

Timely Topics

By R. T. Moore

One reads in the press or hears over the radio repeated charges that exorbitant profits are being made by corporations and individuals engaged in war goods manufacture. It is time that these fallacious charges were spiked for good.

One case in point is that of a prominent steel executive who has had his salary increased from a 1939 level of \$275,000 to a 1942 level of \$550,000. If one refers to the income tax blanks it will be found that this executive was able to keep only about \$73,000 of his 1939 salary and about \$90,000 of his 1942 salary. So instead of having his salary doubled it was actually increased about 24 per cent which is less than the rise in cost of living for the same period and about half the increase received by the average war-worker. In fact, it can be successfully demonstrated that increasing costs of everything have made this apparent raise in salary an actual cut because of the reduction in the purchasing power of the dollar. So this demagogical bally-hoo about war profiteering fizzles out under the cold logic of ordinary arithmetic.

In the case of corporations, two elective methods of computing income tax are permitted. One uses the average net income of the base period 1936 to 1939 as a norm. The other uses the invested capital system which arbitrarily sets the norm at 8 per cent net return. Both methods are highly technical with endless ramifications defying the most skillful accountants. Each corporation uses the method most advantageous to its own operations.

In each method, the normal tax of 40 per cent of the above norm is first computed. Then the excess profits portion of the tax is computed at 85 per cent of the amount by which the actual gross profit exceeds the normal profit determined by one of the above methods. But in no event can the sum of the normal tax plus the excess profits tax exceed 80 per cent of the total gross profit. The net result of this, in the case of most war industries, is an 80 per cent tax on the corporate net income. That is, if the corporation makes \$1,000 profit, it must pay \$800 to the government and keep the remaining \$200. And to give you an idea of what this means in the lumber industry, the average "take home" profit as shown by returns from about 150 leading concerns ranges from 3 1/2 to 7 per cent of invested capital with an average around 5 per cent. The president was not fooling when he said that corporations would make no profit out of this war. But in making sure of this fact, corporate treasuries were drained so low that the president is now fearful that a terrible depression will result when war production is abruptly stopped. Corporate finances have been so ruthlessly confiscated.

This juggling figures for political purpose is an old trick and yet it still catches a good proportion of our voting public who do not trouble to sit down and check on these loose statements. The use of the gross profit figures instead of the "take home" or net profit is a deliberate attempt to mislead and comes very close to criminal libel. It should be promptly stopped by public opinion.

The people should insist on frank discussion of the truth and should deal harshly with those who seek to deceive for personal gain.

Lack of venture money is preventing the exploitation of valuable patents formerly held by enemy

allies and now thrown open to free competition. No move has yet been made by anyone to take advantage of this opportunity in spite of the potential business prosperity sure to come in the post-war West Coast area.

There is great need for capital to develop such resources as our coal and wood-waste. We have an abundance of cheap power. Our population has increased substantially and the stage is set for greatly increased industrial activity. But the curtain does not rise because confiscatory taxation has destroyed the sources of venture capital in the name of social progress.

The fate of the projected Springfield alcohol-from-wood plant and Coos County's chrome industry indicates what we can expect from Federal agencies in the way of launching new enterprises. There is little hope in that direction. A way must be found to persuade private capital to undertake the job, with the help of an alert aggressive banking system.

To prepare the way, drastic reductions in the tax burdens of corporations and monied individuals must be made so that venture money pools can be created. We will need a high production level to provide properly for the returning service-men. High production means lots of jobs at good pay. The government can hand out dollars but it cannot provide jobs for all because it merely spends what others make. Returning service-men want jobs, not dols. We must make it possible for private business to provide them. And private business can do it easily if ham-stringing regulations and taxes are removed.

Another step is the providing of operating capital by the banks. To prepare for this, the present lethargy of commercial banks must be overcome and a renewed interest in business loans created. Inspection of published statements of our large banks reveal a pitifully small proportion of their deposits loaned out to creative enterprise, this in spite of the fact that we now have the most active productive era in our history.

One of the most potent weapons for overcoming a lethargic commercial situation is the spur of competition. As this column has stated before, we have great need for the establishment of a generous number of State banks throughout Oregon to serve small business with credit lines they are unable to get at present. Many small businesses operating successfully, and not a few large and wealthy concerns, constitute a prosperous economy in America.

To encourage Oregon private capital in the establishment of State banks so badly needed, we must eliminate all obstructing regulations not necessary to the preservation of sound banking practice. We should pass the current measure to eliminate the double-liability feature of the State banking stock law and thus bring our State banks back to a competitive level with the National Banks. We should insist upon, and obtain, a liberal backing of our State Banking system by the Federal Reserve with a view towards providing all of the sound operating capital requirements of State Bank customers. In short, there should be a retreat from Federal bank regulation and an advance towards State bank regulation.

This proposal would seem to be in step with the present trend away from government concentrated in Washington, far from direct control by the people, and towards State and local control immediately under the watchful eye of the tax-payer. It is hard to see how anyone can contend that such a move is not in the best interests of the public.

Home Extension Activities For 1944-45

Closing one of the most successful years of Home Extension activities and making plans for the 1944-45 program of work was the job allotted to the forty-nine delegates representing nineteen home extension units when they met for their Annual County-wide Program Planning Day held at the Junior High School in Coquille last Friday.

The meeting was called to order by the chairman of the County Home Economics Advisory committee, Mrs. Harland Montgomery of Millington. Following a short business meeting, Mrs. Azalea Sager, State Home Demonstration Leader, spoke to the group on factors they would need to consider when choosing their projects for next year's program, emphasizing the need for production and preservation of every possible bit of food, providing good family life now and after the war to enable family members to make the necessary adjustments that are bound to follow at the close of the war. She also emphasized the importance of homemakers setting a goal for themselves after their families have been raised.

By popular vote the delegates settled the projects to be developed as demonstrations for unit work next year. These meetings are to be held monthly, October through May. That the women intend to do lots of home sewing is indicated in their request for four meetings in Clothing; "Dry Cleaning in the Home," "Use of Sewing Machine Attachments," "Conserve with the Scrap Bag," and "Give Home Sewing the Professional Touch." Two meetings were selected in Nutrition: "Using Milk, Eggs, and Cheese," and "Oven Meals."

The home itself received its share of attention. There will be one meeting on "Home Recreation" and one on "Furniture Arrangement." The schedule for the meetings will be arranged as soon as other counties have their Program Planning Day.

Arrangements were made for several special meetings to be held throughout the year. Food Preservation meetings will be held in June for any group or organization who requests them. "Care and Repair of Electrical Equipment," "Breadbaking," "Sewing Machine Clinic" and "Landscape Gardening" will be the subject of other meetings that will also be arranged particularly for the extension units who requested them.

The special luncheon arranged by the county committee included in its program the installation by Mrs. Sager of the three newly elected members of the committee: Mrs. Holmstrom, to succeed herself; Mrs. Priscilla Jacobson, Glasgow; and Mrs. Wesley Frazier, Riverton. Members who are retiring from the committee are Mrs. Lela Mason, Arago, and Mrs. L. L. Rood of Coos River. Other members of the committee are Mrs. J. E. Schoolcraft, Green Acres; Mrs. Lloyd Davenport, Broadbent; Mrs. George Hoffman, Myrtle Point, and Mrs. Harland Montgomery of Millington.

April Record Month Navy Enlistments

Records for the past 15 months were shattered by Oregon Navy Recruiters in April with the enrollment of the largest number of 17-year-old volunteers since February of 1943, according to word just received by Chief Specialist Paul Connet, of the Marshfield Navy recruiting station.

Part of the credit for the record-breaking performance is due to the excellent co-operation given by high school superintendents and principals in the procurement of applicants for the Navy's recently-expanded Radio Technician training program, the recruiter declares.

"School authorities, realizing that this program offers a splendid opportunity for students with the aptitude and training for radio work, are assisting in every way possible to get qualified applicants for this important phase of naval operations," Mr. Connet said.

Because of the fact that the "R. T." program has attracted so many youths in the short time since its re-opening, the national quota may be filled in the near future and the offer withdrawn. Those prospective applicants who have been putting off the taking of the qualifying test, or who have neglected to enlist after passing the test, are advised to take action at once, in order not to miss out on such an attractive opportunity.

The recruiter wishes to re-emphasize the fact that those of draft age also may apply for "R. T." training. Successful applicants are enrolled as seamen first class—equivalent to corporal—and given approximately ten months of training in radio and electronics at leading colleges and universities throughout the nation. Full details may be obtained at the recruiting station.

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