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GOV. KITCHIN'S MESSAGE TODAY

Wants Near Beer Abolished—Tax Assessments Increased and Increased Appropriations For Health Department, Schools, Soldiers and Charity

MUST PRACTICE ECONOMY

To the Honorable The General Assembly of North Carolina:

During two years I have given attention to the State's business, and numerous matters of legislation have occurred to me concerning which I herein make recommendations, many of which I shall not discuss, as their reasons are apparent. Not only obedience to the Constitution but a sense of duty to the people's interest prompt me to mention them.

A General Assembly representing a people whose progressive spirit is aroused, whose prosperity is bounding upward, whose hopes and attention are centered here, having splendid opportunity to render public services commensurate with the honor and responsibility upon it, will be glad to give such wise and patriotic consideration to these subjects as the public welfare demands.

The people have approved the principles and policies of the party which has been dominant in the State for the past ten years, and that party in control of all branches of the State government is charged with the great responsibility of legislating in the interest of the people and promoting their welfare so far as local government can do so. In the last two years there has been much progress in the State. The reports of the various officials, and from the various public institutions, which are transmitted to you and which I will not recount, but which will receive your consideration, show development, and service without a parallel in our history.

The basic occupation, agriculture, has been prosperous beyond any point heretofore reached by our people. Some of our manufacturing industries have not had their accustomed prosperity since the panic of 1897, but we have reason to hope that they will soon again have their former profitable conditions.

As detailed in the treasurer's report we refunded the State bonds which fell due on July 1, 1910. A perusal of the report will show that too much credit cannot be given to our bankers and other business men in coming to our relief when the failure to dispose of the authorized issue of bonds in the money centers after two advertisements for bids in this State and elsewhere rendered the situation critical.

In 1909 the Legislature of Rhode Island, in accordance with Governor Pothier's wishes, directed the return to the donors of \$500,000 of the special tax bonds which the committee holding large sums of such bonds had given to that State for the purpose of suing this State, under a law requiring the Governor to accept all gifts. Similar bonds were offered the Governor of Nevada under a similar statute, but Governor Dickerson, as did the Governors of Michigan and New York, declined to accept them, and a mandamus proceeding to compel his acceptance thereof is pending in the Supreme Court of Nevada. It may be improper to commend the patriotic spirit and high sense of propriety with which these Governors have acted, as noble conduct on their part should be assumed as a matter of course, but I deem it proper to state the above facts for your information as they show the diligence with which the holders of the fraudulent special tax bonds of 1868-'9 are seeking to harass us, their only purpose in tendering these repudiated bonds to our sister States being to have these States sue North Carolina, hoping thereby to blackmail us into a compromise of those still retained by the donors, who give with

one hand that they may plunder with the other.

Prohibition.

Prohibition has now been in force throughout the State for two years. This is a short period with which to measure the effects of a reform movement. We have done little more than planted the seed whose full fruitage will be gathered by coming generations. And yet already the results fully justify its adoption. There has been, as appears from the Attorney General's report, based upon Superior court statistics, a marked diminution in crime, even in the crime of violating the prohibition law. Business has experienced increased rather than diminished prosperity. Morality, industry and frugality have increased, and politics and government have been to a great extent relieved of one of their most corrupting influences.

The greatest hindrance to its enforcement, except the interstate commerce clause of the Federal Constitution, is probably the licensing of persons to sell near beer, and similar beverages. Evil disposed persons use such license as a cloak to aid them in violating the prohibition law; and they quite frequently obtain a Federal license to sell intoxicating liquors. I recommend that the near beer saloons be prohibited. In case you permit the continuance of near beer license then you should provide that the holding of Federal license to sell intoxicants shall forfeit the near beer license.

Appropriations.

The Legislature two years ago appropriated over \$300,000.00 more than our revenues. I most urgently request that you practice economy in appropriations and that you do not appropriate more money than the reasonably certain amount of revenue which you may provide, without also providing for securing the necessary funds. I also urgently recommend that the State Treasurer be authorized upon approval of the Governor and his Council to borrow whatever money is sufficient to cover the difference between the amount appropriated and the revenue received by the Treasurer for any fiscal year. A failure to have such authority has sometimes embarrassed the Treasury and may some time necessitate a special session of the General Assembly to prevent the impairment of the State's credit.

Revenue and Taxation.

The State needs more revenue. It is doing magnificent work in her various efforts to relieve misfortune, educate the youth, and uplift the people. The demands upon her treasury for worthy purposes are constantly increasing, with our increasing population and its increasing activity and progress. The Health Department the Good Roads and Drainage movement, the old soldiers, the schools and the charitable institutions, all require more funds to render proper service to keep pace with pressing, legitimate public demands upon them. The fundamental cause of the cramped conditions is found in my judgment in the under valuation of the taxable property of the State. I doubt not that the taxable property of the State—real, personal and corporate—is really worth, and would bring at fair sale, over \$1,000,000,000, yet the taxable values are but \$600,000,000.00. The assessment at its true value of all property is lodged in the hands of the State Tax Commission and the local assessors and listers. Assessors for real estate will this year, under our quadrennial assessment law, be selected by the county commissioners, who should se-

lect for these responsible positions the best men possible, men of integrity, judgment and courage. Inequalities in valuation are less defensible than inadequate valuations. It is believed that with the property of the State, real and personal, individual and corporate, assessed at its true value the revenues of the State will be amply sufficient to pay all proper expenses of an economic administration and interest on the public debt, and the State's work in all branches will go forward with increasing rapidity. I commend to your careful consideration the reports and recommendations of the State Tax Commission, and the State Treasurer.

There is some complaint that cotton mills and other industrial corporations pay their taxes directly and the shareholders pay no taxes on their shares, while the banks pay taxes only on their real estate, leaving the shareholders to pay the taxes on all other bank values, the bank, however, paying to the State the State taxes assessed against the shareholders. I deem it not inappropriate to call attention to the reason which controlled former legislatures in establishing and maintaining this difference. The State can not tax National bank capital, but the Federal law permits real estate owned by national banks to be taxed and also permits a State to tax the shares in a national bank held by any person in the same manner and at the same rate as shares of State banks are taxed. Since a State can not tax the capital stock of a national bank but can only tax the shares in the hands of the owner, and that, too only as shares in State banks are taxed, our legislatures were compelled to tax the shares in the banks of shareholders of State banks in order to reach the investments in national banks. As banks are in the towns and cities and as the average tax rate in the towns and cities exceed 2 per cent, it is manifest that if the State were to tax the capital stock of a State bank when it cannot so tax the capital stock of a national bank, every State bank that could do so would at the earliest possible moment be transformed into a national bank, as State banks could not be expected to compete with banks having so great an advantage over them in capital stock exemption. The same result would follow if the State should retain its present system of taxing the bank shareholders, which it can retain as to both State and national banks, and then also tax the capital stock of a State bank. It can not so tax the capital stock of a national bank. This would be such manifest, though unavoidable discrimination that the public conscience would revolt and a State bank could escape it only by surrendering its charter and becoming a national bank, and the State would thereby lose its expected increase in revenue. These are the practical, inevitable results which would follow the system of doubly taxing the capital invested in banks, that is of taxing the corporation on its capital and also taxing the shares in the hands of individuals.

Health.

The health of the people is essential to progress. Disease not only destroys the usefulness and consumes the substance of its victims, but takes the time and taxes the happiness of his family, and diminishes the energy devoted to personal and public welfare. The public good depends in large measure upon the masses, many of whom are not so well informed as to recognize the need of a physician nor able to secure his services—and yet we are advised by those learned in such matters that

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NEWS ITEMS OF GENERAL INTEREST

MATTERS OF IMPORTANCE HAPPENING THROUGHOUT THE COUNTRY

Augusta, Maine, Jan. 5.—Charles F. Johnson, of Waterville, was nominated for the United States Senate to succeed Senator Eugene Hale at the Democratic legislative caucus last night. The nomination was made on the first ballot.

Columbus, Ga., Jan. 5.—A temperature of fourteen degrees was recorded here today, the coldest in twenty years. The Chattahoochee river was so high that several cotton mills were compelled to shut down. There was a light snow.

Auburn, Wash., Jan. 5.—Two masked highwaymen entered the mail car on an east bound North Coast Limited train of the Northern Pacific last night as the train was leaving the King street station, Seattle, shot and severely wounded Mail Clerk Harry O. Clark and robbed the mails.

Milwaukee, Wis., Jan. 5.—A match was closed yesterday between "Packey" McFarland, of Chicago, and Freddy Welch, of Cardiff, Wales, lightweights, for a 20-round boxing contest in England, February 9th, the boys to weigh 133 pounds at 2 o'clock on the day of the contest, according to announcement made by H. C. Messier, American representative for Hugh D. McIntosh.

Charleston, W. Va., Jan. 5.—The death of Senator Elkins adds to the political complications in West Virginia. The Democratic Legislature which already was charged with the duty of electing a successor to Senator Nathan B. Scott, Republican, and which for the first time in years has a large Democratic majority, is now confronted with two Senatorships.

Washington, D. C., Jan. 5.—Officials of the American Naval Stores Company have filed a petition in the Supreme Court for a review of their conviction in the Federal Circuit Court of Georgia of violating the Sherman anti-trust law.

Raleigh, N. C., Jan. 5.—Information comes that C. B. Plyler, now in jail in Union county, sentenced to be electrocuted on January 20th, is guilty of the murder of his brother-in-law, Carter Parks, has confessed and has implicated others in the crime. He appealed, lost his case, and his attorneys are asking a commutation to life imprisonment.

New Republic of Portugal Tottering.

Madrid, Jan. 5.—The Portuguese republic—the youngest on earth—is believed to be tottering to its fall. An official statement given out in Lisbon and telegraphed to the various capitals of Europe shows that the government heads are trying to appease the people.

One move by the government is the abolition of Octroi taxes upon certain foodstuffs, directly affecting the poorer classes.

Taxes upon olive oil and meat have been rescinded, taking \$525,000 annual revenue away from the government, but cheapening prices of those staples.

At the same time it is reported that the Republican officeholders are compiling a bill to increase taxes on property of royalists.

THE WEATHER

Washington, D. C., Jan. 5.—For North Carolina: Fair and continue cold tonight; Friday fair, not so cold light to moderate variable winds.

AFTER STEAM RAILROADS FILE BRIEFS

SHIP TRUST

GOVERNMENT CHARGES SEVERAL LINES HAVING ENTERED ILLEGAL CONTRACT

OFFICERS ARE INDICTED

New York, Jan. 5.—The Federal government brought suit yesterday in the United States Circuit Court under the Sherman anti-trust law against thirteen of the principal transatlantic carriers, which are estimated to control ninety per cent of the steamer traffic, worth to them \$55,000,000 a year. Twelve officers of the defendant companies, all residents in America, are named as co-defendants.

These thirteen companies, the government charges, entered into an illegal contract February 5, 1908, at London, England, by which they constituted themselves the Atlantic Conference, with power to apportion all traffic pro rata, impose heavy fines on members of the conference for violation of any of the articles of the agreement and wage competition against all lines outside the conference. As a result, it is alleged, the Russian volunteer fleet, plying between New York and Libau, was driven out of business and the Russian-American line was forced to make terms with the conference and enter its membership.

Suit was brought by Henry A. Wise, United States District Attorney, acting under instructions from United States Attorney-General Wickersham. In its petition the government prays the court to "enjoin the defendant from further agreeing, combining, conspiring * * * to injure or destroy the business of any person or corporation engaged in the business of carrying steamer passengers between points in the United States and Europe. Further that each, every and all of the defendant steamship lines be forbidden either to enter or clear any of their vessels at or from the port of New York or any other port of entry in the United States or any of its possessions, so long as they shall continue to operate under the aforesaid alleged unlawful combination or conspiracy."

The defendant companies are: Allan Steamship Company, International Mercantile Marine Company, International Navigation Company, Anchor Line, Canadian Pacific Railway Company, Cunard Steamship Company, British and North Atlantic Steam Navigation Company, Hamburg-American Line, Holland-American Line, The Northern German Lloyd Company, The Red Star Line, White Star Line, Russian East Asiatic Steamship Company.

Gov. Hooper May Not Be Seated.

Nashville, Tenn., Jan. 5.—Regular Democrats yesterday started a plan to prevent the seating as Governor of B. W. Hooper, Republican, who was elected last fall by a fusion of Republicans and Independent Democrats.

The scheme is for regular Democrats who were elected to the Legislature to refuse to be sworn in as members. They did refuse yesterday. "Unless the 'regular' members are seated, Governor-elect Hooper cannot be sworn in.

Last night an agreement to adjourn the Legislature until summer was signed by "regular" Senators, and many rumors that all regular members of the Assembly would leave for home were heard.

Conferences were called last night and these may bring the "regular" into the Legislature. The "regulars" assert that the fusionists failed to keep faith as to certain promises made by the fusionists to the regulars.

URGE INCREASE OF RATES JUSTIFIED ON ACCOUNT OF GREAT EXPENSES

WANT RATES TO STAND

Washington, D. C., Jan. 5.—Freight rate construction as a whole, and not with relation to any particular article of transportation whether it be a commodity or be embodied in a class, is the principal issue involved in the investigation now being conducted by the Interstate Commerce Commission. This is the contention of the counsel for the railway lines in special classification, filed with the Commission yesterday. The brief points out that it is claimed the carriers have not discharged the burden of proof, required by the law "because they have failed to establish an affirmative proof of the reasonableness of the proposed increase on each specific article of the many thousand articles, embraced in the official classification, the rate on which will be advanced if the advance in class becomes effective."

This, it is submitted, "is a totally erroneous view of the matter. If the companies have demonstrated, as we believe they have, that any advance in the class rates is warranted and that the advance proposed to be made therein, are reasonable, then it necessarily results that the reasonableness of the advance, as applicable to all articles embraced in the classes, has been thereby established. The contention is made that if the freight charges for the transportation of any particular article can be demonstrated to be too high, that does not affect the whole class, but merely means that the classification of that article ought to be changed.

It is urged that, in the view of the shipping public the rates, prior to recent advances in the wage scales, were not too high. Some believed they were too low. Therefore, in the view of counsel for the carriers, the considerable increase in operating expenses of the roads furnishes on its face justification for the proposed advance in rates.

It is maintained that the present returns to investors in railroad securities are by no means excessive, and that in order to maintain a proper credit, it is necessary for the lines to receive such an operating income as shall enable them to form a respectable surplus.

Other briefs for individual lines also have been filed with the Commission. All of them, in general, take the same ground as that assumed in the general brief of the carriers.

COTTON MARKET

The New York cotton market opened a few points lower. January, 14.60; March, 14.85; May, 15.00; July, 15.01; October, 13.34; December, 13.20. At twelve o'clock the market was slightly higher. January, 14.60; March, 14.87; May, 15.03; July, 15.04; October, 13.41.

The market closed from 9 to 13 points higher Jan. 14.73, March 14.99, May 15.12, July 15.13.

Spots in Wilson 14 1/2 to 14 5/8. Receipts in Wilson: 10 bales. Receipts of cotton at the ports yesterday, 65,895 bales against 71,148 last week and 30,171 last year; for the week, 360,000 bales against 302,410 last week and 165,696 last year. Yesterday's receipt at New Orleans, 17,461 bales against 8,448 last year, and at Houston 2,570 bales against 4,976 last year.

Mr. M. E. Allred left today for Norfolk. Miss Mena Ford came in today from Fayetteville.