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## President Would Levy Tax On Big Surpluses In Corporate Coffers

### Proposes Sweeping Revision of Corporation Tax Structure to Boost Federal Revenue

Washington, March 3.—A White House proposal that \$620,000,000 be added to corporate industry's annual tax bill through a major revision of the federal revenue system today stressed an obviously apprehensive Congress to immediate controversy.

In a special message, President Roosevelt suggested that farm relief and payment of the bonus be financed from a tax on profits which corporations assess in their treasuries as surplus instead of distributing as dividends.

Later, speaking to the press, he drew a broad distinction between reserves to provide working capital and cover depreciation of equipment—and surplus, which he said represented earnings, needed by the smaller stockholders, which should be taxed or distributed.

Called an "Evil"

In both the messages and at his press conference, he condemned the accumulation of undistributed profits as a method of evading taxation. The message termed this an "evil" that "has reached disturbing proportions from the standpoint of the inequality it represents and of its serious effect on the federal revenue."

With some Democrats applauding while others were openly critical or frowning; with many Republicans frank in their denunciation; and administration leaders emphasizing that the President's plan was only a "suggestion," machinery was geared for starting a tax bill through Congress.

Even as a vigorous row developed on the House floor, the Ways and Means committee, which will frame the measure, relegated the whole subject to a sub-committee which will begin its task tomorrow. Chairman Doughton (D-N. C.) said operations before the full committee would follow.

Representative Knutson (R-Minn.) touched off an explosive floor interchange with a critical speech. Minority Leader Snell added a caustic assertion that but for corporation reserves, unemployment would have been greater. Representative O'Connor (D-N. Y.) accused the Republicans of already playing politics with the tax proposal.

Complete Answer.

Chairman Harrison (D-Miss.) of the Senate Finance committee, which will take charge of the tax bill when it emerges from the House, termed the message a "complete answer to those who have been shouting about unbalanced budgets." He hoped they would "cheerfully pay their share."

Mr. Roosevelt suggested that he present corporation income tax to be replaced by a graduated tax on future undistributed profits, which some close to the administration thought might run from 25 to 40 per cent, and average 33 1-2.

This would have the effect of driving such profits out of corporation treasuries and into the hands of stockholders, which might provide funds for reinvestment, produce a more rapid turnover of capital, and, most important, would make these funds subject to taxation.

The stockholders would be required to pay the normal income tax rate of four per cent and the surtax, a rate increasing with the size of his income, on money thus received as dividends. At present, he pays only surtax on income from dividends.

By repealing the present tax on corporation income and certain other corporate levies, the Treasury would lose \$1,800,000,000 a year, while the new program would produce about \$1,620,000,000, the President estimated.

### TO-GIVE LECTURES

Rev. R. L. Isbell of Lenoir, N. C., will speak on his travels through the Holy Land at the Farmville Christian church Sunday, March 8th at 7:30 p. m. He will also speak at the Farmville Presbyterian church Monday, March 9th at 7:30 p. m. on his travels through Egypt. The public is cordially invited to hear this widely traveled evangelist.

Special music will be rendered Monday night by the Farmville male quartet.

In Mason County, farmers have contracted to order 25,000 pounds of hops. These hops will be used in soil improvement work.

Scientists are looking for a new way to control the growth of bacteria, and the process has been patented. It is a new type of bactericide which will not harm plants.

### IN BALANCE

Washington, March 3.—President Roosevelt, in his tax message today, reiterated his contention that "without the items for relief" his 1936-37 budget was in balance.

He added, however, that the Supreme Court's AAA and rice millage decisions, and passage of cash bonus payment legislation, had "adversely affected" the budget for both the current and coming fiscal years as follows:

- Deficit to date through expenditures chargeable to processing taxes, less processing taxes collected, \$287,000,000.
- Estimated expenditures for reimbursing farmers for performance under 1935 AAA contracts prior to invalidation, \$296,000,000.
- Estimated expenditures under the new soil conservation subsidy bill, \$440,000,000.
- Annual cost of bonus payments for nine years, \$120,000,000.

### Strong Program Planned For Farm Broadcasts

With spring closing in fast, farm people are busily engaged in preparing for the new crop year.

Realizing this, specialists at State College are advising growers over the Carolina Farm Features radio program as to the proper methods of planting and caring for the crops. These farm broadcasts are heard each week day over a number of North Carolina stations.

One of the most important tasks at this time of the year is the starting of baby chicks. Mr. C. F. Parrish, extension poultryman, has prepared a talk on "The Feeding, Care, and Management of Baby Chicks," which he believes will be of much help to the raisers. The broadcast will be heard on Friday.

On Saturday Dr. G. K. Middleton, of the Agricultural Experiment Station, will be on the air with a discussion of "Corn Production in North Carolina." He will place emphasis on the best varieties for the different sections of the state.

## Officers Break Up Tobacco Theft Ring

### Three White Men, Two Negroes Sentenced In Greene County Court

Snow Hill, March 4.—Operating in this section of the State for the last eight or ten years, according to Greene County officers, three white men and two Negroes to a tobacco stealing ring were found guilty in Superior Court here during the criminal term that adjourned Monday.

"The gang has been stealing tobacco throughout Wilson, Greene and Pitt counties for the last ten years, and headed by a white man, had a regular organization," said Deputy Sheriff F. C. Carraway of Snow Hill, who arrested the men over a period of several weeks.

Ruffin Seamster, white leader of the gang, was sentenced to six years in State prison by Judge Frizzelle, while Claud Williams, Negro, was given the same time on the roads, and Oscar Joyner, Negro, and George Brand, white, were given one and two years, respectively, on the roads.

B. O. Robinson, white lieutenant of Seamster, was given a five-year suspended sentence by the judge on condition that he was not to take a drop of whiskey for that period.

The case against Jesse Joyner, Negro, who had turned State's evidence, was dropped.

The six were charged with breaking and entering, larceny and conspiracy.

Deputy Carraway said Monday that there were several of the gang still at large, but that he expected to clean up the rest of them in the near future.

"The stealing of tobacco in this section was noticeably stopped after the arrest of this gang last fall," said Carraway.

Those using the TVA phosphate in Alamance County for demonstration purposes are adding from one to five pounds of lime with each pound of phosphate.

There are 25 schools in Alamance County under the new farm management demonstration program operated cooperatively by the State and Federal Government.

## Declares His Tax Plan Would Expand Business

### Tells Reporters How Wealthy Stockholders Can Hoard Profits

Washington, March 3.—President Roosevelt tonight met criticism for his proposed tax on undivided corporate surpluses would "heap a cruel burden on business with the statement" that "it would expand trade."

Four hours after he had submitted his tax message to Congress, the President patiently explained to newspaper correspondents how the present internal revenue laws operate to benefit the wealthy stockholders at the expense of the less fortunate.

Mr. Roosevelt began his lecture in tax economics to the reporters with the warning that corporate surpluses should not be confused with corporation surpluses. Any corporation, he explained, has the legal right to set aside a certain amount of its earnings for expansion, depreciation, etc.

He took a hypothetical case in which he and the reporters controlled \$1 per cent of the stock of a corporation, while 150 other stockholders controlled the other 49 per cent. When it came time to pay dividends, Mr. Roosevelt went on, he and the reporters, having other sources of income, decided to take the money that could have been paid in dividends and expand the plant or put it in the corporation's surplus fund. This, the President observed, is not fair to the other 150 stockholders in a less fortunate position who could have used the dividends. A more equitable way of handling this problem, he continued, would be to pay out the net earnings in dividends and then invite affluent stockholders to purchase additional stock for expansion purposes.

In many instances, Mr. Roosevelt said, small controlling groups have prevented disbursement of net earnings in dividends in order that more cash might be available to expand the business. If a corporation has a huge undivided surplus and distributes it to stockholders, he explained, the proposed tax would not apply. In that case, the government would get a part of the money through taxing the dividends received by individuals.

In addition to increasing the purchasing power of stockholders and thus encouraging an expansion of trade, Mr. Roosevelt said the proposed corporation levy likewise would operate to prevent needless expansion of some corporations tempted by vast stores of undivided wealth.

### Farm Work Is Good For Foaling Mares

More colts will be born in North Carolina this spring than at any time during the past 10 years, said R. H. Ruffin, head of the animal husbandry department at State College.

A renewed interest in horses and mules has spread over the State, he said, and the high price of good draft animals has induced many farmers to breed their own workstock.

The foaling mare does not need to lose a great deal of time from her work, Ruffin pointed out. In fact, ordinary farm work is the best exercise she can get prior to foaling time.

He recommended that she work up to the day she drops her colt, then be given an eight-day rest. After the rest, it is better for her and the colt if she returns to work.

If for some reason however, the dam and foal are not doing well, it may be best to prolong the rest period. Meanwhile, endeavor to ascertain the trouble and correct it as quickly as possible.

Before the colt is dropped, feed the mare an abundance of legume hay. A 1,200-pound brood mare at farm work should get a grain ration consisting of 8 pounds of corn, 6 pounds of oats, and 2 pounds of wheat bran per day.

The first two days after the colt is born, do not give the mare any grain except two pounds of a wheat bran mash morning and night, Professor Ruffin continued. On the third day, a pound of oats may be added to the mash.

Keeping up this light feeding during the eight-day rest period to insure a gradual development of the milk flow and to prevent digestive disturbances of the mare or foal.

If good pasture is not available, give the mare all the legume or mixed hay she will eat.

Reports from Greenville, Pitt County, are to the effect that 2,000 eastern Carolina farmers have joined the new Farm Bureau organization.

## Greene Farmer Is Found Guilty

### J. F. Owens Sentenced To Term of 7 to 9 Years For Shooting Tenant

Snow Hill, March 3.—A. F. Owens, Greene County farmer, was sentenced from seven to nine years in the State Prison by Judge J. Earl Frizzelle early this morning when a jury which had deliberated for an hour and a half found him guilty of manslaughter in the death of Paul Nethercutt, a tenant, and of assault with a deadly weapon in the wounding of Nethercutt's son, Lyman.

Five hundred or more persons were in the court room when the jury brought in its verdict. It had been expected momentarily since midnight when the twelve men, an hour after having received the court's charge, came back for final instructions.

At 12:15 the jury brought in its verdict of guilty of manslaughter in the case involving Nethercutt's death but had misunderstood the charge in relation to the shooting of the younger Nethercutt. In this case prayer for judgment was continued.

Upon the court's order to determine the guilt or the innocence of the defendant as to assault with a deadly weapon or assault with intent to kill, the jury deliberated 20 minutes longer before it agreed upon the verdict of assault with a deadly weapon.

The defense Monday bolstered its case after noon Monday. The afternoon and early part of the night were consumed with arguments by counsel and tonight Judge Frizzelle delivered a two-hour charge.

The defense Monday bolstered its self defense plea with some of the State's own witnesses. Offering testimony were Owens's wife, his two sons, and sixteen prominent men of this section as character witnesses.

The handsome new courthouse was crowded to overflowing and many women were present today for the first time during the trial.

Junius Moore, Negro, and formerly one of the State's witnesses, testified that as he drove up before the Nethercutt house in his mule cart the day of the shooting, Lyman Nethercutt had just gotten out of his truck and had started advancing toward Owens, who was standing in the road.

"His fists were balled up," said Moore today. He said that at the first shot from Owens's gun, the mule he was driving bolted, and ran down the road.

Owens later in the afternoon, admitted he fatally injured Nethercutt and shot three times at his son, Lyman. One shot missed the 24-year-old youth and two truck him.

Owens claimed he fired the shots in self-defense. He swore the father was armed with a brick and that the youth threatened to beat him.

Lyman testified earlier today that Owens was the aggressor in a six months feud. He cried while Owens told of his father's ill feelings toward him. The youth's mother, too, sobbed bitterly during the testimony.

B. H. Owens of Fountain, brother of the man on trial, testified that he had been on the scene of the shooting an hour after it occurred and he had seen evidence of a scuffle in the road.

He also corroborated Owens's testimony by telling the story as told to him by Owens himself the next day.

Mrs. Owens testified that Lyman had threatened Owens before the shooting. She also corroborated her husband's testimony.

Calm and collected upon the stand, she stood out in contrast to Mrs. Nethercutt who sat most of the day today with her head in her hands.

Character witnesses put on the stand for Owens included Chief of Police J. O. Bryan of Fountain, former Sheriff E. A. Ramsey of Greene County, and J. B. Whitley, chairman of the Board of County Commissioners of Greene County.

State Patrolman H. C. Johnson, Sheriff J. K. Cobb of Snow Hill and Deputy F. C. Carraway testified concerning Owens's arrest. Johnson testified that they found Owens with three empty shells and that Owens had said "I didn't aim to shoot him as high as I did."

Sixteen witnesses testified to Owens's character.

L. W. Edwards, undertaker testified he found the bullet in the pocket of the dead man, as he undressed him for burial.

Mrs. Nethercutt was the last witness of the afternoon.

She said her husband said to Owens at the house on the afternoon of the shooting.

"It'll be out of your way in an hour if I don't have any bad luck," she said he spoke "in the nicest

## Governor Fears Tobacco Control Chances Waning

### Lack Of Progress At Washington And In Adjoining States Cited

Raleigh, March 5.—The chances for control of the 1936 flue-cured tobacco crop through states compacts, authorized by Congress and enacted by the state legislatures, appeared to Governor Ehringhaus to have diminished even further yesterday.

In the first place, with the planting season dangerously near—especially in Georgia and South Carolina—no progress was reported from Washington where the Department of Agriculture is working on the bill to authorize the compact. Apparently the bill has not been drawn, much less introduced.

In the second place, the Virginia Legislature has passed a peculiarly worded compact bill which, in effect, would leave it up to the Governor of Virginia whether or not the states compact would be effective—and even he could do nothing until and unless Georgia adopted some form of control "substantially in accord with the quota and marketing provisions of the act."

Voluntary Sign-Up.

Governor Ehringhaus, in the meantime, was giving his attention to proposals for a voluntary crop reduction sign-up—apparently the only thing left unless Congress comes through, South Carolina comes through and Georgia comes through with some plan for control without a control law which would be satisfactory to the Governor of Virginia.

In the meantime, a joint sub-committee representing the State Tobacco Advisory Committee and the executive committee of the State Farm Bureau Federation, will confer with South Carolina Legislatures today to learn if they are willing to join in a compact with Georgia on the outside. The wording of the Virginia law is expected to affect the situation at Columbia, S. C., when the North and South Carolinians meet today.

### Virginia's Law

The new Virginia law includes the following:

"This act will not become effective unless and until the Congress of the United States shall pass an act consenting to the establishment of compacts such as are authorized by this act and thereafter this act shall become effective with respect to flue-cured tobacco upon the enactment of a similar act by the legislatures of the states of North Carolina, Kentucky and Tennessee; and shall become effective with respect to flue-cured, dark air-cured tobacco upon the enactment of a similar act by the legislatures of the states of Kentucky and Tennessee; provided, however, that with respect to flue-cured tobacco this act shall become effective for the 1936 crop only, upon the enactment of a similar act by North Carolina and South Carolina; and when the governor shall and as a fact and proclaims that in his opinion effective means have been adopted to regulate by agreement or otherwise the marketing and sale of such kind of tobacco in Georgia substantially in accord with the quota and marketing provisions of this act."

What It Means.

Governor Ehringhaus, in a telephone conversation with Governor Peery of Virginia, yesterday asked the meaning of the words "effective means . . . to regulate by agreement or otherwise the marketing and sale of such kind of tobacco in Georgia substantially in accord with the quota and marketing provisions of this act."

Governor Peery replied that as he interpreted the provision it meant regulation in Georgia by legislation or some voluntary plan.

With the Georgia crop soon to go into the ground, the prospect for a voluntary control plan "substantially in accord" with the provisions of the proposed compact seemed very slim to Governor Ehringhaus yesterday.

Wire Congressmen.

As to the situation in Washington, the Governor sent the following telegram to Senator Bailey and the seven Congressmen from the tobacco section:

"Regarding yesterday's conference in Washington about tobacco. Reported here that it was consensus of opinion the conference that compact 'I have ever heard of'."

Owens will be taken to State Prison in Raleigh tomorrow morning by county officers.

## Proceed Without Georgia, Tobacco Men Ask Governor

### Gives Assurance To Tobacco Area

### Hutson Says Full Benefits Will Be Forthcoming For Diversion of Acreage

Washington, March 3.—J. B. Hutson, chief authority of the Department of Agriculture on tobacco, today authorized interested Congressmen to inform their constituents that if they restrict their tobacco planting to 70 per cent of the base acreage established under the AAA, and plant the diverted acreage in soil-conserving crops, they will be entitled to maximum benefits under the soil conservation farm bill which has now become law.

Although it will be two weeks or more before a definite program is announced by the Department of Agriculture, the Congressmen who gathered today to discuss the matter with Mr. Hutson and other officials felt that they had made very important progress in obtaining the above commitment and they also felt that they made equally definite, although less concrete progress toward their second objective, the securing of a sufficient amount of money to make the program effective.

Mr. Hutson's goal is a 640,000,000-pound crop of flue-cured tobacco, a reduction of 20 per cent from the 1935 crop of 800,000,000 pounds.

"How much tobacco will North Carolina farmers plant and harvest this season with normal weather conditions and no control program," is the question many county planning committees are debating now.

New Hanover farmers, interested in the deficiencies of minor plant food elements in their soils, are trying experiments with copper sulphate and are finding that it eliminates some of the troubles they have had with truck crops.

## Pitt Project Gets Underway Again

### Major Drainage Undertaking Resumed With Funds Totalling \$154,000

Raleigh, March 4.—Operations have been started on the Swift Creek malaria control project in Pitt county, and undertaking to cost \$154,000, State WFA Administrator George W. Coan, Jr., announced yesterday.

One of the largest drainage projects in the State, the project was begun under the CWA, continued by ERA and now is to be completed with \$104,000 of WPA funds and \$50,000 from local sources.

Contracts for dredging equipment to be used on the job will be let immediately by the procurement department of the United States Treasury here, Mr. Coan said. The project will be supervised by the State Board of Health and the WPA.

Efforts to insure completion of the project have been under way for many weeks and the help of Mr. Coan and Congressman Lindsey Warren were enlisted to secure an allocation. The district to be drained covers a large area known as Muddy Creek Swamp near Ayden and extending almost to Greenville.

authorizing legislation was impossible at this Congress or in time to control this year's crop and that adoption of state compacts controlling this year's crop must be abandoned. Will you please advise me immediately as to this and also, first, has bill authorizing compacts yet been prepared by agricultural department, second, has bill approved by department been introduced, third, will department support the bill in Congress and urge passage this session, and fourth, what in your opinion is probability of passage this session."

Whether or not a voluntary sign-up was possible at this late hour the Governor was not at all certain but he called upon the leaders of the various farm organizations and the State College extension service officials to give their immediate consideration. The fact that the tobacco farmers who took 30 per cent of their base acreage out of tobacco production would get up to 3 cents a pound for the tobacco they didn't raise—if they used the land for soil conservation crops—would be expected to make the proposed voluntary sign-up much more effective,

## Farmers Concerned About Weed Prices

Wilson, March 4.—Pointing out that the farmers of Wilson County received \$1,014,610.61 from the AAA in parity and rental payments during 1934 and 1935, W. L. Adams, Wilson farm agent, declared Tuesday morning that the farmers of the county were very much upset by the condition that is now facing them and are asking, "How are we to get along the coming farming season?"

The farm agent said that unless something is done for the tobacco farmer in this section that tobacco is liable to go to 10 cents a pound the coming season which would be ruinous.

Tobacco farmers of Wilson County received \$707,988.85 in 1934-35 in AAA parity and rental payments, Mr. Adams pointed out; a fact that was instrumental in an indirect way of boosting the prices of tobacco in this section by the acreage reduction program.

Adams urged the farmers Monday to produce all the food and feed needed and also urged continued efforts for soil conservation.

Johnston County poultry growers sold 6,264 pounds of surplus hens at the car door in a cooperative shipment last week.

All the farm owners from Farmville to Ballard's Cross Roads in Pitt County are planning to put out rat bait in a cooperative effort to control the rodents.

## Believe Legislature Will Be Called If Congress and South Carolina Act

Raleigh, March 4.—Leaders of the tobacco farmers of Eastern North Carolina yesterday told Governor Ehringhaus that the growers were ready to enter a crop-control compact with other flue-cured tobacco states, even though Georgia stayed out; but they were not willing to enter any agreement if both Georgia and South Carolina stayed out.

The Governor's response to the growers' suggestion that the Legislature be called into special session to enact a tobacco control law if (1) the compact act is passed by Congress and if (2) all the other tobacco states and Georgia came in, was termed "entirely satisfactory" by members of the two committees which discussed the problem with him. They were the State Tobacco Advisory Committee and the executive committee of the newly organized State Farm Bureau Federation.

Go To South Carolina.

Immediately after their conference with the Governor the two committees met and appointed a sub-committee to go to South Carolina and confer with members of the Legislature in regard to the proposed compact. The joint committee was inclined to the opinion that if South Carolina came in, North Carolina would be willing to do the same thing.

In the meantime, the thought that "something must be done" spread throughout the belt but in many quarters it was accompanied by the misunderstanding as to the situation in Washington. Many believed either that Congress had passed a law authorizing the states compact—a thing which cannot be accomplished without an act of Congress—while others did not know that congressional action was necessary.

The brightest spot on the horizon was the report from Washington that although the compact act would not be reached for at least two weeks, farmers who voluntarily cut their tobacco acreage to 70 per cent of the base under the old AAA, and planted the acreage taken out of tobacco in soil conservation crops, would be entitled to federal benefits.

Consider Mass Meeting.

The tobacco advisory committee yesterday had before it the suggestion that it call a mass meeting of tobacco farmers to meet in Raleigh in the immediate future, but took no action on it.

Members of the committee sent to Columbia were C. T. Hall of Wooddale, J. A. Brown of Chadbourn, W. E. Eagles of Maclefield and Lionel Weil of Goldsboro.

The meeting in Governor Ehringhaus' office and the subsequent meeting of the two committees were behind closed doors yesterday and no formal announcement was made. Members of the committee left it, however, feeling somewhat more hopeful and apparently reassured that the Governor was willing to act, even to the point of calling the Legislature, if, as and when Congress passes a tobacco states compact authorizing action and the legislatures of tobacco states now in session get into line.

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