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Moro, Sherman County, Oregon. Friday, June 22, 1917.

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Must Be Kept Neutral.

Why does the government not finance this relief work? The question is often asked. The American Red Cross is ranked as a neutral, as long as it is maintained by private subscriptions. The administration of the Red Cross cannot be carried on as are the national naval and military operations. Relief work, also, must cut red tape, must be promptly ready for every emergency, must be governed by humanitarian principles and quick decisions and must not be hampered by the restrictions of governmental machinery. At the same time the Red Cross is the only relief agency formally authorized by the government. Its head is the President of the United States. Its accounts are audited by the war department. It is chartered by Congress. President Wilson declares: "A large, well organized and efficient Red Cross is essential. It is both a patriotic and humane service that is rendered by every citizen who becomes a member of the American Red Cross."

In Memoriam.

Mrs. Burzilda Olds Messinger was born February 5, 1849, at Lafayette, Yamhill county, Oregon. Died at the home of her youngest daughter, near Wasco, June 13, 1917. She was married to John William Messinger September 11, 1867, near Lafayette. To this union eight children were born, five sons and three daughters, all yet living. She united with the Baptist church while young and had continued her membership until her death. She leaves two brothers, a sister, husband, eight children; Edgar G. of Wapato, Wash.; Otis B. of Moro; Fred R. and Mrs. Flora Coon of Grass Valley; Jacob I. and Albert L. of The Dalles; Mrs. Anna Rust of Shearer Bridge and Mrs. Myrtle Kaseberg of Wasco; 26 grand children and one great grand child.

Card of Thanks.

We wish to thank the many friends of Sherman county for their kindness and sympathy during the illness and death of our beloved wife and mother.

J. W. Messinger and children.

Header for Sale.

Want to sell one of two McCormick 14-foot headers; both in good condition; will give choice of either; also 600-gallon Gilbert-Hunt water tank; one 4-horse header box; one cook house; five or six unloading nets, in fair condition. Inquire at the

L. L. Peetz Farm,
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For Sale.

One Daniel Best Combine 16-foot cut, Sidehill Junior. Has cut less than 1800 acres. For particulars apply to Ernest Willerton, at Johnston & Willerton's, The Dalles. 6t*J15

Bull for Sale.

Fine 2-year-old bull from blue ribbon Jersey cow and registered Holstein bull. Inquire or phone, J. H. Elliott, 2J18-15* Monkland, Oregon

For Sale.

Two good Jersey milch cows. Also one 16-foot Holt Combine Harvester. Inquire of Homer D. Belshee, Monkland, Ore.

For Sale.

A 24-in. Farquhar 2d-hand Separator, cheap. Moro Hdw. & Imp. Co.

Undertaking Supplies

Caskets and Robes always on hand; special supplies and caskets ordered at any time. Sam Brisbane, Moro, Oregon.

Livery Automobile Service

To or from any point, particularly Sherman county. Experienced driver and car always ready. Phone me at my expense from any place. Reasonable charges with plenty of time given commercial men to "make" towns. GEORGE ELLARD, Grass Valley, Oregon.

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 \$1,810,420,000. 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 \$1,800,000,000 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 \$6,000,000,000, of which \$3,000,000,000 was to be allotted to the allies, and \$3,000,000,000 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 \$1,800,000,000.

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 ensuing havoc in the economic life of the community would have to be endured. But the disasters are so great and at the same time so unnecessary, the tax-only policy may be declared impracticable.

Secretary McAdoo had the right instinct 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 50-50 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 disarrange business, damp enthusiasm and restrict the spirit of enterprise at 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 slightly, 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 pre-war level) only slightly more than 17 per cent. of her war expenses.

If we should attempt to do as much in the first year of the war as Great Britain did in the third year it would suffice to raise by taxation \$1,250,000,000. If, in order to be absolutely on the safe side, it seemed 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 quasi-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 42½ 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 \$332,000,000 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 unworkable criterion for the excess-profits tax.

(3) It proceeds 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 throw business into 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 flat rate on imports.

(8) It includes a multiplicity of petty and unbecoming taxes, the vexatiousness 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 herewith:

(1) The amount of new taxation should be limited to \$1,250,000,000—or at the outside 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 \$500,000,000.

(3) The income-tax schedule ought to be revised with a lowering of the rates on earned incomes below \$10,000, and with an analogous 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 \$450,000,000 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 poor.

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 approaching either the tax-only policy or the loan-only policy. Above all, it will keep an undisturbed elastic margin, which must be more and more heavily drawn upon as the war proceeds.

RUSSIA WILL FIGHT AMERICANS ASSURED

Promises to Continue in War and Make No Separate Peace.

Petrograd.—A stirring proclamation placing the council of workmen and soldiers' delegates on record as irrevocably opposed to a separate peace, was adopted by the council. The proclamation was prompted by Austrian efforts to lure Russia into a separate peace.

"The Russian people consider war inevitable and will continue it. The Russians have no imperialistic wishes. We know that you have none. We shall fight together to secure liberty, freedom and happiness for all the world. I am happy to say that I do not see any moral idea of factor between America and Russia to divide us. We two peoples—Russia fighting tyranny and America standing as the oldest democracy—hand in hand will show the way of happiness to nations great and small."

These ringing words, expressing the attitude of the Russian government toward America and the American mission, headed by Elihu Root, were voiced by M. Tereschenko, minister of foreign affairs, responding for the council of ministers to Mr. Root's address of sympathy and goodwill on the part of the American government.

LIBERTY PROMISED BELGIUM BY WILSON

Washington.—In greeting Belgium's war mission President Wilson expressed America's solemn determination that on the inevitable day of victory Belgium shall be restored to the place she has so richly won among the self-respecting and respected nations of the earth.

Secretary Lansing accompanied the commission to the White House, where Baron Mouchet, head of the mission, handed to President Wilson a personal letter from King Albert and expressed in a short address Belgium's gratitude for America's aid.

"Since the first days of the greatest tragedy which has ever befallen humanity," said the baron, "Belgium has contracted an immense debt of gratitude to the generous American nation."

"In a magnificent outburst of sympathy for the little country which had chosen to delay a powerful and pitiless enemy rather than to tarnish its honor or forsake its pledged word, the initiative of American citizens gave to the unfortunate victims of German cruelty in Belgium the most splendid evidences of generosity."

DUMA ORDERS OFFENSIVE

Prolonged Inactivity Along Battlefront Is Considered Treason To Allies.

Petrograd, via London.—The Duma, in secret session, has adopted a resolution for an immediate offensive by the Russian troops.

The resolution declares a separate peace with Germany or prolonged inactivity on the battle front to be ignominious treason toward Russia's allies.

The first meeting of the Pan-Russian congress of all councils of workmen and soldiers' delegates, upon the vote of which depends the immediate destiny of Russia, both international and domestic questions, has assembled.

The first act of the congress was to ratify the expulsion by the provisional government of the Swiss socialist, Robert Grimm, who is reported to have been the medium through which the Germans attempted to arrange a separate peace with Russia.

Rheims Cathedral to Be Monument

Washington.—Conversion of the battle-torn cathedral at Rheims into a pantheon for the unknown dead of all the armies fighting in France for the common cause of democracy has been determined upon by the French government. The plan will be put into execution as soon as the war is over, was announced in dispatches to the headquarters here of the French restoration fund.

Italians in Holy Land.

Washington.—Official dispatches received here from Rome announce the landing of an Italian contingent at Port Said to assist the allied armies in Palestine. The contingent is the first sent by Italy into the Holy Land.

Italians Sweep Forward.

Rome.—General Cadorna's troops swept forward in another successful dash east of Adanillo, capturing the strongly fortified position at Cornova Cavento.

Irish Rebels Released From Prison.

Dublin.—All Irish prisoners arrested at the time of the rebellion last year were released by the British government.

LORD NORTHCLIFFE



Photo by American Press Association.
Lord Northcliffe, the famous London publisher, who is in this country to look after British war interests.

JAPAN WILL NOT JOIN IN ADVISING CHINA

Washington.—Japan has turned down America's request that she join the United States in her recent advice to China to compose her internal difficulties. This fact developed officially following receipt of advices showing that Great Britain, too, had rejected the American suggestion for joint action in the Chinese situation.

Japan is known to resent that the United States sent its note to China, feeling that it disregarded the special position Japan claims for herself there. The whole question, from what little is being divulged by the state department, seems to have arisen from a series of misunderstandings.

As nearly as can be learned, the United States on June 4 addressed what it considered a most friendly note to China, asking the two fighting factions to compose their differences and restore internal order. At about the same time Great Britain, France and Japan were invited to take some steps toward the restoration of order in China, but Japan, at least apparently, did not understand that the American action had already been taken.

Officials attempted to minimize the importance of these two refusals, but it was pointed out that they will probably embarrass any further American efforts to compose the Chinese internal difficulties.

EUROPEAN WAR NEWS

It is reported that General Smuts, the celebrated Boer leader, has been invited to join the British war cabinet.

German artillerymen recently taken prisoner say that many long-range guns now being used by the Germans have been taken from warships.

The massing of entente troops in Thessaly, Greece, seemingly is an indication that big events are in the making in the Macedonian theater in an attempt to retake Serbia.

In a fight with a submarine in the Mediterranean the Japanese destroyer Sakaki was torpedoed and 57 of her crew were killed and 14 wounded. The damaged destroyer was towed to port.

Rome reports considerable achievement by Alpine troops in the capture of a strong Austrian position at Cornova Cavento in the eastern Trentino, at an altitude of more than 10,000 feet.

To the east of Arras, on the front in France, the British troops have been compelled to fall back from advance positions before an attack delivered by the Germans, which was covered by a heavy bombardment.

Elihu Root, head of the American mission to Russia, in a speech to the council of ministers in Petrograd, declared that America was fighting for Russian freedom as well as her own and asked Russia to fight equally for American and Russian freedom.

Banker Asked to Aid Red Cross.

Washington.—All the organizations which contributed to the success of the liberty loan were called upon by Secretary McAdoo in telegrams to the federal reserve banks to aid in making the Red Cross fund campaign equally successful.

Tanker Sunk by Submarine.

New York.—The oil tank steamship John D. Archbold, of the Standard Oil company, has been sunk by a submarine. The announcement was made at the offices of the company here. Four members of the tanker's crew were lost. The Archbold was sent to the bottom last Saturday in European waters. The John D. Archbold was two days out en route to this country from France. The ship was armed and a gunner's crew from an American warship was on board.

New Peace Offer Made to Russia.

Stockholm, via London.—The Social Democrats say Germany has made an offer of peace to Russia through a member of the Swiss federal council.

Judson Clements of the I. C. C. Dead.

Washington.—Judson Clements, junior commissioner of the interstate commerce commission, died of heart failure at his home here.

FOOD LEGISLATION WILL BE RUSHED

Wilson Instructs Hoover to Immediately Organize for Food Conservation.

Washington.—Congress' delay in passing the administration's food bills drew from President Wilson an order directing Herbert C. Hoover to proceed immediately with organization of the new food administration insofar as it contemplates food conservation and elimination of waste through the co-operation of volunteer forces.

"While it would in many ways be desirable to await complete legislation establishing the food administration," the president wrote, "it appears to me that so far as volunteer effort can be assembled we should wait no longer."

Plans for enlisting every housewife in the country as a volunteer member of the food administration have been announced by Mr. Hoover, who plans to reach the women through the state defense councils and through various women's organizations. Every woman will be taught how to save food in the kitchen and how to purchase for her family.

President Wilson's insistence that the food bills be speeded up caused the senate to put the food control bill next on the calendar and taken up Monday when the house also began debate on the bill. The measure was reported to the senate without recommendation.

Food speculators have been taking \$50,000,000 a month for the last five months—a total of a quarter of a billion dollars—from the American people, Herbert C. Hoover told senators in explaining the purposes of the food control bill now before congress.

Mr. Hoover, President Wilson's food administrator, went to the capitol by invitation to explain personally to senators the government's food control bill.

Opposition to the bill in the senate is determined and it is feared that unless this can be overcome the measure will not be enacted by July 1, as urged by President Wilson. It is confidently believed that the bill will go through the house by the end of the week.

LIBERTY LOAN IS OVERSUBSCRIBED

Washington.—Secretary McAdoo announced that no part of the great over subscription to the liberty loan would be accepted, and that his statement of May 10, in which he declared that the issue would be limited to \$2,000,000,000 stood good.

Mr. McAdoo's announcement will result in paring down hundreds of the larger subscriptions until the total reaches the \$2,000,000,000 limit.

The American people responded to the government's call for funds to finance the war with an over subscription to the \$2,000,000,000 liberty loan of proportions so huge that officials were buried beneath a landslide of returns. In the country's ringing answer to the call, the dominant note was the voice of the small investor. The hope for a widespread response of the average man with the average income was more than realized. The subscriptions, it is believed, will reach the total of \$2,862,800,000.

WAR BUDGET SIGNED