

DISCUSSING TAXES

Idling along last week and waiting for the President's message on taxes, Congress found plenty to work on after the President recommended sweeping changes. Discussion continues, with much difference of opinion, but with Congress nevertheless impressed by the fact that when appropriations are voted, taxes must be levied.

Reviewing the fiscal policy of his Administration, President Roosevelt maintained its fundamental soundness, assuring the members that receipts of the Government are rising definitely and sharply and that Federal expenditures can be reduced so that the increase in government income will be able to pass "the declining cost of relief." To maintain this policy, the President insisted that it was necessary to make good the loss of revenue caused by the Supreme Court decision and the increase in expenses caused by the adjusted compensation payment act.

Breaking down the figures, Mr. Roosevelt pointed out that the Supreme Court decision adversely affected the budget by one billion, seventeen million dollars, as follows: (1) a deficit due to a failure to receive processing taxes to equal expenses they were expected to pay, \$281,000,000; (2) expenditures approved in appropriation act, 1936, \$296,000,000; (3) estimated expenditures under soil conservation and domestic allotment act, \$440,000,000.

This sum of more than a billion dollars, which must be raised to keep the budget in line with earlier estimates, includes a permanent annual cost of about \$500,000,000 for farm relief provided and also the estimated net loss to the government through processing taxes which have not been collected. However, in addition to the money required for the farmers, the Congress has been asked to provide a sum to meet the additional cost of paying the adjusted compensation certificates of the veterans this year instead of in 1945, when they would otherwise have become due. To do this, in nine years, will require an annual charge of \$120,000,000. Therefore, the President wants permanent taxation to provide \$200,000,000 but he makes plain that the money for the farmers is a substitute for the old processing taxes and only that required for the bonus payment is new taxation.

PRESIDENT'S SUGGESTION

While leaving to the "discretion of Congress" the method of raising the revenue, President Roosevelt offered a suggestion, which is the basis for the widespread discussion now going on. To begin with, the President would repeal taxes which have been counted on to produce approximately a billion dollars a year and in their place levy a "proper tax on corporate incomes (including dividends from other corporation)" which is not distributed as earned. He would repeal: (1) present corporate income taxes which are expected to yield \$286,000,000; (2) the capital stock tax, estimated to yield \$163,000,000; (3) the corporation excess profits tax, estimated to yield \$5,000,000; and, in addition, (4) eliminate the present exemption of dividends from the normal tax on individual incomes. The rate of the tax, he said, should be so graduated and fixed as to yield the same revenue as would be yielded "if corporate profits were distributed and taxed in the hands of stockholders."

NEW CORPORATION LEVY

Thus it will be seen that the new tax on corporate income would be expected to raise enough to offset the billion to be lost through taxes repealed and the \$620,000,000 required for farm aid and to amortize the bonus payments. There still remains to be discussed the President's suggestion of methods to restore to the Federal Treasury the amount lost through the court decision throwing out the processing taxes. Again, with deference to the "discretion of Congress," Mr. Roosevelt suggests the taxation of the "windfall received by certain taxpayers who shifted to others the burden of processing taxes which were impounded and returned to them or which, otherwise, have remained unpaid."

TAKES CARE OF LOSS

He points out that a tax on this "unjust enrichment" would be only fair to the vast number who did not resort to court action and have paid the tax. The return from this tax on "windfalls" would be received in this and the next fiscal year but would

(continued on page 5)

TODAY'S THOUGHT

"Best men are not those who have waited for chances, but who have taken them."—Chapin.

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Hoover Says New Deal Failed In Reemploying Idle

Speaks At Meeting Of Young Republicans In Colorado Springs Sat. Night. Speech Broadcast

SEES INCREASED TAXES

Says \$15,000,000,000 Will Be Added To The National Debt Before End Of The New Deal

Colorado Springs, Colo., Mar. 10.—An assertion was made here tonight by former President Herbert Hoover, in an address, that the new deal had laid the groundwork for an ever-increasing tax burden, yet had failed in the "outstanding" governmental job of reemploying the jobless.

Addressing the Young Republican League of Colorado, he said the American system of liberty was endangered and told his young listeners "your freedom and your opportunities in life are being mortgaged."

One item of administration legislation came in for favorable comment:

"The new deal regulations of stocks and security promotion in various aspects have the right objectives. They were hastily and poorly formed without proper consideration by Congress. But they point right."

After indicting the administration's "planned economy" as endangering the Constitution, charging it with waste and ill-founded financial policies, the former president asked:

"What of the taxes that will ooze from this spending and debt all your lives?"

"Do not mistake. The new taxes of today are but part of them. More of them are as inevitable as the first of the month. The only alternatives are repudiation or inflation. No matter what nonsense you are told about corporations and the rich paying the bill, there will be two-thirds of it for the common man to pay after the corporations and the rich are sucked dry."

He said that election day 1932, the American Federation of Labor reported 11,600,000 unemployed.

"Today, after three years of the new deal," he said "they report 11,600,000 unemployed. To get these people back on jobs was the outstanding job of our government. It was the excuse given for all these doings. "But the grim fact remains that it has failed in its primary purpose. And \$15,000,000,000 will be added to the national debt before the new deal is over."

Hoover said the administration, knowingly or not, has "imitated the intellectual and vocal technique of typical European revolution. In the talking and legislative stages they made some progress."

"America has not reached these final stages," Hoover declared. "Thanks to a people of a great heritage, to the press and radio, free speech still lives in America. I intend to use a little more of it tonight."

The former president's address was broadcast nationally.

Hero Of British Navy Passes Away

London, Mar. 11 (Wednesday)—Admiral Earl Beatty, naval hero of the Battle of Jutland, died early today after a three-week illness.

King Edward's physician in common, Lord Horder, headed the staff of doctors attending Admiral Beatty.

A. H. Graham Visits Sparta Last Week

A. H. ("Sandy") Graham, candidate for the Democratic nomination for governor of North Carolina, was a visitor in Sparta last week.

Fire Truck Burns As Firemen Seek Place Of Blaze

Tilden, Neb., Mar. 10.—The entire fire department was indignant today.

Routed out of beds by the siren, the firemen searched vainly for an early morning blaze. And while all this was going on, a fire destroyed the department's truck, leaving the town without fire fighting equipment.

The firemen suspect the fire started when some one tried to empty the truck's gasoline tank.

Roosevelt Group Takes Long Lead In N. H. Voting

Supporters Of Knox Ahead In Republican Balloting. Scheduled Ga. Primary Cancelled

Manchester, N. H., Mar. 10.—As returns from today's presidential primary in New Hampshire slowly mounted tonight, unpledged candidates for delegates to the Democratic national convention, to be held in Philadelphia, trailed far behind those pledged to President Roosevelt.

Republican candidates favorable to the candidacy of Colonel Frank Knox, Chicago and Manchester publisher, although unpledged, were in the lead in the tabulation of Republican ballots.

Of 16 candidates for eight places as delegates-at-large on the Democratic ticket, only four were not pledged to Roosevelt and in returns from 100 precincts of the state's 295, they occupied the last four places.

Manchester, N. H., Mar. 10.—George H. Moses, former United States senator from New Hampshire, who was elected delegate-at-large to the Republican national convention in today's presidential primary, said the result gave Col. Frank Knox a "flying start" in the race for the presidency.

Winder, Ga., Mar. 10.—A primary test scheduled for tomorrow between President Roosevelt and Governor Talmadge in rural Barrow county was called off today by the county Democratic executive committee.

At the same time the committee called on the state Democratic committee to hold a statewide primary to give the people a chance to decide between Mr. Roosevelt and his outspoken critic. County preferential primaries are not binding.

Barrow, a county of 13,000 population, is the home of United States Senator Richard B. Russell, Jr., in northeast Georgia. Governor Talmadge previously had said he was not given sufficient notice of the primary in the home county of Russell, a staunch administration supporter.

Republicans Seek \$1,000,000 From 1,000,000 Persons

Washington, Mar. 9.—The Republican National Committee, with a \$356,288 surplus in its coffers, tonight announced a campaign for "\$1,000,000 from 1,000,000 Americans" to use opposing the re-election of President Roosevelt.

The new contribution system was characterized by Party Chairman Henry P. Fletcher as marking "the beginning of what we hope will be a permanent method of financing the Republican party through annual contributions from the rank and file of the Republican and independent voters."

Each contributor will receive a fancy "red, white and blue" participation certificate asserting that the donor "is a contributor to and a participant in the work of bringing about a return to the fundamental principles of our government."

The certificates bore portraits of Abraham Lincoln and George Washington, and facsimile signatures of Fletcher and George F. Getz, national treasurer.

Not For Publicity Purposes



NEW YORK . . . Above are Mr. and Mrs. George Burns with daughter Sandra, 2, and brother Ronald, 6-months old. Mr. and Mrs. Burns adopted both children from a Chicago fondling home, Sandra more than a year ago and Ronald just recently. Photo shows Sandra welcoming her new brother. . . Mr. and Mrs. Burns are widely known . . . to screen and radio fans. They are none other than George Burns and Gracie Allen.

Congressional Leaders Trying To Speed Work

Some Outstanding Bills May Be Scrapped In Order To Protect Adjournment Goal, Set For May 1

Washington, Mar. 10.—It was intimated Sunday by congressional chieftains that ship-subsidy legislation and the \$420,000,000 rural electrification bill might be scrapped, along with other controversial measures, if necessary to protect the May 1 adjournment goal.

Taxes, money for relief, and regular appropriation bills thus were the only items on the legislative agenda bearing a "must" tag.

Senate leaders were talking of winding up their regular duties, letting house members go home to political fence building, and then starting the impeachment trial of Federal Judge Halstead L. Ritter, of Florida.

That suggestion was advanced by Senator McNary, of Oregon, the Republican leader. The Democratic chieftain, Senator Robinson, of Arkansas, was not ready to accept it until it was determined whether the trial on charges of misbehavior, high crimes and misdemeanors might be squeezed in while the house was working on taxes.

A bill to provide for direct construction and operating subsidies for shipping in place of the present ocean mail contracts, has been snarled in the senate since last session. As a compromise, a new measure was offered last week.

To pave the way for possible disposal of the rural electrification measure, Chairman Rayburn, (D., Texas), of the house interstate commerce committee arranged for hearings Thursday. He said they should take no more than a single day, and indicated he was ready to accept the senate's reduction of the original billion-dollar plan to \$420,000,000 spread over 10 years.

The bill would set up a permanent rural electrification administration to make loans to states, rural municipalities, utility districts, farm cooperatives or limited dividend corporations to bring power to rural areas now without it.

Overtime work on the administration's new tax program was scheduled to keep a House ways and means subcommittee busy this entire week.

Davis Sent To Europe To Study Market Situation

Washington, Mar. 10.—Asserting that "future plans made by farmers of this country will depend in large measure on the extent of their outlets abroad," President Roosevelt today directed Chester C. Davis, the AAA administrator, to survey Europe's economic policies.

Hauptmann May Ask Hoffman To Visit Him Again

Such Request May Be Made In A Last Effort To Stave Off Execution During Week Of Mar. 30

Trenton, N. J., Mar. 10.—It was learned tonight from an authoritative source that Bruno Richard Hauptmann may ask Governor Harold G. Hoffman to visit him again in the death house of the New Jersey state prison.

The request may be made, the source said, in a last desperate effort of the convicted Lindbergh baby killer to stave off execution in the electric chair the week of March 30.

The governor's reprieve powers expire Thursday night. He said last week there would be no further stay of execution unless new evidence is discovered.

The governor meanwhile carried on his investigation of the kidnap-slaying, still apparently unconvinced the case was solved with the arrest and conviction of Hauptmann.

Defaults On War Debts Owed U. S. Reach A Billion

Washington, Mar. 10.—Defaults on debts owed the United States from World War days skyrocketed today over the billion dollar mark for the first time.

The debtor nations are barred, under the Johnson act, from obtaining any further financial assistance in this country. But the unpaid cost of the last war and threats of a new conflict have revived discussions of the entire debt problem in congress.

A compilation by the treasury disclosed that if congress sets up a war debt commission—proposed by Senator McAdoo, Democrat, of California, to review the question and seek a final and lasting settlement—it will grapple with a total debt of \$13,670,087,391.28 of which \$1,049,795,092.32 is now in default.

Horticultural Specialist To Be In Alleghany Co.

H. R. Niswonger, Extension Horticultural specialist, is scheduled to be in Alleghany county today (Thursday) and Friday, and a farmer, according to County Agent R. E. Black, who may be interested in truck farming should try to see Mr. Niswonger while he is in the county.

Mr. Black has arranged for Mr. Niswonger to be at Piney Creek today (Thursday) at 1:00 p. m., at Glade Valley at 7:00 p. m., and at Sparta high school Friday at 9:00 a. m.

Alleghany County Students On Honor Roll At A. S. T. C.

Mrs. Rosalie Hoppers and Miss Clarice Thompson, of Alleghany county, and both senior students at Appalachian State Teachers college, Boone, are among a total of 141 students of the college who were eligible for the honor roll for the winter quarter.

In order to be eligible for this honor, a student has to prove a superiority by making an average grade of "B" on all subjects.

Huge Fund May Be Sought For Relief Purposes

Works Program Of Administration Is Praised By Speakers. Vandenberg Wants Probe

Washington, Mar. 10.—As Democrats entered a twin defense of the WPA and PWA, intimations that President Roosevelt would soon ask Congress for between \$1,000,000,000 and \$1,500,000,000 for continuance of his work relief program were dropped in Senate circles today.

Senator Robinson, of Arkansas, Democratic leader, in a 7,000-word prepared address, defended "boon-doggling" under Harry L. Hopkins' work progress administration, and asserted the Republican national committee and "miscalled Liberty League" were attempting to make a "political football out of the unfortunate unemployed."

Soon afterward, Senator Hayden (D), Ariz., read another prepared speech paying tribute to the public works administration under Secretary Ickes and urging another \$700,000,000 appropriation for new non-federal projects already proposed but for which funds are lacking.

On the present 45-55 grant-loan basis, Hayden said this would enable construction of \$1,500,000,000 of state and municipal projects.

Sandwiched in between the two Democratic speeches was a fresh demand from Senator Vandenberg (R), Mich., for a full investigation of charges that WPA is being used for "political exploitation for a partisan purpose."

The double Democratic defense reached its height just as President Roosevelt at his press conference said he had not determined upon the exact amount he would ask of Congress for relief purposes.

In making known that his special message on the relief question would not go forward this week, Mr. Roosevelt intimated he might delay it until the outset of his annual trip to Florida on March 19. With a twinkle in his eye, he told reporters he might leave the message at the capitol on his way to the train.

Persistent reports on the Senate side were that less than the \$2,000,000,000 previously hinted might be asked. Some Senators declared privately they had reason to believe he would ask for \$1,125,000,000; others contended the exact amount would depend on the carry-over available from the \$4,800,000,000 appropriated last year. In his budget message in early January, the President estimated the carry-over then at \$1,300,000,000.

Alleghany Court To Open April 27 And Not April 2

The Spring term of Alleghany County Superior court is scheduled to convene in Sparta on Monday, April 27, instead of April 2, as was inadvertently stated in last week's issue of THE TIMES. This error was merely the result of an oversight and the correction is gladly made.

To Hold Singing At Union, Near Whitehead, Sunday

There will be singing at Union church Sunday night, March 15, beginning at 7:30 p. m. The public is cordially invited to attend. Union church is near Whitehead.

Doughton Opposed To Reenactment Of Processing Tax

Expresses Opinion That Such Action Will Not Be Taken Except As A Last Resort

TO OPEN TAX HEARINGS

Veteran N. C. Solon Says He Expects End Of This Session Of Congress Around June 1

If Congress reenacts processing taxes it will be only as a last resort, according to an opinion expressed a few days ago by Congressman Robert L. ("Farmer Bob") Doughton, to obtain revenue to finance the farm program. The Alleghany congressman, chairman of the powerful House Ways and Means committee, said he was opposed to the processing tax for the same reason that he had always opposed a sales tax.

"It puts a tax on meat, bread, overalls and workshirts and should never be tolerated except in an emergency," the head of the ways and means committee, which draft all tax legislation, declared.

Doughton said he believes the proposed tax on undistributed corporation profits would raise sufficient money to make up for the Supreme Court's decision invalidating the AAA processing taxes and the added expense on the Treasury because of the immediate payment of the bonus.

"If we are not satisfied that this will fill the gap then I would favor increasing the beer and liquor taxes before enacting processing or special manufacturing excise taxes," he said. "When we placed a tax of \$5 a barrel on beer we were told that this would assure a five-cent glass of beer. It has not done that. Beer now sells for ten cents a glass. We can increase the tax to \$7 a barrel, secure additional revenue of \$80,000,000 and it will not cost the consumer a dime.

"The federal tax on liquor is \$2 a gallon. We can increase that 50 cents more and get \$100,000,000 in added revenue.

"I favor making these increases before putting a tax on meat, bread, clothing and the necessities of life."

Doughton stated that if it should become necessary to levy a processing tax, the base would be so broad and the amount on each product so low that it would not be noticed by either the manufacturer or the consumer.

The veteran North Carolina solon said he hoped to be ready to call his committee together Monday to begin open hearings on tax legislation. He said this should bring the bill to the floor by April 1. He looks for adjournment of Congress around June 1.

Doughton is thoroughly sold on a tax on undistributed corporation profits and it now appears certain that the bulk of the revenue in the new tax bill will come from this source.

While opposing the re-enactment of processing taxes on the ground that they are "undesirable and unequitable," Doughton

ALMANAC

- 12—\$5,000,000 Carnegie Hero Commission founded, 1904.
- 13—All of Russia's troops join the revolution, 1917.
- 14—Spanish soldiers capture the city of Mobile, 1780.
- 15—Columbus completes his first voyage, reaching Spain, 1493.
- 16—Act of Congress creates the West Point Military Academy, 1802.
- 17—First glider flight in the United States, 500 feet, 1864.
- 18—Congress grants first pensions to Revolutionary War veterans, 1818.