

An Immutible Fiscal Law

OUR morning contemporary has renewed its crusade to bring about a reduction in the tax burden in North Carolina in order to attract more industries to the state. Sympathetic as we are with the goal, we entertain deep reservations as to the method.

The Observer argues that the prevailing rate of State taxes (corporate income, franchise, and intangibles) places North Carolina at a disadvantage in bidding against her neighbors for new industries. It is true, of course, that State rates are higher than those of most other Southern states. But the concentration of services — schools, highways, etc. — under State control is also much more than in the local taxes in North Carolina are, as a rule, much lower than those in effect elsewhere.

An accurate comparison of total corporate tax burdens which seems to us a reasonable basis for discussion, is most difficult to obtain. There are many variables. For instance, a state which imposes a real property tax (as North Carolina does not) may have a tax burden which, as a consequence, look more unfavorable on paper than a state that taxes a corporation more severely on a low rate on a high assessment.

There are also significant variables among corporations themselves. A firm contemplating a heavy investment in real property may find, as a good many have, that it is more economical to locate in North Carolina despite the higher tax rate.

PERHAPS North Carolina can be made more attractive to new industries by revision of our tax structure. Perhaps such revision should be undertaken at once. But, no matter what rewards this may bring for the distant future, it is clear that it cannot be done without transferring the current tax burden to another class of taxpayers, or curtailing present State services. Not all the simple arithmetical possibilities are equally desirable. The world can alter the sad fact that a state cannot reduce income and increase expenditures without throwing its budget immediately out of balance. Like every politician who ever lives, we wish it weren't that way, but so far a great deal of fervent wishing hasn't altered that immutable fiscal law.

'48 Ought To Be Restful

SENATOR SPARKMAN of Alabama, gazing deep into his crystal ball, has predicted that the Democrats in 1948 will have come up with the conclusion that the Democrats can win in '48 despite all the disheartened partisan talk to the contrary. The Senator, however, attaches a warning to the Democrats: "It is my belief that they present a positive program and do not exist merely as an opposition party."

Another Voice

Record of A Nation's Failure

HAVE you ever stopped to wonder about the veteran, thought about the high percentage of divorces from his war marriages, about his rate of crime, deplored his eternal griping about living conditions? Here you can afford a rental, or monthly payment of only \$40 a month, since that is their average earning a week, or a total payment of \$4,000, and there are

1945-46, and more than one-fourth of the total for the biennium even with the enormous special demands against the general fund.

Suppose the corporation tax alone were cut in half, as The Observer proposes, from six to three per cent. This would take more than \$20,000,000 out of the general fund at a moment when The Observer is also insisting that expenditures be increased (according to Board of Education estimates) by more than \$30,000,000 in order to provide an adequate pay scale for teachers. The effect of these two proposals would be to guarantee an immediate and substantial reduction in the State income and expenditures, or almost one-fourth of the projected budget for the next biennium.

How does our contemporary propose to compensate for that lost in revenue? According to his thesis these new industries in North Carolina would spring up so rapidly that a three per cent corporate income tax would produce as much revenue as the present six per cent rate. The argument goes:

Any immediate loss in revenue through a reduction in corporate taxes therefore would be only temporary and would be recovered many times over by lower levies on the increased wealth that would flow into the state.

Certainly, through simple arithmetic, it can be demonstrated that a three per cent tax on \$100,000 corporate income will produce as much revenue as a six per cent tax on a single \$100,000 income. The trouble is that this theory doesn't begin to pay off until the total industrial sector in the State is doubled. Can the period required for the realization of this highly desirable objective properly be called "temporary"? We are afraid not. It would be our guess that the total revenue would be required to double North Carolina's industry even if our corporate tax rates were the most favorable in the nation.

What larger Federal expenditures than the Republican Congress seems inclined to allow? The Democrats are right in that the Democrats are slightly more realistic about reduction of Federal taxes than the axe-wielding G.O.P. But this about covers it, and there is little indication in any of the programs that "interest in the common man" which Senator Sparkman believes is essential to Democratic success in 1948.

More On Health

I AM writing to thank you for The Charlotte News special edition "Better Health for North Carolina" which I received from beginning to end. I can honestly say that the information it is far and away the best effort of the kind I have ever seen anywhere in North Carolina. For more than forty years I have read many of the various special publications got out by different papers, have read the reports of the State Board of Health, and have seen many of the successful efforts as you have made in this issue. You have given a brief description of the origin and nature of the health problem in North Carolina. I am impressed with the accuracy of the many figures and statistics that you have used, and I am also impressed with the down-to-earth, comprehensive and successful effort as you have made in this issue. You have given a brief description of the origin and nature of the health problem in North Carolina. I am impressed with the accuracy of the many figures and statistics that you have used, and I am also impressed with the down-to-earth, comprehensive and successful effort as you have made in this issue.

As a matter of fact we are looking forward to 1948 as one of the most restful Presidential years in history. A contest between two political parties whose sole point of disagreement is the extent and degree of their conservatism isn't likely to evoke much more excitement than a juvenile pillow-fight accompanied by cries of "it's and 'tain't."

CHARLOTTE

The special edition of your newspaper, "Better Health for North Carolinians," has just been received. This letter is to tell you that we appreciate this more than any other thing we have received. It is very interesting to you to know that I hardly had put the Special Better Health Edition on the shelf for circulation before one of our students had written

WASHINGTON

THERE wasn't a dull moment during the House-Senate Budget Committee meeting closed last Friday to approve that \$6,000,000,000 slash in Government spending. At one point in the secret debate, Democratic Senator Alben Barkley flatly accused GOP leaders of stammer chamber tactics in drafting the budget report.



THE SCALPEL VS. THE AXE

People's Platform

Hurrah For Mr. Crump

Editors, The News: I HAVE been reading your paper for several weeks and although I find it contains a great deal of "local" news not interesting to an outsider, on the whole the paper is a good one.

More On Health

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DURHAM

YOUR better health special issue was tops. Every body who has seen the issue, friend and foe alike, are sure that all members of the Senate campaign and to the cause of better health in North Carolina. You did a great job, and all of us here sincerely appreciate it.

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The Army's Friends

HOWEVER, not all the wrangling followed party lines. In fact, during most of the meeting, the Republicans were battling among themselves.

Senator Soaper Says:

THE cost of living falls, but imperceptibly just far. What's become of the old-fashioned price collapse you could hear for blocks?

WASHINGTON

A certain inequity is suspected in horizontal tax cuts which divide the peanut—"one for the elephant, one for me."

WASHINGTON

Our first consideration is security," declared the Military-minded Senator Chan Gurney of South Dakota, chairman of the Armed Forces Committee, who opposed the \$1,750,000,000 budget cut for the Army and Navy, claimed repeatedly with Dirksen and other House GOPers.

WASHINGTON

Democratic Representative Clarence Cannon of Missouri, who charged that the \$6,000,000,000 figure had been used to break down the report, into a thousand and one items, it would take too much time and cause endless debate.

WASHINGTON

The House of Representatives has passed a bill to amend the Constitution in order to limit any future President to two terms.

WASHINGTON

The common objective of any Constitutional amendment ought to be to preserve and strengthen our self-government. We would not have a President who would already run two races on the childhood theory that we must be democratic and give another horse a chance.

CUTTING OFF NOSE

Incapacitated in his sense would cripple himself and the country. He would be unable to carry out the ordinary functions of life. And no matter how long he lived, he would be unable to carry out the ordinary functions of life.

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Washington

The Federal Government shall discuss the possibility of cutting the budget. It is not a question of how to do it, but of whether to do it at all.

POLITICAL VACUUM

That means the end of 150 years of order keeping in the world. It is the end of the old order, the end of the old human race. As a part of that upheaval, the old order is being liquidated.

FIGHT HARD FIGHT

But no one shows any sign of using patience and persistence. The arbitrary use of an axe will inevitably do great damage.

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