

The Oregon Statesman

"No Favor Sways Us, No Fear Shall Awe"
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An Excess Profits Tax?

The argument for an excess profits tax is simple: why let corporations and individuals at home pile up huge profits while men go to fight and some of them die in distant countries at \$60 a month and found? There simply is no answer to that argument.

The hitch comes however in writing such a tax law. What are "excess profits" and what formula should be used to siphon them off into the public treasury?

The method used in the last war was an alternate: corporations were allowed to earn a certain percentage of their invested capital, then the remainder of their profits were taxed at 90 per cent. Or they were permitted to earn the average of their net incomes for previous years and then taxed on the excess.

This tax is a handicap to small and growing concerns and in practice has been hard to administer. It ignores diverse risks and ups and downs in business. As far as suppliers of war materials their profits may be restricted through renegotiation of contracts. But another argument against the excess profits tax is its inducement to extravagance which contributes to further inflation. If a company is "in the money" and 90 per cent or more of its excess goes to the government treasury it is under no special incentive to operate its business economically. Experience with this form of taxation in the first and second world wars has been that it is hard to administer, leads to litigation which is costly and time-consuming.

The proposed substitute, which favors tax specialists in Washington is for heavier taxes on business. This would use the present system of a normal tax and surtax; increasing the rates to draw in more money to the treasury. Since the added burden probably will be of long duration it is better to operate under this plan than an emergency excess profits plan.

This would be simpler to administer but it would run into some of the objections to the EP tax. It would bear hard on small business and if the rates were too high would discourage economy in operation.

While the tax experts may prefer the latter method congress probably will insist on an excess profits tax—that will sound a lot better to the voters and blunt the comparison of the sacrificing soldier and the war profiteer.

A Candidate with an Illusion

A pathetic figure in the late campaign was A. W. Lafferty of Portland who attempted after a lapse of 35 years to capture again the seat in congress he previously held for two terms. He poured a lot of his own money into his lengthy, personally conducted campaign. He carried on extended advertising, hired circulators to get signatures for his nominating petitions, used some radio time. And all the while every informed person knew he hadn't the slightest chance of election.

His appeal for votes was on an ancient issue. Lafferty claims to have had an important part in the reversion of the O & C grant lands in the federal government. Taking off from there he demanded that the two and a quarter million acres of these lands be disposed of to settlers, presumably at the original price of \$2.50 per acre. Long ago the era of homesteading such lands as these was passed. The lands are primarily timber lands in hilly and mountainous country. An agriculturist would starve to death trying to farm most of these lands. BUT the settler who won the lucky number in a drawing for these lands would get a veritable gold mine if he got 160 acres covered with a fine stand of timber.

At present these lands are being administered for the good of all the people. Half the proceeds are paid to the counties and half retained

by the treasury. They will remain in public ownership and be managed to yield recurrent crops of timber. This certainly is a wiser policy than to turn the clock back and parcel out these lands as homesteads.

One felt a bit sad in hearing Lafferty on the air last Sunday berating the Portland dailies as "Pravda" and "Izvestia," accusing them of dropping an iron curtain on his candidacy. Well, he used plenty of paid advertising space in those papers to get his message across, but it was motheaten to begin with. Lafferty was merely indulging his illusions, at heavy expense to himself.

DuPonts Take a Contract

The Atomic Energy commission has made a contract with the Du Pont company to set up and manage a new plant, presumably one for making the H-bomb. DuPont will perform this service for one dollar a year—the same pay it got for similar service on the Hanford works for the Manhattan project. (Just recently it got the dollar. It seems rather inconsistent for one division of the government, the department of justice, to be seeking through court action to break up this corporation while another division is pressing it to undertake heavy responsibilities in behalf of the country. But in government the left hand tries not to let the right hand interfere.

At the same time the people can't help but realize that only large corporations have the manpower with experience broad enough to carry out construction and operation on so vast a scale as these atomic energy installations. Cutting them "down to size" would result in cutting the country down both for war and peace. Policing of corporations, yes; destroying them, no.

Spokane is to be host to the National Reclamation association next week, November 15-17. In addition to usual sessions with speeches and committee reports, special trips are planned to view Grand Coulee power dam, the Columbia basin irrigation development, and the Kaiser aluminum rolling mill at Trentwood. This will be a good opportunity to learn something about the nation's reclamation progress and plans and to view some of the great projects of the northwest.

For a big league player life may "end" long before 40, but for managers there is a "stay of execution. Here's Branch Rickey, age 68, who has just signed a five-year contract to manage the Pittsburgh Pirates, with an extension clause for another five. And there's octogenarian Connie Mack who has just retired after 50 years with the Philadelphia Athletics. Umpires however don't last that long—poor eyesight.

A new company has filed a petition for authority to lay and operate a pipeline for delivery of Canadian natural gas to northwest customers. We've been getting assurances of delivery of natural gas from Alberta or Texas for months and months, but so far it's been nothing but "gas." Canada hasn't even made up its mind whether to let its gas go into export.

A new method of appealing to the voters has been employed: television. By this means a candidate may be seen as well as heard. This will help the photogenic candidates, and looks will be graded as well as the radio voice. But the cost . . . running for office is fast becoming a luxury.

An industrialist raises the question: "Where in the world are we going?" If he doesn't know he hasn't been reading the signboards on the road we have been travelling.

United Nations Withdrawals in Korea May Be Strategy, Not Direct Result of Fighting

By J. M. Roberts, Jr.
AP Foreign News Analyst

WASHINGTON, Nov. 7 (AP)—As the United Nations begins consideration of the intervention of Chinese communist forces in the Korean war, the main questions seem to lie not so much in what the organization can do, but in what other participants can and will do.

Does China intend an all-out commitment, meaning war with the United Nations, or merely an "unofficial" effort in North Korea to be carried out by limited forces?

If the latter, can Gen. MacArthur throw the "limited" force out and complete his assignment of clearing all Korea?

Will Soviet Russia encourage or permit the Chinese to continue an operation which carries a grave threat of general war?

At the moment, every move of the United States will be directed towards its war-long policy of preventing the conflict from spreading. Great hope is being placed on MacArthur's ability to go ahead with the job before there is direct involvement with China. One line in his report to the U.N. gave some support to this hope.

That was his reference to the allied escape from what appeared to be a trap and consequent military disaster. This could mean some of the retreats have been made for the purpose of regrouping to meet a changed situation

than due to direct fighting. Although allied losses are admittedly heavy.

Russia's attitude, however, was widely believed to be the key. At the U.N. it was said that if Russia was no more openly involved with Peiping than she had been with the North Korean communists, the matter would resolve into the continuing military policy of clearing Korea, even though additional allied strength might be required.

More direct Russian support for Peiping, however, would be

taken as notice that Russia was prepared to risk world war III, and that there was no great hope of delaying its start much longer.

Military observers in the far east still find it hard to believe that Russia and China will take all-out risks now, when they did not do it while the allies were pinned to the small bridgehead in South Korea.

Some, however, feel that the present degree of Chinese intervention already signifies a willingness to go farther than had been expected.

Ways in Washington

By Alexander R. George
(For Jane Eads)

WASHINGTON (AP)—Planning to wed this winter? If you are married before this year ends, Uncle Sam indirectly may help finance your honeymoon.

The idea is you may save a tidy chunk of income tax money by hastening the wedding. If you are married on Dec. 31, 1950, the tax law considers you as married for the entire year 1950, regardless of how long or short a time you actually have been married.

So if your marriage takes place Dec. 31, you may claim \$600 exemption for your wife in making out your 1950 tax return. You also may make a joint return for 1950, which in most cases is as cheap, or cheaper, than a separate return.

But if your marriage takes place on Jan. 2, 1951, you are not allowed to claim the \$600 exemption for your wife on your 1950 return. And you can not file a

joint return for 1950. This is not a new provision of the tax law. However, internal revenue officials say that many taxpayers are unaware of it.

If a person is divorced or legally separated from his wife on or before Dec. 31, 1950, he is considered single for the entire year from an income tax standpoint. He is not allowed to take the \$600 exemption for his wife, even if the separation did not take place until the last day of 1950.

On the other hand if the taxpayer's wife dies during the year, they are nevertheless considered married for the entire year. The taxpayer then may take the \$600 exemption for his wife and file a joint return.

A taxpayer also may take a \$600 exemption for a dependent child born Dec. 31, 1950. The tax law treats children born during the year as if they were dependent for the entire year.



Comes the Dawn

Sen. Wayne Morse, winding up his reelection campaign in Salem, told a Chamber of Commerce audience how he personally verified one of many stories going the rounds these days. Morse said he checked parents of one youth and found they had given their consent to their 17-year-old son's joining an army reserve unit. The recruit drilled a grand total of six times at weekly sessions of his outfit, then was tapped for active service. Three weeks later he was in front lines at Seoul in Korea.



Later talking with friends Sen. Morse made a low bow to American youth. Said questions from a school audience were at least the calibre of those from a chamber of commerce or, say, a Rotary club. Morse says youth exert more influence on voting habits of their parents than vice versa. Cited an example: in furious presidential primary campaign of 1948 an Oregon State student told his business-man dad that he (dad) was working for the wrong man. Dad mulled it over and finally swung around to his son's views. On the other hand dads seem to feel that youths make good voters, fathers and soldiers but poor campaign fodder.

Busiest spot in Salem on Election day was, as usual, Marion county clerk's office. Staffers were swamped with calls from persons who wanted to know where to vote—many of them had moved and failed to re-register. One male caller had the mumps and wanted to know how he was going to vote. Staff told him of lady who had mumps last year and threatened to go to polls and give the election board the mumps if someone didn't come to her house and take her ballot . . . Mrs. Gladys White, in charge of elections said the absentee ballot from GI's would be heavier this year, but many applications were refused because lots of the GI's had not registered to vote.

The hands that rock the ballot box — When Statesman fotog Don Dill asked Gov. Douglas McKay when he would vote Tuesday the governor said he'd have to check with Mrs. McKay . . . at the Harry Collins home Mrs. Collins answered the phone and did not hesitate in setting a time . . . Al Loucks also checked with the little woman in the background before committing himself.

A rumor that General Motors was going to expand out this way was squelched in a recent letter to Gene Malecki from the company's realty division . . . the letter said the company had no plans for this area "at this time." . . . Harlan Judd, Marion county clerk once removed by the army, now at Fort Worden, Wash., is president of the special courts martial at that camp and is summary court officer . . . Harlan said enlisted men sit in on the court and everything works smoothly . . . If housing plans turn out right Mrs. Judd and family will move to Fort Worden about December 1.

GRIN AND BEAR IT



"Defense needs are beginning to hurt . . . I can give you immediate delivery, but only in 2 or 3 colors . . ."

Henry Wishes Gotham Was Lonely City

By Henry McLemore

NEW YORK, Nov. 7—I want to give the lie direct to those people who throughout the years have said and written that New York City is an unfriendly city. A city where every man is too busy thinking of himself to give so much as a nod to a stranger.

A city where hundreds of families live in an apartment house for years without even knowing who shares the building with them. A city where it is too slam, too bang, for men and women to pay heed to others.

What a lie! What a laugh! If only wish this were true. If it were, a man could move to New York and go through the miseries of unpacking and getting settled in some sort of peace.

The movers arrived yesterday, and anyone who has ever moved a lifetime of possessions knows what sort of men we were in. Movers hauling in boxes, barrels and crates. Workmen waxing and polishing the floors that were supposed to have been waxed and polished a week before. Painters touching up the baseboards and doors, plumbers plumbing in every bathroom. Handing in screws in light fixtures, the dogs and the cat romping through the litter, which equalled that of Waterloo after "Boney" had withdrawn.

And who do you think visited me during the height of this confusion? New Yorkers. And more New Yorkers. More of these supposedly callous citizens tramped into my apartment than there are inhabitants of Bloomington, Illinois. I met more New Yorkers yesterday than there are residents of the little Florida town from which I have moved.

Around 10 o'clock in the morning, when we were at our dirtiest and worst, the first caller arrived. He was a man of distinguished bearing, wearing a well-cut suit, and with a Homburg in his hand.

Jean took a look at him, slicked her hair back in place, tried to rub the shine off her nose, and whispered: "Why do you have to have your fancy friends call on us today?"

"Welcome to New York," the visitor said. "You're Henry and that's Jean. I know. That was a big blow that you had in Florida, wasn't it? Glad you came through it all right. May the Lord bless you here in our city. I am the Fuller Brush man. Here is my card. Call upon you anytime you say. Anything I can do to help you now?"

After him, on the second every second, came more men than MacArthur has reviewed in a lifetime of soldiering. They all greeted me as a long lost brother.

The man from the meat market. The man from the delicatessen. The man from the newsstand. The man from the grocery store. The man (how he found out I have a fireplace remains a mystery) from the wood yard. The man from the nearest funeral home, and the man from a "convenient" cemetery.

The thing is, there was nothing professional in their approach. Not until they had embraced me, shaken hands with Jean, admired our diggings and said what lucky folks we were to have such a nice place in such a nice section of town, did they bring up the matter of trade.

They sent up complimentary cases of ginger ale, brooms, mops and flowers. Oh, yes, let's not

IT SEEMS TO ME

(Continued from page one)

analysis—that if another 10,000,000 voted the votes would divide about the same way.

This 1948 election should puncture the oft-made comment that a big turnout of votes helps the democrats. The 1948 vote was relatively light but the democrats came through with a surprising victory. Long years of study of voting leaves me mystified as to why people vote as they do. You often note odd swings in votes in adjoining precincts where conditions are quite similar, for which there seems no accounting. And often trends set in which you can't detect before the election or explain after it is over. Doing a job of after-

forget the florist. He arrived with a bouquet of autumn leaves which he said would look perfectly beautiful on the mantelpiece. How he knew this must be laid to intuition, because the mantelpiece at the time was smothered by canned goods we had brought with us. Mushroom soup, Worcestershire sauce, lima beans, chili mayonnaise, and two loaves of bread which the May-flower movers, in its thoroughness, had packed.

Night fell. Finally. We said to ourselves that at last we were alone. That no more of New York's "unfriendly" folk would visit us.

We were wrong. Near midnight the owner of an all-night hardware store (and where else in all the world except New York will you find an "all-night" hardware store) called with hammer and nails and sandpaper. "I am from the France-Fraley hardware store," he said. "Thought you good folks might be needing some of these things." New York a hard town? No, the softest town of them all.

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election-quarterbacking is harder than for football: you can't see the plays, all you have is the score. But it is fascinating and the student occasionally comes up with some nuggets of truth on why people vote as they do. The really remarkable thing is that our system has lasted for 163 years and has succeeded in giving us a pretty good brand of government. Only a handful want to change the system. The secret of its success is that when the election is over the people abide by the result. The disappointed do not foment revolutions; instead they look forward to another day (as republicans have for 18 years) when they may achieve victory.

Better English

1. What is wrong with this sentence? "They promised how they would be there, and we were awfully glad."
2. What is the correct pronunciation of "venison?"
3. Which one of these words is misspelled? Racketeer, rally, rationalize, rapacious.
4. What does the word "significant" mean?
5. What is a word beginning with "m" that means "to make difficult to understand?"

ANSWERS
1. Say, "They promised that they would be there, and we were very glad." 2. Pronounce ven-i-z'n. and not ven-i-son. 3. Rally. 4. Having a meaning; expressive. "He made a significant gesture, and I stood prepared for any emergency." 5. Mystify.

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