

STATE CAPITAL NEWS

- Cigarette Tax On
- New Draft Exams
- Rationing Boards

By A. L. LINDBECK

Salem.—In announcing that the collection of the new state tax on cigarettes would start this week the tax commission forced the issue of a test of the validity of the referendum measure which had been filed by opponents of the tax.

There had been much talk of court action to seek a reversal of the opinion handed down by the attorney general denying the measure a ballot place but no action. In fact until the state started to enforce the law there was nothing on which to base an immediate court action. Now the retailers and cigarette manufacturers will either have to put up or shut up.

The state in starting collection of the tax this week is compelled to place cigarette dealers on their honor. There has been no time in which to arrange for the necessary tax stamps or postage metering machines so the tax commission is holding the dealers responsible for collection of the tax without these visible evidences of its payment.

Under the cigarette tax act passed by the last legislature smokers of the fags will now have to contribute one-tenth of a cent to the state on each cigarette selling at not more than one cent. Higher priced cigarettes are to be taxed at 20 percent of the retail selling price.

Effective this week a new system of examining registrants for military service is being put into effect, according to Lt. Col. Elmer V. Wooten, state director of selective service. Hereafter local draft boards will make only a cursory examination of registrants in order to eliminate those obviously unfit for military service. Those who are passed by their local boards will then go to examination centers where they will

be given a final examination by a board of army examiners. Those who survive this examination will then be ready for military service and when their number is called will go directly to training centers instead of to induction centers as heretofore. Eight of these examination centers are being established at strategic points in Oregon as follows: Portland, Eugene, Medford, Klamath Falls, Bend, The Dalles, Pendleton and Baker.

Secretary of State Snell estimates that Oregon motorists can save 108 tons of rubber a month by more careful driving. In the interest of tire conservation Snell urges motorists to drive at slower speeds, avoid sudden application of brakes, avoid squealing tires on curves, keep wheels in good alignment and keep tires at proper inflation. Observation of these rules, he points out, will save an average of two ounces of rubber per tire each month.

Twenty employees of the state employment service are being transferred to Portland under the recent federalization of the employment service. These employees are in the training, research and accounting divisions. All of the approximately 20 employees in the state employment service are being retained in their jobs in the transfer of jurisdiction to the federal government.

Steel priorities may make it impossible for the state to secure material for 1943 automobile plates, in the opinion of Secretary of State Snell. The OPM has suggested that the states adopt permanent license plates or resort to the use of windshield stickers during the war emergency but Snell points out that such a measure will require legislative action in Oregon and the legislature is not scheduled to meet until 1943, whereas arrangements for new plates under the present law must be made months in advance of that date.

Members of local rationing boards, appointed by Governor Sprague last week to handle the rationing of new tires and tubes in the various localities throughout the state, are federal agents acting under authority of the Office of Production Manage-

Business Review for Twelfth Federal Reserve District Given

In the Twelfth Federal Reserve district, further expansion of industrial production under the stimulus of war will be reflected primarily in intensified efforts to increase the flow of those products already dominant in defense production in the area: ships, planes, and nonferrous metals. The district demand for industrial labor will be increased both through the completion of new plants and through the greater utilization of existing industrial facilities brought about by working additional shifts and a longer working week. Heavier burdens are being put upon western rail and shipping facilities. The further diversion of shipping will affect principally the movement of oil and lumber and may limit the flow of these products to more distant markets for civilian use.

The pattern of economic conditions emerging in recent months indicates that the direct economy already was in process of being al-

tered markedly under the stimulus of the defense effort prior to the outbreak of war. It is evident that many aspects of economic activity in this area which may be expected to become more pronounced under war conditions including the establishment of new plants, the dominance of aircraft and shipbuilding, high levels of activity in mining and in metal production, and the dislocation of less essential activity were clearly visible in November and earlier.

The decline in department store sales of the preceding two months was halted in November. Sales rose moderately and the increase continued through the first week in December, but was checked abruptly upon the outbreak of hostilities. Sales recovered somewhat in the week ending December 30, but were up only one percent over a year ago.

The impact of war upon the district agricultural situation apparently will not involve any abrupt changes in the production pattern already evident for 1942. Largest increases in output of farm products important in the Twelfth District are scheduled for dairy products, eggs, cattle, sheep, and tomatoes and other vegetables for canning.

A marked increase in purchases by the public of defense savings bonds resulted from the outbreak of hostilities. Sales of the Series E bonds, purchasable only by individuals, in the week ending December 13 were almost twice the average of the preceding four weeks.

In the past three weeks, loans of weekly reporting member banks for commercial and industrial purposes increased \$14,000,000 to \$511,000,000 on December 24. Investments of these banks in government securities increased further, largely reflecting participation of district city member banks in the December 15 Treasury financing.

Results of a recent survey indicate that 44 per cent of moderate-income city families own automobiles, according to Dr. E. B. McDaniel, president of the Oregon State Motor association. During the year covered by the survey, 10.8 per cent of the 14,469 families reported on purchased automobiles, with three used cars for every new one, Dr. McDaniel said.

Neither will motorists in the preferred classifications be able to secure certificates for new tires so long as it is practical to retread their old ones.

Complicating the task of rationing new tires is the allocating of quotas to the several counties. January quotas are about one-eleventh of the normal demand, precluding any possibility of "chiseling" by those who can not qualify as eligible but prove the need for new rubber.

State owned automobiles and trucks are going to be just as hard hit by the tire shortage as are those operated by private owners. Except for the 190 cars operated by the state police bureau few of the more than 650 automobiles owned by state departments and institutions can qualify for new tire classification. The same can be said of the more than 960 trucks owned by the state, except for the 166 operated by the highway department most of which are essential to highway maintenance. State employees who serve as investigators, examiners, etc., are wondering how they are to get around when present tire equipment wears out. "Let 'em ride the bus," is Governor Sprague's answer to this query.

More than 160 public libraries throughout Oregon will serve as collection agencies in the national Victory Book campaign, according to Eleanor Stephens, state librarian who will direct the drive in this state. The campaign designed to place good books within the reach of every soldier, sailor and marine in Uncle Sam's fighting force.

ment and administering rules and regulations promulgated by that defense administration. For the time being, too, these rationing boards are serving entirely without pay, donating their time as their contribution to the all-out defense effort in the emergency precipitated by the war with the axis powers.

While these rationing boards are carrying out rules and regulations promulgated by the OPM and the categories of preferred motorists—those entitled to new tires and tubes when they can demonstrate the necessity—their big task will be that of deciding border-line cases.

The average motorist, however, must become reconciled to the fact that there will be no new tires or tubes for him, probably for several years. Furthermore used casings suitable for retreading are scarce and becoming more so daily. So that when present equipment can no longer be retreaded he or she will have only one alternative—that is to store the car for the duration.

What applies to the strictly pleasure driver in this respect applies with equal force to many "convenience" types of motor vehicles—cars used by traveling salesmen, delivery cars operated by grocery stores, laundries, lumber yards, etc. Cars used by rural paper carriers in delivering daily papers to their subscribers also fall in this category, although rural mail carriers come within the preferred classification.

Neither can doctors, surgeons or veterinarians qualify for new tires unless they can convince the rationing boards that their cars are used "principally for professional services."

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