

BEAVERTON ENTERPRISE

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"Social Security"

On January 1, American business, large and small, found itself with a new item of operating expense to pay. The item is labeled "Social Security."

This year, unemployment insurance will take 1 per cent of each employer's total payroll—and it is to be paid by the employer, not the employee. Next year the tax will be 2 per cent, and in 1938 it will reach 3 per cent, the maximum under the present law. Forecast is that the tax will produce total revenue of \$250,000,000 during 1936. If business conditions remain unchanged, it will obviously produce \$500,000,000 next year, \$750,000,000 per year thereafter. However, hope is that business betterment with its corollary of increased employment and higher wages, will steadily increase the revenue even though the percentage of tax remains constant.

Next step in the program will come in 1937, when the federal old-age insurance plan goes into operation. That will start with a 1 per cent tax on employers and 1 per cent on employees, which will mount slowly until it reaches 3 per cent on each in 1949. Total federal tax will thus be 9 per cent of all payrolls by 1950, of which employers will pay 6 per cent, employees 3 per cent.

In addition to these federal levies, states are studying ways and means of bearing their share of the expense—in case of old-age insurance, for example, the federal government will match state donations dollar for dollar. A number of states already have various taxes for this purpose, others are planning them. In some cases, state funds are created by payments by the employer alone, in others by payments by both employer and employee. And there is a certain amount of agitation, in Oregon and elsewhere, for a general sales tax to create funds for the unfortunate.

State-federal cooperation involves certain legal difficulties. Requirement is that state funds shall be turned over to the federal government for distribution. In most states it seems that this would be unconstitutional under present state constitutions. If that turns out to be true, states which wish to cooperate will have to go busily to work to re-make their laws and amending their constitutions.

Further legal troubles arise from the fact that, in the view of many able attorneys, the social security act was hastily written, lacks the clarity it should have. Some think, as Business Weekly recently reported, that present legislation should be thrown overboard and a new start made. However, there seems small chance that this will be done, though it is expected the present Congress will make an effort to clear up some of the more vague parts of the law and make it legally sounder.

Dismissing these legal and technical difficulties, which must be eventually settled by the courts and Congress, it may be said that business

views social security with mixed emotions. Many leading corporations have liberal pension plans of their own, established long before a federal law was conceived. They agree with the principle the legislation represents, confused as they are by some of the details. Many industries are considerably worried as to where to get the money at a time when, in spite of rising sales, net profits of numerous businesses are at comparatively low levels. Hope of the Administration is that business conditions will continue to improve so rapidly that profits cannot help but rise, that increased costs will be automatically taken care of, for under the law, these new costs become fixed overhead regardless of any profit.

There, in brief, is the status of social security at present. It could be changed overnight by the passage of another kind of law, such as the Townsend plan with its demand for \$200 a month for all people over 60. Most economists feel that if this happens, the whole cause of social security will be endangered. The President also seems to reflect these views.

O. H. G. Strong Set Up!

While Federal officials are having hard luck with the AAA at the hands of U. S. Supreme court, Eastern Washington county is sailing by on high growing the strongest combination in the land—even the U. S. Supreme Court will not dispute our claim for strength. OHS—Onions—Horseradish—Garlic.

The Dairy Industry

Dairying is the most important agricultural industry in the United States.

In recent years, sales of dairy products have amounted about 25 per cent of the cash income of all agriculture. And in 1934, the cash income from dairying was higher than the combined cash income from wheat and cotton. It was almost as high as the combined cash income from hogs, cattle and calves, a part of which is represented by dairy cattle.

It is an interesting fact that American dairy farmers have been among the most progressive of all farm groups in forming and supporting cooperative organizations and strong dairy co-operatives are helping to bring better times to the farmer. The pre-eminent place of dairying in the agricultural set-up is not entirely due, of course, to the success of dairy cooperatives—but those organizations have done and are doing a mighty important work in behalf of their members and the public at large.

Tualatin Valley

The Tualatin Valley offers many charms for the homeseekers. Long years of toil by industrious beavers damming up tributaries of the Tualatin have created a rich beaverdam soil in the lowlands that

produce abundant crops.

Day by day the newcomer will see fresh scenes, new skies and enjoy the entrancing climate of the renowned Tualatin Valley.

The annual budget just submitted to Congress asked \$8,600,000 to erect a new building for the office of Comptroller General J. R. McCarl. He is the man who decides whether proposed expenditures actually may be made under laws passed by Congress.

Bring on the Trout

How many of you readers enjoy "going fishing"? Years ago there was fine fishing in the streams of Eastern Washington county. Several local sportsmen of late have been talking over the plan of having the State Game Commission restore Eastern Washington county streams with young trout—plenty of speckled trout in local streams. Oh boy!

President's Oath of Office

"I do solemnly swear (or affirm), that I will faithfully execute the office of the President of the United States and will to the best of my ability preserve protect and defend the Constitution of the United States.

Salary of the President

The President receives \$75,000 a year. In addition he gets an allowance of \$25,000 a year for traveling and entertainment. He also gets the White House rent free, and the care, repair, and refurnishing of this mansion.

TAXES

If you own real estate or are a single man with an income of more than one thousand dollars a year, or a married man with an income of more than two thousand, five hundred dollars a year, you know you pay part of the taxes. People who do not pay direct taxes, however, are inclined to think that they escape. This is not true.

Every time you buy a gallon of gas, or a quart of oil for your car, you pay tribute to the National Government, State Government, or both. Every time you buy a package of tobacco, a cigar, or a package of cigarettes - you pay a tax. In cigarettes, this tax amounts to nearly half the amount you pay.

If you rent a home or place of business, you pay an indirect tax because the owner must pass the tax that he pays on to you.

It may literally be said that a man rides home in his taxed car or street car, eats his taxed dinner, lights his taxed cigarette, cigar or pipe, uses his taxed telephone, turns on his taxed electricity and gas, gets out of his taxed shirt and underwear and into his taxed sheets. There is no tax as yet on his snores. If he goes out to see a show, he pays an amusement tax. If he plays cards, he pays a heavy tax on the cards he uses.

Even at that, the Government is running behind at the rate of several billion dollars a year, and eventually this must all be paid with interest.

It is said that the last Congress appropriated ten billion dollars. On the basis of forty million gainfully employed in the United States, this would mean \$250.00 for each person so employed.

The bill is known as "The Tax The Rich Bill" which was passed in the closing days of the last Congressional Session. It will raise, it is estimated, \$250,000,000 a year. At the rate of the spending of the last Congress this would run the National Government for less than ten days, and this seems to be about the limit to which we can go in taxing the rich. The bill is really misnamed when we say "Tax the Rich" because the big Corporations are owned largely by small investors. It is estimated that between 5,000,000 and 8,000,000 small investors will have their incomes cut as a result of this bill.

Gathering Happiness

Happiness is like manna. It is to be gathered in the grains and enjoyed every day; it will not keep; it cannot be accumulated; nor need we go east of ourselves, nor into remote places to gather it, since it has rained down from heaven at our very doors, rather within them.

Statehouse Gossip

By BRNEST L. GRAY

Registration by counties should be completed by next week for the special election on January 31. Those already in indicate two definite trends. Naturally, at a special election, the registration is not as great. This will be shown definitely. Another trend continues—an increase in democratic registrations in most counties with a decrease in republican listings. But the republican lead remains still a substantial one, or appears to at least.

But the special election is not the one which is creating much interest. Candidates are looking forward to the primary and general with keen interest, even as far as state politics go. A new candidate has appeared upon the surface of late. Walter Gleason, democratic senator from Multnomah, will seek that party's nomination for state treasurer, seeking the office now held by Rufus C. Holman. No one has appeared from either party as a nominee other than Holman yet.

Willis Mahoney, fiery mayor of Klamath Falls, who waged a hard campaign against Governor Martin in the May primaries two years ago, will seek the democratic nomination for United States Senator in the hope of defeating Charles L. McNary, leading republican member of the upper branch at Washington.

Mahoney is flirting for the Townsend support, but McNary has not been against old age pensions. The line would be keenly drawn. However, since the campaign, many conservative democrats will not support Mahoney. The Martin democrats, it has been generally conceded, will vote for McNary. The latter has not been unfriendly to the administration. It appears like a difficult task to defeat McNary.

While the new law which eliminates the state budget department and creates in its place an executive secretary to the governor will not go into effect until February 8, the end of the ninety day period since the adjournment of the special session of the legislature, the position has been filled, political observers believe.

W. S. Warton, a Portland newspaperman, has been mentioned frequently for the position, but no commitment has come out of the governor's office as yet. But the new secretary will not intervene with "Pinky" Gosselin, private secretary to Governor Martin. Gosselin will still head the patronage slate for the democrats.

Otto Hartwig, who was replaced on the state industrial accident commission the past week by Jesse C. Joy, a labor representative of Portland, will be given one of the major positions on the new unemployment insurance department when that branch of the compensation commission gets under way.

Governor Martin is an interesting conversationalist. Every morning he chats with newspapermen, sometimes by the hour, upon various experiences he has had and "off the record" comments. For instance the other day he talked about the proper dress etiquette when calling upon the president and other dignitaries.

The news hounds listened with interest for a long time and when the conference was over there wasn't a line they could use for the press. He talked about various things, and

he for one lets the boys in upon all events, even though it cannot be published. The newspaper ethics are understood by him and a confidence is a confidence.

Oregon's agricultural act was not directly affected by the federal supreme court decision against the AAA, but it may hasten the test suit to be brought against it in the state court to ascertain whether it is constitutional or not. The court had voided the first state marketing agreement law.

The latest measure was passed by the special legislature in the hope to correct the evils in the former law. Sponsors agree, however, the new act may also be unconstitutional, but wanted it passed anyhow with the avowed purpose of taking it to the courts. Should it again be declared void the farmers groups expect to have a new one prepared for the 1937 legislature, one which would stand the court test.

The Hauptmann situation, scheduled to culminate Friday night in the electric chair brings Oregon's prison system to the attention. The Oregon parole system, similar to many others in the United States, is unfamiliar to many. Seldom does a full term mean the limit of time. Time for good behavior and eligibility for paroles intervene.

For instance a ten year sentence may be but three years and four months in duration. That is the time when the prisoner would be eligible for parole. The maximum time spent in prison on a ten year sentence is 6 years and 8 months. Unless another crime is committed within the penitentiary walls that is all a prisoner must serve.

The penitentiary's population is reaching a new high mark. Governor Martin retains the men behind the walls—adamant in not issuing any pardons—while the parole board passed on only two out of 16 eligibles at its regular meeting last week. It is harder to get out now than for many years.

Have you seen the new 1936 Dodge & Plymouth Automobiles on display at the B & D Sales & Service, Multnomah, Oregon

Dr. and Mrs. Edward Allen Pierce have returned to Cedar Crest Farm, their former home and will assume personal charge of their West Side Auto Camp. Dr. Pierce will open an office there for the practice of medicine. Office hours, evenings. Telephone ATwater 6741. 6259 S. W. Capitol Highway, and Bertha Station.

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A WORD OF APPRECIATION
The management of Pepco's maintenance department wishes to express its appreciation for the consideration shown by Pepco customers when Sunday's violent storm put a number of distribution lines out of service.
This message is prompted by the fact that every person who telephoned—and there were more than 1000 calls—was genuinely courteous. Throughout the day we sensed this sympathetic understanding of our problem. Such consideration on the part of our customers deserves a word of heart-felt thanks. We also wish to express our appreciation for the splendid co-operation we received from the police department.
We take this opportunity to thank the crews who loyally stuck to their jobs throughout the stormy day and far into the night repairing the wind-wrecked power lines.
C. P. Osborn
General Superintendent
Portland General Electric Co.

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