

Home Builders Are Outbid in Money Market

NAHB Official Would Beef Up Activities Of Fanny Mae

(Editors Note: This is the second in a series of articles on housing and the lumber industry.)

By WILLIAM DEAN Eugene Register-Guard Writer
EUGENE — One of the big problems of the housing business today is that money is like any other free commodity—it goes to the highest bidder.

And today the highest bidders are the businesses and industries, who can borrow for expansion and charge off part of the cost through taxes. Home builders are limited on their government-backed financing to a rate which is below the starting bid of most business loans—and they are limited by the nature of the market.

More Money—More Demand
This competition for money, more than any actual shortage of it, has turned a lot of capital from house construction which will pay 4 1/2 to 6 1/2 per cent to business loans at 8 per cent or consumer credit financing with interest rates of 12 per cent.

Actually, there is more money in circulation now than there was a year ago. It just seems as though there is less money because the demand is so great. Hermann N. Mangels, president of the Federal Reserve Bank of San Francisco, told the West Coast Lumbermen's Assn. last week. Mangels said that it would be possible for "The Fed" to allow more money to circulate but that if this were done without a corresponding increase in production, the result would be a pyramiding inflation.

Other Credit Unfettered
Nels Severin, a vice president of the National Assn. of Home Builders, has been critical of the effect of credit restrictions on home financing at a time when consumer credit and industrial expansion are allowed to run unfettered.

"It's absurd to consider our tight money policy as though it stands by itself. Our monetary policy goes off in one direction to curb inflation and causes a deflation in the home building industry.

On the other hand, our tax policy encourages business spending rather than saving," Severin said. He said that business investments in plants and facilities rose 48 per cent during 1956, while the light construction industry fell off 29 per cent.

One way Severin would like to channel money into the housing industry is to beef up the activities of Fanny Mae. This is formally known as the Federal National Mortgage Assn. and is part of the Housing and Home Finance Agency of the federal government. It operates as a central mortgage bank, buying mortgages where and when money is scarce and selling them where money is more plentiful.

Although Fanny Mae can buy only the GI and FHA guaranteed mortgages (about 40 per cent of the nation's total house-mortgage debt), Severin and others feel that stronger purchases by Fanny Mae could contribute greatly to the health of the house construction industry. Limited to purchases of GI and FHA mortgages, the organization

Parakeet Goes AWOL Often, Then Returns

CAVE JUNCTION — A parakeet who apparently figures he's a homing pigeon, but doesn't know which home, is becoming well known as the AWOL bird of Cave Junction.

He lives at the C. J. Eltherton home on Old Stage Road between forays into the world. Although he regularly puts on a disappearing act, he always, in time, comes home.

This return is usually through the help of neighbors who have learned to recognize the yellow-green bird and phone to report his location.

His latest escapade sent him wandering for three days. Then he hitchhiked into the Dr. A. N. Collman living room on the shoulder of Roy Wells who didn't even know he had a passenger.

Japan's Envoy Handed British 'No' on H-Plea

LONDON — Prime Minister Macmillan Wednesday handed Japan's special envoy his reply — presumably "no" — to Premier Nobusuke Kishi's personal appeal that Britain postpone her forthcoming H-bomb tests in the Pacific.

The envoy, Dr. Masatoshi Matsushita, has been here 10 days pressing his government's case. He is to leave for home Thursday.

Macmillan's note was not made public, but the prime minister has repeatedly insisted that the tests scheduled in the Christmas Island area in the Pacific must go on.

holds about 3 per cent of the \$3 billion dollars invested in such paper. Last August, Fanny was purchasing about 4,000 mortgages a month. By December, 1956, a high point which has been sustained since, purchases were at 18,000 a month, with a value of about 140 million dollars monthly. However, housing's problem is not simply a case of whether Fanny can continue to buy heavily in the secondary mortgage market. As Paul Akin, Western manager for Fanny, told the WFLA, "We can only hope to level out some of the hills and valleys" in mortgage investments.

Neither Fanny nor anyone short of Congress can help the home builder compete with expanding industry for money. Congress can help but it would involve, at least, major changes in government guaranteed loan provisions. Possibly it would involve subsidization. And, even that might not solve a basic problem created by a change within the industry itself.

\$775,061 Tax Bill Owed by 8 in Portland

Yellow Cab Operator Must Pay Up More Than \$500,000

WASHINGTON — A U.S. tax court judge has ruled that eight Portland, Ore., area residents owe the government \$775,061 in income taxes and penalties.

A series of decisions in the consolidated tax case was reached by Judge Ernest H. Van Fossan in signing computations agreed upon by the parties and the government as the result of an earlier ruling by the court last fall.

Largest of the decisions involves \$533,580 in back taxes and penalties against Ezra Royce, Portland Yellow Cab operator, for 1944 through 1947.

Royce, with his wife Dora, also was held to owe \$44,645 for 1948 and 1949.

Other decisions with the total tax and penalty include: Fred C. Niederkrome, Portland, \$34,288 for 1945; B. Royce, Vancouver, Wash., \$22,847 for 1945 and 1947; estate of Isabelle H. Royce, wife of B. Royce, \$44,134 for 1945, 1946 and 1947; Robert T. and Agnes C. Jacob, Portland, \$71,012 tax and penalty for 1945; and Albert L. and Bertha Schneider, Clackamas County, Ore., \$24,553 tax and penalty for 1945, 1948 and 1949.

A major issue in the case involved purchase by the six men and L.R. Benson of Vancouver, B.C., of 750 outstanding shares of Oregon Motor Stages and the subsequent retirement in 1945 of the 350 shares held by Benson.

The court held that the stock retirement was the equivalent of dividends and therefore taxable.

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Doctor Sees No Alcoholic Ills Solution, Save Fewer Drinks

By FRANK CAREY AP Science Reporter

BOSTON — Cirrhosis of the liver associated with alcoholism has "practically disappeared" in England — presumably because high taxes on booze there have cut liquor consumption, an American doctor says.

In contrast, said Dr. Robert M. Kark of the University of Illinois School of Medicine, "alcoholic" cirrhosis has more than doubled in the past 25 years in France and remains high in United States.

Addressing a symposium on alcoholism at the 38th annual meeting of the American College of Physicians late yesterday, he offered those international statistics to support his contention that a cheap and ready supply of liquor is a major factor influencing the extent of alcoholism and other ailments associated with it.

He said that a generation ago, "Saturday night drunkenness was common in the streets of London," but he added:

"Through taxation, the price of hard spirits has become prohibitively dear, and only the very wealthy can afford to get drunk on spirits. Beer is also heavily taxed."

"Thus the British consume far less liquor than the French, who drink wine and who consume on the average nine gallons of absolute alcohol per person per year."

"The British also drink far less than the average American, who consumes 3.9 gallons of absolute alcohol per person per year."

Dr. Kark led up to this discussion by saying that "over the years I have become more and more pessimistic about our ability to deal effectively with well-developed cirrhosis in the alcoholic."

Scott McLeod Nominated as Ireland Envoy

HE'S IN A MUD-DLE HOLLYWOOD (UP) — Several movie actresses are anxiously awaiting TV producer Bernard L. Schubert's return from location in Africa with mud. The actresses learned that the African goo is an excellent mud-pack skin-purifier.

WASHINGTON — President Eisenhower Tuesday nominated Scott McLeod, State Department security chief, to be ambassador to Ireland. He would succeed William Howard Taft III.

McLeod, who will be 43 in June, is administrator of the State Department's Bureau of Security and Consular Affairs.

The White House said Taft, son of the late Sen. Robert A. Taft of Ohio, is returning to the United States to become a member of the State Department's policy planning staff.

Eisenhower also nominated Miss Francis E. Willis, now ambassador to Switzerland, to be ambassador to Norway.

Miss Willis, 58, a career diplomat and this country's only woman ambassador at present, would succeed L. Corrin Strong, who has resigned. The nomination is subject to Senate confirmation.

Swiss officials said April 4 their government had approved Henry Taylor, journalist and radio commentator for the post of ambassador to Switzerland.

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D. Student Desk Reg. \$49.95	\$38.	"Jenny Lind" Bed (Not Ill.) Full or Twin Size Reg. \$39.95	\$29.
E. Single Dresser and Mirror Reg. 89.65	\$58.	Trundle Beds (Not Ill.) Reg. \$75.85	\$49.
F. Double Dresser and Mirror Reg. \$109.65	\$79.	"Pineapple" Poster Bed (Not Ill.) Twin or Full Size Reg. \$37.95	\$26.
G. Four-Drawer Chest Reg. \$44.95	\$29.		

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ASSETS	
Cash and Due from Banks . . .	\$ 424,739.61
U. S. Gov't. Securities	1,465,109.41
Municipal Bonds	17,241.23
Loans and Discounts - Net . . .	1,825,820.16
Bank Premises & Equipment . . .	141,792.57
Total	\$3,874,702.98
LIABILITIES	
Capital Stock	\$ 250,000.00
Surplus	100,000.00
Undivided Profits	13,476.91
Total Capital Accounts	363,476.91
Deposits	3,467,161.15
Interest Collected - Not Earned	30,848.74
Reserve for Interest, Taxes, etc.	13,216.18
Total	\$3,874,702.98

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