

Clement Explains Production Tax Bill

Solons Told They Must Look To Bill

Bill's Rate Not Excessive

Rowan Senator Would Levy Five Mill Tax On Production

Cites Reasons Why Legislature Should Levy Production Tax

Appearing before the joint sub-committee of the joint finance committee, Senator Hayden Clement, of Rowan, author of the production tax bill to levy a tax of one-half of one per cent on the value of practically all products manufactured in the State, told the committee that it faces an impossible task of writing a revenue bill unless the principle of a production tax is incorporated in the revenue bill to be written.

Senator Clement made the following statement to the sub-committee:

The 1931-32 tax bill for all purposes was \$88,483,434. Total taxes including property, franchise license and State income paid by all manufacturing companies (except tobacco) during the year 1931 was \$2,514,343 (from page 287 of Report of the Tax Commission 1932).

Included in this group are all cotton mills, hosiery mills, lumber and furniture, bottling companies and miscellaneous small manufacturers.

Individual tax items for this group show property taxes paid \$1,858,444, franchise \$214,249, privilege or license \$23,295, State income taxes \$414,632, and special dividend \$2,728.

Under S. B. 4 introduced by Senator Hayden Clement placing a 5 mills tax on gross production, these same industries will yield an additional \$2,500,000 based on the most conservative estimates.

As To Tobacco Assuming that under the present schedules the tobacco and all other manufacturing concerns not hitherto covered in this report pay total taxes for all purposes of \$4,000,000 the entire amount of revenue received from productive industry is about \$6,500,000 or only about 7 1/2 per cent of the total tax figure of \$88,483,434.

Comparing the sum of upwards of \$1,000,000 received for manufactured goods by the various industries with the sum of \$135,000,000 received by farmers for their farm and agricultural products, it would not seem that the tax ratio has yet reached a fair basis, and in North Carolina industry is greatly favored over agriculture.

The present system of taxing net income of corporations is not broad, and only takes in the more successful companies.

The way is open for excessive salaries and fee to be charged against gross income. Inventory losses and losses in subsidiary companies having no bearing on the actual operating activities of a company may be charged in the same way.

There is also a tendency to claim depletion and depreciation in excess of a fair amount and also in excess of that actually sustained during the year.

The Production Tax is an instrument of extreme simplicity and no deductions can be made from the gross figures.

The 1933 report of the Tax Commission had very little to say about the possibilities or yield of a manufacturers or production tax in North Carolina. Table IX, page 307, estimated total industrial

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In The WEEK'S NEWS



FLORIDA FRUIT TO A CALIFORNIAN. Each winter for four years Congressman H. J. Drane of Florida has presented President Hoover of California with crates of sealed-sweet oranges and grapefruit. Here the president thanks Mrs. Drane on the steps of the White House, while Congressman Drane looks on.



BETTY BUDD MADE AN ERROR when she brought her sand pail to Miami Beach. She finds that the pail will not hold even a middle sized coconut.

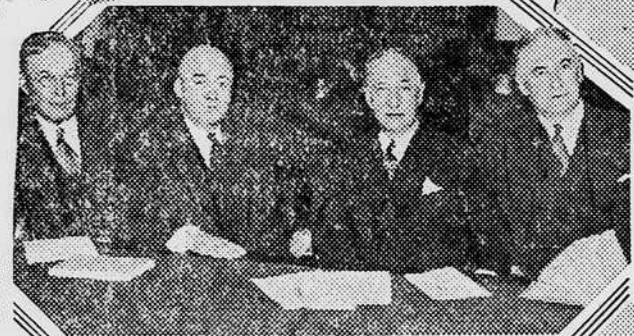
TECHNOCRACY HITS THE HORSE. Old Dobbin inspects the vehicle its inventor, Lee Oldfield (right), claims will displace the horse in delivery work. The unique package car has a replaceable motor in the rear, no frame, and is operated by a single hand lever.



EASY FOR HER. MIE. Christl Matzker, pretty Austrian acrobat, demonstrates her suppleness.



GERMANY'S NEW LEADER. Adolph Hitler, head of Germany's Fascists, who upset the European political picture when he became Chancellor.



PLAN RAILROAD AID. The National Transportation Committee, which plans means of restoring the railroads to economic stability, pictured in conference at Washington. L. to r.—Alexander Legge, Congressman Samuel Rayburn, Alfred E. Smith, and Bernard Baruch.

turnover in 1932 of \$1,875,000,000. In view of the very high ratio of operations for the current year of the two major industries, textiles and tobacco products, this figure would appear to be a decided under-estimate. However, there must be subtracted \$135,000,000 representing gross receipts from agriculture; \$240,000,000. Federal tobacco excise taxes paid; and \$650,000,000 wholesale and retail trade.

Under the Production Tax Bill the taxable figure according to the figures in table IX would be \$756,500,000 plus \$100,000,000 of items not included in the report but covered by the bill, and multiplied by 5 mills would yield the State \$4,282,500.

Lowest Estimate

This is the lowest possible estimate that can be made for the Clement measure. The latest and best estimates on industrial production in North Carolina in 1932 place the net figure at \$1,100,000,000 and it may run somewhat higher. On a 5 mills basis a yield is indicated of \$5,500,000. Should the basic industries of the State show a normal improvement, the yield could easily amount to \$6,000,000 to \$7,000,000 in the second year of operation.

Calling for a modern day application of the principles of taxation to restore the confidence of the people, Senator Hayden Clement, chairman of the Senate Appropriations Committee, made public a statement in support of his proposal for a production tax in North Carolina.

"We have invested in industrial equipment for the manufacture of marketable commodities \$1,250,000,000 and employ 210,000 wage earners who in 1930 produced industrial products to the value of \$1,312,000,000," Senator Clement said. "In our State's population of 3,170,276 approximately 600,000 persons were engaged in agriculture, who produced agricultural products to the value of only \$327,000,000.

"Yet out of 96 millions dollars collected in taxes in 1931 by State, county and city governments, 49 millions were collected from property taxes.

"This discrepancy between the market and taxable values of agricultural products and the market and taxable values of the fabricated products of industry and the accumulation of corporate inter-

ests, commonly known as commerce, should cause us to consider if a balance of these important subjects would not tend to bring about a more equitable distribution of the burdens of taxation, thereby bridging the gap that now exists between the value of agricultural products and the accumulation of corporate wealth.

"Our agricultural products are largely consumed by those who produce them, while the potential market of our industrial commodities is unlimited, and many are now consumed by other peoples of the earth.

"The chief objection heard to the imposition of a production tax on manufacturing is that it places a tax on articles manufactured in this State that are required to compete with the manufacturers of other States. The same objection can be raised to on income tax, to a franchise tax, to a property tax or to any other form of tax levied in this State on manufactured products, which is not borne by manufacturers of other States.

"While we have forms of taxation not uniform in other States, we must remember that manufacturers in other States have their burdens of taxation, not uniform with this State. For example, almost every other State levies a property tax, on both real and personal property which they must overcome in competition with this State.

"Our State, due to its geographical location and climate conditions, and having as it does superior natural advantages for manufacturing, coupled with its frugal and industrious population, is destined to become the industrial workshop of our nation. Ranking

first in cotton goods, first in tobacco products and first in the manufacture of wooden bedroom furniture, and having the largest hosiery mill, towel factory, overalls plant, cordage and twine mill, and weaving establishments, denim mill, damask mill, underwear factory, the second largest aluminum reduction plant in the world and one of the largest pulp paper mills and rayon mills in the United States, we can snap our fingers at our competitors and say, 'Industry is North Carolina and North Carolina is industry.'

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CITY and COUNTY NEWS BRIEFS

MR. BROWN ENTERTAINS

W. A. Brown was host February 3rd, at a delicious barbecue supper and social event at the fire station to the present and past members of the department, and their wives. Mr. Brown was fire chief of the Salisbury fire department for 24 years, and a member of the department for over 33 years.

ELECTED

Capt. E. W. Cole, of Salisbury, commander of the local unit of the national guard, Company C, of the 105th Engineers, was elected to succeed Capt. Walter L. Tatum as president of the Piedmont chapter of this state, at the annual banquet held Saturday night at the Yaddin Hotel.

MEMORIAL DAY

February 10th, is Price Memorial day at Livingstone College. Each year this day is celebrated in honor of the life and work of Dr. J. C. Price, the institution's first president. Rev. C. T. Hinton, a member of the class of 1924, will be speaker of the day.

CAUGHT IN ACT

Robert Smoot a young 19 year old negro, of Mocksville, was caught Friday afternoon, in the act of opening postoffice boxes and mail. It is thought that he was in search of money orders or cash, and at the time he was seized, he had an envelope about half-way open. Smoot was placed under arrest by C. W. Hall, U. S. deputy marshal, and is being held in the Mocksville jail.

FORCES REDUCED

With the arrival of a message from Washington ordering the suspension of only about 150 men from the Southern's shops in Spencer, instead of 700, as first announced, came smiles and much rejoicing from a large number of citizens in Spencer and vicinity. The change in the original order means that practically all of the employees residing in Spencer, East Spencer, Salisbury, will be retained while those cut off are new men, who were called in from other shops last fall.

HONORED

On Friday night, February 7th, the Salisbury-Rowan lodge of Knights of Pythias honored Major John Mertz, the smallest Pythian and Dokie in the world, with a party in celebration of his 79th birthday, which occurred January 15th. The meeting was presided over by J. F. Harrelson, chancellor commander of the lodge.

Major Mertz was born on January 15, 1854, in Austria-Hungary, and came to this country in 1876. He is only 46 inches high, and weighs 60 pounds, and was for 37 years connected with several of the leading carnival and circuses in

this nation.

GRANGE PROGRAM OUTLINED

Louis J. Taber of Columbus, O., National Grange master, was here February 7th for a conference with the state executive committee and other leaders, and outlined a farm financial program of the Grange to be presented before congress soon.

He praised farming conditions in this state and said they are "in as good or better shape than any section of the United States," and mentioned three things to be asked in Washington:

Immediate emergency credit of \$500,000,000 to be made available to farm owners to care for past due interest and taxes to halt foreclosures. Interest would be three or four per cent;

Merging federal land banks and joint stock loan banks into a unified system, and to exchange present five per cent bonds of these organizations for two and a half per cent government bonds with the armer being charged four per cent;

Reamortizing present loans to farmers over a longer period and a rewriting of loans on a four per cent basis.

LARGEST OVERALLS

The world's largest overall, made by The Lee Overall company is on display in front of Trexler Bros. and Yost Clothing Store. In connection with the display of the overall the one guessing the nearest correct number of yards of thread used in making this garment will be awarded a pair of overalls free of charge.

VISITOR HERE

Mr. B. J. Coley of Rockwell, Route 1, was a business visitor in Salisbury on Monday. While in town Mr. Coley dropped in and renewed his subscription to The Carolina Watchman.

FOUR DIE FROM BURNS

Foul play is suspected in the deaths of Isaac Welborn and his son, Thomas, 11, whose charred bodies were found in their Alexander county home. One man is held, suspected of having slain the two and then fired the home. Jacobine Davis, three, died at Greensboro from burns received two days before when her clothing ignited from contact with a stove. Mrs. Lessie McDowell, 38, burned to death, at Albemarle. She fell into an open fire. It is thought she must have had an epileptic seizure.

HITLER PLEADS FOR TIME

Adolf Hitler, Fascist chief, who took over the reins of German government, has addressed to his countrymen a plea for at least four years of power in which to test the efficacy of the Fascist policies.



U. S. Senator Huey P. Long, self-styled Kingfish, as photographed in characteristic pose on his trip to New York for a rest... after his filibuster in the Senate.

VICTIM OF CAR ACCIDENT
Mrs. Ylia Puig, wife of a Cuban official in Havana, was instantly killed near Hendersonville in the overturning of her car.

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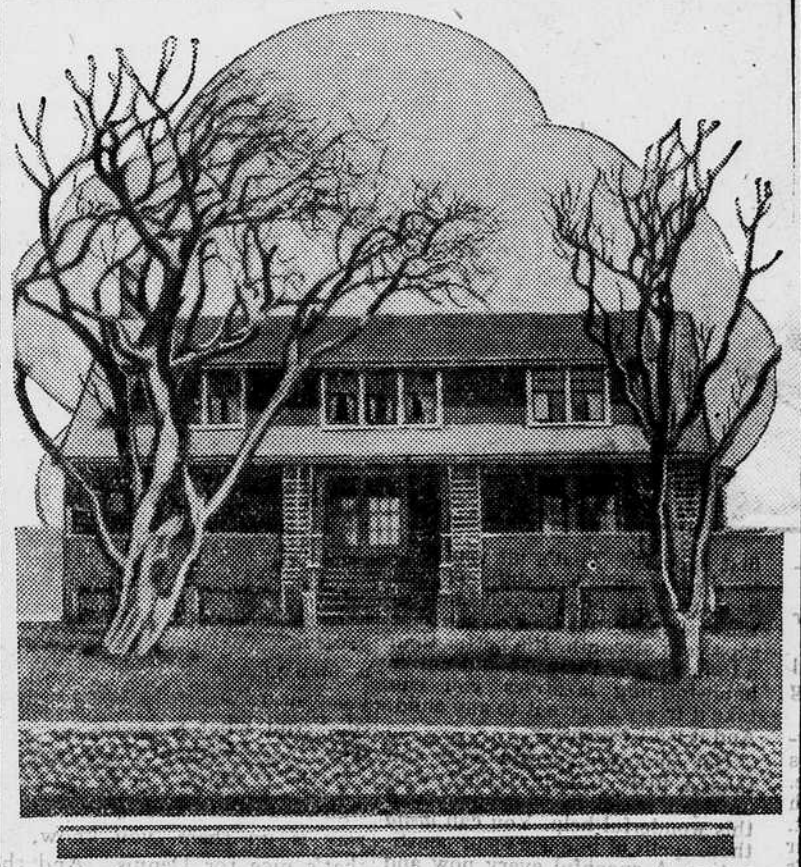
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+ Do You Know? +



Photograph, Canadian National Railways
THAT in this house at Arcadia near Yarmouth, Nova Scotia, the famous Paul Revere was made a Mason? The house which has only been slightly altered since that time, was owned by a man named Barclay, a friend of Revere's. Barclay came to Nova Scotia from New England and settled first at Shelburne, N.S., but later moved to Arcadia. Revere was a frequent visitor at the house between 1761 and 1775.

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