COST OF GOVERNING AMERICA TO BE CUT

Saving of Million Daily Believed Possible.

NEW TAX LAW EXPECTED

House Ways and Means Committee Soon to Meet to Consider Finance Reform Plans.

BY HARDEN COLFAX.
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WASHINGTON, D. C., Feb. 19.—(Special.)—Taxes, too, are coming down. Not in the rate, for that will hardly drop this year, but in the total levy by congress on the American people. The high cost of government, having reached its peak, is following the trend of the times and is due for a drop comparable with the drop in commodity values and wages.

"We hope to cut the cost of government a million dollars a day," is the way Representative Green of Iowa sums it up. Mr. Green, ranking republican member of the ways and means committee, the committee which originates the tax laws, by virtue of Mr. Fordney's absence from Washington, is the committee's acting chairman. His committee expects to frame a new tax law soon after the new administration comes into power.

In his estimate of the proposed reduction in the cost of government, Mr. Green is not figuring on the passage of proposed soldier bonus legislation. If such legislation is enacted, the plan changes. It would not be possible to pay a two-billion-dollar bonus and reduce the government's revenues at the same time. Nor is he contemplating the passage of any other law calling for an unusual expenditure.

Government Is Costly.

In round figures, government is costing the American people at the present time $10,000,000 a day. A year ago it cost, roughly, $13,000,000 a day. These figures include the sums utilized to reduce the floating debt. During the fiscal year beginning July 1 next, to which the new tax law is expected to apply, it is hoped to bring the cost down to approximately $9,000,000 a day. Of that sum, it is estimated, about $8,000,000 will be spent in paying the debts of past wars—insurance, pensions, interest on United States bonds, etc.—and for the army and navy to safeguard the country in the future. The other million bucks a day, in round figures, is estimated to be the cost of the civil establishment.

The economic crisis from which we are now emerging has hit the United States treasury along with the private citizens. Because business suffered, government revenues derived from income and excess profits taxes suffer, too. It is estimated that the government will collect this year half a billion dollars less in income taxes than it collected last year. The excess profits tax, it is estimated, will yield $600,000,000 less.

The economic crisis, in these two items alone, therefore, will reflect a cut in government revenues of $1,100,000,000.

Profits Tax May Go.

But the excess profits tax, which is estimated to yield a billion and a quarter dollars, seems to be slated to go by the cards. In its place there will have to be found some other way of raising revenue. Three plans have been presented to the ways and means committee:

1. A general sales tax.
2. A tax on undistributed earnings of corporations.
3. Some form of upward revision of corporation income taxation.

Soon after the present session of congress ends the committee will meet and consider the situation. Possibly several months will pass before a new plan of taxation is evolved. A new tariff bill also is to be framed. It was originally thought the higher tariff would bring in half a billion dollars more, but this figure lately has been whittled down to $200,000,000 or thereabouts. At present the tariff brings into the treasury about $300,000,000 a year. The idea generally prevalent in the committee seems to be to make up, by some other form of taxation, the money now being derived from the operation of the excess profits tax, to count on the tariff for $200,000,000 more annually than it is now producing, to figure on income taxes yielding $500,000,000 less than last year and to cut the government's expense by the difference between the tariff increase and the income decrease—$300,000,000. Roughly that means $1,000,000 a day.

Armament Bill Big One.

Disarmament, of course, would be instantly reflected in the nation's tax bill, because the money now being spent for the army and navy is one of the major items necessitating taxation. The interest on government bonds and certificates is another big item, more than a billion dollars a year—and that, of course, cannot be cut. That item alone is more than the entire net cost of running the government prior to the war.

One thing seems to be decided: There will be no increase in the rate on individual incomes.

HOUSE CLEARS BOLLING

BRIBE NOT SOLICITED BY WILSON'S KIN, PROBERS SAY.

Investigation of Shipping Board's Operations, Begun 18 Months Ago, Comes to Close.

WASHINGTON, D. C., Feb. 19.—In winding up its 18 months of investigation of shipping board operations, the house committee, headed by Representative Walsh, issued a statement today holding R. W. Bolling, brother-in-law of President Wilson and treasurer of the board, was "not guilty of soliciting or accepting any bribe, gift or gratuity" as charged by Tucker K. Sands in connection with a contract awarded by the board to the Downey Shipbuilding corporation.

This was the second statement exonerating men whose names were brought into the investigation. The first said the committee members did not believe Charles M. Schwab had received expense money from the government while acting as director-general of the emergency fleet corporation as had been charged.

Today's statement came after Mr. Bolling had reappeared before the committee to reiterate his denial of Mr. Sands' charges, and A. M. Fisher, a committee investigator, had testified that he found that there was nothing irregular about transactions between Mr. Bolling and Mr. Sands.

Secretary Payne, formerly chairman of the shipping board, before the committee today, reviewed conditions as he found them when he became chairman soon after the armistice.

He criticised the merchant marine bill plan of a shipping board of seven, saying that one executive should handle the work. He also attacked congress for proposing abrogation of commercial treaties so preferential rates might be put into effect.

He declared that the government could not compete with private shipping interests in operating merchant craft and reiterated his belief that if American passenger lines are to operate successfully in competition with foreign leins they must be permitted to sell intoxicants outside the three-mile limit.

STORM WRECKS WHARF

DEBRIS AT GULL COVE, ALASKA, CARRIED TO SEA.

Suspension Bridge, 300 Feet Long, to Be Built Over Mendenhall River, North of Juneau.

SEATTLE, Wash., Feb. 19.—(Special.)—The wharf of the Cross Sound Packing company at Gull cove was destroyed by a storm late last month and the wreckage carried out to sea. The buildings on the beach were flooded by the high tide, which was abnormal, owing to the driving power of the wind. The loss will amount to 50 per cent of the value of the plant, approximately $40,000.

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A 300-foot suspension bridge will be built during the coming season over the Mendenhall river, 12 miles north of Juneau. The work will be done by the Alaska road commission, and will open the Eagle river road to traffic for its entire length.

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Frank H. Foster, a Cordova attorney, is in the city on his way to San Francisco to consult with capitalists there who are interested in oil holdings on the Yakataga beach. The holdings consist of a consolidation of 12 claims. Foster said work would be done on the claims this year, and he is now going to this conference, which is to determine at what point the work will be done.

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A hospital, with a doctor and nurse, has been established at Point Barrow by the Presbyterian home board of missions. This is the farthest north hospital on the American continent.

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People of Nenana will build a winter sled road between Nenana and Knight's roadhouse, on the Kantishna trail, according to Harry J. Williams, who recently arrived from the north. It is expected to lower freight rates into the Kantishna country, as it will eliminate a 26-mile railroad haul and will save the double handling of all supplies shipped.

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Shipments of gold dust and bullion for the year 1920 from Nome amounted to $1,235,943.30, according to report of the collector of customs of Alaska. Nome exported $293,105 in merchandise to Siberia and bought furs and ivory from Siberia to the value of $420,666 during the same period.

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Charles Christian of Kodiak, who is in Seattle, will leave for his home the latter part of the month.

Frank Babson of Thane, who has been in the city for the last month, will leave for the north on the Admiral Watson next Thursday.

Judge Robert Jennings of the federal court for the first division of Alaska, will leave for Juneau on the Princess Mary tomorrow morning.

SAFE ROBBED BY SNEAK

Man Gets $50 and Escapes Under Eyes of Clerks and Customers.

VANCOUVER, Wash., Feb. 19.—(Special.)—A prowler entered the Vancouver Stationery company's store shortly after 1 o'clock today, robbed the safe of $50 and escaped, though there were several clerks and customers in the store.

The man, about 35 years old, wearing a cap, brown suit and overcoat, entered and asked to use the telephone, after buying a magazine. The telephone is near the safe, which happened to be open at the time, and the cash drawer was unlocked. The man made a pretense at finding a number, but soon left. A clerk, seeking change, discovered the money had been taken.

The police were notified but the robber seemed to have dropped from sight.

ANGELL TO HEAD YALE

Son of Michigan University President Is Elected.

NEW HAVEN, Conn. Feb. 19.—James Rowland Angell, son of late President Angell of the University of Michigan, was unanimously elected president of Yale university in succession to President A. T. Hadley by the fellows of the corporation today.

President Hadley said Dr. Angell had a combination of qualities which fitted him admirably for the headship of Yale. He is a teacher with large administrative experience and a western man thoroughly familiar with eastern ideals. His work with the Carnegie corporation, and his headship of the national research council, have given him a broad view of educational questions.

Reed Prune Club Organized.

With a desire to do their bit for prune week, members of the Reed college faculty have organized a prune club. The object of the organization is to eat four tons of prunes belonging to Mr. Akerman, professor of economics at the college. Mr. Akerman spends his summers on the farm raising prunes and this year's crop amounted to four tons more than he could sell.

Phone your want ads to The Oregonian, Main 7070, Automatic 560-95.

TARIFF AND DEBTS LINKED TOGETHER

Republicans Have Difficult Problem to Solve.

LIGHT BEGINS TO DAWN

Facilitation of Imports From Europe Declared to Be Only Way to Get Back Money Lent.

BY MARK SULLIVAN.
(Copyright by the New York Evening Post, Inc., Published by Arrangement.)

WASHINGTON, D. C., Feb. 19.—(Special.)—Congress has just finished a tariff debate. As a debate it wasn't much. The bulk of it was not in good faith. The bill was merely an emergency measure, designed to cover ten months. Moreover, it was only a partial bill, dealing with agricultural products alone.

After the first two or three weeks of December neither party regarded the bill seriously. It is true it will pass congress by virtue of a certain amount of understanding between the two parties, but it will be vetoed by the president and congress will not pass it over the veto. The emergency bill is as good as dead and out of the way, but the tariff is not out of the way, in fact, the tariff is just ahead of us.

Tariff Talk to Last All Summer.

We are at the moment entering what will be a thorough-going discussion of the tariff policy. Even as the emergency measure dies, the house committee on ways and means is busy holding hearings looking to a permanent tariff bill. This permanent bill will be introduced as soon as the new session gets underway.

As it usually takes about nine months for a tariff bill to go through congress, we can take it completely for granted that after a few weeks we can look forward to practically the entire remainder of the present year, as a forum for argument, about what this country is going to do as to tariff policy.

That Little Debt Looms Big.

At the same time, there is now and will be for many months to come a subject which is certain to involve an almost equally large degree of discussion. This subject is the $10,000,000,000 debt which various European governments owe us.

That these two subjects are indissolubly united is known by every person who has a student's interest in the tariff, and by everybody else who has thought into the future with any degree of thoroughness. In the course of time this fact, that the two subjects are indissolubly united, will be known to congress. Already, in the debating over the emergency tariff now dying, some glimmerings of light appeared in the utterances of a few of the speakers on both sides.

Congress Can Take Its Choice.

Put in simple terms for the information of the casual reader, the relation between high protection and foreign loans may be stated roughly in these sentences: If the $10,000,000,000 owed to us by foreign governments is to be collected then this country must give up the high protection policy which it has hitherto practiced. Stated the other way round, if this country is to follow a policy of high protection, then it must give up the expectation of collecting our foreign loans.

The European governments who owe us $10,000,000,000, and the European municipalities and private citizens who owe us some $4,000,000,000 more, cannot pay those debts, nor even the interest on those debts, in gold; they can only pay them in goods. If we adopt the policy of high protection they cannot pay goods.

Light Begins to Dawn.

In all the recent debating on the tariff there were just five men who, in their speeches, seemed to show that their minds were beginning to be aware of a dawning light of the effect that has been wrought on America's high protection policy, by the fact that recently we have become a large lender of money abroad, it was natural enough that the democratic leaders should see it first, for it is a condition which plays into their hands.

The truth is, we are face to face with a party realignment on this subject of protection. Representative Rainey saw it at least dimly. He said: "We may approach a time when there will be a realignment of parties, but so far as I am concerned, no matter whether that realignment occurs or not, I propose to stand for the principles for which my party has stood."

Mysterious Stranger Appears.

Apparently Representative Rainey wasn't very comfortable about this new recruit to the democratic ranks. He was a little startled to find among the ragged remnants of his party a mysterious stranger in a frock coat and a silk hat, a capitalist, an easterner who pays high taxes, who invests money in foreign loans, and who wants it made possible for Europe to repay those loans.

Of course, there is still a huge part of the prosperous and capitalist sections of the east who have a larger stake in their role of manufacturer than in their role of investor, but that is right where the cleavage comes. A large section of the republican party that has formerly recognized no God but protection is now certain to consider whether they had not better bow down to the god of facilitated imports from Europe.

Only Two Ways Out Seen.

Of course there are just two and only two ways out for the high protectionists. Both are merely partial, both will be exceedingly unpalatable, and both will put the republican leaders most uncomfortably on the defensive when the democratic debaters get after them. One way is this, continue the policy of high protection against countries who don't owe us any money, and make reciprocal treaties with the countries that are our debtors. The other is to continue high protection on some commodities, and as to the rest, adopt policy of free trade, thus frankly giving our debtor countries a monopoly of production in certain classes of commodities.

Even partial as either of these policies would be, there are obvious rocks in the way of carrying them out. Also, either of them will leave the whole republican party subject to the taunting epithet which Senator Harrison called Senator Smoot the other day.

Senator Smoot occasionally gets on Senator Harrison's nerves. When Senator Harrison asked for unanimous consent to insert in the Record a couple of columns of democratic tariff doctrine from the New York World, Senator Smoot objected in the interest of saving white paper for the government. Thereupon the senator from Mississippi remarked that if the senator from Utah would remove himself from the room for a few minutes the business of the senate would be facilitated.

And a little later on the irritability of the senator from Mississippi reached a point where he hurled toward Senator Smoot an insult which, considering the immaculateness of the tariff reputation which Senator Smoot has built up through a lifetime of vigilant devotion, almost passed the bounds of legitimate repartee. The senator from Mississippi called the senator from Utah a "spotted protectionist."

HUGHES GETS IN CABINET

(Continued From First Page.)

willing to answer tonight as to the policies of his department relate to publicity.

Questions to Be Aired.

Asked whether he intended to follow the precedent of the present administration in holding periodical conferences with newspapermen, he replied with an emphatic affirmative, adding that he wanted to give the fairest publicity possible to every department question.

Although the conference with Mr. Hughes occupied most of the president-elect's attention today, he had several other callers, including Chairman Fordney of the house ways and means committee, who discussed tariff legislation, and Manuel Angelo, a representative of the Cuban liberal party, who asked that the American government aid in guaranteeing fair elections in Cuba.

COLBY ADMIRER OF HUGHES

Successor Is Man of Great Ability, Says Secretary of State.

PHILADELPHIA, Feb. 19.—Secretary Colby, when informed tonight that Charles E. Hughes had been chosen by President-elect Harding as his successor, said:

"Mr. Hughes is a man of great ability whom I have known intimately and admired for many years."

FOSS URGED AS NAVY HEAD

19 of 22 Republicans in Congress From Illinois Sign Plea.

WASHINGTON, Feb. 19.—Appointment of George Edmund Foss of Chicago as secretary of the navy was urged today in a telegram to President-elect Harding.

Nineteen of the 22 republican members of the Illinois congressional delegation signed the telegram.

BEST LANDLORD FOUND

Tenants Pay $18 a Month While Neighbors Pay $60.

CHICAGO, Feb. 19.—Agitation by tenants and real estate men for restrictions of rent increases has brought to light a landlord regarded as unusual. Tenants in the six-flat building owned by Matthew Brown pay $18 a month, compared with others on the same block ranging, it is said, from $30 to $60.

Last spring much to Brown's dismay, it is said, one tenant advanced her rent $5 a month.

Laboratory experiments seem to point to the commercial production of glucose by an acid treatment of sawdust. Glucose is widely used in syrups.