

# Morning Oregonian



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PORTLAND, OREGON, WEDNESDAY, DECEMBER 22, 1920

PRICE FIVE CENTS

## SALES TAX URGED TO BELIEVE PUBLIC

### Whole Levy Declared Put on Consumers Now.

## EXCESS PROFIT BASIS HIT

### Kahn, Banker, Advises Cut on Income Surtaxes.

## DEALERS HELD DODGING

### Upward Revision of Tariff and Assessment on Net Profits of Corporation Suggested.

WASHINGTON, Dec. 21.—Establishment of a sales tax, repeal of the tax on excess profits, reduction of the higher rates on income surtaxes, upward revision of the tariff and the levying of a flat tax on net profits of corporations, were advocated before the house ways and means committee today by Otto H. Kahn, New York banker, in a comprehensive discussion of tax revision legislation.

Mr. Kahn, one of the few witnesses invited by the committee to appear before it, dwelt at length on the question of a sales tax, partly in response to indications in the committee that that sort of tax is gaining favor.

Chairman Fordney, before Mr. Kahn was called, said he and several other members believed some sort of sales tax would eventuate but were seeking methods by which the tax would not be multiplied and the consumer unjustly taxed in the final purchase.

## Profiteering Is Cited.

As a result of the chairman's statement, Mr. Kahn discussed that phase of the problem, advocating legislative provisions which would require the tax to be made known in each sale and added to the selling price as a separate item. Such an arrangement, he said, in his opinion would check "the profiteering which has resulted from the excess profits tax."

In his discussion of the need for a revised taxation program, Mr. Kahn declared that American business could not experience a healthy growth if the government continued "on a road of excessive taxation and continued to absorb the life blood of business through the concentration of taxes on incomes and capital."

He added that the tax burden should be actually stopped commercial development.

Results Held Distant.

"What has happened in the past," he continued, "can reasonably be expected to happen again in the future. We have seen the end of this tax plan and have seen its disastrous results. It has forced every business house to run to banks for credit to conduct business, but finally the banks ran out and the federal reserve board had to call a halt."

"After this came the collapse in markets. It hit the farmers first, but none has been spared and all businesses has felt the effects. The retailer has not been struck to the extent that I fear will be the case unless that which will happen unless the principle is changed."

Sales Tax Is Discussed.

One of the means suggested by Mr. Kahn for lifting the present tax burden was the funding of the victory notes and war savings securities. He urged payment out of taxes of the treasury certificates of indebtedness, however, saying it appeared this could be done without inconvenience before they fall due.

Discussing the sales tax, Mr. Kahn said he had "wavered and wobbled" on the proposition for some months, not feeling sure that he had right to suggest it.

"I think a man ought to lean backwards," the witness continued, "when he proposes an arrangement by which he will benefit, as I will benefit by the sales tax. Nevertheless, I believe sincerely that the consumers in the final analysis will not suffer the burden under a sales tax that they now suffer under the excess profits tax."

Tax Passed on to Consumer.

"Every manufacturer and every business man has added more to the prices of his commodities in anticipation of the profits tax that he has had a right to add. It has started at the very beginning of the life of the manufacturer and continued on through to the retailer. The consumer paid it all. I submit the sales tax would be a lighter burden, at least."

Net Profits Tax Urged.

Mr. Kahn also proposed a tax of 15 per cent on net profits of corporations, a tax which he said he was confident would produce at least \$1,000,000,000. The tariff revision which he

## \$5,000,000 BLAZE AT VENICE, CAL., IS FATAL

### Firefighter Is Killed, 3 Seriously Injured.

## Whole City Threatened by Fire as Flames Destroy Amusement Pier at Resort.

VENICE, Cal., Dec. 21.—Damage estimated at \$5,000,000, the death of one volunteer fire-fighter and the serious injury of three others, one of whom may die, were caused by flames which raged for two hours on the amusement pier here tonight before they were brought under control by the combined efforts of the Venice fire department and two companies from Los Angeles. Just as they were threatening to destroy the city.

The estimate of the damage was made by C. C. Meyer, a director of the Venice chamber of commerce.

The fire broke out in a dancehall at 9:30 o'clock, destroyed a number of concessions on the pier and worked its way to the land end.

Charles Kirby, a life guard employed on the beach for the safety of sea bathers during the day, one of the first to volunteer to fight the flames, was on the roof when it caved in. He was hurled into the flames. Others braved the fire to rescue him. He was rushed to a hospital, where he died just before midnight.

The person probably fatally injured was Jones Cully, an employee of the dance hall. When the fire broke out, apparently from an overhead gas stove, and the dancers in a panic stampeded toward the exits. Cully was in the rear of the building. He climbed to the top of the building from a rear window and then lost his hold and fell.

The flames spread quickly to the timbers of the large wooden structure.

The orchestra continued to play, calming many of the dancers, while others stampeded for the exits.

Ten minutes later the roof of the pavilion caved in, throwing masses of burning timbers to the floor.

The fire was brought under control at 1:15 o'clock.

The pier burned to the water's edge at the land end and for more than 300 feet or one-third of its length. More than a score of concerns were destroyed.

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## POSTERITY HONORS PILGRIMS' DEEDS

### Lodge Is Orator at Plymouth Tercentenary.

## WEBSTER'S DREAM FULFILLED

### Prophecy in 1820 of Voices Crossing Nation Realized.

## LITTLE BAND ATTENDS

### Gathering of About 900 Hears Forefathers' Ideals Applied to Problems of Present Day.

PLYMOUTH, Mass., Dec. 21.—A message from the lives of the Pilgrim Fathers and fulfillment of a prophecy made here by Daniel Webster 100 years ago marked the formal exercises here today before a distinguished audience of about 900 persons in observance of the 300th anniversary of the landing of the Pilgrims. The message was delivered by Henry Cabot Lodge, United States senator. The prophecy was fulfilled by Governor Calvin Coolidge, vice-president-elect.

Senator Lodge said the message of the Pilgrims was to be found in their lives, which showed a strong and active sense of public duty, obedience to the law and the placing of spiritual above economic values.

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## TRADERS SCRAMBLE TO GET FROM UNDER

### Wall Street Crash Worst Experienced in Years.

## Collapse Affects Every Feature of List—War Millionaires Near End of Their Tether.

NEW YORK, Dec. 21.—On transactions approximating 1,700,000 shares, the largest turnover of the year, the stock market today experienced another drastic readjustment of quoted values, which forced many issues down from 2 to 20 points and established numerous low records in from one to four years.

The collapse, which exceeded in violence any movement of the prolonged end of its financial tether.

In substance, traders asserted that the credit situation has closed the money market to the country's speculative operators, although local banking institutions aver that no more than the usual calling of loans customary at this time of the year has been engaged in.

It is accepted, as a fact, however, that banks have been strengthening their resources to meet requirements of the coming year.

News of the day which bore upon the action of the stock market was provided by the shutting down of many mills and factories, especially in New England, for "inventory" purposes.

In a majority of cases these are likely to reopen after the holidays on reduced wage schedules.

Much of today's unsettlement was produced by an abrupt decline of about 22 points in Republic steel, which is controlled by some of the largest factors in the steel industry.

Republic recovered only three points of its loss at 50, and Vanadium steel, which has close relations with Republic, dropped more than seven points, rallying just a point.

Among coppers and kindred specialties in New England, a telltale disorganized state of those industries, ran from 2 to 6 points, the market for those issues being negligible.

Oils, recently in a class by themselves, in that they frequently ignored the downward trend elsewhere, suffered a decline of 2 to 4 points with only nominal recoveries.

Shippings, recently among the weakest elements of the entire market, were heavy at all times, particularly Atlantic Gulf and West Indies, and American International corporation, the latter being among the issues to make a new low record.

Dividend paying rails held their ground until the final hour, when the wide sweep of the liquidation began.

It was stated that France will refuse to recognize Mexico until the United States does.

## HARDING HEARS VIEWS OF IRRECONCILABLE

### POINDEXTER AND MORROW CONFER WITH CHIEF.

## Washington Senator Urges Selection of Western Man for Secretary of Interior.

MARION, O., Dec. 21.—The world peace situation and various domestic issues were discussed by President-elect Harding today with Miles Poindexter, senator of Washington, a republican irreconcilable in the treaty fight, and with Governor Edwin F. Morrow of Kentucky.

Another caller who came here at Mr. Harding's invitation would discuss the details of their conferences, but both said they believed Mr. Harding was working along hopeful lines in his efforts to formulate an association of nations.

Senator Poindexter also took occasion to urge the selection of a western man as secretary of the interior, suggesting that the appointment might well be given to Governor-elect Joseph M. Dixon of Montana.

Another caller was William Butterworth of Moine, Ill., vice-president of the chamber of commerce of the United States, who talked about business conditions. He asked especially that the department of commerce be placed under the supervision of a secretary willing to co-operate with the nation's business interests.

Late in the afternoon, Senator and Mrs. Harding motored to Westerville, O., 60 miles away, to take dinner with Mrs. Mary E. Lee, an old friend.

## ROAD FUND MAY BE CUT

### Republican House Leaders Would Approve \$100,000,000.

WASHINGTON, Dec. 21.—Republican leaders of the house have agreed upon an appropriation of \$100,000,000 for state road aid, it became known today after an executive session of the house roads committee.

A bill introduced by Representative McArthur, republican of Oregon, now before the roads committee, would make \$400,000,000 of federal funds available during the next four years, but it developed that the republican steering committee has decided that in the interest of economy the appropriation should be limited to \$100,000,000 and should not cover more than a two-year period.

It is declared by the committee that the cost of necessary extensions and improvements approximates \$5,000,000, and that rates must be advanced to a point where returns on the investment will render the securities of the company attractive to purchasers. In almost every instance, it was declared, and attested by exhibits, the operations of the telephone system in Oregon commencing in 1917, have resulted at a loss, with a deficit of \$691,000 for the present year, and an estimated deficit of \$23,000 for 1921.

"We have issued instructions," asserted Mr. Shaw, "to slow up all construction work and progress January 1, to reduce forces accordingly, and to initiate no new construction work. We shall absolutely refuse to invest the money involved in these estimates in the state of Oregon until we settle this question as to whether or not interest and dividends are to be contributed to the support of this plant."

Time and again, as the company witnesses were under interrogation, City Attorney La Roche sought to pin them down to an admission that prices of material and costs of labor are declining, and that the present is not a propitious time for the planning of extensions and work investment and necessitating largely increased rates. The company was reminded that it was granted a recent rate increase. In reply witnesses said that the wage scale in their industry has increased more than 100 per cent, and that there is no possibility of reduction.

3048 Orders Unfilled.

C. E. Hickman, commercial superintendent of the company, testified that present facilities have reached the point of saturation, and that lack of funds prohibits the extension so urgently needed. He cited a list showing that on December 1 the company had 3048 unfilled orders for installation, had canceled 635 orders, and had declined 877 requests for installations, making a total service loss of 4560 telephone orders for the year.

"Assuming that wages and price of materials are going down, to what extent must they drop to maintain rates as they now are?" asked W. H. Strayer of Baker.

"That's a question I don't think anyone could answer," replied the witness.

"Could you venture an approximation?"

"I do not think anyone could answer that offhand."

"Yet this present estimate is based on the cost of wages and materials. You were able to estimate that. Why not the reverse?"

Mr. Shaw replied for the witness, saying that the application is based on the inadequacy of existing rates, which were inadequate even before the price scale moved upward.

Do I understand them?" pursued Mr. Strayer. "If it were and prices were to go back to 1914 you would still ask for an increase in rates?"

"We would."

"That I cannot say,"

C. W. Burkett, chief engineer, identified the \$5,000,000 construction program, testified that the projected work is sorely needed and that under present returns the company is unable to procure money for the extensions.

"Your idea is that the cost of getting the money is a proper expense," interrupted the city attorney, "and that \$5,000,000 is a just charge against the people of Oregon? Until this money is actually spent it ought not to be treated as an element of rate-making."

The witness, with Mr. Shaw inter-

## PHONE RATE LIFT PROPOSAL FOUGHT

### Logic of Company's Application Protested.

## GENERAL DECLINES NOTED

### Present Held No Time for Advancing Charges.

## COMPANY SUBMITS NEEDS

### Increase of 30 Per Cent Declared Imperative if Adequate Service Is to Be Maintained.

Decided differences of opinion as to the proper time to temper with existing telephone rates. In view of the general downward trend of production costs in all lines, developed yesterday at the hearing held before the Oregon public service commission for consideration of an application of the Pacific Telephone & Telegraph company for a general increase of 30 per cent over its present rates throughout this state.

While officials of the company, as outlined in the opening statement of James T. Shaw, general counsel, testified that the plan is inadequate to cope with the business now offered it, and that further extensions and improvements are essential to the welfare of the enterprise and the progress of Oregon, the city of Portland, as represented by W. P. LaRoche, city attorney, and the representatives of various other communities, emphatically protested the logic of the application.

It is declared by the company that the cost of necessary extensions and improvements approximates \$5,000,000, and that rates must be advanced to a point where returns on the investment will render the securities of the company attractive to purchasers. In almost every instance, it was declared, and attested by exhibits, the operations of the telephone system in Oregon commencing in 1917, have resulted at a loss, with a deficit of \$691,000 for the present year, and an estimated deficit of \$23,000 for 1921.

"We have issued instructions," asserted Mr. Shaw, "to slow up all construction work and progress January 1, to reduce forces accordingly, and to initiate no new construction work. We shall absolutely refuse to invest the money involved in these estimates in the state of Oregon until we settle this question as to whether or not interest and dividends are to be contributed to the support of this plant."

Time and again, as the company witnesses were under interrogation, City Attorney La Roche sought to pin them down to an admission that prices of material and costs of labor are declining, and that the present is not a propitious time for the planning of extensions and work investment and necessitating largely increased rates. The company was reminded that it was granted a recent rate increase. In reply witnesses said that the wage scale in their industry has increased more than 100 per cent, and that there is no possibility of reduction.

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## CHRISTMAS TURKEY MAY BE 65 CENTS

### Portland Market Is Short But Birds Are Good.

## Front Street Wholesalers Fall to Get Expected Big Supplies.

The Christmas turkey this year will cost 65 cents a pound, according to present indications. The supply is smaller than it was at Thanksgiving and the growers are asking more.

Wholesalers on Front street expected large receipts yesterday, but few of them received half enough to fill their standing orders. A liberal supply is looked for today, but dealers expect the demand to take care of all that come in. The wholesale price advanced in the afternoon to 64 cents.

Several good-sized lots of birds were bought in the southern Oregon districts by San Francisco and Seattle dealers and the Portland trade had to content itself with the small odd lots that were left. A number of fairly large shipments have come in from Idaho, but in that state, as in Oregon, the farmers asked high prices.

Although the Christmas turkey will cost more, Portland buyers will find to their satisfaction that the quality is much better than the average of the Thanksgiving turkeys.

## TWO WILL SPLIT \$15,000

### Oregon City Men Get Reward for Arrest of John Doughty.

TORONTO, Ont., Dec. 21.—"Three Fingers" Richardson and Chief Constable Edward Fortune of Oregon City, who were recipients of the reward of \$15,000 offered by the estate of Ambrose J. Small for the arrest of John Doughty, Small's former secretary, Small disappeared December 7, 1919, and shortly afterward Doughty left Toronto.

Believing that Doughty could clear the name of Small, a reward was offered for his capture. He was located at Oregon City and returned to Canada after his arrest on a charge of larceny.

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