Fourth

greater than for the corresponding period last year. Postal savings deposits showed a gain of \$3000.

Postal Receipts Increase. ASTORIA, Or., Oct. 13.—(Special.)—Postmaster Wise reports that the receipts at the Astoria postoffice during the quarter just ended were \$3000

Now Playing "A DOUBLE DYED DECEIVER"



TODAY "SOMETHING TO THINK ABOUT"

A romance staged by Cecil DeMille that with its glamour and beauty will make you, too, think

with Gloria Swanson Theodore Roberts Elliott Dexter Monte Blue

"THEY WERE YOURS, MY SON!"

She believed him to be her boy—the boy who had run away years ago. Her pathetic joy filled the imposter with guilty shame. Could he go through with the deception? Every decent instinct within him said "no!"

NEWS and COMEDY ONLY A QUARTER

PEOPLES

Next Saturday Douglas McLean And Doris May

Advertisement for MAJESTIC PLAYING NOW A Tremendous Drama of the Barbary Coast Gouverneur Morris THE PENALTY NOW PLAYING MAJESTIC Old Folks' Coughs will be relieved promptly by Pisco's. Stop throat tickle; relieves irritation. The remedy tested by more than fifty years of use is PISO'S