

The Maupin Times

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FOOD CONTROL BILL PASSED BY HOUSE

Measure as Passed Contains Far-Reaching Prohibition Provisions.

Washington.—The administration food control bill, giving the president broad authority to control the distribution of food, feed and fuel for war purposes and appropriating \$152,500,000 for its enforcement and administration, was passed by the house after far-reaching prohibition provisions had been written into it.

The vote was 365 to five. Representatives McLemore, Slayden and Young, of Texas, democrats, and Meeker, Missouri, and Ward, New York, republicans, voting in the negative.

The prohibition amendment, according to statements of house members, will reduce the government revenues by more than \$300,000,000 a year.

The food-control bill was rewritten by a senate agriculture sub-committee, so as to give President Wilson the power and responsibility of deciding whether the nation shall be "bone dry" during the war and to place iron and steel and many other products, in addition to food and fuel, under government control.

Both advocates and opponents predicted passage by Saturday.

As a substitute for the house prohibition sections, which, without qualification, forbid the manufacture of foodstuffs into liquor, the committee adopted provisions which would prohibit manufacture during the war of all intoxicating beverages and empower the president to commandeer existing supplies of distilled spirits, but would authorize the executive in his discretion to permit manufacture of malted, fermented and vinous beverages and fix their alcoholic content.

RUSSIANS OPPOSE SEPARATE PEACE

Washington.—Ambassador Bakmeleff, head of the Russian mission, emphatically declared in an address before congress, assembled in the hall of the house, that the Russian people themselves oppose a separate peace with Germany.

The ambassador's declaration came at the end of the most remarkable and demonstrative reception yet given any of the foreign missions in either house of congress. Shouts and cheers came from floor and galleries. Members of congress who on previous visits of missions have applauded or remained quietly in their seats, cheered loudly. The ambassador added:

"Rumors of a separate peace are without foundation in fact. Russia's endeavor is for a lasting peace between democratic nations. Triumph of the German autocracy would render such peace impossible. Russia will not fail to be a worthy partner in the League of Honor."

Cocchi Confesses Murder.

Rome.—Haunted by remorse for his fiendish crime and confident in the belief that the Italian law would bar his extradition to the United States to pay the penalty for it, Alfredo Cocchi has confessed to the murder of Ruth Cruger in New York, February 12.

The secretary of war sent to congress an adverse report on the proposed improvement of the Willamette river from Corvallis to Eugene. The local engineer recommended an annual expenditure of \$1000 for maintenance and removing other obstructions, but the river and harbor board reports that it is impracticable to open this stretch of river to useful navigation for more than a few months a year except by locks and dams.

Socialist Parade Precipitates Riot. Houston.—Riotous scenes attended a socialist parade here, which was announced as a peace demonstration. The ranks of the marchers were broken by self-organized squads of uniformed soldiers and sailors. Red flags and banners bearing socialist mottoes were trampled on, and literature and furnishings in the socialist headquarters in Park square were thrown into the streets and burned.

EUROPEAN WAR NEWS

In the eastern war theater there are indications that important fighting may again soon be under way.

Gradually the forces of Field Marshal Haig are beginning in the town of Lens, the center of the great coal deposits.

General Petain has resumed his dashing operations on the Aisne front and reports a brilliant success for his troops in a surprise attack northwest of Hirtzbach.

In the Macedonian theater only small engagements by patrol parties have been reported, although east of Lake Presha the enemy has violently shellied entente trenches.

While the Italians have let up in their attacks in the Trentino, the success of their recent assault which resulted in the capture of the important height of Monte Ortigara, is emphasized in the announcement that the Austrians lost some of their heavy artillery, as well as suffering other losses of magnitude in the operation. Four guns were taken by General Cadorna's troops.

Mighty artillery duels between the French and Germans are still in progress on several sectors of the front between Soissons and Rheims. Apparently the Germans, after their experience of last week, when they suffered heavy casualties, have ceased their infantry operations, as the latest French official communication makes no mention of trench thrusts by the crown princes.

Cantonments to Be Ready On Time.

Washington.—There will be no serious delay in construction of the 16 cantonments for the national army, said Secretary Baker, and all of the establishments probably will be ready about September 1, the date considered for summoning the first 625,000 men. Selecting the men, the secretary indicated, probably will begin early in July.

Porto Rican Regiment Filled.

San Juan, Porto Rico.—Porto Rico has brought its regiment of infantry of the United States army to full war strength—1950 men—by the voluntary enlistment of 600 men within less than one month. A total increase of approximately 1400 men in less than a year was made.

Irrigation Dam Breaks In Utah.

Fairview, Utah.—The dam of the Price River Irrigation company, 12 miles from here, broke. There was no loss of life in the towns of Schofield, Helper, Castle Gate and Cotton, which were in the path of the 11,900 acre feet of water that was released in the break.

Soldiers Reject Separate Peace.

Petrograd.—A resolution categorically rejecting any move for a separate peace between Germany and Russia has been adopted by an overwhelming majority by the Congress of Workers and Soldiers' deputies of all Russia.

Recruits Are Few.

Washington.—Responses to President Wilson's proclamation calling for 70,000 war volunteers for the regular army are coming slowly.

Summer Tourist round-trip fares

DENVER	\$62.50
OMAHA	67.50
KANSAS CITY	67.50
ST. PAUL	67.50
ST. PAUL, via Omaha	72.50
ST. LOUIS	78.75
CHICAGO	80.00
DETROIT	91.00
WASHINGTON	116.00
NEW YORK	118.25
PHILADELPHIA	118.25
BOSTON	119.25

Example Sale Dates: June 25 to July 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31.

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HOW SHALL WE PAY FOR THE WAR?

A Constructive Criticism on the House Revenue Bill.

LOANS BETTER THAN TAXES

Five Reasons Why Excessive Taxes at the Outset of War Are Disadvantageous—Great Britain Example Worthy of Emulation—How the Taxes Should Be Apportioned.

By EDWIN R. A. SELIGMAN, McVickar Professor of Political Economy, Columbia University.

On May 23, 1917, the House of Representatives passed an act "to provide revenue to defray war expenses and for other purposes." In the original bill as presented by the Committee of Ways and Means, the additional revenue to be derived was estimated at \$1,870,420,000. The amendment to the income tax, which was tacked on to the bill during the discussion in the House, was expected to yield another \$40,000,000 or \$50,000,000.

In discussing the House bill, two problems arise:

- I. How much should be raised by taxation?
- II. In what manner should this sum be raised?

I. How Much Should Be Raised by Taxation?

How was the figure of \$1,920,420,000 arrived at? The answer is simple. When the Secretary of the Treasury came to estimate the additional war expenses for the year 1917-18, he calculated that they would amount to some \$3,000,000,000, of which \$2,000,000,000 was to be allotted to the allies, and \$2,000,000,000 was to be utilized for the domestic purposes. Thinking that it would be a fair proposition to divide this latter sum between loans and taxes, he concluded that the amount to be raised by taxes was \$1,870,000,000.

There are two extreme theories, each of which may be dismissed with scant courtesy. The one is that all war expenditures should be defrayed by loans, and the other is that all war expenditures should be defrayed by taxes. Each theory is untenable.

It is indeed true that the burdens of the war should be borne by the present rather than the future generation; but this does not mean that they should be borne by this year's taxation.

Meeting all war expenses by taxation makes the taxpayers in one or two years bear the burden of benefits that ought to be distributed at least over a decade within the same generation.

In the second place, when expenditures approach the gigantic sums of present-day warfare, the tax-only policy would require more than the total surplus of social income. Were this absolutely necessary, the existing havoc in the economic life of the community would have to be endured. But where the disasters are so great and at the same time so unnecessary, the tax-only policy may be depicted as impracticable.

Secretary McAdoo had the right insight and highly commendable courage in deciding that a substantial portion, at least, of the revenues should be derived from taxation. But when he hit upon the plan of 50 per cent., that is, of raising one-half of all domestic war expenditures by taxes, the question arises whether he did not go too far.

The relative proportion of loans to taxes is after all a purely business proposition. Not to rely to a large extent on loans at the outset of a war is a mistake.

Disadvantages of Excessive Taxes.

The disadvantages of excessive taxes at the outset of the war are as follows:

1. Excessive taxes on consumption will cause popular resentment.
2. Excessive taxes on industry will discourage business, damp enthusiasm and restrict the spirit of enterprise of the very time when the opposite is needed.
3. Excessive taxes on incomes will deplete the surplus available for investments and interfere with the placing of the enormous loans which will be necessary in any event.
4. Excessive taxes on wealth will cause a serious diminution of the incomes which are at present largely drawn upon for the support of educational and philanthropic enterprises. Moreover, these sources of support would be dried up precisely at the time when the need would be greatest.
5. Excessive taxation at the outset of the war will reduce the elasticity available for the increasing demands that are soon to come.

Great Britain's Policy.

Take Great Britain as an example. During the first year of the war she increased taxes only 50 per cent. in order to keep industries going at top notch. During the second year she raised by new taxes only 9 per cent. of her war expenditures. During the third year she levied by additional taxes over and above the regular levy only slightly more than 12 per cent. of her war expenses.

It was almost impossible to do as much in the first year of the war as Great Britain did in the third year. It would seem to follow that taxation \$1,200,000,000 if in order to be able to do the same thing, it should be advisable to increase the sum to \$1,500,000,000. This should, in our opinion, be the maximum.

In considering the apportionment of the extraordinary burden of taxes in war times certain scientific principles are definitely established:

How Taxes Should Be Apportioned.

(1) The burden of taxes must be spread as far as possible over the whole community so as to cause each individual to share in the sacrifices according to his ability to pay and according to his share in the Government.

(2) Taxes on consumption, which are necessarily borne by the community at large, should be imposed as far as possible on articles of great luxury rather than on those of necessity.

(3) Excises should be imposed as far as possible upon commodities in the hands of the final consumer rather than upon the articles which serve primarily as raw material for further production.

(4) Taxes upon business should be imposed as far as possible upon net earnings rather than upon gross receipts or capital invested.

(5) Taxes upon income which will necessarily be severe should be both differentiated and graduated. That is, there should be a distinction between earned and unearned incomes and there should be a higher rate upon the larger incomes. It is essential, however, not to make the income rate so excessive as to lead to evasion, administrative difficulties, or to the more fundamental objections which have been urged above.

(6) The excess profits which are due to the war constitute the most obvious and reasonable source of revenue during war times. But the principle upon which these war-profit taxes are laid must be equitable in theory and easily calculable in practice.

The Proposed Income Tax.

The additional income tax as passed by the House runs up to a rate of 60 per cent. This is a sum unheard of in the history of civilized society. It must be remembered that it was only after the first year of the war that Great Britain increased her income tax to the maximum of 34 per cent., and that even now in the fourth year of the war the income tax does not exceed 42 1/2 per cent.

It could easily be shown that a tax with rates on moderate incomes substantially less than in Great Britain, and on the larger incomes about as high, would yield only slightly less than the \$232,000,000 originally estimated in the House bill.

It is to be hoped that the Senate will reduce the total rate on the highest incomes to 34 per cent., or at most to 40 per cent., and that at the same time it will reduce the rate on the smaller incomes derived from personal or professional earnings.

If the war continues we shall have to depend more and more upon the income tax. By imposing excessive rates now we are not only endangering the future, but are inviting all manner of difficulties which even Great Britain has been able to escape.

Conclusion.

The House bill contains other fundamental defects which may be summed up as follows:

- (1) It pursues an erroneous principle in imposing retroactive taxes.
- (2) It selects an unjust and unworthy criterion for the excess-profits tax.
- (3) It prescribes to an unheard-of height in the income tax.
- (4) It imposes unwarranted burdens upon the consumption of the community.
- (5) It is calculated to foster business-lazy confusion by levying taxes on gross receipts instead of upon commodities.
- (6) It fails to make a proper use of stamp taxes.
- (7) It follows an unscientific system in its rate on imports.
- (8) It increases the multiplicity of petty and unproductive taxes, the vastness of which is out of all proportion to the revenue they produce.

The fundamental lines on which the House bill should be modified are summed up hereafter:

- (1) The amount of new taxation should be limited to \$1,250,000,000—or at the outset to \$1,500,000,000. To do more than this would be as unwise as it is unnecessary. To do even this would be to do more than has ever been done by any civilized Government in time of stress.
- (2) The excess-profits tax based upon a sound system ought to yield about \$200,000,000.
- (3) The income tax schedule ought to be revised with a lowering of the rates on earned incomes below 30 per cent., and with an unwise lowering of the rates on the higher incomes, so as not to exceed 34 per cent. A careful calculation shows that an income tax of this kind would yield some \$470,000,000 additional.
- (4) The tax on whiskey and tobacco ought to remain approximately as it is, with a yield of about \$230,000,000.

These three taxes, together with the stamp tax at even the low rate of the House bill, and with an improved automobile tax, will yield over \$1,250,000,000, which is the amount of money thought desirable.

The above program would be in harmony with an approved scientific system. It will do away with almost all of the complaints that are being urged against the present. It will refrain from taxing the consumption of the people.

It will throw a far heavier burden upon the rich, but will not go to the extremes of confiscation. It will obviate interference with business and will keep unimpaired the social productivity of the community.

It will establish a just balance between loans and taxes and will not succumb to the danger of surrendering either the tax-only policy or the loan-only policy. Above all, it will keep an undisturbed steady march, which must be more and more heavily drawn upon as the war proceeds.

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50 cords of wood see or write Edward Disbrow Wamic

Local Items

W. H. Staats is making a flying trip to Portland this morning.

Mr. and Mrs. J. S. Brown were in Monday attending a Bank stock holders' meeting.

Miss Tillie Mallatt is employed at the Miller Hotel.

E. J. Styer received a fresh line of fancy nuts and candies this week.

For sale—4 work mules, well broke, weight 1000, 3 to 3 years old. Claud Wilson, Baker, Ore.

Big bargains in brake blocks and brake shoes at Lake's Store. For sale—200 acres near Crater, Ore. Inquire at this office.

If you want some baby calves to raise, see Housley, you can pay after harvest if you wish.

If the other fellow could not fix your watch bring it to Emmore the jeweler.

The farmers don't seem to be satisfied unless they are skinned. Give Dad Coale a chance. He buys all kinds of pelts, hides, skins and wool.

The concrete work is pretty well in for the new elevator.

Mrs. Dyer is suffering an attack of blood poison in one hand. Wanted—a 3-gallon galvanized iron bucket, and a porcelain dipper, taken from this office during our absence some time ago. If it is not returned we cannot loan it to the bail boys again.

The Hazelwood ice cream parlor received a coat of calcimine the first of the week.

Mr. and Mrs. Emmons spent the 4th at Bend.

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