

Salem Scene

by Everett E. Cutter

Government Business Hides Taxpayer Costs
 A military wife in Portland has expressed an interesting notion about today's high cost of living. The general public pays far too much for food and retail food merchants are getting rich, she contends, because she is able to buy so much more cheaply at the post commissary. Others argue that she misses



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several important points. First, it should be obvious that if a public majority did not want carry-out service, trading stamps and other competitive conveniences, they would not be offered. Second, in reality competition hids supermarket profits down a less than 1 per cent.

Most important, the lady does not mention the fact that the commissary items she buys, at prices she quotes which are below wholesale, are heavily subsidized by all taxpayers—including the retail stores.

These points are not made to detract from a fringe benefit available to underpaid military personnel. Rather, they illustrate some fallacies behind a train of thought which often leads people to believe government can operate more efficiently and sell goods more cheaply than American business.

This type of question is the basis for a current controversy in Oregon over a new law passed by the 1969 legislature.

Until July 1, a state "central store" bought in bulk quantities and held goods for resale to local government units. The new law, which still allows local governments to band together for mass purchasing advantages, prohibits the state from merchandising goods worth less than \$500 per unit.

The bill was supported at the legislature by both the business and labor lobbies. It was opposed by local government representatives, who claimed goods could be purchased for less from the state than from private businesses. Many still claim this, and lament the measure's passage.

Such a price advantage would appear to be the case, say the bill's proponents, if one accepts state central store catalog listings at face value. But, like the post commissary, at prices which did not include the central store offered goods the hidden costs to taxpayers—realistic freight, storage, service, interest and other overhead items needed to present a true competitive listing.

Such considerations must be included in bid quotations of private firms, they say, along with another significant cost of doing business: taxes paid government. The central store by private firms to support concept, in ignoring these, would have taxpayers unwittingly sponsoring direct competition with taxpaying businesses.

This matter of government competition in a private enterprise economic system really is the main question, in the opinion of Ivan Congleton, executive vice president of Associated Oregon Industries. How far should it be allowed to go, he asks, in disregarding the principles that built the nation and make it prosper today?

"Philosophy aside, it is a fact that government, lacking competitive drive and the profit motive, simply cannot operate more efficiently than private business." He quotes figures showing that private firms sold twice as much worth of goods to local governments than did the state, they used the same number of employees to do it, and paid them better.

Businessmen have no objection to the state's purchasing for itself, Congleton says, or for local governments to combine for joint buying or for allowing the state to let bids for local government.

"But when the state buys and sells on speculation, that goes beyond purchasing and

into merchandising. This is the proper function of merchants, and this is what the new law recognizes."

Not everyone is convinced by these arguments, of course. Many local government officials complain that current purchases are costing taxpayers more money.

"There probably will always be those who maintain post commissary prices reflect true costs and wonder why supermarkets cannot compete," says Congleton. "If this premise were true, then America's economy is all wrong and we all should have commissary privileges."

GATES

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Mr. and Mrs. Walter A. Thomas, Sr., and Chris drove to Vancouver, B. C. over Labor Day weekend. While there they visited with Mr. and Mrs. Phillip Howard of Vancouver and Mr. and Mrs. Charles Thomas and Charles, Jr., of Stave Falls. On their return trip they attended the Northwest Federation's 29th annual Festival of Gems held at the King County Fairgrounds at Enumclaw, Wn. They also visited briefly at Mt. Ranier National Park. The weather was perfect and they were able to take many pictures.

Mr. and Mrs. Willard Gabriel and family visited his brother and family, Mr. and Mrs. Robert Gabriel of Sweet Home Sunday. His sister, Mrs. Dale Swenson from Arcadia, Calif., was also visiting the Robert Gabriels.

Saturday Mr. and Mrs. Willard Gabriel went for a horseback trail ride on Skyline Trail to Mt. Washington and into Belknap crater.

Visiting the Fred Moore home are her brother-in-law and sister, Mr. and Mrs. C. W. Wiseley from Port Isabelle, Texas. On the weekend they visited Bend and Peterson Rock Gardens. The Wiseleys will depart for Texas Thursday.

Mr. Herbert Hampton won second place ribbons on each of her two entries in the foreign cookies and pastries at the State Fair. Her entries were Chinese and Greek cookies.

Mrs. Harold Wilson and house guest, Mrs. Aaron Watson, of Portland, and Mrs. Nellie Allen and Kay Colburn spent Thursday at Breitenbush Hot Springs.

BIRTHS

Santiam Memorial Hospital (Stayton)

REYES—To Mr. and Mrs. Leopoldo Reyes, Turner, a girl, August 27, 1969.

ECKLUND — To Mr. and Mrs. Roger K. Ecklund, Silverton, a boy, August 28, 1969.

HISER—To Mr. and Mrs. Gerrie R. Hiser, Salem, a boy, August 29, 1969.

COLEMAN — To Mr. and Mrs. Kenneth R. Coleman, Turner, a girl, August 29, 1969.

STEPHERSON—To Mr. and Mrs. Kenneth A. Stephenson, Stayton, a boy, August 29, 1969.

MEHAMA

Mrs. John Teeters
 James Phillips, son of Mr. and Mrs. Keith Phillips has been attending summer school at the University of Oregon and will be continuing to obtain his master's degree in education. James is a teacher in the Roseburg schools and has been granted a leave of absence and a special fellowship to finish his schooling. A lot of his work is with underprivileged children. He is a 1952 graduate of Stayton High.

Mr. and Mrs. Leonard Wallen attended a family gathering Sunday, August 24 at the home of their son-in-law and daughter, Mr. and Mrs. Allan Choate and family in Stayton.

Mrs. Don Engdahl and sons Lee, Max, Chris and Garth returned Tuesday from Seattle where they spent several days at the home of Mr. and Mrs. Doug Verdery and Treen. Jane Engdahl remained in Seattle until Saturday.

Mr. and Mrs. Elmer Taylor were hosts at their home Saturday evening, August 23 for the planned pot luck supper and meeting of their pinocchio club. Members present for the supper and evening of cards and visiting were Mr. and Mrs. G. D. Myers, Mr. and Mrs. Joe Bowes, Mr. and Mrs. Fred Rienke, Mr. and Mrs. Keith Phillips, Mr. and Mrs. Giles Wagner and the hosts.

Mr. and Mrs. Ron Julma and three children have moved to Beaverton after spending several weeks here at the home of her parents, Mr. and Mrs. Oren Small, while they were waiting for their new home to be finished. Also visiting a week recently at the Small home were Mr. and Mrs. Paul Cohnet, of San Benito, Texas.

Mr. and Mrs. John Shafer returned recently from a two weeks' trip to British Columbia which included salmon fishing at both Power River and Campbell River. They were accompanied by Mr. and Mrs. Otto R. Kuehn and Mr. and Mrs. James Barry. Both couples are from Milwaukee, Wisc. The Kuehns and Barrys spent a couple of days in Mehama with the Shafers after they returned.

Mrs. M. V. Frame and Mrs. E. J. Hughes returned from the coast Wednesday afternoon, August 28 where they spent several days in the company of Mr. and Mrs. Orval Greer of Leaburg.

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