

TRUST INSURES ITS TOBACCO FOR TWICE NEW WATTS VALUES

Maxwell Comes Back at Commissioner With Figures From Record Substantiating His Contentions

VALUES REPRESENTED ACTUAL MONEY PAID FOR TOBACCO STORED

Stocks in Warehouses Insured at Appreciated Value, and Not at Book Value From Which Eleven Million Is Cut Off By Watts; Attacks Injustice of Manning Opinion That Shuts Door of Appeal To Any But Dissenter of Long Standing; Companies Acting in Good Faith Have Paid Their Money Into Treasury. While Durham Corporations Get Back \$110,000

To the Revenue Commissioner the tobacco trust swears its entire property in Durham county is worth only 25 million dollars and in the insurance companies it is worth 50 million dollars according to answer made yesterday by Corporation Commissioner A. D. Watts' explanation of why he reduced the assessment of the Liggett and Myers and the American Tobacco companies by \$11,000,000.

Exclusive of their real estate holdings, the two tobacco companies carry insurance of upwards of \$50,000,000 on tobacco bought by them during the period between 1915 and January 1, 1920, when the assessment was made by the former Tax Commissioner. Mr. Maxwell's statement indicates, beyond this there are factories and warehouses and other real estate that add several million dollars to the total when it comes to taking out insurance against fire.

Was Money Invested. Every dollar of valuation was actual money invested in tobacco from 1915 to 1920, much of it bought when tobacco was selling for 11.2 cents per pound and held until December, 1920, when tobacco reached the high level of its value in North Carolina at 53 cents per pound. Mr. Maxwell declares, but the value assessed was the book value representing the actual money paid for the tobacco, plus the minor costs of redrying and storage.

Answering the explanation of Commissioner Watts as to why he cut down the value of tobacco to less than had been paid for it, though it was valued at a time when tobacco was selling at its highest, Mr. Maxwell sticks closely to the text, and refuses to be led off into collateral considerations that have cropped out since the two companies were given back \$110,327.32 of taxes levied against them in 1920.

On The Closed Door. The merits of the controversy hinge upon a few simple facts, he says, leaning upon the value of the tobacco held by the Durham companies and the other tobacco companies in the State to whom the door of appeal has been closed by the Manning opinion which allows only original dissenters to continue to present their grievances before the Revenue Commissioner, and petition records.

"Patent and indefensible injustice and discrimination in the order refunding \$110,327.32 of public money is the thing that I complain of, and which I may again make a mockery of any pretense of equal administration of our tax laws," he says. Of the challenge contained in J. S. Griffin's statement, he says he is more than that the Tax Commission was embarrassed by the exigencies of Griffin's commission of experts and friends of the trust, but that they did not line up with the known facts in the case.

Mr. Maxwell's Reply. Mr. Maxwell's statement follows: "Discussions of a controversial nature are prone to run to collateral issues. In the three-column article of Revenue Commissioner Watts explaining the rebate on eleven million dollars of value of the Durham tobacco companies for 1920 taxes, amounting in rebate of actual taxes to \$110,327.32, in a matter fully heard and determined by the Tax Commission there is not a word that goes to the real merits of the question presented in my former statement. The merits of it hinge upon a few simple questions of admitted or uncontroverted fact which may be briefly stated:

"Manufacturers of tobacco carry their stocks over a period of years for aging and processing, which is as necessary a part of the cost of the product as the ploughing of the land and the raising of the tobacco.

"Every dollar of the valuation related, \$11,032,732, was actual money invested in the stocks of leaf tobacco by these companies and held by them in their warehouses in Durham on January 1, 1920.

"The most of this money was invested in tobacco at times in previous years when a dollar would buy more pounds of tobacco than it would have bought on January 1, 1920, as the stock as a whole had an appreciated, rather than depreciated, value at the time of tax listing on that date.

"The fact is conclusively demonstrated by the records of average market value of leaf tobacco for the period of years during which the tobacco was bought. The average sales price of tobacco on the North Carolina markets in 1915 was 11.2 cents; in 1916, 20 cents; in 1917, 31.5 cents; in 1918, 36 cents; in 1919, 50.8 cents, and in December, 1919, 53.24 cents.

"It is conclusively proven by the action of tobacco companies other than

HIGH LIGHTS FROM MAXWELL'S ANSWER

Every dollar of the valuation related, \$11,032,732, was actual money invested in the stocks of leaf tobacco by these companies and held by them in their warehouses in Durham on January 1, 1920.

It is conclusively proven by the action of tobacco companies other than the Durham companies, who had voluntarily returned their stocks of leaf tobacco at full book value and insisted that this was conservative value for it on January 1, 1920. Testimony is strongest when intelligent men swear to their own hurt.

It is supported also by the action of the Durham companies themselves in paying insurance premiums on fire insurance on these stocks—many millions greater than the book value from which \$11,032,732 has now been deducted and rebated.

Why go back 18 months to hand out this \$110,000 favoritism to these fortunate companies when undented facts show that it ought to be in the public treasury, when the money of other companies voluntarily and uncomplainingly listed their leaf tobacco? Their money is in the public treasury.

Judge Manning's opinion opens the door to these companies and shuts it for others by holding that a company that has already had its hearing on appeal and its case disposed of, could again be heard, but that a company that had no hearing at all could not.

With a knowledge with which and under which taxpayers, big and little, all over North Carolina listed their property in 1920 at full value, this rebate of this great sum of money to great and prosperous corporations without scaling down for other taxpayers, big and little, is a great public wrong, crying aloud for remedy.

TWENTY WOUNDED AT COUNTY JAIL

Officers Open Fire When Crowd at Knoxville Tries to Get Negro Prisoner

Knoxville, Tenn., Aug. 19.—Twenty-seven persons were wounded, two seriously, at 9:30 tonight when deputies guarding the Knox county jail fired on a crowd which had crossed a "dead line" in approaching the jail with the avowed purpose of demanding Frank Martin, a negro, held as a suspect in a criminal assault upon a county school teacher Thursday. All of the wounded probably will recover. Two are women. Most of the wounded were curiosity seekers who were standing to one side upon the courthouse lawn, which is 30 feet above the street level at the corner where the jail stands. One officer, Deputy Sheriff Charles Lewis was wounded in the arm by return fire from the crowd.

Although the machine gun company of the 11th Infantry, Tennessee National Guard, was on duty at the jail, the soldiers did not open fire. Following reports that the school teacher today had positively identified Martin as her assailant, large crowds began gathering in the vicinity of the jail before dusk tonight. Several times the crowd started down the hill on Main street leading to the jail. They were turned back by police. Efforts were made to hold them a block distant.

As the crowd in the street came within 100 feet, Sheriff Cate stepped under a bare light and demanded that they disperse. He gave warning that an imaginary line between two telephone poles should not be crossed.

As a dozen men passed these poles, the sheriff picked up a shotgun and fired over the heads of the crowd into the air. Four deputies who were with him then fired two volleys. Two men in the courthouse yard and two or three in the streets fired revolvers in reply. The shooting then became general.

Many of the loads of buckshot fired by the officers and intended to go above the heads of the crowd in the street, went among spectators in the courthouse yard. Several of the wounded are suffering from bullets of large caliber.

LEXINGTON MILL CLOSES ITS DOORS

Strike of Fourteen Employees Forces Over 200 Other Workers Out of Jobs

Lexington, Aug. 19.—Owing to a strike in the carding department this morning, in which only fourteen employees are said to have been actively concerned, the Dacotah Cotton Mills, of this city, closed shortly before noon today, forcing about 230 employees into idleness.

An official of the mill explained that the loss of this many employees in the one department crippled the card room to such an extent that it became necessary to shut down the entire mill, the other departments being immediately dependent upon the card room. Whether an effort will be made to begin operations again soon could not be learned late today.

It is understood that the trouble in the card room was caused by friction between some of the men and the overseer of that department. The mill is located on the southern limits of Lexington, and so quiet was the whole proceeding that a good many people of the city late today had not learned of the strike.

STRICTLY LAWFUL CONDUCT, ASSERT LOCAL STRIKERS

Resort To "Government By Injunction" Proof of Strike's Success They Say

COUNSEL PREPARE FIGHT ON RESTRAINING ORDER

Application For Permanent Injunction Will Be Heard Here September 3 Before Judge W. M. Bond; Crowd Near One Shop Awaits Developments; Papers Are Served.

"The strike has been orderly and strictly within the law; that it is not a better proof than the desperate resort to the law courts for 'government by injunction,' read a statement issued by striking union printers, pressmen and book binders yesterday afternoon after many of them, together with others not involved in the strike, had been served with temporary injunction papers issued by Judge E. H. Cramer in Smithfield Thursday night and the three local printing trades unions and ninety odd individuals to refrain from any manifestation of non union workmen taking the places of striking printers in four Raleigh 'open shop' printing houses.

In the meantime, attorneys for the enjoined printers, Douglass & Douglass and Evans & Eason are preparing to fight the effort of the printing houses to make the temporary restraining order permanent in a hearing before Judge W. M. Bond here on September 3, when the plaintiffs will be represented by T. W. Bickett and Murray Allen.

The statement issued by the printers continues: "The printing trades strike in Raleigh has been so remarkably orderly and quiet that we are constrained to believe the resort to injunction proceedings a move on the part of the printing concerns affected to try to focus some attention to it. They declared over their signatures a month ago that the strike had been over since some time in May. Yet they continue to make mighty poor faces right out in public.

Only One Arrest Made. "The strike has been on now for a period of sixteen weeks only. One arrest has been made in connection with it—and that was occasioned by a controversy between one of the imported workers and his employer. The employer indicted the worker but when his case was heard in the city court the case was dismissed.

"The average man or woman in the city does not know that there is such a thing going on in the city as a printer's strike. Even the business men are forgetting it until they try to get some printing done and then they find that it cannot be had at the shops affected. On the other hand, the three shops that are not affected are running full capacity. As to acts of lawlessness on the part of strikers, any contention of the sort is absurd and will be so proved at the proper time.

"An injunction of the character stated in the morning's paper is not to be taken seriously in a free State like North Carolina. The criminal law of the State is sufficient to cover any disorder or unseemly conduct and the very fact that it has been made by the employers affected is conclusive proof of the absence of any cause for complaint.

Strictly Within the Law. "The strike has been orderly and strictly within the law. That it is effective and that victory is won needs no better proof than the desperate resort to law courts for 'government by injunction.' We shall continue the fight decently, orderly and lawfully; and at the proper time will answer to the courts whatever charges may be trumped up against us. The legal phases of the controversy will be put in able hands, and we have no fears from the attempt to enjoin and restrain those sacred rights guaranteed by the constitutions of North Carolina and of the United States.

Closing time at Edwards & Broughton Printing Company, one of the four concerns involved, yesterday afternoon saw a sizeable crowd of strikers gathered by the curious anxious to see anything that might happen. Nothing happened. The city policeman who daily take their stand near the office at 5:30 were reinforced yesterday afternoon by Deputy Sheriff J. P. Stell, who was busy serving the injunction papers on those named as defendants. Those involved in most cases made the service easy by coming up and applying for their papers.

Say Crowd Orderly. When Edwards & Broughton's employees came from the shop, they passed on down the street. No one called at them. No one jeered at them. They were not molested in any way. The policemen and the deputy confessed that it was a decidedly orderly crowd.

A number of girls early took their stand on goods boxes across the street and sat there for half an hour, mimed umbrellas shielding them from the sun. Dr. Charles Lee Smith, president of the Edwards & Broughton Printing Co., later said that the gathering indicated that the men enjoined had no respect for the order of the court, and added that he saw one man when the order was served on him, throw it on the ground and stamp it.

"That man yonder is a gunman and is seeking my life," declared Dr. Smith pointing to a young man who stood out in the street, arms akimbo, staring at Dr. Smith and his son, Howell Smith.

Order of Court. The order of the court directs "each and every one of the defendants named in the complaint to refrain from: "1.—Assembling in large numbers before or near the places of business of the complainants or any of them and engaging in any conduct or using any words or gestures calculated to annoy,

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DENOUNCE METHOD USED BY MAJORITY IN FRAMING TAXES

Democrats Present Minority Report Attacking 'Dark Lantern' Tactics

ENUMERATE INJUSTICES OF TAX REVISION BILL

Statement of Representative Kitchen Included in Report Denouncing Republican Plan To Shift Tax Burden To Those Least Able To Bear It; Another Row Occurs

The News and Observer Bureau, 603 District National Bank Bldg. By EDWARD E. BRITTON (By Special-Leased Wire)

Washington, Aug. 19.—Denouncing the methods of the majority of the House and means of the administration, the Democratic minority of that committee this afternoon presented its views upon the pending revenue bill. In its enumeration of the injustices of the measure is the statement made by Congressman Claude Kitchin, the minority leader, via telegraph to Representative Garrett, in which he scored the purpose of the Republicans to repeal the excess profits tax and the surtaxes.

Declaring that "while we oppose many provisions of the bill, we will have time to discuss only the two principal provisions of the Republican tax program, to-wit: (1) The repeal of the excess profits tax and the substituting thereof of a flat 12 1/2 per cent corporation tax on all corporations, and (2), the large reductions of the high surtaxes on the big incomes of the millionaires and the multi-millionaires.

Then comes the denunciation of the methods in the preparation of the bill, the Democrats saying: "We must confess the embarrassment and disadvantage in the fact that no Democratic member of the committee has been permitted by the Republican members to be present at any discussion of the proposed measure and no Democratic eye has been given the privileges of seeing even one word in the measure reported until the day of reporting.

The Republican members met in secret, behind closed and guarded doors, and all of their acts with respect to the tax program have been most successfully withheld from the ear and eye of every Democratic member until reported."

In contrast, the Democrats call attention to the square deal they had given the Republicans while the Democrats were in the majority, that the Republican had been allowed to be present and to participate in the framing of the revenue bill equally with the Democrats; that the Democratic way had been candid and open, while the Republicans worked in secrecy; that in the last sessions with Democratic majorities in Congress there had been unanimous reports from the committee, but now that there was a minority report because of the methods and the injustices of the Republicans.

Democratic Arguments. Then follows the argument against the excess profits tax repeal and the reduction of the surtaxes on the big incomes as made by Representative Kitchin, the argument he made against the repeal of the bill being emphasized and driven home by the introduction of a chart showing in exact figures the effect of the repeal of the excess profits tax, and the reduction of the surtax on big incomes. This showed that the tax burdens of those least able to bear them would be made lighter and the tax burdens of those least able to bear them would be made heavier. By the figures themselves the Republicans are convicted of making a revenue bill to help the millionaires, millionaires and multi-millionaires, and bear down more heavily upon the average citizen, a pernicious scheme of the Republicans to take the taxes of the rich and put them on the poor.

In the House today action was taken in eliminating from the revenue bill the tax of 81 on retailers of soft drinks. The Republicans were driven to this by the fight of the Democrats on that feature, and by the fierce onslaught made on the inequalities of the bill by Representative Garner.

Row Bobs Up Again. And while the debate went on in the (Continued on Page Four)

OFFICER KILLED OUTRIGHT AND ANOTHER WOUNDED IN SHOOTING NEAR MURPHY

Murphy, Aug. 19.—Deputy Sheriff Charles Watson was instantly killed and Deputy Sheriff Allen Dean was seriously wounded last night when the officers attempted to arrest Garland Haney and Pearly Hall, white youths, for having whiskey in their possession. Deputy Ben Fox, who was with Watson and Dean, and Haney and Hall also were shot but not seriously hurt. Haney and Hall both made their escape.

The shooting occurred about nine o'clock last night near Culberson, where the three officers found Haney and Hall, who are yet in their teens and who live near Murphy. The officers claimed the two youths had about two gallons of whiskey in their possession and when they attempted to arrest them the shooting began. It is understood the officers had no warrant for the arrest of Haney and Hall.

Deputy Watson was killed outright. Dean was shot three times, each ball entering the abdominal cavity. Attending physicians declare he can live only a few hours.

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MORRISON SAYS EMPLOYERS AND EMPLOYEES HAVE RIGHT TO ATTEND TO OWN AFFAIRS

Textile Workers Offer Their Services To Sheriff Spears

By JOHN A. LIVINGSTONE (Staff Correspondent)

Concord, Aug. 19.—Six hundred textile workers, by actual count, marched to the Cabarrus courthouse tonight to offer their services to Sheriff Carl Spears to help enforce law and order in the city of Concord in response to Governor Morrison's declaration today that troops are being kept here only to enforce the law, and that as soon as law and order are established, the soldiers will be removed.

"The troops are here and the Governor has told you that as soon as law and order are established they will be withdrawn," James F. Barrett told a crowd of a thousand people that gathered on the lawn of the graded school building tonight.

"The only way we can get the troops removed," he continued, "is to demonstrate to him that we will enforce law and order, and, therefore, I suggest that

each one of you offer your services to the sheriff to that end."

The crowd voted to accept the suggestion at once and formed a procession and marched through town to the courthouse to tender their services to the sheriff. There was no hilarity or boisterous conduct. The crowd, largely composed of mature men, seemed very determined in its purpose.

Mayor Womble and City Attorney Morrison Caldwell made speeches from the courthouse steps to the crowd, assuring the workers of their intentions to accept their pledge in the spirit in which it was made. Mr. Caldwell declared that he did not believe the offer was made with any ulterior motive, but in absolute good faith and as an official of the city he wished to pledge his cooperation.

Owing to the absence of the sheriff from the city, the crowd was unable to offer their services to him, but will do so tomorrow if it is voted.

MANY CHANGES IN NEW REVENUE LAW

Provision For Taxing Proprietary Medicine Manufacturers Eliminated

BYRNES AND FORDNEY HAVE ANOTHER CLASH

Democratic Minority Files Kitchen's Statement With House In Connection Minority Attack On Bill; Tax On Soft Drink Vendors Also Cut Out; Other Amendments

Washington, Aug. 19.—More than half a hundred amendments to the Republican tax bill, most of them of minor importance, were accepted today by the House in a five hour session marked by occasional clashes between the majority and minority and a renewal of the personal controversy between Chairman Fordney of the ways and means committee, and Representative Byrnes, Democrat, South Carolina.

A number of other changes in the bill, including elimination of the provision for a 5 per cent tax on the manufacturers of proprietary medicines, tooth powder and paste and mouth washes and a reduction in the tax on cereal beverages from 6 to 4 cents a gallon, are expected to be proposed tomorrow by the ways and means committee before the measure is passed late in the day.

Republicans and Democrats of the House were a unit today in approving one amendment, that striking out the section of the bill imposing an annual license tax of \$10 on vendors of soft drinks. On a few other changes there were sharp divisions, but many of the minor ones merely changing language or punctuation were put through without a single member on either side voting on the "yea" and "nay" calls. All of the committee changes proposed were adopted.

Exempt Corporations. Under one amendment approved over Democratic opposition corporations making gifts for charitable purposes would be relieved from tax on such sums unless they exceeded five per cent of net income of the donating company.

The big fight of the day was over an amendment defining as foreign trade corporations such domestic corporations as derive 50 per cent or more of their gross income from the active conduct of business outside the United States and, similarly, as foreign traders those Americans who derive 80 per cent or more of their gross income from sources outside of this country.

One of the principal amendments proposed by the ways and means committee, but yet to be presented to the House, proposes creation of a tax in vestigation commission.

2ND DISTRICT MEDICAL SOCIETY RE-ORGANIZED

Kinston, Aug. 19.—The Medical Society of the Second Congressional District, was re-organized here today with the election of Dr. John C. Rodman, of Washington, councillor of the district, as president and Dr. Ira M. Hardy, of Kinston, secretary.

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CUT OVERTIME PAY OF SHOP WORKERS

Railroad Labor Board Presents Divided Opinion For The First Time

Chicago, Aug. 19.—Presenting a divided opinion for the first time since its formation a year and a half ago, the United States Railroad Labor Board today, in a majority decision, cut the overtime pay of certain classes of shop craft workers while a labor member, dissenting, declared the majority opinion "does not appear either just or reasonable."

The dissenting opinion was by A. O. Wharton, former president of the railway employees department, American Federation of Labor, which, with six federated shop crafts, was involved in the dispute.

Two labor members joined the majority in signing the decision. Those concurring were Judge R. M. Barton, chairman; G. W. Fanger and Bea W. Hooper, representing the public; Albert Phillips and Walter J. McMonimon for the unions; and Horace Baker, J. H. Elliott and Samuel Higgins, railroad representatives.

Dissenting Opinion Surprised. The dissenting opinion was a surprise, as the board's rules had been to thrust out disputed points, issuing the majority decision unanimously. Seven rules affecting the overtime pay of the shop employees on 137 roads are involved in today's decision. The roads appealed for modification of the national agreement rules entered into during war, the majority modified certain ones.

Majority Changes. Among the changes the majority ruled that: Employees regularly called for Sunday and holiday work and performing tasks absolutely necessary for continuous operation of the roads shall not receive time and a half, but only pay on the same basis as for work days. No work not absolutely necessary is to be performed on Sundays.

Employees at the completion of eight hours work may be required to work two hours overtime before being released for meals, instead of one hour, as now provided.

Employees called for work and not working, or called for work and working two hours and forty minutes or less will be paid for four hours overtime, instead of five hours under existing rules.

Employees called for one hour or less before a regular time will be paid time and one-half for the overtime, instead of the present two hours allowance.

Men called away from home will not be allowed overtime for hours spent sleeping, provided they receive at least five hours rest out of every twenty-four.

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Declares He Does Not Deem It Wise or Proper to Interfere in Controversy in Speech at Concord

ADDRESS PLEASES MILL OWNERS AND ALSO GIVES WORKERS ENCOURAGEMENT

"If This Industrial Conflict Cannot Be Settled—Which I Doubtfully Hope The Parties To It Can Do—Then Let It Proceed Until One Side or The Other Has Whipped In a Peaceful Economic Contest," Declares Governor, Who Adds That Time Has Come To Recognize More of "Our Brother's Liberty"; Gives Outline of Principles in Dealing With Industrial Disputes and of Rights of Both Employers and Workers; Given Big Reception; No Untoward Event During The Day

By JOHN A. LIVINGSTONE (Staff Correspondent)

Concord, Aug. 19.—Governor Morrison today outlined the principles upon which he expected to deal with industrial disputes during his administration. The principles as announced to the mill workers follow:

"I do not deem it wise or proper for the Governor of North Carolina to interfere and meddle with the making of a contract between citizens of this State.

"Labor in North Carolina has a legal right to organize and collectively bargain, provided, however, that they can find somebody willing to bargain with them.

"No man has any right to call labor to the bar of public sentiment and lecture it for seeing fit to exercise its undoubted right to organize, and endeavor when organized to bargain for all concerned.

"I declare to all North Carolina that it is wrong to undertake to create prejudice against and excite enmity to the labor people of North Carolina, because they see fit to exercise their liberty in their own way.

"On the other hand, employers with whom they want to contract have the right to contract with them or not contract with them, as they see fit, and deem it to their interests.

Should Recognize Liberty. "It is true that we are our brother's keeper, but I think the time has arrived when we had better recognize more of our brother's liberty and permit him to attend to his own business.

"There is a wide opinion that public sentiment must jerk up every large employer of labor and by abuse and vilification bring him into contempt when he exercises his undoubted privilege to refuse to enter into a contract which he does not want to enter into with his employees.

"If the mill employers of this city and county will not enter into contracts with union labor, or with the individual laborer concerned, which labor wants them to enter into, it is absolutely nobody's business but their own.

Believes in Rights. "I believe in recognizing every legal right of organized labor, but I also believe in recognizing every legal right of employers of labor and every legal right of unorganized labor.

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KINCAID FOUND GUILTY SECOND DEGREE MURDER

BY JURY AT MORGANTON

Morganton, Aug. 19.—Guilty of murder in the second degree was the verdict of the jury in the case of Sidney A. Kincaid, Burke County Commissioner, charged with the murder of his wife on July 15th last.

Judge Bryson announced he would pronounce sentence tomorrow morning.

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Confers With Hargett

He was in fine fettle and received a cordial greeting from scores of friends. He went into conference with Jim Hargett, who got him to come to Concord, and then the gubernatorial procession formed in front of the hotel. Arriving at the school grounds, the Governor was escorted to the speaker's stand and Barrett was called to the platform to introduce his excellency. Barrett told the workers that Cam Morrison was their friend but as Governor