

DEATH TAXES AS BUSINESS KILLERS

Assistant Treasury Secretary Tells Fable of Fate of Two Successful Men.

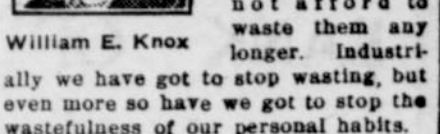
Men cannot be expected to continue to work, day after day, increasing the productivity of this country and benefiting others, if they know that on death the major portion of their earnings will be dissipated in Federal estate and state inheritance taxes, declares Charles S. Dewey, Assistant Secretary of the Treasury, in the American Bankers Association Journal. He says: "I am going to relate a fable in terms of modern business conditions. John Henry and Walter Brown were aggressive, hard-working men, and each had started business for himself. "At the time this history opens, John Henry had just died, leaving his entire estate to his son, John Henry, Jr., and had appointed his old friend, Walter Brown, as executor. Prior to his death John Henry had moved to California, leaving his business in the hands of his son under whom it had continued to make excellent headway. The father had been doing a little speculating in oil. This venture had not proved successful and he was indebted in the sum of \$500,000. "Executor Walter Brown, on examination of the estate, found the following situation: "Capital stock of Henry & Co., Inc., a Michigan Corpn. \$5,000,000 Personal debts due banks 500,000 "Walter Brown soon made the unpleasant discovery that in addition to the personal indebtedness of \$500,000, and administration expenses of \$250,000, the following death duties must be paid: Federal estate tax \$497,500 California inheritance tax 585,700 Michigan inheritance tax 122,900 Total \$1,206,100 "Added to the personal debt and administration expenses, this made a grand total liability of \$1,955,200. The year was 1920. Money was tight. Other manufacturing companies in the same line which might have been interested in a purchase had no money for extensions nor were the banks in a position to handle a loan of this type. Here was a most successful business, built up from small beginnings by one man and carried on to further successes by his son, about to be placed under the hammer. "Is there any justice in taxation that may force a man and his family to lose the fruits of his entire life's labor, and permit others to benefit? As a last resort, Henry, Jr., was forced into a bond issue. A loan, to settle the debts, administration expenses and death duties, of \$2,250,000 was negotiated, upon the following basis: "The capital stock of the company was left at \$5,000,000 represented by 50,000 shares. First mortgage 8 per cent bonds were offered the public with a bonus of two shares of stock with each \$1,000 bond. The banker, to protect his bond customers, kept 30,000 shares to assure control of management, and John Henry, Jr., received the balance of 15,500 shares. John now has a good job as general manager of his father's old company, but they do not pay him very much. "Now we must return to Walter Brown, executor of John Henry, Sr. Walter had always kept close to his own manufacturing business. The more he considered his own situation, the more closely it seemed to him to resemble that of his old friend. "He therefore called a lawyer and made a complete schedule of his assets, requesting that an estimate of administration expenses and death duties be made. The schedule of assets was as follows: Capital stock, Walter Brown Co., Mich. Corp. \$4,000,000 California real estate 1,000,000 Tax-exempt bonds, Minn., Mont. and Colo. 500,000 Total \$5,500,000 "Within a few days Mr. Brown's lawyer made the following report: Debts and admin. expenses \$500,000 Fed. estate tax \$710,025 Cal. inheritance tax 443,194 Mich. inheritance tax 260,409 Minn. inheritance tax 4,289 Mont. inheritance tax 4,484 Colo. inheritance tax 2,700 Total death duties \$1,825,703 Total expenses \$1,925,703 "On this basis the estate suffered a reduction from \$5,500,000 to approximately \$3,574,000, thus wiping out all assets except the corporate stock and placing a heavy loan on that. Mr. Brown had one son and, as he thought of John Henry, Jr., toiling away with little hope of opportunity he determined that he would not subject his own son to the same tribulations. "Boom times having come, there was no difficulty obtaining a purchaser for Walter Brown & Co., and the California real estate was sold at a good price. The whole was invested in tax-exempt bonds which yielded a very safe return of about 4 1/2 per cent.

Walter Brown then moved his legal residence to the more friendly climate of Florida, where state inheritance and income taxes are forbidden. "The country suffers by the loss of effort which Walter Brown might have continued to expend under a more intelligent system of taxation. We must reform the tax system in such a way that business and industry shall not be hampered. We must make sure that American citizens shall not be deprived of the incentive to work and accumulate and that this country shall not cease to be a land of opportunity. A tax system which discourages initiative cannot be the right system for America."

STOP WASTING--OR FACE PAUPERISM

By WILLIAM E. KNOX President, American Bankers Association

The American standard of living, the highest in the world, came easily in the past from the abundance of our natural wealth, but it can be maintained in the future only by drastic national economy in the use of that wealth. We have grown up to our resources. We can not afford to waste them any longer. Industrially we have got to stop wasting, but even more so have we got to stop the wastefulness of our personal habits. The paramount challenge to education in America today calls for the effective teaching of personal economics--for education in the management of personal incomes so that they will give every individual a good living during his productive years and provide certain security for the non-productive years of his old age. Forty-four million people, two-fifths of our population, are gainfully employed in the United States, earning more than \$60,000,000,000 annually. The management of the expenditure of this \$60,000,000,000 annual pay check is the biggest and most important business in America. It has been estimated that upwards of \$10,000,000,000 of this personal income is wasted annually. More than a billion, it is estimated, disappears in foolish speculation in fake schemes. The spirit of waste in America is a heritage of the past, but today the country has more than one hundred and fourteen million people to support and no nation's resources can withstand extravagance indefinitely. An increase in population will mean a reduced average of personal wealth unless intelligent management maintains a progressively more economic utilization of the national income. To teach our people this is the task of education and it can not begin to meet the task a moment too soon. The advance of civilization makes man's existence a more and more serious business. Human responsibilities and duties increase each year. If progress has made life more abundant it has also made it more expensive. It is impossible for most men to increase their real wages. Therefore they must meet their added responsibilities out of more economic employment of what they get. The schools must teach our young people so to manage their own personal affairs as to insure that they will lead lives that have an economic worth to society and to themselves. Business must provide plans for its workers to enable them not only to earn but also to save so that the teaching of the schools will not prove an illusion in practice. Do these things and we will have no pauperism in America. Neglect to do them and we will ultimately develop pauperism--a nation's worst social crime.



William E. Knox

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STRAIGHT TALKS WITH AUNT EMMY

ON HAVING MONEY ON HAND

"Aunt, why is it such a good thing to have cash in the bank?" asked Jane of Aunt Emmy. "Mr. Wilkins was talking to father yesterday and he said that every one ought to have a certain amount of cash on hand."

"He meant that if you keep some of your money in the bank where it can be had any time you might be able to use it to excellent advantage," said Aunt Emmy. "Every now and then a good opportunity presents itself to make a nice profit in some business deal if you only have the cash on hand so you can act quickly. Don't you remember about that quarrel the Brown brothers had over their inheritance and to settle it sold that house in Center Street? Old Peter Haskins

FOR SALE--Cow. F. E. Sipe. 3rd and Nehalem. Vernonia. 50-1t

CHURCH NOTICES

CHRISTIAN CHURCH Sunday school in the Rose Theatre at 10 and the morning service at 11 a. m. Endeavor at 7 and the evening service at 8 p. m. We wish to thank all who helped make our picnic a grand success.

WANTED--Old cotton rags at the Eagle office. must be clean. cash paid. 40-1t

bought it in for \$3,000 and the next week sold it for \$4,300. If he hadn't had the cash on hand he never could have made that handsome profit." "Yes, Aunt, that's all right for Mr. Haskins, but I'm never likely to have \$3,000 or \$4,000 on hand." "Well there are other little ways to make a profit," said Aunt Emmy. "For instance, you can always benefit by cash discounts. That is, if some one asks you to pay, say \$100 for a thing, you can usually get it for less, sometimes ten per cent less, if you pay at once in cash. You always should have some of your money in cash so that you can take advantage of golden opportunities and cash discounts."--A. B. Aymes.

BANKERS HELP

Mason County, Mich., bankers are backing the county move to replace scrub stock with purebred cattle. The plan as outlined by the county agent is to purchase young purebred sires and place them wherever a farmer is found who is willing to undertake the proposition. The bankers will advance the purchase price and take a note for one year without interest. The idea is to make it as easy as possible for the farmers to procure thoroughbreds.

LOCALS Picked Up About Town

Dr. Cole and Lloyd Thomas were Portland visitors Wednesday morning.

J. S. Culbertson was charged with carrying concealed weapons this week, and trial held Thursday morning. The warrant apparently was not properly made out or signed, no date or place mentioned, and no trial, as the whole thing was thrown out of court.

Born, on Monday, July 20, to Mr. and Mrs. Charles Ratke, a girl.

Mr. Bateman has built an addition to his residence.

Lester Sheeley was a county seat visitor Tuesday.

Born, to Mr. and Mrs. P. J. Shipley, July 4th, a girl.

Columbia County Pomona meets with the Clatskanie grange in the city of Clatskanie, Saturday, August 1st. Governor Pierce will be with us, states Maud J. Mills, secretary and we have every grange in our county represented. Subordinate grange secretaries should send in their reports at once.

For your pocketbook's sake, be sure and read the ads in this week's Eagle. Some mid-summer offerings you can't afford to overlook.

In city street work and county work at edge of town. Vernonia is adding 100 men to its pay roll for the next 60 days.

Better take in the ball game at the Vernonia grounds Sunday. It promises to be a peppy, interesting contest and the home boys need your support to help them win.

Some of those Chinese Generals "ain't Gonna Reign No Mo"

Mrs. S. C. Morton and Miss Olga Heilborn, of the St. Helens Mist, were Vernonia visitors Tuesday evening.

The Vernonia postoffice is all dolled up with new paper and new paint. Shines like a new top and looks much better.

Mrs. A. Lester returned this week from an extended visit with relatives in Washington.

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ISN'T IT A FACT

Attention to personal appearance is absolutely necessary if a man expects to make the most out of life. Always look your best. This applies to the individual, to the store, to the community, to the state of Oregon.

It is easier to push a wagon on the move than one standing still. Associate with active, successful business men. Success inspires success.

Just as long as there is a service to be supplied, just so long will there be possibilities for improving service. What was good service one year ago, stands a chance of being considered ordinary service today.

Co-operation is the act of laboring together with others for a common end. It is to so conduct yourself that others can work with you.

The co-operative spirit today does not aim at cutting out any wing of an industry, the middle man or any other man, but rather aims at helping each wing properly to fulfill its particular function.

A farmer was one day driving a team of horses attached to a cultivator, and a stranger stopped to look on. "Your horses work well together," said the stranger. "Yes, replied the farmer, "one is willing to do all the work, and the other is willing to let him."

The greatest game in the world is success and every man who is a man is playing his cards to win.

History demonstrates that most men who have climbed highest,

learned when their feet were yet on the lowest rounds of the ladder, of a marvelous compelling power, whose use had an irresistible effect. The marvel was its simplicity, for this mysterious power was "courtesy and politeness." A. S. Dudley, in "Oregon Business."

Every valley has its hills. Every success has its hard climbs--but, the green, fertile valley of success is worth every honest effort.

Beach Suits Reveal Gay "Futurist" Silks



Here is pictured another of those newly arrived beach suits of printed

that go so much toward making their wearers highly decorative parts of beach scenery. These pretty suits are not so revealing as the regulation swimming suit which follows the lines of the figure--whatever it may be--with merciless fidelity. Beach suits undertake with great success, to do a little flattering.

Among them have appeared the new "futuristic" silks, in vivid and beautiful colors, and the reader is referred to the picture for details of approved patterns. They are much mixed up as to design, and only the futurist can explain them, but why worry about explaining beauty? Often short, black satin tunics are worn with the colorful overgarment.

Father Sage Says:

A dramatic critic is a feller that failed to make a hit as a playwright!

WANT ADS

TOO LATE TO CLASSIFY FOR SALE--Lot 80x100 near high school; all cleared and fenced. \$500. E. C. Schubel, Thehorn. 50-2t

40 ACRE FARM FOR SALE I will sell my 40 acre farm at an attractive price for a quick deal. Lies one and one-half mile from Vernonia, just beyond the city reservoir. A 7 room good house, two good wells, place all fenced, 12 acres in hay crop, good garden, family orchard. A place we want to show you. Am offering place for \$3000. Give good terms. John Hall. 50-2t

Miller Mercantile Co. INCORPORATED MILLER'S Good Goods EVERYTHING TO WEAR STORES AT CORVALLIS HILLSBORO MCMINNEVILLE MONMOUTH STORES AT NEWBERG SALEM SHERIDAN VERNONIA Our July Clearance SALE Is Now on in full Swing YOU CAN ALWAYS DO BETTER AT MILLERS Vernonia's Leading Store

SUCH IS LIFE by Dan Zelm WHAT COUNTED IN BLIDDY'S S-T-MAY-SHUN.

