

FOURTH TERM THINKING.

Washington is like all other cities that are interested in the talk of a "fourth term" for President Roosevelt. The majorities of the population seem to think that Mr. Roosevelt will again be the candidate of his party. An old Pennsylvania proverb declared that "no one can be hanged for thinking." The people change their line of "thinking" on very short notice, especially in war time. They may think differently in 1944 from the way they think in this year of 1943. In fact Oscar Wilds once mentioned the fact that thinking is unhealthy, "and people die of it just as they die of any other disease."

PATRIOTIC INVESTORS

With the success of the second war loan campaign, it is clear that the American people are not forgetting the value of investing in the future of their country. Viewed as a straight business proposition, it would be hard to find a sounder investment. But we know that is not the real purpose behind American purchases of war bonds. It is plain American patriotism—the desire to give every assistance to our fighting men, the desire to see our nation victorious in a righteous war.

An outstanding example of how Americans feel about war bond purchases is provided by the recent announcement by C. E. Wilson, president of General Motors, that employees of the Corporation throughout the country have purchased, through pay roll deductions, war bonds with a total value of more than \$100,000,000. This is in addition to their cash purchases of bonds, of which the company has no record. Currently, 383,563 G. M. workers—97 per cent of the number employed—are patriotically and wisely investing a portion of their earnings in Series "E" bonds. Thus far they have purchased 3,638,838 certificates.

Mr. Wilson pointed out that all of this had been done on a wholly voluntary basis, with the Corporation agreeing to handle deductions, purchase and deliver the bonds only at the employee's request. This is a fine demonstration of the manner in which a big job can be done when everyone works together in a common cause, and with justifiable pride all G. M. plants are displaying this message from the Secretary of the Treasury.

Congratulations to the employees of General Motors who, in addition to producing the tools for victory, have purchased more than \$100,000,000 worth of War Bonds during the "Save and Serve for Victory" campaign.

May the second anniversary of this program show even greater accomplishment in War Bond purchases.

Indeed, in the light of this record, one is inclined to agree with Mr. Wilson when he says, "we have every reason to believe that this fine showing will be maintained or even exceeded in the future."

Orphans Give Sacred Concert at Hickory Grove Church.

Hickory Grove Church, Free Will Baptist was the scene of Home Coming and all day services Sunday. A large crowd came out to hear Rev. Austin Beaco of Rockingham preach in the morning. Dinner was then served on the grounds to a large crowd.

In the afternoon the concert class from the Baptist Orphanage gave a Sacred concert which was very much enjoyed.

The people of Raeford and the congregation responded generously when collection was taken. An even one hundred dollars was given. Rev. W. H. Ivey is very grateful for the hearty response.

FREIGHT BY FLIGHT

A year ago the handling of the "air cargo" was in the trial stages. Air ships were increasing their loads of mail, express and freight, and the growth of the "freight by flight" was almost unbelievable. But now the figures are added and reported. The air lines increased their cargoes 108 per cent in 1942 over 1941.

The domestic air lines carried a total of 40,101,657 pounds of express and flew 40,096,554,805 pound miles of mail. The revenue passenger miles flown in 1942 were 1,398,042,146.

The air lines under contract with the armed forces, are engaged in transport services to the principal battle fronts of the world—men and boys from your own locality.

CONCERT WELL ATTENDED

The sacred concert held at the Presbyterian Church Sunday evening sponsored by the Chaminade Music Club was well attended. It was a most inspiring occasion. Everybody joined in the singing and the anthems rendered were very beautiful.

Mr. and Mrs. Ben Frazier have rooms at Mrs. C. W. Seates. Mr. Frazier is mechanical adviser in U. S. Corps of Engineers stationed at Fort Bragg.

Preventing Inflation

The Right Plan And the Wrong Way

National Master Clearly Analyzes the Case

There are two distinct schools of thought with reference to the control of inflation. One school favors establishing price ceilings, enforced by fines and penalties. The other advocates making use of economic forces by increasing production of goods and controlling purchasing power. The former is based on an economy of scarcity and requires a huge army of enforcement agents. The latter is based on an economy of abundance and is largely self-enforcing. The former is bureaucracy at the height of its glory. The latter is a decentralized approach to a tough problem. The passage and veto of the Bankhead Bill is the result of a clash between these two groups.

The President first attempted to prevent inflation by the price ceiling method. A number of reasons contributed to the failure, but two are outstanding. First, he tried to control prices without controlling labor, although everyone knew it couldn't work. Second, the price ceilings strangled production, as they have always done whenever tried.

When the program failed, the President called for more power. Then Congress took a hand. It realized that the President was trying to do an impossible thing, something that had been tried many times and had always failed. It recognized that the basic cause of inflation is the pressure of increased income on decreasing supplies, and that the price ceiling method was reducing the supplies and protecting a fast increasing income. In other words, it was essentially inflationary.

Congress Favors Abundance

Congress determined that we should adopt the abundance method of attack, and wrote into the Price Act of October 2nd certain limitations designed to protect the nation against food shortage. They first attempted to assure farmers production costs by placing certain limits on ceiling. Since the existing parity formula (which was used) is completely cockeyed, it was recognized that the limits established were far from effective on many commodities—merely an expression of intent—so a very definite mandate was written into the Act to prevent abuse.

The Act provided that modification shall be made in maximum prices . . . in any case where it appears that such modification is necessary to increase the production of such commodity for war purposes . . . or where . . . the maximum prices will not reflect . . . increased costs.

Immediately upon passage of this Act the President issued an executive order which ignored these two mandates and stuck to the original impossible price ceiling method. It has failed again, and will continue to fail, because it violates basic economic law. The reason is simple. The price ceiling method ignores costs. There are hundreds of kinds of uncontrollable costs, largely arising from war dislocation. They spring up in ten thousand localities and when the costs bump into the ceilings, production is strangled, and the producer either reduces production or quits. In the aggregate we create an enormous shortage. Price ceilings never created a pound of food. They reduce production, create shortages and "black markets," in which the wealthy get what they want at exorbitant prices, and the poor do without.

Inflation never existed where there was an abundant supply of goods. The remedy therefore is to encourage abundant production. After prices are adjusted to meet costs and encourage production, if a shortage still exists, the answer is to reduce the demand to fit the supply. This can be done in two ways.

Two Methods of Control.
The first way is by rationing! It is possible to create a surplus by rationing, and a surplus is the most effective medium for controlling prices. Witness the recent meat shortage with the "black markets." In less than a week after rationing was established, butchers had more meat than they could sell. They began cutting prices. They reduced their orders to wholesalers and packers, and rapidly the surplus is working its way back to the producer. This is plain economics and does not require an army of accountants and snoopers. Production will soon fit itself to the demand.

The second way of reducing demand to fit the supply is to syphon off excess income by forced savings and income taxes. We have 35 billion dollars in excess income seeking to buy consumer goods. A large part of this should be used to pay taxes to help meet the enormous war bill, and much of the balance should go into savings to be available for use when the war is over. So far, our only concern has been to prevent most people from paying any of the increased costs of war dislocations. We must have the political courage to face the issue.

It is only fair to the President to say that he recognizes the seriousness of the food shortage. Where



Released by U. S. War Department Bureau of Public Relations. **WINDOW CLEANING IN ALASKA**—Sergt. Dick Hazelhurst, of Peoria, Illinois, back from cleaning Jap bases on the Aleutians, cleans the windows of his B-25. The crew is proud of the sketch of "Jughead Yokum" painted on the bombers nose.

production costs bump into price ceilings, he proposes to postpone the day of reckoning by paying subsidies to keep farmers in business. In this column we have given many reasons before why subsidies should not be used, so we will confine our present comments to three reasons, only emphasizing the fact that the other reasons are none the less valid, although they are not repeated.

Reasons For Avoiding Subsidies

First—Farmers have no assurance that Congress would be short-sighted enough to provide hundreds of millions in subsidies, and without such assurance are not likely to plan crops which bid fair to result in loss.

Second—It would be impossible to man a force big enough to examine into the millions of cases and prove losses.

Third—Let us assume that prices are held below cost and farmers are granted subsidies to keep them in production: As the war progresses and costs rise, subsidies must go up, and we develop an increasingly unpeace comes and we have to balance balanced price structure. When

the budget, subsidies would be one of the first items to be cut out. Then either the farmers would have to increase prices or go out of business. If we refuse to pay production costs when we have 35 billion dollars of surplus income, what chances would there be of raising prices when income and employment start down? The answer is none. Agriculture would face a collapse worse than that which followed the last war. We want none of it.

The vetoed Bankhead bill attempted to force the Administration to follow the mandate of the Price Control Act and abandon its hopeless price ceiling program. The issue is whether Congress has the power to do this. It is unfortunate that the Bankhead Bill appears necessary to secure compliance with the law. It is also unfortunate that the issue should be raised just when labor is demanding substantial wage increase, for talk of the danger of inflation beclouds the fact that Congress is really insisting on a more effective method of preventing inflation than is now contemplated.

A Four-Point Program

In our judgment, rigid price controls are causing serious food shortages and speeding the day of inflation. They should be abandoned at once. In their place we should have a four-step program:—

1. Encourage abundant production, and where necessary use support prices for that purpose.
2. Use rationing to keep the demand in balance with the supply. Coordination of lease-lend and military purchases and storage with civilian needs should be effected.
3. Syphon off a substantial part of surplus income through forced savings and income taxes.
4. Use price ceilings only in period of transition or to prevent profiteering.

Fraternally,
A. S. Goss,
Master National Grange.

METHODIST CIRCLES WILL MEET

The Circles of the Society of Christian Service of the Methodist Church will meet Monday, May 17, at four o'clock at the church.

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