THE CHARLOTTE NEWS

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America's Future In Business

AT THIS critical moment in 1948, it is clear that our future—and the future of the entire Western world—depends as never before on American business. Inflation cannot be permanently controlled until there is production which will meet the minimum consumer demand. Production cannot meet the requirements unless America remains healthy and expansive, able to supply the tools and the goods which the nations of the world must have if there is to be real recovery anywhere.

It is in the light of this situation that the words of two American industrialists, who spoke in Charlotte this week, carry particular urgency. They appeared before a group of business executives yesterday at the Hotel Charlotte, at a conference sponsored by the National Association of Manufacturers and the Charlotte Chamber of Commerce.

Morris Sayre, president of the Corn Products Refining Company, New York, spoke on the subject, "How Much Is Freedom Worth To You?" Don G. Mitchell, president of Sylvania Electric Products Inc., and chairman of the NAM Taxation Committee, discussed "Today's Taxes and Tomorrow's Jobs." Although neither referred directly to recent events in the world economic and political crisis, no one could mistake the application of their addresses to the main problem of the hour.

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MR. SAYRE and Mr. Mitchell devoted all their time to explaining details of a plan for America in 1948. It is the National Association's plan. Although it has been assailed by the advocates of government planning as a scheme to fatten the profits of Big Business, it has been worked out much more carefully than the programs currently being advanced by government planners. It is not without social idealism and it embraces a democratic objective that should appeal to all Americans. However, the thing which commends the NAM plan for particular attention at this time is its merit as a practical program for greater production.

Political demagogy and the old bugaboo of "vested interests" have kept many Americans from considering intelligently the production problem with relation to corporate profits. Most of us know that corporations earned $28 billion before taxes last year but few have any idea of where that money went. The actual figures, as given by Mr. Sayre, show that Federal and State corporate income taxes took $11.1 billion, leaving $16.9 billion. Dividends paid from the remainder took another $6.6 billions (and stockholders paid $2 billion of their share in taxes). That left the corporations with $10.3 billions.

And there's the rub in industrial production, as defined by Mr. Sayre, who says: "The $10.3 billion of retained profits are utterly inadequate to finance the current business expansion, upon which America's future depends. The Department of Commerce reports that business expenditures, new facilities and new tools have been running at an annual rate between 20 and 25 billion dollars. That 10 billion doesn't look so big when you stand it up beside the colossal job it has to do."

The only way in which this deficit in vital venture capital for business expansion can be made up is through tax reduction, particularly reduction of Federal income taxes.

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FOR MANY years, America has used the income tax indiscriminately as a social instrument, which played hob with the building of a rational or scientific tax structure based on sound economic practices. Between the New Deal theorists and the war, we got income tax rates that just about make $25,000 the maximum for any individual. We now are in the position where the surtax confiscation of upper bracket income is performing a dubious function as a revenue producer but certainly it is beginning to strangle the goose that lays the income egg.

America again is hearing calls for Federal social experiments, which would have to be financed with the income tax, but it is also faced with the fact that it can no longer put off using this tax for stimulation of its economic system, upon which its whole structure rests, as Mr. Sayre and Mr. Mitchell make eloquently clear.

The NAM program calls for a 12 per cent floor and a 50 per cent ceiling on individual income taxation. There must be some such limitation if the nation is to revive the stream of savings which go into venture capital. The only question is when and in what way this revision in the tax structure can be effected.

The NAM contends that we can make an immediate start in the needed reform with a reduction of $8 billion in the Federal income taxes this year. All classes of taxpayers would share in this relief and it is estimated that about $3.5 billion of the total would make it clearer than ever that tax relief is imperative. The inconsistency between points No. 1 and 2 to 9 represents a problem that baffled the New Deal economists in the 1930s and apparently is one which still hasn't been solved.

It is notable, however, that this celebrated planner now puts Federal tax reduction in the No. 1 spot on his list. We hope that he keeps first things first in the discussions developing over the right course for America in the present crisis. It is dubious that we can obtain agreement on any other points in the Bowles plan except the European Recovery Program before a recession sets in. But there is a chance we can get an agreement on a tax cut, which would do more than any one thing that Mr. Bowles has suggested to check the trend toward recession or to cushion the shock of sudden deflation.

Let's concentrate on what is most practical and politically feasible now. If we do that, and carry out the two points of the Bowles program that seem realizable in the months immediately ahead—namely, tax reduction and ERP—perhaps we will find that the recession is not as inevitable as Chester thinks.

Bowles Puts Tax Cut First

A CALL for "tax cuts all along the line" comes from that irrepressible New Dealer, Chester Bowles, former OPA Administrator, with a declaration that America must plan now to meet the "recession which our past mistakes have made inevitable."

As is noted by this famous advocate of Federal planning for all occasions, "The time to cut taxes is when purchasing power is beginning to dry up." Plunging prices in our commodity markets in recent days and a depressed stock market give sufficient point to the timeliness of Mr. Bowles' words.

Mr. Bowles includes his recommendation for a sweeping tax cut in a nine-point blue-print for a sweeping Federal program to cushion the effects of the recession he sees just around the corner. This program calls for a gigantic slum clearance and housing project; extension of the Social Security system; establishment of a national health insurance plan; development of the Missouri Valley Authority, the St. Lawrence and similar authorities on our major rivers; a huge school building program; a minimum wage of "at least 75 cents" and quick approval of the European Recovery Program—all calculated to maintain employment, increase production and speed our social progress.

Eight of the nine points in this enormous undertaking would involve large Federal outlays, wage increases and more payroll deductions for security and health. The Bowles program poses the question of where and how the sweeping tax cut is to be made while we are financing the great anti-recession operation. At the same time his scheme makes it clearer than ever that tax relief is imperative. The inconsistency between points No. 1 and 2 to 9 represents a problem that baffled the New Deal economists in the 1930s and apparently is one which still hasn't been solved.

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From The Christian Science Monitor

Melodic Party Line

OUTSIDERS may well be puzzled. Why should the Central Committee of the Communist Party order Russia's three most effective spokesmen to change their tune? Surely the music of Shostakovitch, Prokofiev, Khatchaturian, is among the chief glories of Soviet culture. Why this sudden official condemnation of it as antidemocratic?

The grounds of the criticism are thoroughly reactionary and "bourgeois," to use the word the Central Committee hurls at the erring musicians. It deplores their denial of "the main principles of classic music," their use of "cacophony, dissonance and disharmony," their renunciation of "melody," their passion for "a cacophonic and chaotic heaping of sounds." (What must Prokofiev think, who once wrote to this paper that melody is "the main feature of my compositions"?)

This is the sort of criticism we might expect from a non-musical, "bourgeois" American whose taste had never developed beyond the Tchaikovsky Fifth. But behind its misjudgment is the iron hand of the police state—a deadly weight on a nation's culture. One recalls with horror the heavy, stupid, monumental neoclassicism which was Hitler's beloved architectural instrument for crushing genuine creativeness out of the Third Reich.

Yet there is something else to remember. The recurrent purges, rebukes and orders directed at Soviet artists have not yet succeeded in curbing their enormous vitality and self-expressiveness. Russian music and literature are not so easily to be put in a Marxist strait jacket—or a Philistine mold. For the most part these artists are devoted to the Soviet Union; they deeply desire to be "Russian" in their work. In time Russian creativeness may serve to modify the party line as much as the latter determines the new melodic line.

Thanks are due President Truman's Commission for Higher Education for proposing a crack down on states that don't conduct their educational systems as the Federal bureaucrats want them conducted. The states will now be more wary than ever of so-called Federal aid for education.—*Lynchburg News.*

Pome In Which Light Is Thrown On A Threadbare Expression Used To Denote Those Who Are Heavy In The Poke:

People "of means"
Have dough in their jeans.
—*Atlanta Journal.*

Also Out On A Limb

World Peace In Jeopardy

U. S. Fails In Palestine Crisis

By SUMNER WELLES
Former Undersecretary of State

NEW YORK

IT IS hard to arouse a democracy to impending danger when the clouds on the horizon still seem no larger than a man's hand. Even Winston Churchill could not waken the British people to the menace in the rise of Nazism. The peril to us in Japan's aggression against China and in Mussolini's invasion of Ethiopia went largely unperceived. But evn if the tragic lessons of the recent past are to be so easily forgotten, the clouds now looming are no longer on the horizon. They are hanging over us.

This Government has repeatedly announced that the United Nations is the foundation of American foreign policy. Yet because of the failure of the United States to adopt a consistent and courageous policy on Palestine, the United Nations is today faced with the gravest dilemma in its history.

Save for Britain in the days of Baldwin it would be difficult to find a more sorry instance of a major power refusing to face facts.

The decision to partition Palestine was taken after full investigation and debate. It was in strict accordance with the provisions of the United Nations Charter. The United States was in great part responsible. This country played a leading role throughout the events that led up to that decision.

The American Government failed however to insist that the United Nations must be enabled to enforce its decision, and to protect life and property in Palestine until the independence of the two new states had been finally established.

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FOR LACK of any United Nations police force, the members of the Palestine commission have now been told by the British that they will be assassinated if they set foot in Palestine. Major hostilities between Jews and Arabs are imminent. The United Nations cannot carry out its decision. Because the United States has during the past two months renounced every semblance of leadership, the smaller countries are increasingly reluctant to assume any responsibility.

The Palestine commission has at length been compelled to ask the Security Council to determine that there is a "threat to peace" and to take action under the Charter. And Washington still remains silent.

It is notorious that there is a sharp cleavage of opinion within the Government. The Army and Navy, supported by some officials of the State Department and of other departments, insist that the United States must take no action to back up its words. They allege that our growing controversy with Russia makes it unwise for us further to antagonize the Arab states or jeopardize this country's access to Near Eastern oil.

Such arguments are wholly unconvincing. The British Government cannot prolong its mandate in Palestine. Once British forces withdraw, war will result unless the United Nations can send an international constabulary into Palestine. If hostilities break out, the Soviet Union will undoubtedly insist that its vital interests require it to send its own forces to maintain order in its neighborhood.

Should our service departments prevail upon the Administration to refuse to exercise any leadership within the United Nations to maintain peace in Palestine, they will pave the way for what they fear most, namely, the extension of Soviet control over the Near East.

The arguments on oil are just as unrealistic. If a new war breaks out, the Near Eastern oil resources would certainly not be available to Western Europe nor to the United States. Should peace be preserved, since the Arab governments depend upon the royalties from their oil concessions, they are hardly likely to oppose their exploitation.

But we are face to face with a far more fundamental issue.

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JAPAN defied the League of Nations in 1932 and was permitted by powers to do so with impunity. The Italian aggression against Ethiopia, the civil war in Spain, and the rape by Hitler of Austria and of Czechoslovakia were the inevitable result.

The Arab states have now defied the United Nations.

The partition of Palestine is the one major question upon which the policies of the United States and of the Soviet Union have coincided. Yet this Government has so far failed to initiate any measures within the United Nations to guard against the Arab aggression which is under way, or even to protest the flagrant violation of their Charter commitments by the Arab states.

If the United Nations is, in fact, the foundation of American policy, the United States must support the the United Nations, not only when that is convenient and easy, but quite as much so when such support implies effort, sacrifice and risk.

The League of Nations collapsed because the major powers then members of the League supported the League only when it suited their own ends. They failed to support the League when it seemed that their selfish interests might be prejudiced.

We are seeing exactly the same trend. The Palestine question is a test case. Should the United States persist in its present blind inaction, it will be preparing the way for the failure of the new international organization, and if the United Nations fails, the one hope humanity today possesses for the rule of law rather than the rule of force, for the freedom and progress of mankind, and for the establishment of a peaceful world order will vanish with it.

Quote, Unquote

Shelley said it much better, of course, but the news that the American Iris Society will be meeting in Nashville three months from now is very bracing and comforting.—**Nashville Tennessean.**

Dora has trouble retaining the new 1,066-page best seller. Having read it through, she is peeking at the first chapter to see how it starts.—**Richmond Times-Dispatch.**

After tangling with a wire coat-hanger, beet two out of three falls, we have a personal theory that some of the more strenuous athletic events were omitted from the program of the Olympic games.—**Roanoke Times.**

Add signs of the cock-eyed times: A used car dealer asks Congress to put a ceiling on used cars so that they can't sell higher than new cars of the same make.—**Greensboro Daily News.**

Shirley Temple wants fans to help pick an "euphonious" name for her baby daughter. Aggie Agar.—**Fort Myers News-Press.**

Marquis Childs

The Market Slump

WASHINGTON

ALL THE economic prognostications, both amateur and professional, have now had a shot at explaining the slump in the markets. So have the politicians who tailor the facts to suit their own purposes.

After much study and pondering within the President's Council of Economic Advisers, the conclusion has been reached that the situation is still fundamentally sound. But having uttered that phrase, or a approximation of it, the President's economic seers realized that it had an unhappily familiar ring. It was what unhappy Herbert Hoover began to say in 1930.

Nevertheless, the council does believe the situation is fundamentally sound. There is not the slightest reason, in fact or in logic, for a depression.

Unsatisfied demand is still great for everything produced by industry and the farmer. Income remains, up to the present moment, at a phenomenally high level and unemployment is correspondingly low. There is a vast store of public projects that are essential and they can be pushed when and if prices drop on necessary materials.

When they have said this much, however, the President's experts add one or two reservations. There is the fact that firms are running out of their own money to pay for expansion. Will they seek outside capital and, if they do seek it, will it be forthcoming? On the answer to this double-barreled question a great deal may turn.

FICKLE PUBLIC

The second precaution has to do with the American temperament. Americans have a low emotional boiling-point. The word the experts use in their discussions is "volatile," which the College Standard Dictionary defines as "easily influenced, fickle, changeable."

The boiling-point is particularly low in an election year. Charges fly back and forth, as they have in the controversy over who shot down the high-price balloon. Politics, so far as the economic high priests can discover, had little to do with the slump.

The investigation into speculation in the commodity markets may have had the effect of scaring people into getting out. Thereby the backlog of money to support the market may have been reduced. But one factor alone—better crop reports from around the world—could explain what happened.

The only person I know of who seems to have understood that something about to happen is Senator Robert A. Taft. This column owes Senator Taft an apology for jeering at the statement he made before a Republican policy session suggesting that commodity prices were beginning to level off.

What happened could hardly be described as leveling off, but no one can dispute that prices went down. How Taft knew this would happen is something else again, for many of his colleagues who heard him make his statement in January were skeptical or contemptuous. While it was obvious that spiralling prices would eventually produce a break, most of the prophets had foreseen a continuing rise until June.

COULD BE "HEALTHY"

If the break proves to be no more than a "corrective recession," then it will be a healthy thing. Lower prices would mean a far healthier economy. Prices are particularly important in relation to housing. Should building prices go on climbing, then prospective buyers will be forced out of the market, no matter how desperate their need for a place to live. This one factor alone might decide whether it is to be recession or depression.

The third country of wage increases is equally important. Most union leaders indicated at the beginning of the break that they would go through with their demands. But if in four or five weeks there is a real reflection of the break in the cost of living, perhaps better sense will prevail. The pent-up demand from the rank and file of trade unions might be satisfied with long-term gains in pension plans and paid vacations.

One diagnosis of the slump should not be overlooked. Wishful voices in Moscow were raised at once to declare that this was the beginning of what Communism has long and eagerly anticipated—a depression spelling unemployment and social disorder. Communism is counting on such a depression to isolate the United States economically and politically.

Samuel Grafton

Problem Of Peace

NEW YORK

MR. JOSEPH C. HARSCH comes up with a story in the Christian Science Monitor. What, he asks, would happen to the Marshall Plan if Russia were suddenly to become conciliatory and offer to reach an accord with the U. S.?

It is a staggering question, and we are ill prepared to meet it. We are, in fact, prepared for everything in our foreign policy, except for peace to break out. The threat of peace, so to speak, would have a shattering effect on our thinking, and would, oddly enough, produce a period of commotion and dismay.

An accord between Russia and the United States, says Mr. Harsch, might reduce support for the Marshall Plan as no longer necessary, thus raising the theoretical possibility that we might leave Western Europe high and dry. It is sad to think that the coming of peace could possibly be bad for anybody on earth, yet that the security of Western Europe depends on continued ill feeling between the two greatest powers. Yet all this is at least schematically possible, and it reminds one of the distorted perspectives in the old expressionistic movies, like "The Cabinet of Dr. Caligari." We used to go to see those pictures; now we live in them.

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Yesterday in this space I took the same problem up from another angle. I tried to show how the GOP seems to be evolving a new party line, to the effect that the Marshall Plan is a great improvement on those bad, old days when we used to meet with the Russians and try to work out agreements with them.

Mr. Dewey, for example, is glad the Marshall Plan has come along to replace the era of agreements, and now Mr. Harsch reports there are those who fear that a new era of agreements may come along, to replace the Marshall Plan. Upon what meat has the Marshall Plan fed that it is now better than agreements, even imperfect ones, better than accord, better than peace?

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But, actually, the Marshall Plan is not better than a formal accord with Russia, nor are the two things properly comparable. We urged the Marshall Plan, whether or not we reach agreement with Russia. And we need an accord with Russia, whether or not the Marshall Plan succeeds. The Marshall Plan is a victim of its own advertising, of the brassy, raucous and hostile build-up it has been given. Originally advanced as a new approach to peace, as an alternative to reaching peace, it has now come, in some quarters, to be considered as even better than formal peace. The substitute is now believed to be finer than that which it replaces. And having started with the hope that the Marshall Plan might, for a time, keep the peace, we find ourselves arrived at the strange fear that peace might come along and upset the Marshall Plan.

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Mr. Harsch himself recognizes that our relations with Russia are not the determinant of our regards our need for helping Western Europe, but he fears that if Russia should turn sweet our extreme right would be happy to swing against the Marshall Plan, for reasons of economy. I don't think that would happen. I think the extreme right would be against an accord, if it dared show its head; I think it would feel that the Marshall Plan was being violated, that wood was impudently coming back to replace plastic.

The fact that the extreme right doesn't even support the Marshall Plan fully would present no serious difficulties against its taking this position; it can pull off several contortions like this before breakfast any day. The real problem is to make peace, and also to rebuild Western Europe; the extreme rightist who feels that these two aims are in opposition, or that one can be sacrificed, like two nickels for a dime, only shows that he doesn't have much understanding of peace or of Western Europe, to begin with.

The machine age has made lots of things a lot easier, but the old black walnut is just as much a problem as ever.—Jackson (Tenn.) Sun.

Drew Pearson's Merry-Go-Round

Slump In Prices May Avert Depression

WASHINGTON

WHEN news of the stock and commodity market break first reached the White House, President Truman was deeply concerned. He felt it might start wholesale dumping of securities by frightened investors, which in turn might touch off an economic depression.

However, after the Council of Economic Advisers had surveyed the market and reported to him in detail, Truman told one close adviser:

"I am glad it happened—for two reasons. First, we scared a lot of speculators out of the grain market, and, second, prices are going down to a level where they will be governed more by the law of supply and demand. That's where they should be."

The White House economic surveys show several significant things.

Most important to the housewife is that the somewhat hysterical reductions in retail prices are the result of grocers' psychology. Actually, plenty raw commodities couldn't possibly be passed down the line to bread and meat for several weeks. However, grocers have been scared into price reductions by headlines and the threat of competition. They are gambling on lower prices in their next wholesale shipment. Also the stocks of food on their shelves have increased—due to high prices and the fact that the housewife has simply cut down on her buying.

Another significant factor is that the stock market has remained fairly stable compared with the commodity market. In other words, commodities were price-heavy and toppled.

Presidential economic advisers have reported to Truman that there is a little likelihood that the break in commodity prices will spread generally to industrial prices.

Farm Income Taxes

ONE cause for the commodity break was the flood of wheat which came into the market after Jan. 1. They had been holding back (1) for higher prices and (2) for income-tax reductions. Since Republicans and Democrats have now come out in favor of tax reductions, farmers felt it was safe to let their hoarded wheat go to market. A lot of them let loose at the same time, hence the deluge.

Another reason for the grain market decline is the law, recently passed by the Republican Congress, requiring the Administration to hold 150,000,000 bushels of grain in this country as protection against future crop failure. With the prospects of a good crop, this 150,000,000 reserve bushels is bound to have a depressing influence on grain prices.

In brief, Truman's advisers have informed him that the commodity nose dive is not likely to cause a depression. Commodity prices, formerly resting on empty clouds, have now come back at least to the mountain peaks.

Note—Secretary Anderson has been conferring all week with his party [illegible] in preparation for buying up grain if and when it hit [illegible] per cent of parity. However, not many farmers will be a [illegible] ed by this, since most wheat is already out of their hands and sold to speculators. The law requires the Agriculture Department to buy direct from producers, not from speculators.

Capital Chaff

MRS. PERLE MESTA, Oklahoma oil heiress and Washington hostess, has done such a good job raising money for Truman's campaign that she is being considered for treasurer of the Democratic National Committee. . . . Inside reason for the gag order on Army-Navy officers is a bitter row between the air force and naval aviation. Forrestal doesn't want it to leak out. . . . Word he will be the censor! . . . John Wiley will be the new ambassador to Iran, Monnett Davis the new ambassador to Panama—both key posts. . . . Carl Sandburg, famed Abraham Lincoln biographer, may be Henry Wallace's candidate for the Senate in Illinois. . . . The United States has agreed to keep the American fleet away from Italy until after the Italian elections.

Parran Exit

THE announcement of Dr. Thomas Parran's exit as surgeon general was carefully wrapped in cotton wool so it wouldn't appear that he was being fired. But the inside fact was that he joined the long line of staunch Roosevelt career men whom Truman has recently liquidated.

Not only did Dr. Parran have a great record in the public health service, but he had been an intimate, personal friend of FDR, having worked with him when he was governor of New York state. It was Parran who had the courage to call a spade a spade when it came to venereal disease and launch a nation-wide campaign against it.

He was fired as surgeon general, however, solely on the advice of one politician—Frank Ellis, chairman of the Democratic National Committee, now chief of the Federal Security Agency, of which the public health service is a part.

Parran had refused to let Ewing run the public health service and so got the meat-axe.

Note—Republicans are increasingly gleeful and Democrats increasingly sour over the way Truman talks about Roosevelt policies—one day he swaggers, the next day he comes to picking men to carry them out.

Merry-Go-Round

PRESIDENT TRUMAN has been promised that at least one prominent Republican senator will be a surprise guest at the Democrats' Jefferson Day dinner this week. Senator Langer of North Dakota has a ticket. . . . George Meany, shrewd AF of L executive secretary, will run the AF of L's political action committee now that ex-Senator Burt Wheeler dropped out. . . . Friends of Governor Dewey believe that Taft is whistling in the dark when he claims the Solid South. Dewey has just received word that a confidential poll of Alabama's Republicans gives him 42 votes as against only seventeen for Taft. . . . The Yugoslav government has retained John Pehle, ex-aide to Henry Morgenthau, to persuade the Treasury Department to turn loose more than $40,000,000 worth of Yugoslav gold which the Treasury is still holding. . . . Counting political chickens before they hatch, Harold Stassen's backers predict he will win Wisconsin in the April Republican primaries—even though MacArthur is rated there as a native son.