

THE PILOT

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OPPOSE DELAY IN STATE LIQUOR CONTROL

Louis Graves, editor of the Chapel Hill Weekly, thinks that in the face of the returns in the 17 counties of the state which have voted on liquor control, North Carolina should not be made to wait two years before making it statewide. With but one of the 17 voting dry, Edgecombe and Wilson voting ten to one, New Hanover eight to one, Martin, Halifax and Vance five to one, the others three or four to one for control, the count shows an overwhelming public sentiment for legal liquor stores in preference to the present bootleg traffic, he says.

Six of the 17 counties have reversed their positions in the 1933 repeal referendum, and in the 10 counties that voted for repeal then the wet vote shows increases ranging from 300 to 2,400.

So there can be no doubt of the wet tide in North Carolina. Control is favored not only by rock-ribbed wets but also by a great number of citizens who would like to have real prohibition but have wearied of imaginary prohibition. These citizens realize that, with liquor being sold legally in the neighboring states and brought across the borders with practical impunity, it is impossible now to maintain even the feeble effort at enforcement that has been made hitherto.

State liquor control is bound to come. The immediate question is: will it have to wait upon the next regular session of the legislature in 1937, or shall there be a special session either to enact a control law or to permit the people to express their opinion by ballot?

Governor Ehringhaus and other political leaders are known to be opposed to a special session, but the outcome of the recent county elections may compel them to change their minds. No doubt the matter will have to rest until the Supreme Court has passed upon the constitutionality of the New Hanover and Pasquotank acts, under which the county elections were held; but, whatever the decision of the court, we shall not be surprised if next fall the Governor has to yield to the pressure of public opinion and call the legislators back to Raleigh. If a popular verdict for control is inevitable—and the result of the recent elections certainly indicates that it is—why continue the present farcical regime two years longer?

Although the New Hanover and Pasquotank acts have the merit that they brought about a test of public sentiment, and thereby gave a valuable impetus to the control movement, nobody with any regard for the welfare of the state as a whole is satisfied with the hodge-podge situation that now prevails. One important objection to this legislation is that it provides no revenue for the State. Another is that, by adding a new legal traffic across county lines to the existing bootleg traffic, it increases lawlessness. What North Carolina ought to have is a legal liquor store plan like Virginia's. The record of tax collections in the Old Dominion justifies the expectation that, with a similar plan, North Carolina will add to its annual revenue around five or six million dollars.

Our opinion is that state liquor control should not be delayed for two years, and it is hoped the Governor will call the legislature into special session.

There is much food for thought in Mr. Graves' editorial.

DO WE APPRECIATE OUR MOVIE FARE?

One often wonders, on a visit to Southern Pines' movie house

in the summer time, how Charlie Piquet manages to keep providing the best of pictures for the people of the Sandhills. It is distinctly obvious that he must lose money during our dull season. He must be sacrificing his pocketbook to uphold his reputation for good entertainment, which makes him the sort of genial host to the community that he has always been, from the time of the old Sandhills Fair at Pinehurst.

The Pilot often wonders if the people appreciate what this entertainment means here in summer. There is little enough to do, goodness knows. What if Charlie should suddenly find his pocketbook wouldn't permit of his acting the host longer? Southern Pines has in the Carolina Theatre something which no other small town in North Carolina enjoys, a "first run" picture house. It is a distinct asset. We'd feel its loss severely should it close up. Let's go to the movies more often. We can't afford to risk losing the something that stamps us as a town apart. And we can't afford to lose anything which provides a little avocation through the long hot summer.

A WORTHWHILE PROJECT

Another suggestion for the Moore County Planning Board: Find some way to remove those pylons from the roadside along U. S. Highway No. 1 between Aberdeen and Southern Pines.

If there is any more cheap ballyhoo-looking decoration in the section than this array of monuments to a lost cause we do not know of it. Out with 'em.

Grains of Sand

Watch your step! For every hundred North Carolinians of 18 years or older, one was sentenced to prison or prison camp for 30 days or longer during the fiscal year ending June 30th, a State report reveals.

We're having our troubles getting the weather properly adjusted in these parts. The drought nearly ruined us the forepart of the summer, and now the rain is going too far for comfort. If it continues, tobacco farmers will lose heavily, the peach crop will be all shipped well before expectations or desires.

A pound of earth, taken from a few feet of the spot on which Andrew Johnson, after-the-war president of the United States, was born, in Raleigh, is on its way to Poland, via Chicago, to form a mound at the grave of the late Marshal Joseph Pilsudski when mixed with that of earth from every state of the United States and every nation of the earth. The occasion will be the celebration of the 15th anniversary of Polish independence, a few months from now. The request for earth from some historic spot came to Governor Ehringhaus from F. Piskorski, chairman of the Greater Polan, Silesian and Pomeranian Alliance, Chicago, and was compiled with by Dr. C. C. Crittenden, secretary of the N. C. Historical Commission.

Governor Ehringhaus does not see any reason yet for calling a special session of the General Assembly and will not call one unless it is absolutely necessary, he intimates. He is not sure the federal legislation on social security, old age pension and unemployment insurance, will require a session, but indicates that it must be imperative before he does call lawmakers back. Local papers and others have been agitating special sessions, first to take care of the muddled liquor law situation, and now to meet requirements in the social security program already passed by the national House. But Governor Ehringhaus is the only man who can call the session, and he does not want it. The legislators could take up and dispose only of those matters for which it would be called, but it does not even have to consider those and may do anything else it's fancy might suggest. Governors have been leary of special sessions for a long time, because the Governor has no control over a General Assembly, once he calls it together.

MARRIAGE LICENSES

Marriage licenses have been issued from the office of the Register of Deeds of Moore county to the following: F. E. Wishart of Lumberton and Hallie Elizabeth Freeman of Aberdeen; Curtis Deese of High Point and Mary Belle Atkins of Carthage.

The Tax Confusion

BY WALTER LIPPMANN

There is yet no evidence that the Administration has any clear idea of what it wants to do about the tax program. The President, in his message of June 19, put all his emphasis upon a better distribution of wealth and economic power. Only in one clause did he refer to the budget and then only to say that the inheritance taxes would "incidentally assist in our approach to a balanced budget." But the latest reports from the House Committee say that "we must have a bill that will raise substantial revenue" and that this means at least \$340,000,000. Which is it? Until Washington makes up its mind whether its primary purpose is to redistribute wealth or to balance the budget, it cannot begin to legislate intelligently. Nothing but trouble can come from confusing the two purposes.

Let us suppose that the primary object is to balance the budget. Is it not self-evident that the time to discuss new revenues is when the new budget is presented next winter? What is the point of discussing taxes until it is known what the expenditures are to be? The whole purpose of a budget is to enable the country to consider its expenditures in relation to its revenues and its revenues in relation to its expenditures. When a budget is in balance or is being balanced, the first rule is that no money must be appropriated for which revenues are not provided. It is no less contrary to orderly budget practice to raise revenues which have no relation to expenditures. It leads to such absurdities as the suggestion that the government must immediately have \$340,000,000 more to reduce a prospective deficit of over \$4,000,000,000. Why \$340,000,000? Would a deficit of \$3,660,000,000 be in any real sense different from a deficit of \$4,000,000,000?

The proposed new revenues will not balance the budget or bring the balance into sight. The only effect, therefore, of imposing new taxes now is

to add to the burden of a few thousand individuals without lightening in the least the burden on the national finances. Burdensome taxation that does no one any good is just stupid and arbitrary.

The only wholesome way to impose new taxes is to impose them as part of a comprehensive plan to bring the budget into balance. Opinion is divided as to whether it is necessary or wise to balance the budget at once. But if the budget is to be balanced at once, then new taxes should accompany retrenchments. To add to the taxes without beginning to economize will not balance the budget; it will merely produce the worst results of both policies. It will not give business men and investors the confidence that a balanced budget would give them and yet it will have the deflationary and discouraging effect that a meaningless sacrifice involves. What could be more dispiriting than to be taxed drastically without making a dent on the deficit? Taxation of this sort is merely punitive. It hurts the income taxpayer and helps no one else.

My own view is that no new taxes should be imposed until after the budget is presented to Congress next winter. That budget ought, I believe, to contain a definite program to reduce the deficit drastically next year and to end it soon thereafter. Such a program depends upon reducing the cost of relief and reducing the cost of relief depends primarily on putting the unemployed back to work in private industry. Now when this problem is examined, it will appear, I believe, that given the recovery necessary to absorb a substantial part of the unemployed, the present tax rates will yield very large revenues.

It is not generally realized that the present tax rates are already producing larger revenues than the government received in any year from 1923 to 1928. They were nearly 80 per cent larger this year than in 1932; they have produced \$3.70 this year for every \$2.10 they produced in 1932. The trouble with the budget, there-

fore, is not in the tax rates. The trouble is in the expenditures and in the fact that business is only partially recovered. A recovery which makes possible a reduction of expenses will also, without raising the tax rates, increase the revenues.

An eventual revision of the tax system is desirable and necessary as a matter of larger public policy. It should include more steeply graduated income and inheritance taxes. But these new rates should be imbedded in an income tax system which covers at least as large a proportion of the voters as are covered by the British income tax system. In 1931-1932 there were 3.7 million persons who paid income taxes in England, Scotland and Northern Ireland. This was about 17 per cent of the voters in the 1931 election. That same year in the United States 1.9 million individuals had taxable returns. They constituted less than 5 per cent of the voters in the 1932 election.

An income tax system set up so that not more than one voter in twenty pays a tax, that not more than one voter in ten even files a return, is a dangerous one to invoke for

the purpose of breaking up large fortunes. It is wide open and without defenses against extravagance and the squandering of the large accumulations of the nation's capital. Those large accumulations ought eventually to be taken out of private hands. But they cannot safely be entrusted to a legislature elected by a population which is not conscious that it pays taxes. An electorate containing 10 million income taxpayers may hope to redistribute income without destroying capital, but an electorate in which income taxpayers are a negligible number is under constant provocation to squander capital on current political expenditures.

In short, we may conclude, I think, (1) that new taxes for revenue should not be considered apart from a budget which retrenches and (2) that new taxes to redistribute wealth should not be considered apart from new taxes to redistribute responsibility among a very much larger number of income taxpayers. Since Congress is not now ready to deal with either question in this fashion, this is not the time to legislate.

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