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"Harmony in
Diversity"

PORTLAND CITY CLUB BULLETIN

"Active
Citizenship"

VOLUME XIII

PORTLAND, OREGON, SEPTEMBER 30, 1932

NUMBER 22

FRIDAY, SEPTEMBER 30

HOTEL BENSON; 12:10

LADIES ARE INVITED

SPEAKER

PIETER K. ROEST

Professor of Sociology, Reed College

SUBJECT

"Values--In East and West"

"If I should allow the West in its boyishly confident rowdyism utterly to crush out our opposing system of life and ideals through political power and material force, would I not be playing traitor not only to my own people but to you Westerners as well?", asks Mahatma Gandhi, whose recent "fast until death" has stirred India with unexpected political activity. Again "soul force" has triumphed in solving an important problem of the East.

Professor Roest is a student of the philosophy of the East and is well qualified to discuss the values that both East and West have to give.

AND ALSO

AN OPEN FORUM

TO DISCUSS

REFERENDUM ON OLEOMARGARINE TAX

Final action on this report was postponed at the request of the committee last week.

JUNIOR HIGH SCHOOLS FOR PORTLAND

Report printed in last week's *Bulletin*.

REFERENDUM ON CHAIN STORE TAX

Report printed below.

CHAIN STORE TAX OPPOSED

A Report by the Public Safety and Defense Section

To the Board of Governors of the City Club:

Ordinance No. 61451 was enacted by the city council September 23, 1931. It is referred to the people upon petition. The ordinance provides for the imposition of a license fee upon stores and mercantile establishments of all kinds within the city of Portland. The amount of the fee is graduated with reference to the number of stores maintained or operated by the same person, firm or corporation, through ownership, lease, supervision or otherwise. The fee for a single store is \$6.00; for the second to fifth store of the "chain," \$10.00 each; for the sixth to tenth, \$15.00 each; for the eleventh to twentieth,

\$20.00 each; and for all in excess of twenty, \$50.00 each.

Similar legislation has been proposed in many communities and has been enacted in some of them. In nine states, statutes have been enacted based upon the same principles and for the same purposes. In thirty-six states, bills have been presented to legislatures and have failed.

The purpose of the sponsors of the ordinance is frankly stated to be that it shall afford a measure of protection to the "independent" merchants and enable them to compete more effectively with the "chains". It is also stated,

Continued on Page 3

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

PORTLAND CITY CLUB BULLETIN

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THE CITY CLUB

OF PORTLAND

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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.

CITY CLUB PURPOSE

"To inform its members and the community in public matters and to arouse them to a realization of the obligations of citizenship."

THE CITY CLUB BOARD of GOVERNORS

RICHARD W. MONTAGUE	President
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606 American Bank Building BEacon 5787
- TAXATION
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1005 Spalding Building ATwater 5809

CITY CLUB NOTES

The following committees have recently been appointed to study election measures. John Shuler, chairman of the government organization and public finance section, has appointed the following committee to study the State Grange Hydro-electric amendment:

NICHOLAS JAUREGUY, *Chairman*

L. A. ANDRUS GUY HICKOK
ALBERT RIDGWAY HENRY S. MEARS

A committee to study the proposed charter amendment providing for a special tax of one-tenth of a mill for musical concerts in the parks of Portland has been appointed by James J. Sayer, chairman of the taxation section. This committee consists of:

DR. EARL R. ABBETT, *Chairman*

PATRICK BACON RICHARD R. MORRIS
HENRY S. MEARS CLIFFORD T. JOHNSON

Mr. Sayer has also appointed the following committee to study the amendment providing a ten year contract for sale of property acquired because of delinquent tax assessments:

ARTHUR A. GOLDSMITH, *Chairman*

W. D. FRALEY FERD PRINCE
ARTHUR CHURCHILL WILLIAM FEIGENSON

F. R. Schanck, chairman of the city planning section, has appointed the following committee to study the \$195,000 bond issue for the improvement of Fourth Street:

JOHN H. LEWIS, *Chairman*

C. E. ZOLLINGER DR. JOHN R. MONTAGUE
R. R. TINKHAM FRANKLIN A. KENNY

The proposed charter amendment relative to the payment of use of water by the City will be studied by a committee appointed by George W. Friede, chairman of the port development and public utility section. The members of this committee are:

PEARCE C. DAVIS, *Chairman*

J. A. ELLIOTT WILLIAM W. FORDYCE
GUY N. HICKOK L. E. KURTCHANOF

MEMBERS—ATTENTION!

Your Radio Committee is now laboring to prepare a series of broadcasts based on the many reports on election measures which are now coming in. Many of these measures are extremely important, and the findings of the different committees will prove very helpful in deciding how to vote.

The value of our radio programs depends primarily on getting an audience. Listen in yourselves, and pass the word on to your friends to listen; these broadcasts are packed full of information interesting and useful to every voter. Help us to pass on the results of City Club work to as many of our citizens as possible!

REMEMBER:—KEX AT 8:30
Every Sunday Evening

**REPORTS ON ELECTION
MEASURES ARE PRESENTED**

Consideration of several committee reports was combined with special music to make last week's Club meeting an interesting and enjoyable one.

The Club's vote on the waiver of jury trial measure was reconsidered; and after arguments for the measure by W. K. Royal and Ernest Farnand of the committee and arguments against the measure by W. S. U'Ren and John C. Failing, author of the minority report, the Club took action in support of the measure. A substantial majority voted for the majority report, although the decision was by no means unanimous.

Action on the oleomargarine tax report was postponed at the request of Herbert A. Templeton, chairman. Mr. Templeton explained that the dairy interests had been given a full hearing by the committee last spring, but that these groups now desired to present additional information and arguments not released earlier.

The report on the higher educational appropriation referendum was unanimously adopted following presentation by Berkeley H. Snow, chairman.

Several musical numbers were presented by a quartet from the Portland Symphony Orchestra composed of E. C. Stevens, Charles Walrath, Burns Powell, and C. Ashley Cook. William Robinson Boone spoke very instructively and entertainingly on "The Enjoyment of Symphony Music."

William C. McCulloch, first vice-president, presided. The new executive secretary, Russell W. Barthell, was introduced.

KEHRLI'S WORK LAUDED

The following resolution adopted by the Board of Governors and also by the Club membership at last Friday's meeting expresses the genuine regret following Herman Kehrl's resignation and extends to him enthusiastic best wishes for future success.

"In accepting the resignation of Herman Kehrl as executive secretary of the City Club, the Board of Governors wishes to express to Mr. Kehrl its keen sense of the Club's obligation to him. He has served the City Club with high intelligence, with constant faithfulness, with great good temper and with complete modesty. This is a rare record, — one which future secretaries may well emulate.

"While we accept his departure with deep and genuine regret, we congratulate him in taking a forward step in the career of public service to which he has dedicated himself. We feel certain that the entire membership of the Club fully shares our sense of esteem.

"We wish for him in his future work as high success as he has achieved during the past four years as our executive secretary.

CHAIN STORE TAX
Continued from Page 1

with equal candor, that the sponsors of this measure offer it as an opening wedge, hoping to secure further and more effective relief by subsequent state and municipal legislation.

Arguments Are Offered

The committee solicited and received from the sponsors of the measure a statement of the arguments offered to establish their position. They were, substantially, that the chain store must be suppressed as a public menace in that: (1) They are unsanitary; (2) They sell inferior goods; (3) They sell short weight packages; (4) They employ fewer salespeople to handle a given volume of business; (5) They are owned by outside interests, and their profits are poured into Wall Street; (6) They are not interested in the welfare of the community; (7) Their employees are not encouraged to establish permanent homes; (8) They pay lower salaries than their independent competitors. The committee investigated these charges so far as their nature permitted.

1. *Sanitation.*—Records of the Sanitary Division of the Health Department of the city show chain groceries and markets to be slightly superior in sanitary conditions as compared with independent stores for the same period.

2. *Quality.*—A representative of the "independent" merchants sponsoring the ordinance who has spoken frequently upon the subject was invited to offer evidence; representatives of the "chain" stores were afforded an opportunity to reply. The charges made related mainly to quality and weight of package goods. The committee is of the opinion that the charges made against the chain stores with respect to these matters stand wholly unproven. Some of the accusations were proved to be false, and in no case was the truth of the charge proved. Some very serious charges, supported by a strong prima facie showing, crumbled and fell when the facts were fully disclosed. If the sponsors of the chain store tax do not know the facts, they are to be severely criticized for offering to the public such vicious charges without investigation.

No Noticeable Difference Exists

3. *Weight.*—The Division of Standards of the Department of Agriculture of Oregon makes certain checks on package merchandise of various stores throughout the state and in most instances there is very little variance between the marked weight of a number of packages and the actual scale weight. There is no noticeable difference between the report on chain stores and that on independent stores.

4. *Employees.*—There is no way to make an accurate check on the relative number of persons employed to handle a given volume of business in a chain store as compared with an independent store. There are certain functions performed by independent stores that are not performed by chain stores, e.g. delivery, carrying accounts, collecting, etc. These give employment but have no particular relation to a comparison between the two types of merchandising establishments.

5. *Outside Ownership.*— There are approximately 132 chains operating in the city of Portland including grocery, meat, drygoods, etc. Many have only one store, e.g. Montgomery Ward, Sears-Roebuck, Bedells, Lipman-Wolfe, Kress, Newberry. Most of the chains that would be affected by the proposed ordinance are Oregon owned. The only foreign chain store on whose stockholders a check could be made was Safeway which has approximately 200 stockholders residing in Oregon.

6. *Community Welfare.*—The chain stores have made substantial contributions to community welfare. This is also true of independent merchants. There is no basis for an accurate comparison.

7. *Home Ownership.*—It is recognized that chain store employees are moved from place to place to some considerable extent and that this discourages them in establishing permanent homes.

8. *Salary.*—Investigation of this item was necessarily incomplete. It disclosed very little differences in the wages paid by the two classes of merchandising establishments. The average wages paid in large establishments, both chain and independent, are lower than those of small concerns but this is in a measure equalized by the greater opportunity for advancement.

Claims Are Considered

The claim is made that independent merchants serve the public in furnishing merchandise on credit to deserving purchasers who do not have cash and who have no other source of credit, and that they furnish service to communities that are not desirable for chain store operations. These claims are borne out by the committee's investigation.

It is claimed that chain stores are a public benefit in that they offer goods at lower prices to such of the public as choose to deal with them. The committee's investigation shows that chain stores sell merchandise from 7.7% to 14% cheaper than do independent merchants. Chain stores also do certain advertising of products such as walnuts, strawberries, potatoes, lamb, etc., which affords a better outlet and establishes markets for local producers and benefits both the producer and the consumer.

Chain stores have certain advantages over independent stores in the line of collective buying, collective advertising, superior management and greater financial resources, which permit alterations, improvements, renewals, advantageous buying, savings on warehousing charges, more rapid turn-over of merchandise and where there are a number of units of the chain in one locality, no one particular unit is required to carry a large or burdensome stock of any particular merchandise or branch of merchandise.

Chain stores suffer certain disadvantages as compared to independent stores in that the chain store policy may prevent local managers from using the most advantageous merchandising policy and from conducting the particular business to its greatest financial benefit. In certain instances elaborate and cumbersome bookkeeping methods, reports, inspections and rules and regulations that are necessary to the conduct of a large and widely distributed organization are expensive and hamper and, in a measure, defeat the purpose of chain store organizations.

Independent stores that co-operate, e.g. Red & White, may have the advantage of collective buying, collective advertising and most of the other benefits that are supposed to accrue to chain store management without being subject to many of the disadvantages of chain store organizations and without coming within the provisions of the proposed ordinance.

CONCLUSIONS

It is the conclusion of your committee:
That the attack upon chain store competition

by imposing a tax to offset chain store efficiency and consume chain store profits is economically unsound and is class legislation opposed to the public policy of a nation, state or city which claims for its chief advantage over other peoples a readiness to accept new and advanced methods of manufacture and merchandising;

That the community welfare is no more to be advanced by protecting the independent merchant than by preserving to the purchasing public an opportunity to buy at the lower prices offered by chain stores;

That the proposed ordinance would not obtain the results anticipated or desired by its sponsors in that it would not affect a number of the stronger and more widely distributed chains which have only a few stores, and in many instances only one store, within the city of Portland.

RECOMMENDATION

The committee recommends against the ordinance.

Respectfully submitted,

NORMAN N. RUPP,

C. E. ZOLLINGER,

R. R. BULLIVANT,

LAWRENCE LISTER,

LLOYD J. WENTWORTH, *Chairman.*

Approved by Elmer R. Goudy, Chairman, 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 30, 1932.

STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912.

Of the Portland City Club Bulletin, published weekly at Portland, Oregon, for October 1, 1932.

State of Oregon, County of Multnomah—ss.

Before me, a notary public in and for the State and county aforesaid, personally appeared Russell W. Barthell, who, having been duly sworn according to law, deposes and says that he is the editor of the Portland City Club Bulletin and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 411, Postal Laws and Regulations, printed on the reverse of this form, to-wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, City Club of Portland, Portland, Oregon; Editor, Russell W. Barthell; Managing Editor, none; Business Managers, none.

2. That the owner is: The City Club of Portland, no capital stock; Richard W. Montague, President, 1310 Yeon Building; Thornton T. Munger, Secretary, 514 Lewis Building.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: none.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholders or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustee, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

RUSSELL W. BARTHELL

Sworn to and subscribed before me this 26th day of September, 1932.

(Seal)

W. S. UREN,

Notary Public for Oregon.

My commission expires October 2, 1935.