



Taxpayers Digest

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OSU Purchase of \$62,500 House Sparks Controversy

Proposed purchase of a \$62,500 house for use by the new president of Oregon State University, Dr. James H. Jensen, has touched off a controversy. The spark was initiated by Mrs. Dorothea L. Pearson, wife of State Sen. Walter J. Pearson (D-Ptld.) in an angry letter to the *Portland Journal*.

Terming the figure "preposterous", Mrs. Pearson wants to know why the state Board of Higher Education is permitted to purchase such a house when the state cannot afford a governor's mansion. While the board of education has not taken formal action, the purchase was approved by an executive committee of the board at a May 20 meeting.

Press secretary for Chancellor John R. Richards said that the reason for the purchase was because the old presidential residence was too small. He said that the president's home is similar to that of a minister's and is used for public meetings and conferences. However, it is noted that Dr. A. L. Strand, retiring OSU president, will be allowed to live rent-free in the house he occupied. Strand will continue to work as director of institutional research.

The state provides free housing for the presidents of universities and colleges in the state system as well as the chancellor. The president's residence for the University of Oregon was purchased for \$15,000 in 1941, but is valued today at about \$65,000. The chancellor's house at Eugene would cost \$97,464 to replace. The state paid \$18,500 in 1947 for the president's residence at LaGrande, but would cost \$54,900 to replace. The home at Monmouth cost \$12,500 in 1947; its replacement figure is estimated at \$49,500. The state pays \$285 a month for a furnished residence for the president of Portland State College.

Anyone willing to compute these figures into classroom facilities and space which educators are constantly saying is desperately short in supply?

Congress Raps Military Buyers

Members of the House Military Appropriations Subcommittee read admirals and generals who buy for the military services a stiff lecture in their report which gave them \$14.8 billion more to spend on ships and weapons.

These are not criticisms of current policies, but criticisms of old, established Pentagon habits, some of them the products of the system of shifting career officers to new jobs every two or three years.

1. The heart of the trouble, says the subcommittee, is that military buyers don't let enough contracts on a competitive, formally advertised basis. In 1960, they spent only \$3.4 billion through advertised bids while \$15.2 billion was spent by negotiating contracts with single sources.

2. Military buyers let sole suppliers keep data that would-be competitors needed. Semi-trailers for the Army cost 20 per cent more because the Army did not get its specifications from the original builders and distribute them to would-be competitive builders.

3. They let subcontractors become sole suppliers, too. The Air Force paid a contractor \$240 each for certain missile batteries which the contractor in turn purchased from a subcontractor for \$200 each.

4. They don't like to change established channels of supply. The subcommittee is not convinced that the Navy is taking proper advantage of the strong element of competition that is available in the ship building and repair field.

5. They let contracts without knowing costs. The Air Force bought special radios from a contractor whose low bid simply ignored \$600,000 he would have to spend to set up his production line. After he had spent it, the Air Force reimbursed him without objection.

JFK Tax Program Revised

As was noted earlier by the *Digest*, President Kennedy's tax proposals are undergoing sharp and meticulous surgery by Congress. The House Ways and Means Committee is at the present writing some of its own ideas into the program.

While liberals will try to keep parts of Kennedy's program intact, the committee will be strict in the taxing of foreign investments and income from foreign-based subsidiaries and will replace the \$50 exclusion and 4 per cent tax credit on dividends. The committee also allows deductions for such items as night-club expenses and hunting lodges in specific instances and would exempt persons with small incomes from withholding on dividends and interest.

Washington observers say that the committee report does not extend much beyond the existing law and that the authority of the Ways and Means Committee is such that attempted liberal changes will be blocked.

House Kills Mail Rate Proposal

By a vote of 13-9, the House Post Office Committee elected to postpone until April 17 any further consideration of postal rate increases, thereby all but killing the President's proposal.

The motion was offered by Rep. James H. Morrison (D-La.) who says that "The bill now is dead as a doornail." Other members of the committee generally agree that President Kennedy's request for a hike in postal rates is now out.

6. They buy too much. Thirty-one per cent of the \$42 billion inventory of 3,700,000 military items now on hand consists of a supply that is too much.

7. The military services don't compare notes. The Army bought aircraft mooring anchors for \$1.25 each while the Air Force was buying them for 25 cents each.

8. They don't share planning. Both the Air Force and the Navy face similar problems of replacement. The two services should get together, the committee thinks.

Digest Marks First Publication Year

It has been said that the first year in the life of any publication is the most trying. It is a time for hurried conferences, agonizing deadlines, stuffy budget meetings and all at an ulcer-inducing pace. How long ago, it seems, when the first pages of the **Tax Corrector** rolled off the press!

But we have come and we have conquered. Now, we are about to take that second step, not entirely unlike the captivating second step of a child. The only differences between the first and the second step is that confidence is greater and an experience has been gained by which we can judge and measure our progress into the distant tomorrows.

To thank everyone individually who has helped us would be a pleasant task, but nevertheless a space-consuming one. That we do not have, and we must rely upon the knowledge that these people know who they are and what they have accomplished. Pride, foolishly advanced, becomes artificial and empty; yet, we gladly heap our thanks upon the shoulders of our subscribers, donators, and advertisers and welcome them to join us in a job well done. The **Digest** is none the less a product of their efforts and support as it is ours.

As to future issues, we can only promise you, the taxpayer, our unqualified support; that, reiterating what we once said, we will endeavor to cover all aspects of taxation, both theoretical as well as practical and that no alley however apparently blind, will escape our closest scrutiny. With your continued assistance, how can we but succeed?

—THE EDITORS

—TRENDS—

Caution is probably the only way the Oregon political climate can be described, but underneath the apparently smooth surface, political figures are weighing possible moves from positions that are relatively secure.

It now seems to be adding up to this. Governor Hatfield will rerun, and barring a prominent dark horse, will probably win. His likely opponent? Attorney General Thornton. But how about Portland's Mayor Terry Schrunk? (Dark horse?) Unless the clamor gains noisy momentum, House Speaker Robert Duncan will not be a gubernatorial candidate, but watch for him to move into Oregon's Fourth District against Congressman Durno.

Will Senator Morse have a formidable Republican opposition? It's a good bet, now, that Secretary of State Howell Appling will be tabbed for this job. The primary reason being that he has nothing to loose.

The **Taxpayers Digest** is published by **Taxpayers Publications, Incorporated**, a non-profit organization devoted to publishing tax news in the interest of the general taxpayer.

The **Taxpayers Digest** actively supports groups interested in problems of taxation and tax savings and provides a means by which such organizations may reach the general public. It holds that homes used as homesteads by the owners whose yearly income is less than \$2,000 should be tax exempt and that taxes should be placed where they will hurt the

While the Newberger-Green squabble is the result of purely antagonistic personalities, the rift is causing concern and more than minor disturbance in the Democratic Party. One accusation being aired is that the conflict is being used to rid the party of anti-Kennedy forces. Congresswoman Green may have some real competition from a big name liberal if financial support can be obtained. If the money cannot be raised, Mrs. Green will undoubtedly go through another primary unchallenged.

Is County Commissioner Al Brown going to run for re-election? If he does not, look for a mad scramble among the Democrats. One such scrambler could be a popular liberal, State Senator William Grenfell, who makes no bones about his distaste for the Senate leadership during the last session.

Senate President Boivin is seriously looking at Congress and in particular Second District's liberal Al Ullman, who just this session landed on the powerful Ways and Means Committee of the House.

Watch for President Kennedy's critics to begin firing salvos, aimed not directly at the President, but at his administration. One example: **Life Magazine**: says that Kennedy is o.k. as a person, but his administration is full of "kibitzing brain-trusters who powwow at the drop of a hat." Confusion has become apparent even to the lay observer and lines of responsibility are not clear.

Is another political foray blooming in Portland? When Mayor Schrunk recently announced a special committee to study the desirability of reconstructing the Municipal Auditorium or building a new and better structure, the **Oregonian** took him to task for by-passing the Portland Planning Commission and advocated, of course, a site somewhere downtown Portland.

However, before we have a building set-up and operating, gentlemen, there are several questions to be answered. First, where is the money coming from? How much? Will the ballot measure

economy the least and from where they cannot be shifted. Subscription rates: \$1.00 per year (6 issues); commercial ads: \$2.50 per column inch.

Readers are invited to send their opinions to the Editor, **The Taxpayers Digest**, P.O. Box 2506, Portland 3, Oregon, but the publisher and his staff assume no responsibility for views expressed by individual contributors. **Harvey Akeson**, publisher; **H. James Hotelling**, editor; **Erick S. Hansch**, business manager; **James H. Schoppe**, consulting editor; masthead design by **William H. Gwin**, illustrator.

spell out in black and white the location, the size, and other specifics? Not to mention, exactly what we are building? Or will we have to go through another E-R hocus-pocus?

Schrunk appointed E-R Commission Chairman Ted Bruno as head of his committee to study the proposal. This is like saying: "I agree with you, Ted, that we do need a new auditorium and it should be at the E-R site. Now, let's see if we can find some reasons for it."

We should also find some reason why it wasn't included in the E-R proposal as was promised. One minor request: let us know who owns the land on which it might be built.—**Jim Hotelling**

Out of the Mailbag— EDITOR:

The big question of today seems to be what to do about the unemployment in this country of ours. It is getting worse every day.

Take our own Oregon Lumber Industry for instance. We all know lumber is the main product of Oregon, but at the present time the logs are being sent to Japan where they are cut into lumber and made into plywood, then shipped back here and sold for less than what our own mills can produce it for. This was called to my attention and I did some investigating and found it to be true. Many men will be forced out of jobs and those who are making payments on their homes will be in danger of losing them. Many families are already losing their homes because they are already out of work.

A good deal of our industry has moved to Europe. Much of our clothing is imported and most of our children's toys come from Japan. American industry is being run out of business in this country and creating more and more unemployment. Something must be done to remedy this situation.

Tariffs and duties must be raised on imports in order to give our own industries a chance to survive. American
(Continued page 4, Col 2)



Picketing a vacant lot in Portland, representation carried such signs as "Encourage Good Times of Students Associated for Constructive Taxation."

Small Business Neglects Export Sales

BOB HENRY

Assistant Traffic Manager
Commission of Public Docks

There has been a lot of talk about encouraging small business to go after export sales. So far, heartening responses have been few and our expanded exports must be mainly attributed to increased sales of experienced firms dealing in familiar commodities. Newcomers have stayed in this proven area and are selling established commodity lines.

These gains are, of course, good. Not so good is that we as a "nation of businessmen" haven't really embarked on a full scale foreign sales campaign. Small firms, standing up to rough competition from national brands here, are meekly surrendering lucrative overseas markets to no tougher opponents.

Eased import restrictions and lowered customs duties are making these sales easier to close, yet we are not grasping the opportunity. A French journalist recently pointed up something we may have overlooked. Their market, he says, is wide open to foreign goods. Price and unknown public tastes are the problem to attack, but, for some products, easily overcome.

One thing, he claims, is certain to click and sell well: **products we have and they have never heard of.** Stock the shelves and create desire, he prompts. This can be true in other markets as well.

For small business, probably the easi-

est way to reach the market would be through the use of foreign sales agents. Import brokers may work well but tend to raise the price beyond what our goods can stand.

Many foreign firms actively solicit the handling of American products on a commission basis. We know of many and the Department of Commerce compiles lists. The small businessman must be encouraged to get this information and try his hand. (Reprinted with permission from **Harbor News**)



Bob Thierman (left), Portland State College; Leslie Mueller and Nick Tideman, Reed College, add finishing touches to picket signs.

Portland Students Picket Vacant Lot

A commercial lot along Sandy Boulevard was picketed last May by college students who used the demonstration as an objection against unfair taxation on improvements. They claimed the lot, as well as 10,000 other vacant lots in Portland and 13,000,000 others throughout the United States is "undertaxed."

Representing Students Associated for Constructive Taxation, they expressed concern over the diminishing part played by land taxes in the United States and the consequent growth of speculative holdings. They called it a national scandal that unearned increases in land are classed as capital gains and so taxed no more than half as much as ordinary earnings.

As a basis for their demonstration, the students passed out an explanatory news-sheet which quoted housing authorities, bankers, economists and real estate experts. Quoting such people as Winston Churchill and such publications as **House and Home**, the pickets showed that the "undertaxation of land" has lead to inflated land prices, putting a squeeze on builders. They suggested higher taxes on land and lower taxes on homes and other improvements and pointed to David Lawrence, Governor of Pennsylvania who said that taxation of improvements at half the rate applying to land "has been a good thing for Pittsburgh."

Signatures on a petition were also collected, asking the Portland City Council to seek the power to give tax relief to improvements, making up the revenue by higher rates on land.

Nick Tideman organized the demonstration. (Photo—Jim Hotelling)

Export-Import Dilemma Requires National Solution

Two letters found in our Mailbag express in typical fashion what many people hold as their conviction regarding imports of foreign made goods.

As is so often the case in the field of economics and foreign trade, we are torn between two seemingly antagonistic principles: on the one hand we like to see the domestic industry prosper with a large and well-paid work force, and on the other hand, each one of us, patriot and cosmopolite alike, wants to take advantage of the low prices offered from abroad.

As a nation we have not yet found the right solution to this dilemma. This article is meant to contribute certain unorthodox, though not original, thoughts toward a more fruitful discussion of the subject, and to start with, it should be said with all possible emphasis that all economic activity strives constantly to transcend national borders. That is something which wants to assert itself with the force of a natural law.

Also, may it be suggested right from the outset that for once we should not run to the government for help, although we take great pride in this government of ours. What we expect from it, however, is to concern itself with establishing rightful relations as between its citizens, and between them and the State—apart from attending to our foreign political relations. But frankly, we are resentful that the government should have the power to start and stop, help and hinder all economic activity. Our lawmakers have not been sent to Washington as businessmen or industrialists; we find that they are just as bewildered by the multifarious, vexing problems of economics as the next man. So, why don't we go once to our business leaders and labor leaders, and ask them to come to our help? Is it because we have lost faith in them and in their abilities, and most of all, in their rectitude?

Here would be offered a wonderful opportunity to redeem themselves.

To return to our problem of imports, clearly our established domestic industries should not be hurt by them, although just as clearly we owe it to ourselves to take advantage of good bargains when they come our way.

The essential feature of an arrangement under which a revolution in world economic affairs could be brought about would consist in the very simple process of placing all importing, including the profits therefrom, into the hands of interested producing industries.* Usually these profits are made by professional importers in competition with home pro-

ducers, and such competition is normally regarded as healthy. But if the greater well-being of our whole economy should depend upon these profits being diverted into hands other than those of mere importers, such a sacrifice for the general good would be comparatively small.

The plan of allowing bona fide American producers to take charge of imports would prevent mere importers and speculators from cutting into producers' markets. It would also permit the passing on of imported and home-produced articles at favorable prices to the ultimate consumer. But its most important aspect from the viewpoint of the worker and consumer would be the fact that with its help the source of our prosperity would be continued. And the talents of specialized importers might still be employed in importing for and on behalf of an interested industry.

It would be desirable to create a kind of non-government National Business Board which were to keep in touch with the country's export and import requirements. Part of its task would be to seek to cushion the effects of greater imports until markets are adjusted to them. When necessary it would encourage imports as a patriotic duty. Its job could also be to ask the government (under powers which the government might be given) for tariff reductions on limited specific imports in exchange for similar concessions from foreign customers.

On this whole problem of how to take advantage of low priced imports without hurt to our established domestic industries, there is some literature available that can shed more light on the details than we can give here in the limited space, and students of the problem are urged to research further in this sparsely explored field.—E. S. Hansch

*The following three paragraphs follow closely the relevant passages in Ralph Courtney's expose "World Economy Without World Government" in the *Forerunner*, September 1944.

MAILBAG—(from page 2)

manufacturers are moving their plants to foreign countries where wages are cheaper and even with our present tariffs on imports they make more profit than they could if they manufactured the same product here at home.

I realize we must engage in some foreign trade, but let's be honest with ourselves. Our people need jobs too; so what are we going to do about it? Must we all go on the food stamp plan while foreign countries take over our jobs and money? We're being sold down the river while foreign imports take over our livelihood. At the pace it's going we will be lucky to last another four years.

—Larry Gould, Portland, Oregon

To the Editor:

When we read of a depressed area within our country, we attempt to analyze the basic problem before accepting the Socialistic idea that American taxpayers should give aid in the form of federal aid. First, the tariffs go down as regulated by the concealed power of an international commercial treaty known as General Agreement on Tariffs and Trade (GATT), which, in my opinion, is a tentacle of the United Nations octopus. Although Congress has not ratified GATT, is it necessary since it did ratify the United Nations Charter?

As tariffs go down, imports increase, sales of American-made products suffer, then the factories either go bankrupt or move abroad and our people are unemployed in a "depressed" area.

It is imperative that Congress regain and maintain its rightful power to regulate tariffs and make treaties unless we want our government taken completely from the American citizenry.

—Kenneth Sliger, Portland, Oregon

• For a discussion of the import-export problem, see the article "Export-Import Dilemma Requires National Solution." However, perhaps we should note here, tariffs, per se, are not completely the answer. Such governmental action could only bring about retaliatory action from foreign countries, and as a nation which produces more than it requires, the United States in the final analysis would be the only one hurt. We must also consider the fact that American industry needs foreign markets in order to prosper and continue to grow, and by cutting off this channel of demand could only create economic chaos. The inevitable result would be larger and larger subsidies by the American government which means the American taxpayer would be required to foot an additional bill. And what is more frightening than an obese government reaching into every phase of industry telling it what it can produce, when it can produce and how much it can produce.—The Editor

TAXPAYERS DIGEST

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