

COUNTY MAKES RECORD IN BOND SALES

Continued from page 1
ported by the American Bankers Association, industrial and farm leaders, the National Retail Dry Goods Association, U. S. Chamber of Commerce and other state and national public-spirited groups will put on the first all-out, post-war Savings Bonds Campaign April 15 through June 30.

LANSING STUDENT IS CONTEST WINNER

(Continued from Page 1)
of Lansing High School, would oppose the repeal of the Amendment. Debt limitation by the following points:

- 1. When there was practically no limitation on the borrowing capacity of the county commission and the city tax levying authorities in the spending '20's an enormous debt was created, which the counties and cities will be paying on for many years.
2. If a county or city needs to borrow a considerable amount of money to erect school buildings or other public buildings, the Constitution now provides that the question can be submitted to a vote of the people.
3. All public debts should rightfully have the approval of the people who have to repay the taxes to pay off the indebtedness.
4. To repeal the amendment and again place in the hands of the county commissions and city officials authority to incur heavy bonded indebtedness without a vote of the people would invite heavy bonded indebtedness and a heavy tax rate to provide interest and installment on the on the bonds.
5. The question is simply the power to incur public bonded indebtedness be in the hands of the officers, or remain with the people who would express their approval or disapproval by popular vote.
6. The General Assembly of 1935 thought it wise to limit the amount of public debt which the state, counties and cities could incur, except by a vote of the people. Then an Amendment to the Constitution was submitted to the voters of the state in the 1935 general election. This Amendment carried, and the debt limitation amendment became a part of the Constitution.

Now I shall prove all six of these points:
Many local units of government have again launched out on a plan of money borrowing, which may result in the total of local government debt going beyond what it was fifteen years ago when this debt was so heavy that some local governments were in financial trouble. Fifteen years ago our state had the reputation of having the highest per capita public debt in the nation. Do we want to repeal the Amendment, debt limitation, and ruin our state's reputation? No, we do not want to repeal this Amendment, because it would make our tax much higher.
The state itself is out of debt, but some of the counties and cities have outstanding debts. The state legislature is sufficient to absorb all of the county and city

debts. The outstanding highway bonds are provided for by the regular contributions to a sinking fund from gasoline and automobile taxes. By 1951 all of these bonds will be sufficient to retire all highway bonds. Let me remind you, fellow citizens, if we repeal the Amendment, the highway debts may not be paid by 1951. If this debt were paid, we might have many more highway debts imposed upon us. This in turn would make our taxes even higher.

We sometimes labor under the delusion that because money can be borrowed at a low interest rate, it is smart public financing to go into debt for public improvements. The trouble with this theory is that, despite the low interest rates, permanent improvements made at this time are very costly to the taxpayer because of the high cost of building. Many times the savings resulting from the low interest rates is lost in high building costs.

An important step that should be taken in stabilizing the fiscal affairs of local governments should be the authorization for levying a tax for permanent improvements before money is borrowed. This permanent improvement tax, in other words, should be used for the creation of a permanent improvement fund, which could be used when these improvements are needed. This plan would save taxpayers millions of dollars during the next several years. A change in our former policy would involve an amendment to the Constitution. The people all over the state will be given a chance to vote on this Amendment in the next general election. If all the citizens of North Carolina were like me, they would be against such a radical movement.

Most of the people in North Carolina, especially the farmers, cannot afford to pay higher state taxes with their farm products coming down and the products they have to buy, going up every day. During the last five years farmers had to do without adequate farm machinery, because when their old machinery wore out they were unable to repair it with new. The farms are in need of new machinery and other equipment that was worn out during the war. Why should the counties have the right to borrow money at any time it seems necessary and to increase the taxes until the farmers will not have enough left to build up their farms and repair their farm machinery?

We citizens of North Carolina have difficult problems to face. On the state level, our government faces an entirely different problem. Instead of having a deficit as a result of the war, we have a surplus. Instead of having a huge debt, we have accumulated a sufficient amount of money to pay all of the state debt with the exception of the highway bonds, which are adequately taken care of already. We have been able to pay the General Fund Debt and to accumulate a surplus of about \$50,000,000, not because we have increased taxes, found new resources of revenue, or because of the growth of the state. As a matter of fact, during this period these General Fund revenues have increased, but our population has actually decreased. What I am attempting to impress on you is the fact that this enormous increase in General Fund revenues is not a formal growth, but a direct result of the war, and we shall not continue to collect \$90,000,000 annually from the tax schedules of the General Fund revenue bill. Because of this situation, we must handle this surplus wisely. We cannot jeopardize the fiscal soundness of our state at the rate of \$90,000,000 annually. When the General Fund revenue gets back to normal at some time in the not too distant future, the state government will have difficulty in maintaining

the expenditure scale of this fiscal year, to say nothing of the prospective expenditures of the next biennium. If we handle this surplus wisely and make proper use of our present favorable fiscal conditions, we can avert another 1933 in the fiscal affairs of North Carolina. If we enter on another spending spree, it will mean new and higher taxes; and even these will not prevent the necessity for balancing the bud-

get by cutting salaries in the future. Fellow citizen, is this a reason why we should repeal the amendment?
I should like to give you the definition of credit. Credit is the ability to secure money, goods or services in the present against the promise to pay for them in the future. I am afraid if we borrow money that we cannot pay for it in the future. The disadvantage of credit is that it may

encourage extravagance in consumption. Many persons of limited income live beyond their means through the use of credit. By means of installment buying, expensive household goods, automobiles, and other things are secured, which their earning power does not justify. This is also true in government debts.
The unwise use of credit frequently leads to the over-expansion of business and industry.

This causes inflation of prices at the time and expansion and recession in depression and business later on.
Now let me give you the definition of public credit. Public credit is the power of political units to acquire funds in return for their promise to pay. These promises are most commonly in the form of paper money and bonds. Government bonds are usually not secured. Their value

depends upon the faith of the people in their government. If the government of the state were to fail with these bonds sold to the citizens, the citizens would lose their money.
I shall summarize this by giving you my opinion. My opinion is that the amendment should not be repealed. I am sure you will agree with me.

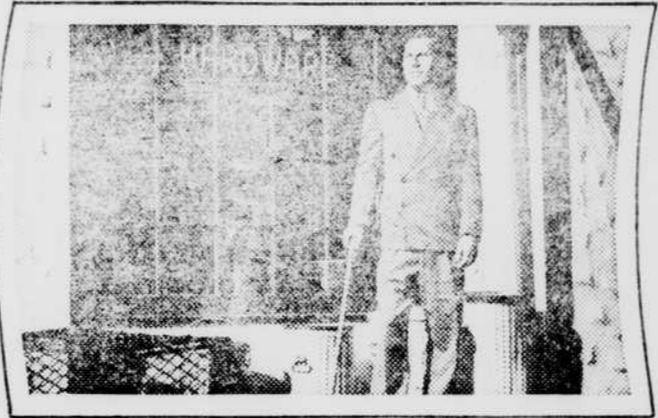
Disaster doesn't knock!



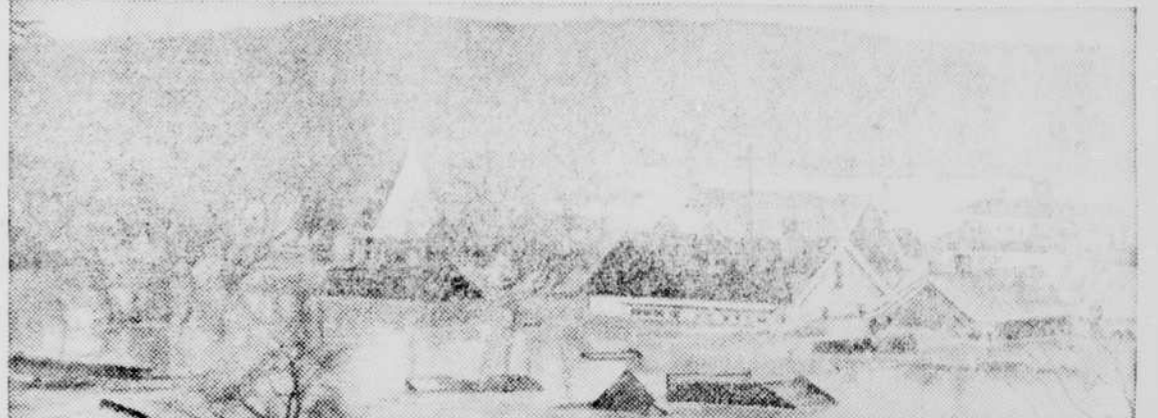
A mother is putting her child to bed a tornado imprisons them in the wreckage of their home



Youngsters are busy in a schoolroom an explosion tears the building apart



A disabled veteran builds a little business in his home a river flood sweeps it all away



Happy young couple is enjoying a party fire destroys the building, killing and maiming



ANY of these tragedies could happen to you and yours . . . for Disaster doesn't ask permission. It strikes without warning.

But where Disaster goes and Panic prevails, there too is the Red Cross. Prepared for action, calm in the face of danger, experienced in the succor of suffering humanity, the Red Cross brings relief quickly, generously, efficiently.

And . . . afterward . . . the Red Cross stands by the injured and the desolate through difficulties Disaster caused . . . to help rebuild their homes, restore their strength, and give them new courage to carry on.

The Red Cross doesn't stop to ask questions—it knows no boundaries, no prejudices, no limitations. All it asks is your help—for it cannot exist without you.

IT'S YOUR RED CROSS . . . KEEP IT GOING + Give Generously!

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