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"Harmony in
Diversity"

PORTLAND CITY CLUB BULLETIN

"Active
Citizenship"

VOLUME XIII

PORTLAND, OREGON, SEPTEMBER 16, 1932

NUMBER 20

FRIDAY, SEPTEMBER 16

HOTEL BENSON; 12:10

Hear Ye!

Hear Ye!

SPEAKER

DR. RAY LYMAN WILBUR

Secretary of the U. S. Department of the Interior

SUBJECT

"Is Democracy Safe?"

FOR MEMBERS ONLY!

COMMITTEE OPPOSES OLEOMARGARINE TAX

A Report by the Public Safety and Defense Section

To the Board of Governors of the City Club:

Your committee was authorized to study and make recommendations with reference to an enactment of the legislature of Oregon in its 1931 session, originating as House Bill No. 294, now reported as Chapter 286, General Laws of Oregon, 1931, and commonly known as the "Oleomargarine Tax Bill," upon which a referendum was ordered by petition of the people to be voted on at election in November, 1932.

By the terms of this act it is found that an excise tax of 10 cents per pound is imposed upon the production, manufacture, distribution

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VOTE ON APPROPRIATION OF LITTLE MOMENT

A Report by the Education and Recreation Section

To the Board of Governors of the City Club:

The Higher Education Committee of the Portland City Club, appointed to study the measure which refers to the people at the next general election the appropriation of \$681,173 for the institutions of higher education of the state, respectfully reports as follows:

In order to banish possible confusion from the minds of readers, it should be stated at the outset that the measure under consideration has no connection with nor relation to the so-called Consolidation Bill recently initiated, which has aroused so much public interest. The measure

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Tune in KEX at 8:30 P. M. Sunday

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Entered as Second Class Matter, October 29, 1920, at the postoffice at Portland, Oregon, under act of March 3, 1879.

City Club dues are \$1.00 per month, payable semi-annually on May 1st, and November 1st. There is no initiation fee.

The regular Friday luncheon meetings are held in the Crystal Room of the Benson Hotel.

APPLICATIONS FOR MEMBERSHIP

The following applications for membership, having been approved by the Board of Governors, are hereby recommended to the Club.

If no objections are filed with the Board of Governors or the Executive Secretary prior to September 16, 1932, these applicants will, under the Constitution stand elected.

MATTHEW C. RIDDLE, M. D.
Physician
Medical Arts Building
Recommended by Dr. Charles P. Wilson

PAUL L. SCHULTZ
General Agent, Continental Life Insurance Co.
Panama Building
Recommended by Ralph Thom.

J. W. HANKS
Manager, Conda J. Ham Audit Co.
718 Corbett Building
Recommended by M. D. Wells

QUINCY SCOTT
Cartoonist, Oregonian
Oregonian Building
Recommended by Dr. E. O. Sisson and M. D. Wells.

GUNTHER F. KRAUSE
Lawyer, Wood, Montague and Matthiessen
1310 Yeon Building
Recommended by Richard W. Montague and I. E. Hervin

BOYD MACNAUGHTON
Property Management,
Norris, Beggs and Bases
1111 Wilcox Building
Recommended by Richard W. Montague

KEHRLI RESIGNS

Herman Kehrl, executive secretary of the City Club for the past four years, has resigned his position in order to pursue further his interest in municipal research and administration. Mr. Kehrl plans to spend the next year taking graduate work at the University of Minnesota. He has received an appointment for part time work with the League of Minnesota Municipalities which is reputed to be one of the most effective organizations of its type in the country.

"It is with regret that I approach the end of my association with the City Club," said Mr. Kehrl in his letter of resignation. "I have enjoyed my work very much during the past four years, and I have found a great deal of pleasure and stimulation in the friendly contacts with officers and members of the Club. These four years have offered me an introduction to the practical aspects of municipal government which I now desire to study in more detail.

"My enthusiasm for the purposes of the City Club has grown steadily during these years, and I hope that the Club may ever increase its activities and influence in the community."

This resignation will take effect on October 1. A special committee has been considering the selection of a successor and will probably announce its choice at today's meeting.

Mr. Scott gave a very informative and instructive talk on the work of the highway commission which will be reported in later issue of the *Bulletin* if space permits.

Regular attendance at Club meetings as well as participation in some committee work should be the fall resolution of every member.

OLEOMARGARINE TAX

Continued from Page 1

or sale of oleomargarine. A permit is required for any person, firm or corporation, engaging in the distribution or sale of oleomargarine, which permit is issued by the State Dairy and Food Commissioner, for an annual fee of \$5.00.

Oleomargarine, as defined in the act, is construed to mean and include any compound or compounds of animal or vegetable fats, with milk, butter or any product of milk or butter either colored or uncolored that does not contain 80 per cent milk or butter fat, and is offered for sale, sold, or used as a substitute for butter.

Propose To Benefit Dairymen

The proponents of this measure frankly admit that the purpose of this legislation is to place such a tax upon butter substitutes as would eliminate such from the market, thereby creating a greater market for butter, and benefiting the Oregon dairymen. The general market price of butter is now from 22 to 24 cents per pound, and the market price of oleomargarine is 13 to 14 cents per pound. By taxing oleomargarine at the rate of 10 cents per pound it is hoped by the proponents of this measure to place the price of butter and oleomargarine approximately equal

in the retail market, as the tax would necessarily have to be passed on to the customer.

Proponents of this measure do not claim that butter substitutes are unhealthful. Oleomargarine is manufactured and distributed under Federal and State pure food regulations which guarantees it as a healthful product of food value—although it is not represented to be equivalent of butter as a food. It is true that the largest ingredient of the oleomargarine used in Oregon is coconut oil extracted from copra imported mainly from the Philippine Islands. There is only one oleomargarine plant in the State of Oregon, which produced about 240,000 pounds of butter substitute each year. It is estimated that about 600,000 pounds of oleomargarine is consumed in the state of Oregon each year. If this demand for butter substitute continued and a tax were paid thereon under this statute, the state of Oregon would derive \$60,000.00 in revenue from this source, in addition to the annual fee of \$5.00 each for permits to sell. The manufacturers and distributors of oleomargarine, however, insist that no revenue would be derived from this source, as the tax would be prohibitive, and that no butter substitutes would be manufactured or sold within the state. This is the exact situation which the proponents of the measure desire. The tax under this act, based upon the ordinary market price of oleomargarine, amounts to about 70 per cent.

Interests of Consumer Neglected

The committee fully appreciates the difficult economic problem which confronts the dairymen of Oregon, but this form of legislation does not appear to be the proper remedy. This measure appears to be an attempt to adjust an economic situation by state tariff for the benefit of Oregon dairymen. In short, it would compel the purchase of butter at 23 cents per pound in place of an acceptable substitute at 13 cents per pound. The committee feels that the economic interests of the consumer should also be given consideration, especially in view of the economic strain under which so many families find themselves at the present time.

It does not appear to be a principle of sound government to allow one industry to exterminate another through the agency of the government and its taxing power.

In addition to what has already been stated, some doubt has been expressed as to the constitutionality of such legislation in view of the obvious purpose of this act to destroy one form of commercial enterprise by way of taxation.

RECOMMENDATION

Your committee recommends that this referendum measure should be opposed at the election in November, 1932.

Respectfully submitted,

- H. J. TURNER,
- CHARLES E. LEWIS,
- A. H. COUSINS,
- CLARENCE D. PHILLIPS,
- H. A. TEMPLETON, *Chairman.*

Approved by Elmer R. Goudy, chairman of the Public Safety and Defense Section.

Accepted by the Board of Governors and ordered printed and submitted to the membership for consideration and action on September 16, 1932.

REPORTS ARE DEBATED

The open forum season for the discussion of election measures has arrived. Anyone present at last week's meeting knows that. Prior to a talk by Leslie M. Scott, chairman of the State Highway Commission, three reports were presented for action by the membership and two of them were approved. Action on the third report was postponed. The atmosphere of the election season prevailed and a number of members took part in the discussion.

D. C. Henny opened the discussion by proposing several amendments to the recommendations of the Port of Portland report, which had been presented a week before. His suggestion that the Club demand immediate consolidation of the Port of Portland and the Dock Commission took the form of an amendment proposing to omit the words "at such time" from recommendation number five. After C. C. Chapman presented the committee's reason for this wording, Mr. Henny withdrew this amendment. The following additional amendment proposed by Mr. Henny was approved:

"That the indorsement of these recommendations be sought by our Board of Governors from other civic organizations in this city and state and that with their co-operation our congressional delegation be urged to introduce into Congress at the earliest opportune time measures necessary to carry these recommendations into effect."

Port Report Is Approved

Approval of the Port of Portland report as amended was also voted after Homer D. Angell, chairman, had indicated the committee's willingness to accept this addition.

A report supporting the proposed amendment of the six percent tax limitation was presented by Edward A. Boyrie, committee chairman, and was unanimously approved by the Club membership.

Final action on the majority and minority reports on the proposed amendment permitting the waiver of jury trial was postponed until a later meeting. W. K. Royal, chairman, presented the majority report and John C. Failing presented his reasons for dissenting. Mr. U'Ren supported the minority report. A vote on Mr. Failing's motion to substitute the minority report for the majority report received a majority vote; but in view of the feeling that some confusion existed in the minds of the members as to what the issues were, final action on the reports was postponed.

EDUCATIONAL APPROPRIATION

Continued from Page 1

under consideration is a referred appropriation made by the 1931 legislature to provide funds for the use of the State Board of Higher Education for operating the institutions under the jurisdiction of that body, in addition to the fund determined by the statutory millage tax. The original appropriation amounted to \$1,181,000 for the 1931-32 biennium. Of this amount \$500,000 was vetoed by Governor Meier. The balance, \$681,173, was made subject to referendum by the Taxpayers Equalization League of Marion County.

The state institutions of higher education have during recent years derived revenues from statutory millage taxes and from additional levies made by the legislature. The amounts available from each source have been as follows:

	Consolidated Millage Tax	State Levy for Additional Legislative Appropriations	Total
1925	\$2,117,759	\$267,525	\$2,385,284
1926	2,212,455	760,564	2,973,019
1927	2,265,779	490,820	2,756,599
1928	2,293,806	706,621	3,000,427
1929	2,289,554	449,981	2,739,535
1930	2,294,976	811,684	3,106,660

Question Has Two Phases

In considering this referendum measure from the standpoint of recommending how the electorate should vote on it, your committee recognized two phases of the question:

1. What would be the immediate effect on the conduct of our institutions of higher education in the state during the current biennium if the referendum were sustained or rejected?
2. What broad effect on higher education generally would the vote on this referendum have because of a possible interpretation that might be placed on the vote in future years?

FINDINGS

In order to answer these questions, your committee consulted with tax authorities of the state of Oregon, State Board of Higher Education, Taxpayers Equalization League of Marion County, and alumni of the University of Oregon and Oregon State College. From these sources the following facts, or statements accepted by your committee as facts, emerged:

1. That Governor Meier, in vetoing a portion of the appropriation, sought economy in expenditures for higher education.
2. That he executed this veto only after the State Board of Higher Education found itself unable to say definitely how much it could and would save during the biennium in the operation of the institutions under its jurisdiction, and how much if any of the appropriation it would call for and include in the budget for the biennium.
3. That the State Board of Higher Education did, prior to the veto and prior to the referendum, plan to operate the institutions under its jurisdiction with economy, but that it could not at that time state definitely just what savings could be made.

Veto Legality Was Doubted

4. That the Taxpayers Equalization League of Marion County doubted the legality of Governor Meier's veto of a portion of the appropriation, and, seeking economy, invoked the referendum against the entire appropriation.
5. That the sponsors launched the referendum after an investigation which led them to believe that the institutions could be operated efficiently during the biennium on the millage tax and other sources of income, without recourse to the special appropriation passed by the legislature.
6. That the Board of Higher Education subsequently did effect the economy it expected, and did, in fact, set up its 1931-32 budget to make the expenditures come within the amount yielded by the millage tax plus certain reserves and other sources of income.
7. That even if the referendum is rejected in November and the \$681,173, unvetoed portion of the original appropriation, is made available for the one and one-half months remaining in

this biennium, the Board of Higher Education will not use any part of this fund.

Budget Limited To Millage Tax

8. That in making its budget for 1932-33 the Board has limited itself entirely to the amount determined by the millage tax and does not expect to go to the legislature asking for additional appropriation.

9. That among a number of the alumni of the University of Oregon and Oregon State College and friends of higher education generally the belief exists that some significance attaches to the vote on this referendum measure; *i. e.*, that future legislatures may attempt to interpret the vote on this measure as a mandate of the people as to whether the people want to restrict higher educational expenditures to the millage tax or whether they are willing that additional appropriations be made thereto in the future.

CONCLUSIONS

From the above you will note that there will be no practical result one way or the other from the vote on this referendum. Whether it is sustained or rejected will make no difference in the amount of expenditure for higher education during the present biennium. This disposes of the first phase of our question.

On the second phase, *i. e.*, the possible interpretation that might be placed on the vote recorded for or against the referendum, your committee concludes that the issue involved in this particular measure is so clouded as to offer little if any significance to the voters.

We find existing now, in July 1932, a condition greatly changed from that obtaining at the time this referendum was first proposed and brought to a position on the ballot. The State Board of Higher Education has made the economies it promised and has expressed its determination to run our institutions during present adverse economic conditions without resort to additional appropriation above the millage tax. Further the increasing public insistence on economy in all governmental functions has become more articulate and is better understood by public officials and governmental agencies. Finally, other and more far reaching questions affecting higher education in the state are appearing on the horizon. The net effect of these developments on the referendum measure under consideration has been to obscure whatever significance it may once have embodied and to nullify the effect of whatever vote it may bring forth.

RECOMMENDATION

Due, therefore, to the lack of any practical effect of the referendum measure upon the operation of our higher educational institutions during the biennium ending this year, and due to its failure to present a clear cut issue upon which the people might express their views as to the operation of these institutions in the future, your committee finds that no recommendation is justified and therefore makes none.

Respectfully submitted,

W. H. MARSH,
B. H. PARKINSON,
J. C. BEATTY,
C. J. EDWARDS,
GEORGE W. SCHOEFFEL, *Secretary*,
BERKELEY SNOW, *Chairman*.

Approved by John A. Lee, chairman of the Education and Recreation Section.

Accepted by the Board of Governors and ordered printed and submitted to the membership of the City Club for consideration and action on September 16, 1932.