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WAR PROFITEER PUBLIC NUISANCE

No Extortion to Be Tolerated, but Liberal Disposition Toward Business Needed.

Shrinkage of Values Would Curtail Capacity to Provide Sinews of War.

"Conscription of Men, Conscription of Money," Analyzed.

By OTTO H. KAHN.

Much is being said about the plausible sounding contention that because a certain portion of the young manhood of the nation has been conscripted, therefore money must also be conscripted. Why, that is the very thing the government has been doing. It has conscripted a portion—a relatively small portion—of the men of the nation. It has conscripted a portion—a large portion— of the incomes of the nation. Capital and business pay more than four-fifths of our total war taxation directly and a large share of the remaining fifth indirectly.

If the government went too far in conscripting men the country would be crippled. If it went too far in conscripting incomes and earnings the country would likewise be crippled.

Results of Conscription of Capital.

I would ask those who would go further and conscript not only incomes, but capital, to answer the riddle, not only in what equitable and practicable manner they would do it, but what the nation would gain by it?

It is true that a few years ago a capital levy was made in Germany, but the percentage of that levy was so small as to actually amount to no more than an additional income tax and that at a time when the regular income tax in Germany was very moderate as measured by the present standards of income taxation.

Only a trifling fraction of a man's property is held in cash. If they conscript a certain percentage of his possessions in stocks and bonds, what would the government do with them?

Keep them? That would not answer its purpose, because the government wants cash, not securities.

Sell them? Who is to buy them when every one's funds would be depleted?

If they conscript a certain percentage of a man's real estate or mine or farm or factory, how is that to be expressed and converted into cash?

Are conscripted assets to be used as a basis for the issue of Federal Reserve bank notes? That would mean gross inflation, with all its attendant evils, dangers and deceptions.

Would they repudiate a percentage of the national debt? Repudiation is no less dishonorable in a people than in an individual, and the penalty for failure to respect the sanctity of obligations is no different.

The Thrifty Would Be Penalized.

The fact is that the government would gain nothing in the process of capital conscription and the country would be thrown into chaos for the time being. The man who has saved would be penalized, he who has wasted would be favored. Thrift and constructive effort, resulting in the needful and fructifying accumulation of capital, would be arrested and lastingly discouraged.

I can understand the crude notion of the man who would divide all possessions equally. There would be mighty little coming to any one by such distribution, and it is, of course, an utterly impossible thing to do, but it is an understandable notion. But by the confiscation of capital for government use neither the government nor any individual would be benefited.

A vigorously progressive income tax is both economically and socially sound. A capital tax is wholly unsound and economically destructive.

It may nevertheless become necessary in the case of some of the belligerent countries to resort to this expedient, but I can conceive of no situation likely to arise which would make it necessary or advisable in this country.

More than ever would such a tax be harmful in times of war and post-bellum reconstruction, when beyond almost all other things it is essential to stimulate production and promote thrift, and when everything which tends to have the opposite effect should be rigorously rejected as detrimental to the nation's strength and well-being.

There is an astonishing lot of hazy thinking on the subject of the uses of capital in the hands of its owners.

The rich man can spend only a relatively small sum of money unproductively or selfishly. The money that it is in his power actually to waste is exceedingly limited. The bulk of what he has must be spent and used for productive purposes, just as would be the case if it were spent by the government, with this difference, however, that, generally speaking, the individual is more painstaking and discriminating in the use of his funds and at the same time bolder, more imaginative, enterprising and constructive than the government with its necessarily bureaucratic and routine regime possibly could be. Money in the hands of the individual is continuously and feverishly on the search for opportunities—i. e., for creative and productive use. In the hands of the government it is apt to lose a good deal of its fructifying energy and ceaseless striving and to sink instead into placid and somnolent repose.

There need not be and there should not be any conflict between profits and patriotism. I am utterly opposed to those who would utilize their country's war as a means to enrich themselves. The "war profiteer," as the term is generally understood, is a public nuisance and an ignominy. Extortionate profits must not be tolerated, but, on the other hand, there should be a reasonably liberal disposition toward business and a willingness to see it make substantial earnings.

For, taxation presupposes earnings. Our credit structure is based upon values, and values are largely determined by earnings. Shrinkage of values necessarily affects our capacity to provide the government with the sinews of war.

The Conscription of Men.

Reverting now to the subject of the conscription of men, I know I speak the sentiment of all those beyond the years of young manhood when I say that there is not one of us worthy of the name of a man who would not willingly go to fight if the country needed or wanted us to fight. But the country does not want or call its entire manhood to fight. It does not even call anywhere near its entire young manhood. It has called or intends to call in the immediate future perhaps 25 per cent. of its men between twenty and thirty years of age, which means probably about 4 per cent. of its total male population of all ages. But it has called from incomes, business profits and other imposts falling principally on the well to do, approximately ninety per cent. of our war taxation, not to mention the contributions to the Red Cross, the Y. M. C. A. and other war relief activities.

Let me add in passing that the children of the well to do have been taken for the war in proportionately greater numbers than the children of the poor, because those young men who are needed at home to support dependents or to maintain essential war industries are exempted from the draft.

Our Laws Favor Sons of the Poor.

The draft exemption regulations discriminate not, as in former wars, in favor of the rich man's son, but in favor of the poor woman's son.

I realize but too well that the burden of the abnormally high cost of living, caused largely by the war, weighs heavily indeed upon wage earners and still more upon men and women with moderate salaries. I yield to no one in my desire to see everything done that is practicable to have that burden lightened. But excessive taxation on capital will not accomplish that; on the contrary, it will tend to intensify the trouble.

Taxation must be sound and wise and scientific and cannot be laid in a haphazard way or on impulse or according to considerations of politics, otherwise the whole country will suffer. History has shown over and over again that the laws of economics cannot be defied with impunity and that the resulting penalty falls upon all sections and classes.

The question of the individual is not the one that counts. The question is not what sacrifices capital should and would be willing to bear if called upon, but what taxes it is to the public advantage to impose.

I do not say all this to plead for a reduction of the taxation on wealth or in order to urge that no additional taxes be imposed on wealth if need be. There is no limit to the burden which in time of stress and strain those must be willing to bear who can afford it except only that limit which is imposed by the consideration that taxation must not reach a point where the business activity of the country becomes crippled and its economic equilibrium is thrown out of gear, because that would harm every element of the commonwealth and diminish the war-making capacity of the nation.

Paternalism in Japan.

The proposed budget for the year for the department of agriculture and commerce of Japan contains some new items for the help of business and industrial men, says the Japan Bulletin. For one thing, the government will nationalize the forests of Hokkaido and manage them for the benefit of various industries which are dependent upon lumber resources. The inauguration of compulsory labor insurance is also planned. Certain industries will be helped by enlarging the government industrial laboratory. The tea industry will be fostered by the creation of a tea laboratory and the establishment of commercial showrooms in important foreign markets.

Combined Assets Over Fifteen Million Dollars — Fire, Automobile, Tourist Floater Insurance

Ample Facilities for Handling Large Lines — Desirable Agents Wanted

SYNOPSIS OF THE ANNUAL STATEMENT OF THE
MERCHANTS FIRE ASSURANCE CORPORATION
of New York, in the State of New York, on the thirty-first day of December, 1917, made to the Insurance Commissioner of the State of Oregon, pursuant to law:

CAPITAL	
Amount of capital paid up	$ 400,000.00
INCOME	
Net premiums received during the year	$1,312,758.09
Interest, dividends and rents received during the year	95,662.46
Income from other sources received during the year	16,429.42
Total income	$1,424,849.97
DISBURSEMENTS	
Net losses paid during the year	558,052.28
Dividends paid on capital stock during the year	40,000.00
Commissions and salaries paid during the year	286,641.95
Taxes, licenses and fees paid during the year	25,284.54
Amount of all other expenditures	53,113.14
Total expenditures	$ 964,071.91
ASSETS	
Value of real estate owned (market value)	
Value of stocks and bonds owned (market value)	1,264,997.00
Loans on mortgages and collateral, etc	287,700.00
Cash in banks and on hand	113,159.05
Premiums in course of collection written since September 30, 1917	260,519.15
Reinsurance due on paid losses	18,818.42
Interest and rents due and accrued	16,698.73
Total assets	$2,002,092.35
Less special deposits in any state (if any there be)	17,177.99
Total assets admitted in Oregon	$1,984,914.46
LIABILITIES	
Gross claims for losses unpaid	$ 193,810.42
Amount of unearned premiums on all outstanding risks	792,402.65
Due for commission and brokerage	
All other liabilities	50,000.00
Total liabilities, exclusive of capital stock of ...	$1,036,213.07
Total premiums in force December 31, 1917	1,484,482.58
BUSINESS IN OREGON FOR THE YEAR	
Total insurance written during the year	$1,267,387.00
Gross premiums received during the year	31,492.12
Premiums returned during the year	5,781.00
Losses paid during the year	2,758.45
Losses incurred during the year	4,209.65
Total amount of insurance outstanding in Oregon December 31, 1917	1,009,305.00

MERCHANTS FIRE ASSURANCE CORPORATION OF NEW YORK
By WM. B. CARTER, Secretary.
Statutory resident general agent and attorney for service:
A. M. Lovelace, Portland, Ore.

SYNOPSIS OF THE ANNUAL STATEMENT OF THE
UNITED STATES FIRE INSURANCE CO.
of New York, in the State of New York, on the thirty-first day of December, 1917, made to the Insurance Commissioner of the State of Oregon, pursuant to law:

CAPITAL	
Amount of capital paid up	$1,400,000.00
INCOME	
Net premiums received during the year	$4,769,249.98
Interest, dividends and rents received during the year	333,344.96
Income from other sources received during the year	134,691.33
Total income	$5,237,286.27
DISBURSEMENTS	
Net losses paid during the year	$2,222,165.83
Dividends paid on capital stock during the year	140,000.00
Commissions and salaries paid during the year	1,665,484.99
Taxes, licenses and fees paid during the year	101,534.89
Amount of all other expenditures	405,984.55
Total expenditures	$4,535,360.11
ASSETS	
Value of real estate owned (market value)	
Value of stocks and bonds owned (market value)	6,231,773.60
Loans on mortgages and collateral, etc	3,000.00
Cash in banks and on hand	726,335.22
Premiums in course of collection written since September 30, 1917	695,984.51
Interest and rents due and accrued	158,631.21
Total assets	$7,596,849.64
Less special deposits in any state (if any there be)	1,340.78
Total assets admitted in Oregon	$7,595,508.76
LIABILITIES	
Gross claims for losses unpaid	$ 617,955.00
Amount of unearned premiums on all outstanding risks	2,736,183.92
Due for commission and brokerage	83,005.14
All other liabilities	
Total liabilities, exclusive of capital stock of ...	$4,487,143.06
Total premiums in force December 31, 1917	$6,937,889.67
BUSINESS IN OREGON FOR THE YEAR	
Total insurance written during the year	$4,020,834.00
Gross premiums received during the year	100,000.42
Premiums returned during the year	21,991.42
Losses paid during the year	15,003.82
Losses incurred during the year	14,911.83
Total amount of insurance outstanding in Oregon December 31, 1917	3,506,453.00

UNITED STATES FIRE INSURANCE CO.
F. H. DOUGLAS, Vice-President.
Statutory resident general agent and attorney for service:
A. M. Lovelace, Portland, Ore.

SYNOPSIS OF THE ANNUAL STATEMENT OF THE
NORTH RIVER INSURANCE CO.
of New York City, in the State of New York, on the thirty-first day of December, 1917, made to the Insurance Commissioner of the State of Oregon, pursuant to law:

CAPITAL	
Amount of capital paid up	$ 600,000.00
INCOME	
Net premiums received during the year	$2,865,443.59
Interest, dividends and rents received during the year	208,915.34
Income from other sources received during the year	73,067.89
Total income	$3,147,426.84
DISBURSEMENTS	
Net losses paid during the year	$1,367,522.75
Dividends paid on capital stock during the year	59,977.50
Commissions and salaries paid during the year	984,337.08
Taxes, licenses and fees paid during the year	65,795.37
Amount of all other expenditures	230,564.44
Total expenditures	$2,708,515.14
ASSETS	
Value of real estate owned (market value)	8,871.18
Value of stocks and bonds owned (market value)	3,051,360.00
Loans on mortgages and collateral, etc	205,400.00
Cash in banks and on hand	422,068.50
Premiums in course of collection written since September 30, 1917	545,911.52
Interest and rents due and accrued	12,360.42
Due for re-insurance	18,667.81
Total assets	$4,264,639.43
Less special deposits in any state (if any there be)	
Total assets admitted in Oregon	$4,264,639.43
LIABILITIES	
Gross claims for losses unpaid	$ 380,595.90
Amount of unearned premiums on all outstanding risks	2,226,549.38
Due for commission and brokerage	
All other liabilities	50,223.75
Total liabilities, exclusive of capital stock of $600,000	$2,657,369.03
Total premiums in force December 31, 1917	4,270,878.71
BUSINESS IN OREGON FOR THE YEAR	
Total insurance written during the year	44,427.43
Gross premiums received during the year	61,784.02
Premiums returned during the year (gross)	13,167.46
Losses paid during the year (gross)	4,042.90
Losses incurred during the year (gross)	4,075.90
Total amount of insurance outstanding in Oregon December 31, 1917	23,798.53

By DAVID G. WAKEMAN, Secretary.
Statutory resident general agent and attorney for service:
A. M. Lovelace, Portland, Ore.

SYNOPSIS OF THE ANNUAL STATEMENT OF THE
NEW BRUNSWICK FIRE INSURANCE CO.
of New Brunswick, in the State of New Jersey, on the thirty-first day of December, 1917, made to the Insurance Commissioner of the State of Oregon, pursuant to law:

CAPITAL	
Amount of capital paid up	$ 500,000.00
INCOME	
Net premiums received during the year	$1,504,587.05
Interest, dividends and rents received during the year	82,736.77
Income from other sources received during the year	156,524.00
Total income	$1,743,848.82
DISBURSEMENTS	
Net losses paid during the year	$ 575,222.88
Dividends paid on capital stock during the year	58,384.99
Commissions and salaries paid during the year	462,509.71
Taxes, licenses and fees paid during the year	72,006.37
Amount of all other expenditures	45,342.74
Total expenditures	$1,213,515.59
ASSETS	
Value of real estate owned (market value)	$ 150,000.00
Value of stocks and bonds owned (market value)	1,253,814.00
Loans on mortgages and collateral, etc	337,353.50
Cash in banks and on hand	144,327.09
Premiums in course of collection written since September 30, 1917	320,938.74
Interest and rents due and accrued	9,300.34
Total assets	$2,224,732.71
Less special deposits in any state (if any there be)	4,068.53
Total assets admitted in Oregon	$2,220,665.18
LIABILITIES	
Gross claims for losses unpaid	$ 199,497.14
Amount of unearned premiums on all outstanding risks	1,136,170.08
Due for commission and brokerage	
All other liabilities	170,942.97
Total liabilities, exclusive of capital stock	$1,506,710.19
Total premiums in force December 31, 1917	1,940,615.40
BUSINESS IN OREGON FOR THE YEAR	
Total insurance written during the year	$3,963,155.00
Gross premiums received during the year	62,180.90
Premiums returned during the year	15,755.58
Losses paid during the year	5,923.77
Losses incurred during the year	8,400.40
Total amount of insurance outstanding in Oregon December 31, 1917	37,775.38

By GEO. A. VIEHMANN, President.
Statutory resident general agent and attorney for service:
A. M. Lovelace, Portland, Ore.

A. M. Lovelace, State Agent — 312 Lewis Building, Portland, Oregon — W. E. Helfrich, Special Agent

Wm. W. Alverson, Manager — Pacific Department, 266 Bush Street, San Francisco, California — H. T. Ungewitter, Assistant Manager

SYNOPSIS OF THE ANNUAL STATEMENT OF THE
NATIONAL LIFE INSURANCE CO. OF U. S. A.
of Chicago, in the State of Illinois, on the thirty-first day of December, 1917, made to the Insurance Commissioner of the State of Oregon, pursuant to law

CAPITAL	
Amount of capital stock paid up	$ 500,000.00
INCOME	
Total premium income	$ 4,254,746.07
Interest, dividends and rents received during the year	728,891.59
Income from other sources received during the year	95,754.50
Total income	$ 5,079,392.16
DISBURSEMENTS	
Paid for losses, endowments, annuities and surrender values	$ 1,928,544.78
Dividends paid to policyholders during the year	146,368.53
Dividends paid on capital stock during the year	50,000.00
Commissions and salaries paid during the year	1,529,020.17
Taxes, licenses and fees paid during the year	79,906.74
Amount of all other expenditures	396,759.87
Total expenditures	$ 4,130,600.09
ASSETS	
Market value of real estate owned	$ 69,500.92
Market value of stocks and bonds owned	5,058,621.06
Loans on mortgages and collateral, etc	6,246,136.43
Premium notes and policy loans	2,822,216.03
Cash in banks and on hand	592,322.94
Net uncollected and deferred premiums	285,867.27
Other assets (net)	185,565.14
Total assets	$15,260,229.79
Less special deposits in any state (if any there be)	....
Total assets admitted in Oregon	$15,260,229.79
LIABILITIES	
Net reserve	$13,245,102.45
Total policy claims unpaid	121,864.05
All other liabilities	358,829.56
Surplus apportioned and unapportioned	1,034,433.73
Total liabilities, exclusive of capital stock of $500,000.00	$14,760,229.79
Total insurance in force December 31, 1917	$97,179,897.37
BUSINESS IN OREGON FOR THE YEAR	
Total insurance written during the year	$ 503,803.02
Gross premiums received during the year Life, $114,335.50; Accident and Health, $7,249.92	121,585.42
Premiums returned during the year, Accident	46.29
Losses paid during the year Life, $17,000.00; Accident and Health, $2,065.99	19,065.99
Losses incurred during the year Life, $17,000.00; Accident and Health, $2,073.99	19,073.99
Total amount of insurance outstanding in Oregon December 31, 1917, Life	3,387,574.88

NATIONAL LIFE INSURANCE COMPANY OF THE U. S. OF A.
By ROBERT D. LAY, Secretary.
Statutory resident general agent and attorney for service:
A. E. Combs, Selling Building, Portland, Ore.