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A STATE'S TAX STRUCTURE IS JUST ONE OF THE FACTORS THAT ATTRACT INDUSTRY

The North Carolina tax structure less favorable to industry than the tax structures of other southern states?

That is the big question now before a subcommittee of the General Assembly's Joint Finance Committee. It is the first time that the question has been raised in this state. Back during the administration of the late Gov. J. M. Broughton, there was quite a flurry of public interest in the question.

Now that the issue has been revived, it may be useful to review some findings by authoritative groups and individuals. The late William H. Stauffer, director of research of the Virginia Chamber of Commerce, has pointed out how difficult it is to compare state taxes. In an article in the January Commonsense, he cited these reasons for the difficulty:

1. Lack of uniform laws.
2. Variation in administrative practices.
3. Different definitions of taxable income.
4. Variation in the proportion of the total tax load borne by manufacturing enterprises.

Mr. Stauffer added:

"Several objective studies aimed to establish the tax advantages offered by one state as against another have been published in recent years. Few, if any, generalizations expressed on the part of those claiming that a particular state provides adequate incentive for business are based on definite studies, and none may be said to have spoken the final word on the subject."

A recent study of the National Planning Commission of the Southern States Association, Inc., concluded that when all pertinent factors were listed in the order of their importance, taxes took secondary place, subordinate to the three basic factors of markets, raw materials, and labor supply.

Commenting on that, Mr. Stauffer noted that "Other factors being equally advantageous, an industry might elect to locate in a state with an adverse tax situation if that state had earned a reputation for 'good government' and fair treatment of industry at the hands of its public officials."

One of the best studies on the subject was made by the Associated Industries of Georgia, and issued in December, 1951. It created a mythical "guinea pig" industry and sought to measure its operation in eight Southern states, and to determine the cost per \$1 of sales in each state as follows:

1. Alabama7.85 cents
2. Florida8.00 cents
3. Virginia8.15 cents
4. South Carolina8.18 cents
5. Georgia8.31 cents
6. Mississippi8.32 cents
7. North Carolina8.33 cents
8. Tennessee8.33 cents

Said the Associated Industries report:

"The variation is inconsequential. It could be offset during a year's operation in any of the states by a thousand factors like location, transportation, fuel, power, taxes to other efficient management, etc."

Furthermore, industry examines many things beside taxes in choosing a new location. As Mr. Broughton said so well on one occasion when the topic was being discussed:

"We've fought hard and built well to provide for nine months and still, I suppose, to provide for twelve more. To improve the state hospital system, and to widen our health and welfare programs. We are at least equal to the South in these respects, and people of the State have to decide whether or not we will carry the burden of comparison of taxes between North Carolina and surrounding states in competition with all industries in the South. If you take into consideration, or the whole story isn't told."

After interviews with 200 manufacturers, the Institute for Social Research of the University of Michigan reported:

ROBERT LASSITER

AT 76, Robert Lassiter could look back on a half-century of accomplishment in business, industry and finance.

It was largely due to his personal efforts that a branch bank of the Federal Reserve's Fifth District was established in Charlotte.

And for 25 years he served on the board of the Fifth District, the last 10 years as chairman.

He was also chairman of the board of the Homeville Mills, chairman of the board of the Lassiter Press of Charlotte, president of the Hospital Savings Association of Chapel Hill, and director of the Seaboard Air Line Railway.

These accomplishments stamped him as a man of vision, of energy, and of sound business judgment.

But there was something else about Robert Lassiter that set him apart from other successful executives. That was the way he made public affairs his personal business.

Policies, in its broadest sense, was not some remote thing that bobbed up in conversation around election time. He lived with it day in and day out, and he felt a strong and intimate sense of proprietorship over local, state, national and international affairs.

Nor was he lackadaisical about the standards and ethics of politics. A scrupulous man who never flinched, he condemned laziness and waywardness in public officials.

"The fact that Michigan is a pleasant state in which to live should be emphasized. The excellent recreational facilities of Michigan, its climate and its scenic and pleasant suburbs of its towns represent important considerations for many industrialists."

In addition, the assets of a particular community may offset what appear to be an unfavorable state tax structure. William B. Fulton, in an article entitled "Industry Won't Flirt" in the March, 1951, Kinston Magazine, wrote:

"There are many assets which a community can cultivate that will improve its chances of attracting new industry. These are some of the most important factors which an industry likes to find in a town: (1) an alert, progressive and businesslike city government, (2) an aggressive town spirit, (3) a clean appearance (4) good health facilities and hospitals, (5) good educational system, (6) adequate recreational facilities, (7) churches, (8) suitable housing, (9) good shopping centers."

S. B. Williams, an official of the Sylvania Electric Products Inc., put it this way when he talked to the Association of State Planning and Development Agencies in New York on "The Town in Which We Want to Build a Plant":

"In the town a good place to bring up a family? That is the first question a social question. When employees feel that the children have a healthful place in which to grow-up, they are more likely to be attracted for the right kind of pay, safe streets, good schools, good recreation, good playmates, good moral background, right outlook on life—they feel little inclination to move on. They become better and steadier at their jobs."

More and more business are evaluating tax rates relative to other factors. According to their Feb. 18, 1952, Paducah Sun-Democrat of Feb. 17, 1952, reported that the American Rolling Mill Corp. asked the city of Hamilton, Ohio, to exempt its new \$50 million plant, which means it would pay no city taxes. Armo's director of public relations said the decision was made as "an investment in the future of Middletown."

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"The offer of a low tax assessment discredited the whole of this city to the manufacturer. Under the city's offer... taxes would have been only \$440 annually, where as the city ranking second on the company list placed taxes at \$46,000, and the fourth place at \$25,000. The company officials indicated that they expected to carry a fair tax load, otherwise they would have chosen to locate in another city. In the Southeast reported by the Tennessee State Planning Commission:

"The other side of tax reduction as an enticement to new industry. (1) Other factors are more important than taxes in determining the location of an industry. It is difficult to compare state taxes accurately, and impossible to compare them at all without comparing services. (3) When such a comparison is made, as was made by the Associated Industries of Georgia, the tax differentials in eight Southeastern states are found to be 'inconsequential.' (4) Assets of a local community may outweigh what may be an unfavorable state tax structure. And (5) a community may elect to carry its fair share of state and local taxes."

In other words, the Joint Finance Subcommittee should not exaggerate the alleged hindrance of tax structures and rates. By the same token, it should not underestimate them. If its study indicates that North Carolina can yield a bit here and there where the yielding will be an attraction to industry without jeopardizing the State's essential revenue, then let's yield, and get the business.

But any wholesale slashes in corporation taxes would not only impair basic State services but would also send an unfair share of the burden to individuals who already are bearing their part through the sales tax and the personal income tax.

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The Ways and Means Committee also is sheltering a similar idea, prepared by expert Colin Stamm of the Joint Committee on Taxation, which exploits Reed's publicity claims that his bill will substantially help the "little fellow."

Among other things, Stamm found that under the Reed bill a man with a wife and two children, making a net annual income of \$5,000, would get a tax reduction of only \$28.60 a year—or 58 cents extra.

These were some of the reasons why several members argued against the bill in the secret session. Oddly enough, it was the Democrats of Louisiana, Douglass of Tennessee, Dingell of Michigan, Eisenhower of Pennsylvania, and Mills of Arkansas, who carried the public account.

President Eisenhower during the closed-door debate, though in the end they voted to support the bill.

Tidelands Hesitation INSIDE fact about the tidelands oil hearings in the U. S. House of Representatives was not anxious to have them pushed so soon.

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Meanwhile, the boys who have been urging the bill for three state sets of oil reserves aren't as happy as they might be—especially the boys from Texas and Louisiana.

Boys in their states are gradually waking up to the fact that the Holland tidelands oil bill now before Congress will be a big boom to California, but not to states bordering the Gulf of Mexico. The reason is simple.

The Holland bill gives the states title to all three miles offshore, except for Texas, which came into the Union under a special

BY MARQUIS CHILDS



IF ANYONE still doubted that a fundamental change had taken place in Washington, President Eisenhower at his first press conference made it abundantly clear. What could hardly have been surmised from the nature of the President's past record, Eisenhower's background and conditioning is that the emphasis was more on problems here at home.

More than half of the time was taken up with the domestic economy and much of it with falling prices and prices controls. The President traced the downward course of cattle prices from Jan. 19, 1952, when they stood at \$34, to Jan. 23 of this year when it was \$23.30. Now, said the President, it turns out good again. He said it hopefully, reassuringly.

UP'S AND DOWNS He said it against the background of an intention to support Secretary of Agriculture Ezra Taft Benson in his effort to pull the country from the kind of controls considered too rigid and arbitrary. The President talked about the natural working of the economic law. He said that this could be counterproductive to keep prices at a proper relationship one to another. Some would go up, others would go down.

That was the major theme of the conference—the return of a free economy. It came out in the President's discussion of the budget when he spoke of the very necessary objective of restoring private industry by scaling down the burden of taxation once the budget has been brought in balance.

What the Eisenhower Administration is undertaking will require the shrewdness of an Army mule and the fighting spirit of a mountain lion. The angry roar already directed at Secretary Benson is a foretaste of the reaction to any such plan. The former Secretary of Agriculture, Charles F. Brannan, fixed current buying program at \$6 percent.

Many kinds of monetary and credit controls are available to government. In the early part of 1929 when the crash had just begun, the reaction was to prevent a too precipitous drop. The trick in the experiment launched by Roosevelt's administration would seem to be to have a little deflation—just enough to get the economy out of its slump. But to have a little deflation is as much of a trick as to have a little inflation.

THE Congressmen drooled. He said so did Mr. Exhibit A, a magnificent, thickly marbled, black and white, T-bone that he reported from New Zealand and sold at retail in Dayton, Ohio, for 39 cents per pound, or 78 cents for a pound.

Then they promised, averting their eyes from this gorgeous chunk of meat, to keep such hard-to-find merchandise out of the country in the future, and I guess this is a top-secret world for sure.

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The gentlemen agreed that bargain beef from the antipodes, no matter how superior its quality, is bad for us. Tends to disrupt the markets, bankrupt farmers, and makes meat in the end costlier than ever. That's Congress talking, you understand; I'm just reporting and it's making me so hungry I do it all the more.

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People's Platform

Letters should be brief. The writer's name need not be given, but may be withheld from publication in the discretion of the Editors. The News reserves the right to condense.

Keep Welfare Rolls Confidential

EDITH M. NEWMAN, CHARLOTTE
I'd like to take issue with your editorial of Feb. 17 maintaining that taxpayers have a right to know how they spend their money, therefore welfare rolls ought to be published.

It seems to me that the taxpayer's first right is that his money be spent wisely and efficiently and that he get good value for it.

Under those terms Senator McIntyre's bill proposes an increased administrative cost to the Welfare Department estimated at \$28,000 annually. If it works as well as did the Indiana law in its first year, we could hope to find five cents improperly received which would save, based on North Carolina's schedule of welfare grants, \$960.

This, I submit, is less than a bargain for my tax dollar, or yours either.

Further, the idea of welfare social work is to try to rehabilitate people. Since competent work with a client requires that the social worker have full information from the client, the profession has long since insisted on confidentiality to encourage people freely to disclose such information. Since other professional people—doctors, lawyers and the press—may not disclose their confidences, it should be obvious that in trying to rebuild an individual's respect and self-esteem, by exposing him to unnecessary publicity.

FRANZ E. DANIEL, North Carolina CIO Director

RSV Critic Criticized

ALICE M. DICK, ALEXANDRIA, VA.
I GUESS you'd get a pile of letters about your report on Feb. 5 of Dr. Carl McIntire's remarks about the revised Standard Version of the Bible. I can't resist adding to them.

In our human resistance to any kind of change, we have evolved the belief that the King James version of the Bible came down from heaven like the tablets to the Law of Sinai. The idea is, of course, that even the original Scriptures were the human records of what men believed that God had done. The men who believed and wrote were inspired by the Spirit of God, but they were still men. Only Jesus Christ had the fullness of the Spirit, and so far as we know He didn't write anything.

Dr. McIntire's reference to the "let-it-inspire" translators is not very convincing, even though Senator McCarthy has given such good precedent. Nowadays anyone who disagrees on any matter is a "let-it."

The idea is reminded of the Roman Empire of about 300 A.D. when the simplest way of getting rid of a business competitor or political rival was by accusing him of being a "Christian."

Virginia Theological Seminary.

Alcohol Institute Successful

ALICE M. DICK, CHARLOTTE
WE appreciate the help in making the first public report on alcoholism in Charlotte a success, through the medium of your newspaper. We feel that the total effort of the Institute was favorable and that the process of arranging for this Institute and in the Institute itself, we contacted and brought to the public awareness this problem and what can be done about it.

By approximate count, it is estimated that we personally contacted between four and five thousand people the least or our appreciation it related to help in transmitting mental health information as a function of the Charlotte Mental Hygiene Society and the Charlotte Mental Hygiene Clinic, but we brought home the message of the functions of the United Appeal.

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Opposes Rosenberg's Sentence

ALICE M. DICK, CHARLOTTE
I OPEN count with your editorial comment. Occasionally I dissent. Your opinion in approval of the death penalty for the Rosenbergs illustrates an honest difference of opinion. Such dissent, seldom, if ever, is justified.

I oppose execution of the culprits in this case for three reasons: (1) The sentence is much too severe. (2) To make martyrs of the condemned couple would be to brag in effect, (3) misguided intellectuals of this

door debate, though in the end they voted to support the bill.

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Some Folks Don't Like Good Thirty-Nine Cent T-Bones

BY FREDERICK C. OTHMAN

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