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"Harmony in  
Diversity"

# PORTLAND CITY CLUB BULLETIN

"Active  
Citizenship"

VOLUME III

PORTLAND, OREGON, OCTOBER 20, 1922

NUMBER 4

*FRIDAY, OCTOBER 20*

*Hotel Benson, 12:10*

## A CITY CLUB MAN IN EUROPE

**D. C. HENNY**

Consulting Engineer

SUBJECT

**"European Impressions"**

"Our Water Supply Problems" - - - John H. Lewis

*CITY CLUB GROUP SINGING*

Numerous speakers have given the Club their impressions and analyses of the present situation in Europe, but Mr. Henny brings an account of recent personal experiences and investigations, made especially at our request. With relatives in Holland and Germany he has been able to dig out some surprising facts, official and unofficial. Come and hear him.

## COMMITTEE ADVISES AGAINST TAX MEASURES

Terse and informative reports on the flat rate income tax and single tax amendments to be voted on November 7th, were made to the City Club last Friday by the Taxation Bureau and were adopted after having been approved by the Governors. George N. Woodley, chairman, with A. N. Cudworth, M. M. Matthiessen and James J. Sayer, drafted the two studies.

The reports are decidedly readable and warrant careful study, especially the one on flat rate income taxation which gives considerable information on income taxation in general. This report is published in full, as follows;

*To the Board of Governors:*

With respect to the *Flat Rate Income Tax Amendment*, the purpose of which, as stated upon the ballot, is: "To require that one-half of the tax levy for state expenses each year be levied on net incomes of natural persons and corporations beginning with 1924, the annual rate of income tax to be fixed by dividing the amount of tax required by the total net amount of all incomes subject to such tax; providing personal exemptions of from \$800 to \$1000 for unmarried

persons and from \$1000 to \$1500 for married persons and \$200 additional for each dependent, also life insurance, gifts, bequests, devises and inheritances, and charitable corporations and corporations exempted by United States income tax law." Your Committee is opposed to this initiated measure principally because of its lack of adherence to the generally accepted income tax principles, its experimental nature and its indefiniteness of rate.

It seems to be the recognized theory of most income tax exponents that a graduated rate, based upon ability to pay, is the fairest measure of income taxation. This theory is not written in the proposed measure, nor has a similar flat rate measure as yet been adopted in any state except Missouri, where the law has gone into effect so recently that no data is obtainable as to its practical operation. This measure, therefore, must be considered as contrary to the generally recognized principles and practice, and too experimental in its nature to entitle it to serious consideration.

CONTINUED ON PAGE 3

# PORTLAND CITY CLUB BULLETIN

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## THE CITY CLUB OF PORTLAND

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### WITH THE GOVERNORS

The Committee on the "Collection and Disposal of Municipal Wastes in Portland" submitted its report to the Board of Governors on Monday and sufficient copies were ordered prepared to enable the Board to study the report, preparatory to approving it for presentation to the Club as a whole.

The application of Marshall N. Dana, in the capacity of chairman of the publicity division of the forthcoming Community Chest drive, for the release of the City Club Executive Secretary, Robert W. Osborn, for one month, in order that he might become assistant chairman of the publicity division was given careful consideration, but coming at a time when the Club's winter season of work was in full swing, the Board deemed it advisable to grant the request although, on the other hand, offering to lend the facilities of the organization, in any way consistent with the City Club functions, to insure the success of the Chest.

Consideration was given to various recommendations referred to member clubs by the Presidents' Council and to other communications.

### BOYS' WEEK ANNOUNCED

November 6 to 12 has been announced as Father and Son Week and organizations throughout the state and city are co-operating to make the week remembered by every father's son, and by those who have lost their fathers.

A new departure this year will be the culmination of the week in a big city-wide gathering at the municipal auditorium Friday night of November 10th.

The City Club Boys Committee is taking an active part in the preparations.

### OTHER CITY CLUBS

The City Club of Washington, D. C., now broadcasts its addresses by radio.

City Club Bowlers won two out of three games from the Credit Men, Monday night, and are now two games behind the league leaders.

The Milwaukee, Wisconsin, Harbor Commission will make a commercial and industrial survey of the harbor of that city and the country tributary to the Lake Michigan ports. Upon the results of the survey will depend the character of the terminals that first will be planned in the harbor development.

The City Club of Chicago *Bulletin* says that 2,000 positions in Cook county are under the patronage system. This organization aims to extend the scope of the civil service, and to obtain the Australian ballot in order to do away with the party circle and column.

The City Club of Milwaukee is agitating for a modern system of house numbering and street naming for Milwaukee. That city is also asking for funds with which to catch up with its school building program, now three years behind.

The Women's City Club of Cleveland, with a membership of 5500 and a brand new Club Building, is an influential organization, judging from its program of work and accomplishments. Lothrop Stoddard, author of the "Rising Tide of Color" addressed the Club on October 3rd.

Labor Conditions, Municipal Art, Citizenship and Immigration, Expenditures and Taxation, Public Safety, Boys' Work, City Planning and Zoning, Constitutional Convention, Education, Jail Problems, Local Government and Transportation are the Standing Committees upon which the City Club of Chicago centers its work.

The Los Angeles City Club asks its members the following question: "What will you reply to the request of the directors? Will you bring in one application for membership during October? The demand for the little folder, 'Why Join the City Club,' indicates that you are going to help."

## CLUB VISITOR HERE

A. G. Bartlett, president emeritus of the Los Angeles City Club and one of the men who was mainly responsible for the Club's growth since the war, was a guest at the meeting last Friday and also at the Board meeting on Monday. Mr. Bartlett is president of the Los Angeles City Planning Commission and vice-president of the Building Owners and Managers Association.

His faith in the City Club idea, coupled with good business management, raised the membership of the Los Angeles City Club from 250 members to ten times that number and brought about the establishment of club quarters. Mr. Bartlett's visit was timely and appreciated.

Oregon and Washington have just received \$179,418 from the federal government for roads and schools. Oregon receives \$110,015 and Washington \$69,303. The above amount goes to the counties in the two states where there are National Forest areas. Twenty-eight states share in a disbursement of over a million dollars from the Forest funds.

An actual fire run, last month, marked the passage of Detroit's last fire horses from active service and the completion of a motorized fire department. Both sides of the avenue were lined with people and it was estimated that 50,000 spectators saw the two teams in their last run. It was approximately three years ago that Portland said goodbye to "Dobbin."

In carrying out the previously adopted comprehensive park plan of the City of Cleveland, the Cuyahoga County Park Board has acquired several thousand acres of continuous parks and forest in a semi-circle around the city. Several hundred acres were secured by gifts, and the state Legislature has authorized a scheme of ten year bonding tax that will produce several million dollars and permit of the acquirement and maintenance of the complete system.

"The Old Oregon Trail," a trail of romance, of hardship and of tragedy, is to be extended from Oregon to the middle west if plans initiated by a delegation from Baker City are carried out. The next legislature will be asked to designate the state highway beyond the Columbia Highway as the Oregon Trail. Idaho, Wyoming and Nebraska have essentially promised to do the same. The old fashioned prairie schooner, the "covered wagon," is to be used as the official marker of the highway, which will extend from the Missouri river to the Pacific Ocean.

## TAX MEASURES

CONTINUED FROM PAGE 1

### *Tax Rate Uncertain*

Under this amendment, the rate of the tax remains uncertain until after the close of the income-year, since one of the factors in computing the rate is the total net amount of all incomes subject to the tax as disclosed by the income tax returns, which necessarily cannot be filed until after the close of the income year.

It will be noted also that, except for the constitutional limitation upon the total tax levy for State purposes, no limitation whatever is placed upon the rate of tax. It is simply the proportion of the aggregate of all taxable incomes in any one year required to be collected, in the form of an income tax, in order to defray one-half of the State expenses for the year following.

We are passing through, or have passed through, an era of high incomes, consisting largely of business profits. Should extreme depression ensue, and business profits in any year be practically wiped out, the large share of this tax burden normally derived from the business profits of corporations and individuals, would be thrown over upon the comparatively few corporations and individuals showing taxable incomes mainly from other sources, who would have to be taxed a sufficient rate to take care of one-half of the State expenses, no matter how few their number and no matter how small their aggregate taxable incomes might be. Obviously, this proposed measure would work serious injustice in times of acute business depression to individuals earning wages and salaries or receiving fixed incomes sufficient in amount to make them liable to the tax.

The indefiniteness of the rate, under the theory of this amendment and the lack of any limitation upon the rate we regard as most objectionable and likely to lead to extremely unjust burdens upon incomes. These features alone, in the opinion of your Committee, would effectively put up the bars against any influx of new industry, as capital would not take the risk of investment in Oregon when the percentage of profits liable to be taken for the income tax would be so indefinite, and likely to be so confiscatory, as this measure proposes.

### *Measure Is Not Recommended*

The objections to the Flat Rate Income Tax Amendment seem to approximate the proverbial "57 varieties"; but the few to which we have called attention, we believe, are sufficient to

demonstrate that the measure is not a proper one for the State to adopt.

We observe from the Voters Pamphlet that the proponents of this measure state that it "does not in any way increase public expenditure in any State department, nor increase the levy as now existing," yet the first part of this assertion is obviously incorrect and misleading, since the proper enforcement of any income tax measure, supplementing the present methods of taxation, will require an efficient and reasonably extensive corps of income tax assessors, auditor and clerks, as well as a vast amount of printing and stationery, all additional to present expenditures for administering taxes.

This additional expense does not seem to have been given consideration by the proponents of the measure. Without it, the law would be weak in its effect and unequal, and therefore unjustly enforced. On the other hand, if the necessary expenditures were incurred for the proper enforcement of the tax, the money for that purpose would have to be added to the existing public expenditures, thereby increasing taxes to that extent, and in case the total, with these expenditures included, exceeded the Constitutional limit for State purposes, the cost of administering the tax would necessarily have to be taken care of by curtailing expenditures for other purposes, quite likely resulting in the crippling of essential State activities.

#### *Single Tax Amendment*

With respect to the *Single Tax Amendment*: a proposed Constitutional amendment to Section 1, Article IX, whereby for the succeeding years from July 1st, 1923, to July 1st, 1927, all taxes for State, County, Municipal and District governments shall be raised by a tax on land irrespective of the value of all improvements. Thereafter, the full rental value of the land, exclusive of any value attached to the improvements, shall all be taken over by the respective taxing bodies for governmental purposes.

This measure, as its name implies, is a proposal to bring about a prohibition of any form of taxation of any property except land values.

Proposals to enact a modified or complete application of the "Single-tax" idea have been submitted to the voters of Oregon at four separate general State elections. The identical proposal submitted this year was passed upon by the voters at the last general State election.

Whether or not the persistence of the proponents of "Single-tax" will ever be rewarded by victory is an open question. The net results of the various campaigns in reaching their goal

## PEARCE IS SPEAKER

Ordinarily to announce a preacher as speaker at a noon meeting is to insure a small attendance of business men, but even the combination last Friday of an associate general secretary of the World's Sunday School Association with two taxation reports failed to keep away a good-sized City Club audience, due to the fact that W. C. Pearce, the speaker, is widely recognized.

Although stating that he was no preacher, Mr. Pearce admittedly exhorted his hearers (in such a way that his hearers approved and applauded), to live cleaner lives and to do something, not merely talk about it, to help the boys and girls of today toward brighter, wholesome lives.

The speaker, who has just returned from an eight month's tour of the world, cited that moral relapses were responsible for the conditions in many foreign countries today. He emphasized spiritual education as a means for raising these moral standards.

E. Earl Feike, in introducing the speaker, gave a brief history of the movement by the Brotherhood of American Yoemen to establish a children's farm-home of such magnitude as to care for the orphans of Yoemen of America. He pointed out the possibility of obtaining this school for the Northwest.

Group singing again proved a diversion for the members present. Drop around this week.

Dig that card for listing prospective members for the City Club out of your papers and mail it to the office with one or more names attached.

It is a small service that means a great deal to the Membership Committee.

may be judged by the percentage results from the previous general elections.

June 1st, 1908, with 92,937 voting on the measures, 34.4 per cent favored the proposal.

November 5th, 1912, with 113,549 voting, 27.7 per cent favored the proposal.

November 3rd, 1914, with 184,129 voting, 32.7 per cent favored the proposal.

November 2nd, 1920, with 184,709 voting, 20 per cent favored the proposal, which is identical with the measure offered this Fall.

(A report in opposition to a measure identical with this one was made by a former Committee of the City Club, in October 1920. A summary of the conclusions made in the present report are omitted.)