

# Montana Finances Ought to Be Given Solid Footing Now

### Dispute Between Auditor and Investigating Committee Over Probable Deficit Shows Confusion Now Existing—Old Debts Should Be Cleared Away.

## Financing the State of Montana

(By Dr. Louis Levine, Department of Economics, State University).

VI—Putting State Finances on a Solid Basis.

A controversy has arisen between the chairman of the tax investigating committee and the state auditor about the deficit which the state will have accumulated at the end of the present appropriation period. According to the state auditor the deficit on March 1, 1919, will be \$39,676. Senator Kane places the deficit at a minimum of \$780,687 and expects it to reach \$1,075,000.

The difference in the two estimates is in itself a striking illustration of the uncertain condition in which the finances of the state are. An approved system of state accounting and of preparing state budgets would make such wide discrepancies impossible. All one can say under present conditions is that very likely the deficit will fall somewhere between the two estimates.

The governor pointed out in his message that two years ago the state auditor estimated the deficit for 1915-1917 at \$66,000. As a matter of fact, it was much larger though various institutions were deprived of financial support. It seems that the auditor's estimates for 1917-1919 are again too low. There is not sufficient provision in them for institutional improvements or for the necessary extension of governmental activities in other directions.

One omission in the auditor's estimates explains to some extent his low deficit. He ignores entirely the present outstanding indebtedness of the state. The reason, as stated in the newspapers, is that "this sum represents not the deficits of the past year, but the accumulated deficits of practically all the years since statehood." "This is a strange reason. As well might a business man omit from his statement of liabilities all debts that were several years old.

Unless the time has come when one may discharge a debt by ignoring it, the state should not only take note of its accumulated deficits, but make an effort to wipe them off the slate. There is every reason in the world to attempt that now while the state is in a prosperous condition and large revenues can be collected with greater ease. Emergencies may arise in the near future when the state may have to incur debts. To drag along the deficits of the past and even let them accumulate with every appropriation period is surely an unsound financial policy.

Several measures have been proposed to discharge the state deficit and to meet the present situation. One bill introduced into the legislature proposes a license tax of six per cent on the net proceeds of mines. Another bill imposes a special tax on water power companies. In view of what has been pointed out in these articles, neither bill can be considered wrong in principle. Both of them, if enacted into law, would only tend to equalize existing inequalities.

The argument for the bill imposing a license tax on the net proceeds of the mines gains strength from a consideration of the possibilities of the copper market in the near future. Various financial and commercial periodicals report that the expected output of copper for the first half of 1917 has already been sold at prices ranging from 30 to 32 cents. But the outlook for the second half of 1917 and for 1918 is uncertain. Smaller producers have already offered concessions for the latter part of 1917. A change in the international situation, which seems inevitable, will not only bring about a slump in prices, but also a reduction in output. The net proceeds tax which the mines pay now will then drop considerably. The adoption of a license tax would obviate the effects which such a slump may have upon the revenues of the state.

In addition to this, a license tax on those public service corporations which do not pay such taxes now seems entirely justified by conditions. The rate of the tax in both cases should be determined after a careful estimate of the needs of the state during the next two years. In considering these estimates, the possibility of paying for necessary improvements out of current taxes instead of by means of a loan should be considered.

These measures, however, can not be regarded as anything but temporary. Their purpose is to tide the state over its present difficulties with some regard to an equitable distribution of the burden. The great problem before the state, however, is the revision of the revenue laws and the reorganization of the tax administration. This is a big job, and must take time. The best the present legislature can do is to act upon the recommendation of the governor and to appoint a non-partisan tax commission. The law creating such commission should request it to report to the next legislature a complete plan of financial reform based upon a study of what other states have done and of conditions in Montana.

Other states which have faced the problem Montana is facing now have gone about it in two different ways. Some created permanent commissions at once to administer the tax laws as they were and to recommend changes as soon as possible. Other states, California for instance, created temporary commissions on revenue and taxation for the exclusive purpose of investigating conditions in the state and of preparing a new system of taxation.

Whichever plan the legislature adopts, it is essential that the commission should not be hampered by partisan considerations and that it should have the necessary powers to get at the facts. If the Fifteenth legislature accomplishes this, it will have made a decisive step in the right direction. Its action will place Montana among the efficient and progressive states of the country.

## MONTANA CAVALRY HOME NEXT WEEK

San Antonio, Texas, Jan. 25.—Troop A, Montana cavalry, will leave the Texas border for home February 4, it was announced today by Major General Funston, commanding the southern department, in making known the dates of departure of the national guardsmen included in the first group of troops ordered home to be mustered out of federal service. Dates of the departure of the other troops, including the South Dakota infantry regiment was not announced.

## JAPANESE HOUSE IS ORDERED DISSOLVED

Washington, Jan. 25.—Dissolution of the Japanese house of representatives by Premier Terauchi with the support of the emperor before the house could pass on a motion of lack of confidence in the ministry is viewed here as the pass on a motion of lack of confidence responsible ministerial government in Japan. All opinions here agree that the crisis is almost wholly internal and not international.

## NOTED SCULPTOR MAKES DEATH MASK OF DEWEY FOR U. S. NAVY DEPARTMENT



The accompanying death mask of Admiral George Dewey, shown in the hands of its maker, U. S. J. Dunbar, is the forty-ninth made by this famous sculptor. He has made masks of President McKinley, Admiral Hobbes, Senator Henry Gassaway Davis and a number of other famous men. The one of Admiral Dewey was made for the navy department. Mr. Dunbar was formerly in the Smithsonian institution.

## Congressional District Measure Passes Senate

### Independent Reporter Ejected on Paper's Refusal to Apologize.

(W. G. Ferguson, Staff Correspondent)

Helena, Jan. 25.—The senate today passed on third reading the bill introduced in that body by Senator J. E. Lane of Ferguson county proposing to divide Montana into two congressional districts. The measure will now go to the house for consideration and it is believed that it will be passed without opposition, as the demand for two congressional districts in the state has been voiced for the past several years in every portion of the commonwealth.

### Reporter Is Ejected.

Cyrus W. Perkins, reporter on the Helena Independent, was responsible for envenoming what would otherwise have been without doubt the dulllest day of the session. He was discovered last evening under the platform in the ballroom of the Placer hotel while the Republican caucus was in session and as the independent refused to print an apology for the actions of his representative, resolutions were introduced today in the house and senate refusing the privileges of the house to the representatives of that paper. The resolution carried by a vote of 26 to 12 in the senate, but was defeated in the house, 46 to 45, on McMahon's motion to table. Another motion along the same line as the resolution was made by Belden, Ferguson, and this was amended leaving it to the discretion of the speaker to refer to either a standing committee of the house or to a special committee. This carried, 47 to 45, and the speaker appointed a special committee of McMahon and Belden to consider further action. As the resolution had been made, strictly a party measure, only one Democrat voting with the Republicans, and the two men appointed on the committee each talked on opposite sides of the resolution, it is not probable that the house will listen to either a minority or majority report on the subject.

### Remainder is Routine.

The rest of the day was devoted strictly to routine business and was decidedly monotonous. A resolution was read this morning from the Virginia City Mining association with regard to the pending license tax bills on mines. The resolution stated that the fault at present was not with the mining laws of the state, but with the way in which they were administered and urged the legislative body not to make any change in the present laws. Senate joint memorial No. 1 was made a special order of business for the afternoon session. This memorial to congress asks for a special act admitting to citizenship George Washington Taylor, a Chinaman who has been a resident of the United States for the past 44 years. The memorial recited the facts that a special act of the state legislature had permitted Sing On, as he was formerly known, to adopt the name of George Washington Taylor and that during his residence in this country he has proved himself a worthy citizen, speaking and writing the English language fluently and having accumulated large property interests in Teton county. His son is a sergeant in the national guard and served with the Montana regiment on the border. Taylor married a white woman and in every way has adopted the customs and usages of the country. The memorial was passed without a dissenting vote.

### Under the head of third reading of

house bills the measures considered by the committee of the whole yesterday were passed on and transmitted to the senate for concurrence.

The only measure to encounter any opposition was H. B. 48, by Stimpert, relating to the creation of county commissioner districts. Representative Eliel explaining his vote said that to his mind the measure was entirely unconstitutional and would never stand the test of law. He voted against the measure. Kelsey, Custer, when his name was reached on the roll call, said that he had an opinion from the attorney general to the effect that the measure was constitutional and that he supported it. The bill passed by a vote of 61 to 31.

### \$1,000,000 for Flathead.

House joint memorial No. 1, introduced by Harbert, was passed by the house. This memorial asks congress to appropriate \$1,000,000 for the Flathead irrigation project.

Harbert's resolution asking congress to appropriate \$10,000 for the dredging of Polson bay, his resolution with regard to passage of power legislation by congress, Kemmis' resolution asking congress to relinquish its jurisdiction over the Missouri and Yellowstone rivers, the memorial relating to enacting a federal law with regard to polygamy and Stimpert's measure were all passed favorably on third reading.

The committee on privileges and elections today reported on bills referred to it which related to the primary law and asked that these be sent to the committee which has been appointed for the purpose of drafting suitable amendments to it.

### Matters of Routine.

The committee on livestock and public ranges reported adversely on house bills 92 and 93, by Quantance, which prohibited the grazing of sheep on cattle ranges and provided other restrictions along the same line.

H. B. 112, by Huser, an act which has for its intent the taking of proper

(Continued on Page Five.)

## Discuss Wilson's Peace Proposals

### Canadian Senator Thinks Belligerents Should Frame Final Terms.

Ottawa, Ont., Jan. 25.—The peace proposals of President Wilson were discussed in the Canadian senate today by Senator Pope.

Senator Pope offered a resolution that "in the opinion of the senate of Canada, only representatives of nations who have taken part, or who have been engaged in the present war should participate in the negotiations for peace."

## GEORGE IS ELECTED HORTICULTURISTS' PRESIDENT

### Billings Man Heads Society for Year; A. L. Stone, Vice President.

### HAMILTON CHOSEN FOR NEXT MEETING

### Interesting Discussions Mark Final Session of Orchardists of State.

Plains, Jan. 25.—(Special.)—W. B. George of Billings was elected president of the Montana State Horticultural society and Hamilton was chosen as the 1917 meeting place at the final session of the 1916 convention here today.

Other officers are Mrs. Lizzie Lynch, Plains, first vice president; Mrs. E. A. Johnson, Hamilton, second vice president; D. B. Swingle, Bozeman, third vice president; J. S. Scully, Stevensville, fourth vice president; A. L. Stone, Missoula, fifth vice president; O. B. Whipple, Bozeman, secretary-treasurer; C. C. Willis, Plains, W. B. Harlan, Comox, and J. C. Wood, Big Fork, trustees.

### Want Apples Off List.

Resolutions adopted at the final meeting of the society ask the Montana congressional delegation to seek removal of apples from the list of foods on which the government has imposed a cold storage limit, and passage of a standard apple box bill. Montana legislation was not discussed by the apple growers.

Two interesting sessions and the award of premiums for displays of fruit engaged the attention of the fruit men today. I. E. Andrus of Missoula, J. C. Wood of Big Fork, C. C. Willis of Plains and Mrs. Agatha Johnson of Plains were the principal prize-winners in the fruit exhibit held in connection with the convention.

### The Morning Session.

The importance of keeping careful accounts and the necessity of scientific packing of fruit were emphasized at the morning meeting today.

E. C. Matthews, a big orchardist from Florence, talked of "Orchard Costs and Accounting." He advised the fruitgrowers to keep books, so that they might know just where they were making and where losing money on their orchards. A fruitgrower's accounts should be as thorough as a merchant's or a manufacturer's, he argued.

Arthur Platt of Comox discussed "Grading and Packing of Fruit." He spoke of the importance of high standards in fruit. By maintaining careful standards, he said, orchardists of a given region may enhance their common reputation and increase the demand for their product.

### Marketing Problems.

In the afternoon W. L. Heers talked of "Problems in Marketing." Mr. Heers is a market expert from Bozeman. He told the society that co-operation is necessary in attacking marketing problems. As much attention should be paid to production, he said, as to final disposal of fruit, since the quality of the product determines the market value.

Hans Mendelson of Denver, agricultural

(Continued on Page Five.)

## DENIES CHARGE HE WAS "GO-BETWEEN"



Washington, Jan. 25.—The world peace address of President Wilson to the senate was interpreted by Ellhu Root in an address here tonight as an admission that there is no way out of war except by preparation for war and as a denunciation of the course of Germany. He said he was in full sympathy with the purposes of the reports, which contained "much noble idealism."

## SENATOR BORAH IN COUP

### Presents Resolution Reaffirming Principle No Entangling Alliances.

Washington, Jan. 25.—Groundwork for the expected attack in the senate on President Wilson's proposal that the United States join a league for peace was laid today in a resolution introduced by Senator Borah, reaffirming as a national policy the doctrine of no entangling alliances laid down by Washington and Jefferson.

Unlike the pending Cumming resolution, Senator Borah's proposal makes no direct reference to the president's peace address, but its adoption would commit the senate, "all matters coming before it touching the intent or affairs of foreign countries to conform its acts to those time-honored principles so long and so happily a part of our own policies."

There was no debate on the resolution, but after its introduction Democratic members of the foreign relations committee went into informal conference and made plans to forestall discussion on the floor before the committee has considered the matter.

The democrats insisted that the president had proposed no departure from national traditions and that there is nothing in the resolution to reflect on his utterances. Some leaders even predicted that if the resolution came to a vote every Democrat would support it.

Senator Borah in presenting the resolution asked that it go over for a day, but he did not reveal whether he would make an effort to call it up tomorrow. Senator Cummins also declined to say whether he would press at tomorrow's session his resolution setting aside next week for debate on the president's address.

If Senator Borah attempts to press his resolution tomorrow the foreign relations committee Democrats will move immediately that it be referred to the committee. Should pronounced opposition to that course develop, however, the leaders declare it will not be insisted upon, and that Democrats will join the Republicans in passing the measure.

## To Resume Leak Inquiry Monday

### Brokers Are Not Refusing to Supply Statements Requested of Them.

New York, Jan. 25.—The inquiry into the alleged "leak" of advance information on President Wilson's peace note will be resumed here Monday morning, it was announced tonight by Representative Robert J. Henry, chairman of the house rules committee. He said he had sent telegrams calling back to this city members of the committee, who returned to Washington.

"We will have abundant data on hand," declared Mr. Henry, "to go ahead without a break in the inquiry."

Regarding information sought by the committee concerning transactions on the New York stock exchange within the period of the alleged "leak" Mr. Henry said:

"In my judgment we will have everything we want in less than five days."

He added that the committee had met with no "refusals" from brokers. He said a number of statements were received from them today.

Bernard Baruch and possibly J. P. Morgan, as well as others familiar with Wall street affairs, may be among the first witnesses called when the committee resumes its hearings, according to Mr. Henry.

## WILSON PEACE TALK IS INTERPRETED BY ROOT

### Sees in It Admission Only Way Out of War Is Preparation for It.

### ADDRESSES NATIONAL SECURITY CONGRESS

### German Denunciation for Violating Belgium and Serbia Is Cheered.

Washington, Jan. 25.—The world peace address of President Wilson to the senate was interpreted by Ellhu Root in an address here tonight as an admission that there is no way out of war except by preparation for war and as a denunciation of the course of Germany. He said he was in full sympathy with the purposes of the reports, which contained "much noble idealism."

Mr. Root spoke before the National Security league's congress of constructive patriotism, beginning a three day session. He appealed for a return to the "basic principle upon which this government was founded—universal military service"—as the only adequate measure of defense. American freedom was threatened, he declared, by the "principle of liberty of national evolution," as asserted by Germany, the application of which had meant the overwhelming of Serbia and Belgium and which if approved by the world will mean that our American freedom will surely die, and die while we live.

### Constructs Proposal.

The former secretary of state constructed Mr. Wilson's proposal for a league of nations for peace as meaning the formation of a convention under which liberty of action would be left to every signatory power to determine its duty towards the maintenance of peace.

"But observe," he added, "that that agreement is worthless, meaningless, unless the nations that enter into it keep their power behind it. It will be a worthless agreement on our part if we haven't a ship or a soldier that we can contribute to the war, if war there ought to be, or to the maintenance of that peace."

Mr. Root turned also to the president's suggestion that the present war must end in a "peace without victory."

### Expresses Americanism.

"Now, I sympathize with that," he declared. "But the peace that the president describes involves the absolute destruction and abandonment of the principles upon which this war was begun. It does not say Serbia, it does say Belgium, but there the chosen head of the American people has declared the principles of the American democracy in unmistakable terms. And every word of that declaration, which I believe truly represents the conscience and judgment of the American people, denounces the sacrifices of Belgium and of Serbia and of the principles upon which they were made."

The speaker's plea for universal service and his denunciation of Germany brought his hearers to their feet, cheering, time and again. His address was the feature of a day filled with vigorous appeals for universal military training and service, which promises to be the central theme of the congress, although a long program in which other questions of national defense will be treated has been mapped out.

### Root Satirizes.

Mr. Root began his address by reading the militia act of 1792 in which every able-bodied citizen between 18 and 45 was required to be enrolled for military duty and rehearsed the gradual lapse of the old militia system and the experiment with the national guard undertaken 15 years ago. Certain it now had become, he said, that the guard plan could never produce more than a comparatively small number of men. Satirizing suggestions that a million men would spring to arms over night at need, he added:

"We would be, if engaged in war with our million patriots in the position of helpless savages, fighting against the trained forces of civilization."

The real obstacle in the way of preparedness, Mr. Root said, was the refusal of the people to see that danger threatened.

"If they thought," he continued, "that there was any real danger of somebody attacking us they'd wake up soon enough and get ready. But they don't."

### State Above Individual.

"Well, let us look at the condition of affairs in the world. The present war which is raging in Europe was begun on an avowal of principles of national action that no reasonable and thoughtful neutral ought to ignore. The central principle was that a state exigency, state interest, is superior to those rules of morality which control individuals. Now that was not an ex-

(Continued on Page Three.)