

Like Calls for Bipartisan Harmony

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Governor Hodges Urges Local Control In Meeting School Segregation Issue

President Says 2 Parties 'On Trial'

WASHINGTON (AP)—President Eisenhower appeared today for bipartisan harmony and told the new 84th Congress both parties are "on trial" in the free world's struggle to win enduring peace and prevent an atomic "holocaust."

In a State of the Union message, noting the shift in control of Congress from Republicans to Democrats, the President declared America's prosperity outlook "is good"—that "business activity now surges with new strength" and that personal income after taxes is "at a record level."

"As for the international situation," he said during the last year "there has been progress justifying hope, both for continuing peace and for the ultimate rule of freedom and justice in the world."

"But sobering problems remain ahead," and they require continued heavy spending—two-thirds of the entire federal budget expected to run about \$4 billion dollars—to buttress the free nations against any Communist aggression, he said.



PRESIDENT EISENHOWER

CITES REIL THREAT

"The massive military machines and ambitions of the Soviet-Communist bloc still create uneasiness in the world," he said. "All of us are aware of the continuing reliance of the Soviet Communists on military forces of the power of their weapons, of their present resistance to realistic armament limitations, of the continuing effort to dominate or intimidate free nations on their periphery."

"The steady growing power includes an increasing strength in nuclear weapons. This power, combined with the proclaimed intentions of the Communist leaders to dominate the world, is the threat confronting us today."

"To protect our nations and our people from the catastrophe of nuclear holocaust, free nations must maintain countervailing military power to persuade the Communists of the futility of seeking their ends through aggression."

NO SURPRISES

The President's prepared 7,800-word message, carried nationwide on television and radio, contained no real surprises. Most of the legislative program he outlined for the year ahead already had been announced by the White House or disclosed by other sources. Much of it was a renewal of previous requests not granted by Congress.

Eisenhower held out no hope for tax cuts this year and repeated that he wants permanent excise and corporation tax reductions now scheduled for April 1. They total about three billion dollars yearly and both Democratic and

\$637 Million State Budget Is Presented

Tax Boosts Would Fill Revenue Gap

RALEIGH (P)—A budget calling for state spending totaling \$637 million during the next two fiscal years and tax boosts to bridge \$22,063,064 gap between appropriations and expected revenues was presented to the General Assembly today.

The budget prepared by Gov. Hodges and the Advisory Budget Commission, proposes a 2-cent tax on cigarettes, 1 cent on cigars and smoking tobacco and 1/4 of a cent on soft drinks, a boost in liquor taxes from 8 to 10 per cent—10 cents on a fifth, elimination of some sales tax exemptions and a boost from 1 to 2 1/2 per cent on the levy on premiums of domestic insurance companies. The commission estimated they would raise \$26,031,502 a year.

The budget compared with \$608,752,492 appropriated by the Legislature to operate state agencies during the present biennium.

The commission said tax increases could be avoided only by one or more of the following alternatives: (1) a 10 per cent slash for teachers and state employees, (2) a big increase in the school teacher load, (3) drastic increases in fees and charges at state institutions, (4) greater local support of the schools, or (5) "discontinuing services or drastically reducing them."

Emerson Exchange Addition Planned By Southern Bell

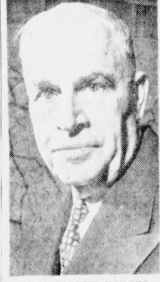
A million-dollar expansion of Southern Bell telephone facilities, including a new telephone office on Sharon-Amity Rd., was announced today by A. Stokes King, district manager of the firm.

The new building, to cost \$200,000, will house equipment for 8,077 telephone offices. Emerson is expected to go into operation some time next year and will join the three now in operation: Edison, Franklin and Lexington.

The new building will initially provide facilities for more than 3,000 telephones with provision made for later addition of many more.

Mr. King said construction of the building will begin "shortly." It will be one story in height, of modern brick and concrete construction. It will be set back from the road and will be in architectural harmony with the best structures in the vicinity.

Very few employees will be stationed at the center, Mr. King said. The equipment will be automatic. The building is due for completion during the fourth quarter of this year.



GOV. LUTHER HODGES

UNC Requests Head List For Institutions

RALEIGH (P)—The appropriations committee recommended by the Advisory Budget Commission to operate the state's water problem. The same view was held in regard to the government's future recommendation on highways.

As in the past, the Mecklenburg five voted approval of re-districting senatorially.

There was some hesitancy on voting out civilian airplane bills.

"We don't want to deprive anyone the right to vote," said Mr. Vogler.

Others agreed, saying it might be a good idea to tighten the rules on the absentee ballot. In principal the absentee ballot isn't a bad idea, they said, although they agree it has been abused in some places.

NO OPINION

The governor called for a state-wide referendum on the liquor problem. The delegation, hearing of this for the first time in the speech, did not care to voice opinions.

When it came to the segregation issue, the Mecklenburgs expressed great interest in the action of the Supreme Court.

While they did not say the governor's suggested recommendations and legislation was premature, they did express some concern on the advisability of immediate action.

All members thought the best idea would be to wait for the Supreme Court's ruling in cases up now for implementing desegregation before taking immediate action.

Hodges' Talk Okay With Local Group

By JULIAN SCHIEER
Charlotte News Staff Writer

RALEIGH—Mecklenburg's five-man delegation listened with close attention to Governor Hodges' budget and biennial message before the General Assembly today.

Afterwards Sen. F. J. Blythe and Reps. Arthur Goodman, E. O. Herron Jr., Jack Love and James B. Vogler found themselves in accord with most of the governor's suggestions and recommendations.

However, the group was a bit more conservative on some points, such as segregation, and suggested they should give the matter more study before voicing any opinions.

On money matters none of the members has yet studied the budget and had no immediate reaction on his monetary statements.

The delegation, of course, does not vote as a unit on these state-wide measures, but did offer The News these impressions on the text of the governor's speech.

All members were positive on prison reorganization. They back the governor completely in his recommendation of a complete separation of the prisons and highway systems.

SEPARATION FAVORED

"I definitely favor a full separation," Sen. Blythe said after the speech. "The Highway people know nothing about this and the two groups should be separated."

Rep. O'Herron added that he was in complete accord with the governor.

Reps. Vogler, Goodman and Love agreed.

Following the governor's recommendation of the creation of a board of higher education, all five members thought this was good and workable.

On restricting of judicial districts, the delegation also expressed their interest in this. All five members said they approved of this recommendation by Gov. Hodges.

Cognizant of a water problem in the state, Sen. Blythe and the four members of the House suggested that they would support

State Legislature Hears Proposals

RALEIGH (AP)—Gov. Luther Hodges today asked the General Assembly to take steps to meet the U. S. Supreme Court's decision banning racial segregation in public schools.

Following the report of a special advisory committee, the governor recommended that legislation be adopted to give local school boards "complete authority" over enrollment and assignment of children in public schools and on school buses.

Hodges also endorsed the committee's recommendation that the Legislature create an advisory commission, on which legislators would serve, to give "continuous study" to the segregation problem.

The advisory commission report stated, "Mixing of the races in the public schools throughout the state should not be attempted." It added, "Compulsory mixing of the races in our schools on a state-wide basis without regard to local conditions and assignment factors other than race, would constitute public support of the schools to such an extent that they could not be operated successfully."

The report said it feels the per-state of North Carolina want to solve the segregation problem within the framework of our present school system, if possible, and that this should be done "before consideration is given to abandoning or materially altering it."

The enrollment and assignment of children, the report said "is by its very nature a local matter." It said that with such power local boards could adopt such plans, rules and procedures as their local conditions might require.

In his message prepared for delivery to the joint Senate and House session, Hodges also backed the Advisory Budget Commission's recommendations on spending and taxes and outlined his program of fiscal conservatism.

Major items in the program included support for a statewide liquor referendum, elimination of the absentee ballot in general elections except for military personnel, increasing judicial districts to give additional resident Superior Court judges, and reassignment of House and Senate membership in line with population changes.

WATER CONSERVATION

Hodges spoke out strongly for formulation of a water conservation policy for the state and promised further details when a commission studying the problem reports.

He also reserved his stand on a primary highway program until the State Highway Commission hands in its recommendations.

The governor asked for creation of a board of higher education to prevent duplication in state-supported colleges, and urged changes in the Prisons Department and governor's office suggested by the recommendations of the Reorganization of State Government.

Hodges paid high tribute to the late Gov. William B. Umstead, whom he succeeded on Umstead's death last fall. He Umstead gave "much of his time and

Tobacco, Soft Drink Taxes Are Proposed

RALEIGH (P)—The state's first tax on cigarettes, a major overhaul of the sales tax schedule, and a tax on soft drinks were recommended to Tar Heel legislators today.

The recommendations by Gov. Hodges and the Advisory Budget Commission—the first major change in the state's tax structure since World War II—would yield factors other than race, would constitute public support of the schools to such an extent that they could not be operated successfully."

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The suggested tobacco tax of two cents per pack of cigarettes and \$10 per 1,000 cigars would yield an estimated \$8,945,000 yearly.

Changes in the sales tax, including the removal of the \$15 limitation per item, would yield \$7,700,000.

The proposed 1/4 cent tax on soft drinks would take in \$7,125,000.

In addition, the budgeters would use the tax on liquor 1/2 per cent to 10 per cent to bring in \$900,000.

Other proposed changes contained in the bulky 1,000 page report would increase the tax on state-chartered insurance companies to 2 1/2 per cent, which would bring in an additional \$11,700,000. Domestic insurance companies now pay a 1/2 per cent tax compared with a 2 1/2 per cent levy paid by foreign (out of state) companies.

Changes in insurance agent licenses and fees paid by persons commissioned by the governor as insurance agents and justice of the peace would take the remainder of the \$26,031,500.

The legislators were told the additional tax revenue is necessary if the state is to maintain approximately the same level of services for the biennium plus a balanced budget.

With the help of State Revenue Commissioner Eugene Shaw, here is an explanation of the new tax proposals:

Tobacco—At present, 41 states and the District of Columbia tax tobacco, the rates ranging from 2 to 8 cents per pack of cigarettes. North Carolina has avoided a tobacco tax in the past possibly because it is a major producer and processor of tobacco products.

Purpose of the proposed "tobacco tax act" is to have the ultimate consumer pay the tax. This boils down to paying 2 cents per pack of cigarettes, a penny a cigar and one cent on each 10 cents worth of smoking tobacco.

Tobacco wholesalers shipping out of state would be exempt from the taxes.

Sales Tax—This involves amendments to the present sales tax schedule. At present there is a ceiling of \$15 per article. Thus if you buy a \$500 or a \$5,000 car,

Mrs. Malone Walks Out On Neuberger's Speech

WASHINGTON (P)—The wife of a Republican senator walked out last night on a speech by Oregon's new Democratic Sen. Richard L. Neuberger assailing "character assassination" in political campaigns.

Mrs. George W. Malone, wife of the senior senator from Nevada, boomed and then left the crowded Presidential Room of the Statler Hotel while Neuberger was speaking.

Neuberger, sworn in yesterday as a senator, shared the speaker's platform with Vice President Nixon and New Jersey's new Republican Sen. Clifford P. Case at the annual congressional dinner of the Women's National Press Club.

Neuberger said a "distinguished member" of the Republican party engaged in below-the-belt tactics in the 1954 campaign.

NIXON ACCUSED

He named no names. Some Democrats have accused Nixon of such tactics. The vice president told Neuberger as a "left-wing" candidate at Pocatello, Idaho, last Oct. 25.

Nixon did not join in a burst of applause which greeted Neuberger's first reference to "character assassination." He did join in the handclapping at the end of Neuberger's talk, however.

By that time Mrs. Malone—known to friends as "Katie"—had left the room, declaring in audible tones: "I've had all I can take."

Outside, she had a verbal fight with Mrs. Perle Mesta, the party's given official the official hostess of the Truman administration.

Onlookers said Mrs. Mesta, formerly minister to Luxembourg, chided Mrs. Malone for walking out on a speech by one of her husband's colleagues. Mrs. Malone reportedly contended Neuberger's speech was worth hearing. Then said the witnesses, the women exchanged some personal remarks.

MCCARTHY FRIEND

Mrs. Malone had been seated at a table near the center of the big ballroom with her husband, a member of the GOP Senate group most friendly to Sen. McCarthy (R-Wis.). Malone remained at the table.

OUR WEATHER

Partly cloudy and a little warmer today. Scattered showers this afternoon and turning colder tonight. Tomorrow, partly cloudy and colder.

Low temperature this morning 41 degrees.

Low temperature expected tonight 38 degrees.

High temperature yesterday 66 degrees.

High temperature expected today 73 degrees.

High temperature expected tomorrow 50 degrees.

Sunrise 7:32 a.m.; sunset 5:26 p.m.

More Weather Data on Page 2-A

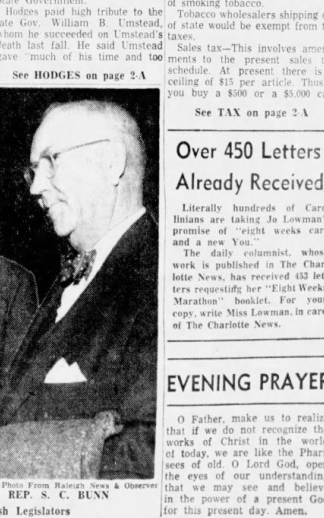
WHAT'S INSIDE

A PROGRESS REPORT on construction of Charlotte's municipal auditorium is given, pictorially, on the second front page.

Business..... 2A
Classified..... 13-15
Comics..... 10A
Crossword..... 6A
Features..... 6A
Obituaries..... 2A
Radio & TV..... 10A
Serial..... 10A
Sports..... 17-18A
Theater..... 16A
Women..... 9-12A



SEN. F. J. BLYTHE



REP. E. R. JOHNSON

REP. S. C. BUNN

Mecklenburg Senator With Currutuck And Nash Legislators

Over 450 Letters Already Received

Literally hundreds of Carolinians are taking Jo Lowman's promise of "eight weeks care and a new you."

The daily columnist, whose work is published in The Charlotte News, received 452 letters requesting her "Eight Weeks Marathon" booklet. For your copy, write Miss Lowman, in care of The Charlotte News.

EVENING PRAYER

O Father, make us to realize that if we do not recognize the works of Christ in the world of today, we are like the Pharisees of old. O Lord God, open the eyes of our understanding that we may see and believe in the power of a present God for this present day. Amen.