

The Oregon Statesman

"No Favor Sways Us; No Fear Shall Awe"
From First Statesman, March 25, 1851

THE STATESMAN PUBLISHING COMPANY

CHARLES A. SPRAGUE, Editor and Publisher

Member of the Associated Press

The Associated Press is exclusively entitled to the use for publication of all news dispatches credited to it or not otherwise credited in this newspaper.

Income Tax Worries

Some rather anguished yelps have been heard since the story broke from the statehouse that tax commission auditors would check over deed records to round up the taxes on "unearned increment" taken in current sales of real estate at inflated prices. We had thought that most everyone knew that such profits were taxable, but evidently there are a good many to whom income is merely the current wage or crop income and not the profit on sales of houses, lands or investments. It is rather rude to awaken them to the stern realities of our tax laws, but they should know that Uncle Sam and Uncle Earl Fisher both claim a portion of the gains from sales of real estate.

The greater anguish is noted where persons have sold their home at a fat profit, then found they had to pay an equivalent inflated price for a new dwelling place. What they now learn is that if they sold a house for \$10,000 and reaped a profit; and then turned around and bought another house for \$10,000 they are really out of pocket. For they must still pay income taxes on their profit. No wonder they voice complaint; yet their complaining should be directed against their own ignorance of the tax facts of life and not against the government.

The tax penalty serves to discourage sales at present high tax rates (though you would hardly notice it from reports of sales). The one who is wise hesitates to sell and take a big profit because of the heavy slice that must go to government. This has the effect of driving up prices until the temptation to sell overcomes the distaste of the high tax. It will level off after awhile. And those who pay very high prices now may look forward (with mixed emotions) to some period in the future when they may have to sell at a loss—then they may claim a loss in their income tax report.

There is another class which might be warned that the tax-gatherer is just around the January 1st corner. They are the waitresses, the cabdrivers, porters and bellboys. The very generous tips they now receive must be added to their salaries as part of their taxable income. Such persons who render personal service need to keep records of their tips, lest the tax collector scowl at them with a deep frown and force at least an estimate out of them for their tax reports. With girls in the restaurant netting around \$150-\$200 a month in wages and tips, government—state and national—wants a cut out of that income.

Money, you see, is the root of much worry. You worry if you don't have it; and you worry over taxes if you do.

Community Estates Taxable

Community property states took another licking this week when the U. S. supreme court upheld the right of the federal government to levy estate taxes against the full community estate of couples, instead merely of one-half. This ruling upholds as constitutional an act of congress passed in 1942. It follows the previous decision which knocked out the Oklahoma statute establishing optional community property status for married couples, which invalidated the similar Oregon statute.

The federal law still permits division of income which gives couples in community property states an advantage through avoidance of the higher brackets of the tax. Effort has been made to pass a federal law ending this discrimination but the community property states with the aid of women's organizations have so far defeated bills to that effect.

While individual states may follow their own laws and customs on internal matters all citizens should stand on an equality under federal tax legislation.

Editorial Comment

FARM LAND PRICES

A recent report from the Federal Reserve System states that "all signs point to the rapid rise of farm land values." The present status of prices for rural property in many areas is of serious concern to agricultural leaders and to banks. Six months ago the American Bankers Association sent warning letters to banks in rural sections advocating conservative policies to help check the boom. In June the Alexander Hamilton Institute reported that farm real estate values were 50 per cent above the levels of the pre-war year of 1938.

The index used by the Institute showed a figure of 126, as compared with 114 in 1944. In 1934 the index was 84, compared with 140 immediately following the first World War. The high point, just before the sudden deflation of farm land values began in 1920, was 170. In one of the "post-war economic studies" published by the Federal Reserve System, William H. Fisher of the Richmond Federal Reserve Bank cited more than 2,000,000 involuntary transfers of farms and tracts since 1920. These involuntary transfers represented tragedy and loss of savings to hundreds of thousands of farmers.

To combat the present inflated situation Mr. Fisher offers a six-point program: an educational campaign by all agencies concerned with farming and rural life, control of demand by allocation which would permit through Government control purchases of land found to be reasonable in price, restrictions on purchases through controlled mortgages, price ceilings for farm land, a special capital gains tax and a forced savings program from profits in real estate. Farmers as a whole have enjoyed their highest incomes in history during the past four years. The artificial stimulus of war prices has fostered a big production increase in the face of manpower and machinery shortages. A reaction seems probable in the not distant future. Authorities insist that the wise financial course for farmers is to pay off debts and invest in war bonds. The farmer without a mortgage and with ready money for equipment and improvements will be best prepared to meet whatever problems lie ahead. —New York Times.

Guests of Today

Salem is host today to a company of some 175 people who are identified with the "Moral Re-armament" movement. Of the number, 40 are from Europe; others come from Australia, Canada and the United States. By special train they are on tour in behalf of their program and climax their visit with presentation of a youth play in the afternoon and an adult drama "The Forgotten Factor" at night—both performances being scheduled for Leslie Junior high school.

Whatever one may think of the movement which grows out of the work of Dr. Frank Buchman, the fact is true that it has shown remarkable vitality, surviving both the great depression and the world war; and that it has attracted to it people of all walks of life who believe it offers a practical solution for the complicated problems of industrial and international relations.

While the plays are invitational, tickets are available to all who are interested. Salem, we are sure, will give a friendly welcome to these folk who come from distant lands, at great sacrifice of time, to advance the great cause of human brotherhood.

Victory, Again

Agair-Marion county has met and passed its quota in its purchases of war bonds. The quota was \$2,690,000 but that figure has long been passed. The total by the end of the month may reach \$5,000,000. For E bonds, too, the quota has been exceeded, what with queen contests and nylon hose bait!

All who have bought bonds, all who have had a hand in promoting their purchase, can feel proud and happy over the great success of this final war finance effort.

Remember Jules Verne's "Around the World in Eighty Days?" An A-26 attack bomber has made the circuit of the globe, 24,859 miles in 96 hours, 50 minutes of flying time. Its route was westward by way of Hawaii, the Marianas, the Philippines, India, North Africa, the Azores, Bermuda and Washington. This record was made with the conventional-type plane. Jet propulsion permits much faster speeds. Taking supper with Uncle Ben in New Zealand will soon be commonplace.

Now that the Yanks in Switzerland can send home such souvenirs as Swiss watches and Alpine skis, we wouldn't be at all surprised if a St. Bernard dog came over disguised as a bale of hay.

Interpreting The Day's News

By James D. White
Associated Press Staff Writer

SAN FRANCISCO, Dec. 11.—(AP)—The Ta Kung Pao in Chungking made a suggestion today which it knows perfectly well has about as much chance as a snowball in the Sahara.

This ordinarily sober Chinese daily newspaper today proposed that the capital of the United Nations organization be located in Changchun, the capital of Manchuria.

Perhaps this was just the Ta Kung Pao's subtle way of saying the same thing that Dr. Jan Masaryk of Czechoslovakia said yesterday—that the UNO, no matter where its capital is to be, is in danger of becoming a football to be kicked around by power politics.

Actually, Changchun could be a very attractive place. Changchun is the old Chinese name for a provincial walled town which until 1931 dozed on a broad rise in the rolling Manchurian prairie. It waxes only moderately hot in the long sunny summer of the north, but gets pretty cold and windy in the winter.

After 1931 the Japanese expropriated several Chinese farming villages outside the grey walls of Changchun and there built a new capital (which they called Hsinking and which means "new capital") copied after Washington, D. C.

The new city had circular plazas, broad radiating streets, and several modern government buildings of concrete-and-steel, faced with colored brick. The roofs tried to soar in the magnificent sweep of old China, but Japanese architects trimmed them down into stubby compromises. There was an assembly or parliament building, but no parliament.

Might Admit It's Too Cold
Now if you backed a Ta Kung Pao editor up against the wall he probably would admit that Manchuria is too cold in the winter for the elderly statesmen who will be part of any UNO capital. So it may be assumed that the suggestion to locate UNO in Manchuria is rooted in other reasons.

For one thing, Manchuria is the largest remaining industrial setup in all the orient, and control of it will influence the recovery and welfare of east Asia. That control rests legally with the unknown way in which these treaties are going to be implemented. Russia now is the greatest land-power in Asia, as the United States is the greatest naval power in the adjoining Pacific.

Don't Want History to Repeat
It follows, therefore, that since the fringes of American and Russian policy and influence will meet anyway in Manchuria and China, that meeting would be more strongly spotlighted to the world if the UNO capital itself were on the spot.

The Chinese strongly support the UNO, just as they supported the league.
They don't want history to repeat itself, and Manchuria is a place where historic trends have a habit of building up a momentum that is hard to stop.



Distributed by King Features Syndicate by arrangement with The Washington Star

Another Tough Assignment

The Literary News Behind the News

By PAUL MALLON

(Distribution by King Features Syndicate, Inc. Reproduction in whole or in part strictly prohibited.)

HOGARTH AND ENGLISH CARICATURE, edited by F. D. Klingender. Translated by Art; \$4.50.

Long on pictures and short on text, as art books ought more frequently to be, this volume surveys popular art in England in the 18th and early 19th centuries, with occasional references to the past to show models and to the future to show directions.

Born 1697 and died 1764, Hogarth was England's first great painter and, perhaps, her greatest in any age. It takes no more than the London National Gallery's "Ship Girl" to prove it. He was as up-to-the-minute, as concerned with the life around him, as his friend the novelist Fielding. England and especially London were the subject of his paintings and his caricatures.

Like Daumier, he was a master in the two mediums, though unlike the Frenchman, who came about a century later, he did not find ready to hand the lithography so popular in the last 150 years. He used the copper plate.

Skilled in political and social satire, he revealed his greatest artistic energy in such cycles as "Marriage à la Mode," "Hogarth's Progress" and "Rake's Progress." In a condensed introduction Klingender says "lunk realism" characterizes his work: Hogarth's etching tools indeed were so real and blunt that in a strange way he seems not an artist but a recorder, a plain teller of plain tales. But if you don't need esthetic training to understand his story, you do need it to appreciate how subtly he arranges his material, how effectively he highlights the important figures, how securely he establishes perspective, in short, how much of a genius he was.

The book contains 120 illustrations, a few in color. Besides Hogarth, there are Gillray, Rowlandson, Daumier and others.

A PICTURE HISTORY OF RUSSIA, edited by John Stuart Martin (Crown; \$2.75).

Containing more than 1200 illustrations, a chronology and an index, this is a convenient and timely survey of the ally about whom we talk so much and hold so many different opinions. The book goes way back to a secure foundation in ancient history, and traces developments in considerable detail.

WASHINGTON, Dec. 11.—The defense of the British loan deal is that there are only three things which can be done with the British:

- (A) Prop them up.
- (B) Let them fall.
- (C) Let the Russians take them.

On this basis the project is being sold to the reluctant and discouraged congress—and will increasingly be sold. This is the argument which is planned to win congressional approval, and it probably will. At this writing, a delayed acceptance of the plan, without material amendment, seems likely.

In its details, the arrangement is indefensible. A careful reading of the agreements will show that upon practically every agreed point, the British have contrived an escape clause or phrase—in short, and out.

In the matter of interest payments, for example, these will be waived unless British trade averages more than 1936-38 for five preceding years. Again, the British are to try to do something about the sterling discrimination pool against the dollar, but will only "make every endeavor" to do so. They agree to "relax," not stop.

Again, they agree to discuss a new deluxe super Bretton Woods arrangement to create a world trading and monetary system; they agree to work with us for this "international trade organization" at a world conference next year, but there nothing definite is provided beyond the "discussion" stage.

Again they promise to pay perhaps \$750,000,000 in settlement of "lend-lease" (how ironical those two words sound now) but only \$50,000,000 is to be cash within five years, and we will not take this money, but will use it to build educational or other institutions in the British empire. All Fact "Hedged."

There is hardly a line in the agreement which is not hedged thus with a legal escape for non-

fulfillment.

For this, we are to throw \$3,750,000,000 more after the \$25,000,000,000 of "lend-lease" we are cancelling off—thus giving them title to remaining planes, guns, trucks, typewriters and what not, without trying to get the materials back for scrap or use. (Army claims we already have more than we can sell or use in surplus property, but they are thinking of peace, not yet restored.)

The best objective world finance authorities tell me the British carefully carved their excuses in advance, because they cannot expect to repay this "loan" any more than they could pay our war advances, given away under the disguised booby-trap phrase "lend-lease."

Need Raw Materials
They have no raw materials on their island except coal. They cannot produce without raw materials, and they cannot pay for the materials except by production.

With their prospects they would have difficulty getting anyone to say their amortization plan for this "loan" is sound. They can win a respite against fate with our money, but their 55 year future does not justify the deal financially.

But what could we do? The Byrnes people are already asking the senators in private. The senators are saying we could have taken title to the equipment we have given them and used it for storage against the future or scrap; we could have taken payment in materials of which our own stockpiles are low; we could have acquired territories needed for raw materials, and for civilian and military world air bases.

Final Accord Possible
In short, we could have reached a fair and good business settlement "in kind," and closed the books on this endless dumping of the product of our toil into Britain these last 30 years. We could have reached a final settlement.

As it is, we have left the books open, to furnish more money when this "loan" is gone and cannot be repaid—money which really represents the sweat of our workmen, because our treasury has no "money" except as it drains that source.

We could have wisely prepared ourselves with territory, stockpiles and power for the new barter world of trade (which is coming as surely as borrowed international money is never repaid). We could have won the peace with this deal.

Congress May Take It
The Byrnes people come back and say:
We have thrown \$250,000,000,000 away in this war, without taking anything but world's headaches. What is \$3,750,000,000 more? The deal is done now. Take it or leave it.

As I say, I think congress may take it, but not enthusiastically.

SPEAKER FROM CHINA
Ellen Sufferin, missionary who left free China to return to the United States last year, will speak this noon to Hollywood Lions at their regular luncheon in the Lions Den. Miss Sufferin traveled by plane over the hump into India, by ship to Australia and thence to the states.

JOHN D'S KIN FINED
MARYSVILLE, Calif., Dec. 11.—(AP)—The name of Muriel McCormick Hubbard, granddaughter of the late John D. Rockefeller, and currently a WAC sergeant at Camp Beale, appeared on Marysville police records today after she paid a \$100 fine on a charge of driving while intoxicated.

IT SEEMS TO ME

(Continued from page 1)

historic spots. Among such would be the Jason Lee house which still stands at 960 Broadway; the old Minthorn home at Maple and Highland where Herbert Hoover lived as a youth; the old fir tree at the southeast corner of the Bush school grounds, under which Chief Quinaby, the last chief of the Chemeketa tribe, died from overeating on Thanksgiving day in 1878.

Dr. Burt Brown Barker erected a suitable marker at the northeast corner of Commercial and Ferry streets, the site of the first store in Salem, established by his ancestor, Thomas Cox. Directly across Commercial street is the old Holman building where the legislature used to meet, and where James Nesmith and Edward Baker were elected United States senators in 1860. It should be identified by a marker. The Statesman building on the southwest corner merits a marker as the building which prior to the construction of the first state capitol was used for offices of the governor and the supreme court.

The site of the Hudson's bay trading post just north of Salem ought to be marked, also the location of the building first erected by the Lee mission for education of white children, in the same vicinity.

Work of this kind should be undertaken without further delay while there are still residents who know much of local history. The community misses the late R. J. Hendricks, long editor and later editor-emeritus of The Statesman. He was a one-man historical society. The work he did should be continued in some organized manner lest not only the facts of local history be lost but also interest in our rich historical heritage through the advent of those who know nothing of it.

Red Cross Home Service Group Meets Thursday

Regular meeting for the home service committee of the Marion county chapter of the American Red Cross will be held Thursday noon at the Golden Pheasant. Judge George Duncan is chairman of the committee.

At a meeting of the Red Cross board of directors, it was reported that the home service department had a case load of 558 during November. Of this total, 265 cases were closed, with 293 continuing as an open case load.

Mrs. Virginia Stevens, director of home service, and Mrs. Elmer Berg, assistant, are in Portland attending a meeting to train instructors in leading the volunteer home service corps.

County's Quota of Gifts to Be Doubled

Marion county's quota of gifts for the U. S. naval hospital at Corvallis probably will be doubled because of the generous response from people of this area, it was reported to the Marion county Red Cross chapter board meeting by the Rev. S. Raynor Smith, chairman of the chapter's camp and hospital committee. The Rev. Mr. Smith is delivering the remainder of the gifts to go to the hospital this week. Marion county's quota was 300 gifts.

DINNER TONIGHT
Members of the Salem high band and orchestra and their parents will dine tonight in the senior high school cafeteria at 6:30 when the annual band-parents dinner will be held.

Every Diamond is different

Each diamond has its own individuality, its own glorious way of reflecting light. See our engagement collection, and choose the one she'll like best.

STEVENS & SON
239 Court Street
BUDGET PAYMENTS

GRIN AND BEAR IT

By Lichty



"We must all turn our attention toward full employment! I suggest each of us bound the employment agencies until they send us mail!"