FRIDAY, JULY 28

Hotel Benson, 12:10

FOUR YEARS AFTER

IS AMERICA STEERING STRAIGHT WITH HER FOREIGN POLICIES?

HEAR

A. E. CLARK

Well known Portland attorney who has been in Government Service almost continuously since the War and who has made three trips to Europe to adjust war claims.

"Are Your Children Being Educated"

SPEAKER

J. A. CHURCHILL

State Superintendent of Public Instruction.

Meet your friends at the City Club on Friday. The Public Affairs Committee is offering some mighty fine summer programs, each different and each highly interesting and instructive. Mr. Clark and Mr. Churchill are our invited guests this week. Will you be present to help receive them?

BOTH SIDES OF GRADUATED INCOME TAX GIVEN

WITHIN a week from the time the state graduated income tax measure was referred to it for consideration, the City Club Taxation Committee was ready, Friday, with a study of both sides of the question for reading before the Club. This quick work was made necessary in order that the Club might decide whether or not it would add its name to the list of organizations signing the negative argument to appear in the Voters' Pamphlet. Acting upon the Board's recommendation that the Club take no further action at present, other than to approve the report, the vote taken last Friday was unanimous for considering the measure this Fall along with others on the ballot.

"Pat" McArthur made some pointed comments on the "Aerial" attack by the Senate on the bills referred to it by the House. His talk on the amount of Senate "talk" was his headliner for the latest news from Congress, following which he gave some interesting facts on bonus, tariff and budget legislation.

Dr. Albert R. Sweetser, head of the department of botany of the University of Oregon, made a forcible plea for the preservation of Oregon wild flowers from ruthless picking by campers and tourists. He stated that fifty varieties of flowers, plentiful a few years ago, are now extinct. "The simplest remedy is not to pick flowers in the woods or along trails," he said.

Report On Income Tax

The Taxation Committee's report to the Board was as follows:

Pursuant to your request that the Committee on Taxation interview Mr. Spence, representing the proponents of the State Graduated Income Tax Measure, and report to your Board in brief from the principal arguments for and against this measure, with a view to your enlightenment in determining whether or not the City Club should join with other clubs and civic organizations of Portland in signing a negative argument against this measure for

Continued on page two

"City Club — Friday, 12:10 — Hotel Benson" Your Appointment
“To inform its members and the community in public matters and to arouse them to a realization of the obligations of citizenship.”

CITY CLUB OFFICERS

E. T. Mische, President
Dr. Otis B. Wight, First Vice-President
Ellis R. Hawkins, Second Vice-President
Dr. J. Earl Else, Secretary
Ira T. Walker, Treasurer

CLUB FINANCES ARE ON BUSINESS BASIS

City Club finances are being handled in a business-like way by the Finance Committee composed of Ira T. Walker, chairman, A. L. Andrus and C. W. Platt.

A budget for the current six months term has been adopted after careful consideration of the amounts needed to provide for carrying on and extending the Club’s civic activities. A saving in rent and other economies have been effected and the Club is being managed with a minimum of expense.

The success of the plans of the Finance Committee, however, are dependent upon the cooperation of Club members to the extent, at least, of paying dues promptly.

A statement of dues may be found on either of the two notices sent out since May 1 to delinquent members.

TAX REPORT

Continued from page one

publication in the Voter's Pamphlet, the Committee begs to report as follows:

In view of the adoption and apparently successful operation of the income tax in such states as Massachusetts, New York and Wisconsin, and in view of the generally increasing favor with which this method of taxation is coming to be regarded, both in public and expert opinion, it is not to be expected that the City Club would put itself upon record, without the most thorough study and consideration, in opposition to a proposed income tax law upon the broad ground that an income tax law is an undesirable method of raising State revenue.

Accordingly, the Committee has segregated the arguments for and against this measure which go to the question of the desirability of adopting any income tax in Oregon, from those dealing with the merits or demerits of this particular measure, believing that the Club will not care to consider the former in this connection. Examples of the arguments dealing with the fundamental question and which we assume that the Board will wish to eliminate from consideration in this connection are as follows:

Continued on page three

WHY NOT?

Have you some spare time this summer? Why not volunteer for City Club work?

There will be study in connection with nearly every legislative measure on the ballot this Fall. In addition there will be several city measures, notably a revised charter.

In the public health division, municipal garbage collection, dental clinics, hospital survey and recommendations in the Public Health Report are under consideration.

The Port Committee can use volunteer assistants and there is room for interested members on the committee which is studying the form and operation of the Community Chest.

Try calling the Office, Broadway 8079, if you have a special interest in the above subjects, or others, because, after all, it is in the opportunity to study civic problems that the true value of the City Club lies.

WANTED!

Names of prospective members for the City Club

Notify the office, 308 Henry Building

Broadway 8079
(a) That an income tax will reach sources of wealth now escaping taxation; (b) That it will reduce general property taxes in proportion to the amount raised by it; (c) That it will tend to equalize but will not increase taxation; (d) That graduated rates, based upon ability to pay, are now recognized as the proper measure of taxation; (e) That an income tax automatically adjusts itself to changing conditions of individual and general prosperity; and (contra):

(a) That an additional source of public revenue will inevitably lead to corresponding extravagance in public expenditures; (b) That the exemptions provided in any State income tax hereinafter adopted, in a similar condition of competitive development, in adopting an income tax.

Arguments Against Tax Stated

The principal arguments thus far advanced against this particular measure appear to be:

1. That, on top of the Federal Income Tax, the rates are confiscatory, and greatly in excess of those provided in any State income tax hereinafter adopted.
2. That a drastic income tax, such as this, will discourage new industries and investments, and will be disastrous to existing industries and the business prosperity of the States.
3. That the provisions of the proposed law making the income tax rolls public records and thereby giving publicity to (a) the amount of gross income; (b) the deductions allowed, and (c) the amount of income tax assessed to each taxpayer; together with (d) "such other facts as in the judgment of the Commission may be necessary for a complete roll," are wholly unnecessary features of a proper income tax law, resulting in a disclosure of the taxpayers' private affairs, not only obnoxious from the tax payer's standpoint, but extremely dangerous in the conduct of business.
4. That the exemptions of $1,500 to an unmarried person and $2,500 to married persons, with $400 for each dependent, are unreasonably high, allowing too large a proportion of citizens to escape the tax.
5. That the application of steeply graduated rates to all corporations, irrespective of the amount of invested capital, is grossly unfair, particularly to large corporations, such as public utilities having large amounts of invested capital, but whose annual income, though large, is low in proportion to the invested capital.
6. That the provision taxing the interest on bonds issued by Oregon corporations would operate unfairly as against corporations with large incomes but earning only a small percentage of income in proportion to the invested capital.

Mr. Spence is Quoted

Mr. C. E. Spence, upon being interviewed by the Committee with respect to the following arguments against the measure, replied to them substantially as follows:

1. He insisted that the rates in this measure are not confiscatory, but disclosed no reason for such high rates (a maximum of 15% as compared with the maximum of 6% obtaining in other States) except the need for money to reduce real estate taxes and relieve the farmers. He stated that the tax yield, roughly estimated, would be about $3,000,000 and that the income tax to be paid by taxpayers with large incomes under the rates as fixed in this measure, would be relatively no more burdensome than the present real estate taxes paid by farmers.
2. He admitted that the measure would have a tendency to discourage new industries and investments, temporarily, but pointed to the fact, as he claimed, that no complaint is heard on that score from States where the income tax has been in operation for several years, observing that the rate of tax can be amended if experience proves that the law is not equitable; and (c) That Oregon cannot afford to take the lead, among near-by States, to the benefits; and (c) That Oregon cannot

Have We Your Correct Name, Address and Phone Number for the Membership Roster to be Issued Soon?
Charter Revision Defined by Club Committee

(The Public Affairs Committee of the City Club in considering the question of charter revision and the attitude the Club should take towards the Mayor's committee now at work, presented the following statement to the Board of Governors, on Monday. Of the three alternatives given at the close of the article, the Board approved part "B" as the definition of the City Club attitude toward present charter revision.)

To the Board of Governors:

Local charters may be changed in two ways: In the first place amendments may be made year after year embodying particular points, and in the second place it becomes necessary at occasional intervals to provide for a thorough overhauling of the charters with a view to correlating the various amendments which have accumulated and revamping the charters in other ways so as to adapt them to the most modern ideas and accepted practices of local government. The changes in methods of administration and in the machinery of the local government, as well as changes in the problems and functions of government are so rapid that the best charter becomes obsolete and out of date before the passing of many years.

It is our impression that the charter revision now being undertaken by the City administration is of the second type and is contemplated to be a thorough-going and complete revision.

Thorough Revision Requirements

If thorough-going and complete revision of the laws and charters relating to local government is undertaken, the following conditions are, in our opinion, essential to a satisfactory solution:

First: The work of revision, including the control of the personnel of the revision committee should not be completely in the hands of the local government administration. This work should, in our opinion, be undertaken by a group of citizen representatives unofficially appointed and having a constituency of all classes in the community. Most of the "committees of twenty-five" in the cities where complete revamping of local government has taken place have been unofficial committees representing the various civic agencies.

Second: The charter revision committee should not be prohibited from considering a change in the form or frame of work of local government, for the successful administration of local government is, to some extent at least, dependent upon proper legislative and administrative machinery.

Third: A committee revising a city charter should be required to consider the problem of decentralized organizations exists. This is particularly true in Portland where one of the most obvious requirements is consolidation of some or all of the government units (that is, the city, county, school, library, port and docks).

It is obvious that these conditions under which a revision committee should work do not obtain in connection with the present charter revision committee of the City of Portland.

Three Alternatives Given.

The question that has arisen in the mind of the Public Affairs Committee is this: Does the City Club subscribe to the idea of thorough going local government revamping, as outlined above, and if it does what shall be its attitude at this late date toward the Mayor's committee? It might conceivably take several positions:

(a) It might remain passive in the entire matter.

(b) It might support the work of the Mayor's committee, if the amendments were in themselves worthy of support, without making any mention of the larger problem of local government revision.

(c) It might support the amendments suggested by the Mayor's committee that it deems meritorious and at the same time express the conviction that sooner or later thorough-going revision of local government machinery and methods is necessary by a committee appointed in a different manner and having a longer time in which to work.

TAX REPORT

Continued from page three

decentralization of local governments wherever publicity provisions incorporated in this proposed measure are sufficient to make it absolutely objectionable. This, it should be explained, is rather the individual judgment of the members of the Committee than the formal conclusion of the Committee itself, which the Committee prefers to reserve until after it has completed the more thorough study of the entire subject which it hopes to conclude for the information of the Club prior to the approaching Fall election.

The investigation we have conducted has developed the fact that the provisions of this proposed measure fixing the rates of the tax as contained in the printed copies furnished to the various Clubs for their consideration in this connection and as commented upon in press are entirely different from those contained in the official document filed with the Secretary of State, the rates in the measure as filed ranging from 1% on $1,000 to 15% on $50,000 and excess of taxable income, the rate for each bracket, however, applying only to that particular bracket, instead of uniformly to the entire amount of taxable income.

We have not yet ascertained how this discrepancy occurred.

Respectfully submitted,

Committee on Taxation.