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TUESDAY, MAY 17, 1949

THAT GAS TAX INCREASE—II

THE petroleum industry has come in for some sharp criticism from Governor Scott and his followers for its active opposition to the \$200 million road bond proposal.

What business is it of yours, they ask the industry, if the people of North Carolina want to vote an extra cent a gallon tax on themselves? You won't have to pay it. Why don't you leave them alone to decide the matter for themselves.

Now we do not profess to know what is behind the petroleum industry's interest in this intrastate squabble over Governor Scott's road program. The fact of its opposition—whatever the motive—has given the Governor a natural target, as has been pointed out by the people of North Carolina to decide, and we do not believe that the attention of the people is going to be diverted from the basic issue by the battle between Governor Scott and the oil people.

The Governor is within his rights in objecting to the oil industry's interference; the industry is also within its rights in fighting to keep a higher tax off its product. But the people are within their rights

DEATH, ALSO, IS 'INCONVENIENT'

NORTH CAROLINA was the best state in the South in at least one respect last year. It won first prize in the National Safety Council's Southern region contest. That meant we did more to make life safer for our citizens than any other state in the South.

Part of that was our new motor vehicle inspection program, which saw to it that automobiles on North Carolina's highways were fit to be there. That is, the program did a lot to keep cars with bad brakes or faulty lights or other ailments peculiar to autos out of the way of the pedestrian and other motorists.

Governor Scott, it can be imagined, was a mile ahead when he accepted the Safety Council's prize in his office this month. So was the rest of the state—the Legislature had just finished destroying the achievement which did so much to get us the Safety Council's applause.

The General Assembly had put the quietus on the motor vehicle inspection program, sent junkheaps that were rotting in back yards out onto the highway again and ordered license inspectors to send bad drivers on the state's roads.

North Carolina also won two prizes other than the regional first. The second: for

DAMAGING INDICTMENT

ONE of the most devastating indictments of the waste and confusion from overlapping and duplicating Federal Government agencies yet to come out of the Hoover Commission survey material has just been published in the current Saturday Evening Post.

The article—"The Battle That Squanders Billions"—was written by Leslie A. Miller, who was chairman of the natural resources committee of the Senate, a Commissioner, and a former governor of Wyoming.

Mr. Miller devotes his attention to two agencies—the Army Corps of Engineers and the Bureau of Reclamation—both of which are in fierce competition for the chance to spend public funds on irrigation, flood control, and power development.

Mr. Miller is an opponent of public power, and his comments are tinged because of his obvious bias against both of the Federal bureaus. But the facts and figures he reels off are astonishing.

He makes four broad charges:

1. The two agencies are so violently jealous of each other that an extravagant and wholly senseless competition has sprung up. They will encroach on each other's territory, and state and local agencies simply to beat each other in the race to construct expensive projects. Naturally it is the taxpayer who pays the bill.
2. In their indecent race to extend their empire, both agencies are guilty of underestimating the cost of the projects they propose to build. The underestimation has the effect of bamboozling Congress into easy acquiescence to proposed projects. Then, after the first project is under way, the agencies and the Reclamations always come back with a request for supplemental appropriations.
3. Both agencies stoop to deception in furtherance of their efforts to state out the projects. The military will use navigation and flood control as a guise

From The New Orleans (La.) States

HOW TAXES HURT

TAXES are necessary, to be sure. Some increase of taxes are worse than others, in that their consequences are worse for the economy. Taxes that reduce trade and jobs have manifestly gone too far. A cent in point rises in the city. Beer revenue, at \$1.50 a barrel, is a loss of \$1.50, is \$18,000 lower this quarter than during the same quarter of 1947. In the last quarter of 1948 it was \$22,000 below the corresponding quarter of 1947.

Both these slumps afford a comparison of beer consumption before and after the 24¢ a bottle state tax was stamped on

when they refuse to be awayed by either of the two protagonists, knowing full well that neither is completely objective in this matter.

The News favored the levying of the extra gasoline tax by the Legislature, separate and apart from the road bond issue, for two main reasons:

- (1) It would have given the State an extra \$7 million a year for an expanded road program without abandoning the pay-as-you-go system; and
- (2) It would have cleared the air for a great public debate on the road bond proposal's own merits, without the diversion of side issues.

The Legislators, however, tied the two together so that a vote for the road bonds is a vote for the gas tax increase, and vice versa. In view of that fact, the main aspects of the gas tax measure which should be of concern to the people in arriving at their decision are:

- (1) Are we tending to over-tax a product which, for many of our wage earners, has already led the luxury class and is moving inexorably into the class of a necessity?
- (2) Are the benefits of deficit financing sufficient to merit levying this additional tax in order to partially defray the interest charges on the bonds?

reduction in highway fatalities. The third: for the motor vehicle inspection program (an individual award).

And, just incidentally, for the first time in history North Carolina dropped below the national average in deaths per mile traveled. That might seem to be getting unnecessarily detailed, but to traffic and safety men—and potential victims—it meant a lot.

Things have changed, however, perhaps not only because of the untimely death of the inspection program; perhaps because of a decrease in safety consciousness which developed as a result of the legislature's attitude toward the safety program.

This is how it stands now: Traffic fatalities in the first three months of 1949 took 25 per cent more lives than in the same period last year.

Traffic accidents were up nineteen per cent.

Traffic injuries were up 25 per cent.

One legislator, in a conversationally moment, admitted he was voting against the program because his constituents thought it was "inconvenient."

Those fatalities, accidents and injuries also are inconvenient.

for a hydroelectric project; the Reclamations use irrigation as their alibi for hydroelectric development. Both agencies are in favor of Government construction of hydroelectric projects. It is not a coincidence that the United States is not a socialist country and that the production and sale of electricity remains a matter for private enterprise.

Both agencies are guilty of brazen and pernicious lobbying to achieve their ends.

Mr. Miller cites the case of the Boyesen Dam in Wyoming. The Bureau of Reclamation originally estimated the cost at \$5,200,000 a few years ago. The latest estimate has already jumped to more than \$29 million, and keeps going higher year after year.

He also tells the story of the Engineers' pet Chubb Creek project near Denver, Colorado, which was opposed by Denver engineers and other citizens as being entirely impractical. Nevertheless, the Engineers are going to spend somewhere between \$15 and \$21 million for the unwanted project.

But even more disturbing than the many instances of waste and duplication listed by the author is his charge that the two powerful lobbies behind these agencies—the National Reclamation Association and the Rivers and Harbors Congress—have been able consistently to thwart and bypass the President and, by taking their case straight to sympathetic Congressmen, their representatives in the House of Representatives.

The Hoover Commission recommended changes designed to correct the evils it uncovered. But unless there is strong pressure from the people of this nation upon their representatives, reformation of this phase of government activity will likely be snarled up by Congressional champions of the respective agencies.

In the Summer of 1948. When the city revenue is less than the sale of beer is less. When the sale is less, the production is less. When the production is less, the jobs are fewer.

The same picture is created by the gasoline tax. The sale of gasoline is less. The cents Federal, total 10½ cents. Cars entering Louisiana fill up on the outside. Cars leaving Louisiana buy as little as they need to get on the outside. This hurts the business of all filling stations near the North East and West boundaries. —New Orleans (La.) States



Toward Tomorrow

Was It A 'Molotov Blockade'?

By CHARLIE MORGAN
(Is The Christian Science Monitor)

BERLIN's blockade has ended. There will be a Big Four meeting to deal with Germany, May 27, in Paris. United Nations' stock is up several points because it was in that "house of a thousand doors" that the new prospect for East-West agreement on the stickiest of postwar problems opened up. Something more promising even than Spring is in the air.

Many are asking, as well they may, just why all this has happened now. The answers are numerous: the closer agreement among the western powers which produced an occupation statute for Germany and warned Russia that differences between the western powers were getting too small to exploit; the success of the air-lift to Berlin; the effects of the Russian counter-blockade against the Russian zone in Germany; the Atlantic Pact.

But another possible reason ought to be included in the list. It could be the most significant of all reasons.

That reason can possibly be traced through the spectacular but enigmatic—as all things Russian seem to be—overturning to the Soviet hierarchy. If the reason would be a belated realization among Russian leaders and their supporters at secondary levels of authority, and perhaps even among the Russian people, that Soviet foreign policy or, at any rate, its executives, took a wrong turning after the end of the war.

That fact was evident enough outside Russia. The good will on Russia's books at war's end might have been exploited by the Soviet Union to the disadvantage of Europe, eastern and western, had the Russian concept of world affairs been as simple as the one they have exerted on bordering countries, however were crude. The attitude toward property was primitive, as exhibited in Russian reparations policy in Austria for example. And impatience to restart the export of revolution proclaimed for Soviet foreign policy an aggressive character which shrewd statesmanship would have done everything in its power to contain.

Inexorably, this behavior drove western nations together. It was directed by miscalculations of economic and political. It counted on American isolationism and leftism, this good-sized depression to leave Europe at Moscow's mercy. It underestimated the United States' attitude to the point of tactical contest, the one field, as an acute non-American diplomat, in Moscow, pointed out, in which Russia was almost sure to confront American capabilities at their best.

And Soviet policy makers did not seem to comprehend that in pursuing a course which threatened American security they were promoting American self-interest. They did not seem to comprehend the very depression on which the Kremlin counted. Not until the Atlantic Pact became a clear reality did the Moscow leadership realize that Russia was almost sure to confront American capabilities at their best.

Then it came. Mr. Molotov moved upstairs in the Kremlin and knew whether it was by the will of his own feet alone. No one new why, either.

Now that the Berlin blockade is over, it is interesting to recall that there was another day when it seemed that it might be near its end. That was the day Premier Stalin met the three western am-

Drew Pearson's Merry-Go-Round

TODAY will be unfolded the inside story of why Curtis Calder, tall, handsome head of giant Electric Bond & Share, delayed 60 days in accepting President Truman's bid to be Secretary of the Army.

It will be unfolded before the Securities & Exchange Commission in what on the surface may appear to be humdrum hearings, but which beneath the surface, mean much to the future of the nation.

Beneath the surface, also, lurks the most important economic question placed before either P. D. Roosevelt or H. Truman. In fact it goes to certain root differences between Roosevelt and Truman.

In 1932 Roosevelt picked the big banks and utilities as his principal target of economic attack and of them, Electric Bond & Share bore the brunt of battle. After election, FDR made good on his campaign promises, and drew much more power from big business lobbies. He got Congress to pass the Banking Act of 1933, the Securities & Exchange Act of 1934, the Holding Company Act of 1935 and the Investment Company Act of 1940.

Not only did FDR put these laws on the statute books, but he employed the law to enforce them. Justice William O. Douglas now of the U. S. Supreme Court, Justice Ferdinand Pecora now of the N. Y. Supreme Court, Leon Henderson, James M. Landis and Justice Jerome Frank of the U. S. Court of Appeals.

The company which fought hardest against these laws, especially the Holding Company Act, was Electric Bond & Share, which took to the Supreme Court almost every SEC move to protect small investors.

HST Reverses FDR

THEN came the Administration of Harry Truman, and FDR's crusading policy was changed almost overnight. When Truman selected the head of the company which

Great Moment

Marquis Childs

Take Another Look



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WHEN Charles Brannan put out his plan to subsidize the farmer and at the same time allow the consumer to buy food at comparatively low prices, then were the seeds of a great scheme.

It was an evil scheme, so the critics said, to get Government to underwrite permanently a large sector of the economy.

What the defenders of free enterprise overlooked is that the important business interests are also protected by the Government. There is something inherently wicked in a government subsidy, then, perhaps the time has come to look more closely at certain practices.

One conspicuous example is the airline industry. The Government is now paying airlines, in small and subsidy approximately \$100,000,000. The Civil Aeronautics Board believes this must be to \$125,000,000 in the next fiscal year.

Chairman O'Connell of the CAB said in a speech before the New York Bar Association not long ago that this \$100 million per year "whether the subsidy element represents \$30, \$40, \$50 or \$60 million dollars is a great subsidy."

The net operating losses of the airlines, both domestic and international, before mail pay in 1948 was \$78,748,000 in 1947. It is fairly clear, then, that the Government is underwriting the profits of the airlines in a period of high business prosperity.

One of the passengers on his airline ticket for a lot less than he would have to pay if it were not for Government subsidy. Here, in essence is the Brannan plan—subsidize producers and encourage consumers.

This subsidy may be vital. It may be essential to the development and health of a relatively new industry. Though the "temporary period" when subsidies were there, it is not likely to be a permanent one. National defense—the maintenance of the point of the Government's interest is sufficient justification.

But, at the very least, the taxpayer has a right to an accounting of what will show to what extent he is getting a subsidy. The private industry is the concentration of economic power in private monopoly or near monopoly. It is at least what we are doing in this business of subsidies.

DeWitt MacKenzie

An Important Thing

I SEE by my newspaper that Gen. Eisenhower, having been elected some of the great history of our time, is hankering to get home from Germany so that he can go to his job.

Now that's grand news. It's good to know that our military commander-in-chief is coming home from Germany so that he can go to his job. It's good to know that our military commander-in-chief is coming home from Germany so that he can go to his job.

Nothing which will put an overworked man on his feet and make him feel like a man with a rod and line. There's no music so soothing as the sound of a man's feet running.

But fishin' for more than a pick-me-up for weary nerves is a chance of the hurly-burly of everyday life it gives him a chance to get acquainted with himself. That's important, you know.

Everyone ought to take time off from his job to get acquainted with himself. That's important, you know.

City-County Tax Split

CHARLOTTE

Editor, The News:

MAY I commend you and The News for publishing the article by Tom Fesperman on the taxes that the city and county are paying?

Every one in a while something big comes along and starts Americans thinking. Then something little along to stop them—Little Rock Arkansas Gazette.

Subsidies to hold up farm prices are bad in still another way. If you don't like spinach you'll still have to pay taxes to help pay for the other fellow's spinach. —C. J. Freed.

God made woman without a sense of humor so they could love men without laughing at them. —Greenville (Tenn.) Sun.

Butler, who Roosevelt, Curtis Calder, to be Secretary of the Army.

Actually Truman continues to be the great advocate of the "New Deal" program. He is the one who is making Truman's selection of personnel undercuts his policy. For as Secretary of the Army, Calder would control the selection of the Army's top personnel.

Reasons for Truman's sudden reversal of Roosevelt policy are many. One is the fact that Truman is a man of power, and head of the world's largest investment trust—the Atlas Corp. Atlas has long dominated Electric Bond & Share.

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