

THE FRONTIER

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NEBRASKA NEWS OF STATE AFFAIRS

By James R. Lowell

The persistent sales tax problem is up before Nebraska law makers again, the first such bill of the session having been introduced in the house of representatives last week by three republicans, Eugene Perigo, of Scottsbluff, John Comstock, of Lancaster, and C. E. Frank of Kearney county. It is called the "retailers occupation tax act," and would provide a 2 per cent tax on all sales of "tangible personal property at retail."

Each retail merchant would make a monthly report, under the provisions of the bill, and collection would be under direction of the state tax commissioner. The tax fund would be distributed on July 1 of each year by the state treasurer to the various county treasurers "in proportion that the total taxes levied on all personal and real property, averaged over the preceding three years in all counties of the state, bears to the total taxes levied on all personal and real property, averaged over the preceding three years in each county."

Thus the tax would be used to reduce property taxes, and if any one county has levied one-fiftieth of the total taxes levied in Nebraska for the past three years, that county would be given one-fiftieth of the revenue from the sales tax. The same formula is applied to the redistribution of the fund by the county treasurer to the various taxing districts within the county.

The act provides plenty of teeth for enforcement. Business men who wilfully violated the act would be subject to fines of from \$25 to \$5,000, or imprisonment from one to six months, or both. Each retailer would be required to keep a full record of every transaction, and he would not be allowed to destroy any records until they were at least two years old. A 5 per cent penalty would be inflicted on any business man who failed to pay the correct amount in full. Failure to file a return, or to pay the tax, would bring a 25 per cent penalty, based on the amount claimed by the state.

A flood of taxation bills is certain to be introduced in the present session, despite the fact that Governor Cochran and his democratic henchmen in the legislature are working under a party pledge of "no new taxes." Laws on intangible taxation will again come in for some working over before the session is over.

Comparatively unheard of five years ago, the sales tax today produces revenue in excess of \$200,000,000 annually in 17 states. Last fall a number of Nebraska state officials went to Des Moines to study the Iowa sales tax with an eye toward raising approximately \$5,000,000 thru a similar tax for state poor relief. A Missouri sales tax of one-half of one percent is bringing in an estimated revenue of \$3,500,000 annually.

The retail sales tax in Iowa last year permitted the lowest property tax levy within the history of the state, the levy being less than 1 mill. The sales tax raised approximately \$6,000,000 in 1934. The approximate cost of administering the tax was \$250,000.

Some single-tax advocates among the Nebraska legislators hold that the sales tax is the tool of tyrants, and that its underlying purpose is to relieve land speculators and wealthy landholders in the large cities. The nuisance of the sales tax is that a person must carry around a pocketful of pennies to meet imposts upon the slightest purchases.

Aside from the retail tax bill, a number of other important acts have been introduced in the legislature, including a betting control measure and two unicameral legislative plans. One of these calls for a house of 50 members and re-districting the state to conform to

that number. Under this plan ten districts would be made up of single counties. The second proposal is for a 40-member unicameral legislature.

The betting bill provides for a state racing commission of three members appointed by the governor with full power to prescribe rules and regulations governing horse races and race meetings. License fees would be \$200 per day for running races in counties of 200,000 or more; \$100 per day in counties of more than 75,000 but less than 200,000; and \$25 per day in counties of less than 75,000. For harness races, the rates for each day would be one-fourth of the running race fee.

Five-sixths of the funds coming into the hands of the racing commission would be divided equally among the counties to be used for premiums for agricultural and live stock exhibits. A sixth of the fees collected would go to the state department of agriculture for the purchase and delivery thruout the state of well bred stallions and jacks in order to improve breeding.

Senator J. S. Callen, of Odell, has a bill which would create a state police force of 100 members, working under a superintendent of police appointed by the governor with the approval of the state senate. Callen estimates the cost of maintaining such an organization at about \$350,000 a year, and this would be met by applying part of the proceeds of liquor license money, gasoline tax and from several similar sources.

The state police force would patrol highways, enforce liquor laws and the gasoline tax law, handle arson cases and take charge of fire prevention work, and various measures to promote public safety, besides devoting itself to prevention of crime generally and the apprehension of criminals.

The Callen plan contemplates merging into the state police department the present state sheriff's office, highway patrol, fire marshal's office and perhaps one or two other minor enforcement agencies now working independently. The suggested salary of the superintendent is \$3,500 per year. Except when doing special investigation work, the men would wear uniforms and would be provided with short-wave radio equipment.

A number of less important but equally interesting bills before the legislature include an act to compel the state university to broadcast its football games; an act to outlaw surprise alibis in criminal trials; an act to outlaw near beer, intended to stop spiking; and an act to remove county offices from the realm of party politics. Rep. Jay Hastings (R) of Osceola, introducer of the bill, says that state and national issues do not involve county offices.

Mrs. Nellie G. Benson, chairman of the state board of control, appeared before the institutions committee of the house last week and made a plea for the requested 25 per cent increase in maintenance appropriations for state institutions. She said increased costs of food, drouth, increased number of inmates and need for new prison industries, are responsible for the request. Inmates have increased 10 per cent and commodity prices 25 per cent in the last year. Mrs. Benson recommended a metal working plant at the men's reformatory, and cotton and wool mills, a knitting mill and a shoe factory for the penitentiary.

Trenmore Cone (D), of Valley, heads a special committee of five which will investigate the "spread" between the price milk producers receive and the price consumers pay.

Refusal of a bonding company to provide a surety bond for State Treasurer Hall because the payment provided is not commensurate with the risk involved, has had its effect upon the pocketbooks of legislators. Last week they completed action for payment of their salaries and expenses of the fiftieth legislative session, the appropriation bills calling for \$200,000, but were unable to obtain pay warrants due to the bonding difficulty which last week had almost halted operations in the state treasurer's office.

Attorney General Wright held that failure of Hall to obtain bond made the office of state treasurer vacant, altho Hall claims otherwise. The senate has named a committee of three to look into the situation, while Hall has asked the legislature to appropriate \$10,000 for a two-year premium on a million dollar bond so he can qualify for office.

After refusing to write a bond several weeks ago bonding companies have offered to furnish the surety at double the present statutory premium rate of \$2,500 a year. Governor Cochran announced virtual arrangement of the bond, but it will not be in force and Hall will not qualify fully for treasurer until the legislative appropriation is made.

A who's who of the legislature, made up of names of legislators who have landed important positions in that body and thus will have more prestige than their less fortunate henchmen, follows:

Cloyd Stewart (D) of Clay Center, president pro tem of the senate; J. S. Callen (D) of Odell, chairman of the committee on committees; W. H. O'Gara (D) of Laurel, speaker of the house of representatives; W. F. Haycock (D) of Callaway, floor leader and chairman of the house committee on committees; Henry Bock of David City, George E. Nickles of Murray, Edward D. McKim and Edward J. Dugan of Omaha, John F. Doyle of Greeley, Otto C. Weber of Leigh, Walter M. Burr of Juniata, Carl T. Bremer of Aurora, John H. Steuteville of Bridgeport and Henry J. Fleming of St. Paul, members of the house committee on committees and holders of important places on other committees; Charles A. Defoe of Tecumseh, Charles B. Crowley of Omaha, Emil S. Brodecky of Howells, Frank S. Wells of Fairbury, W. C. Bullard of McCook and Charles D. Green of Sidney, members of the senate committee on committees and holders of other important committee jobs. (To be continued next week.)

Governor Cochran has restored the ban on hay from certain parts of Idaho and Oregon which was lifted December 15 by Governor Brykan and which caused three states to declare a ban on hay from Nebraska thru fear that weevil infestation from Idaho and Oregon might have spread to Nebraska.

State Sheriff Fred Benton and the deputies serving under him have been temporarily reappointed by Governor Cochran. There may be changes in the department later on, however. Edgar L. Ferneau, of Auburn, and Fred S. Knapp, of Omaha, republican members of the state normal board, will be reappointed to that body, the governor announced last week. The appointments will be for six-year terms. The constitution provides that the terms shall overlap with two members being named each biennium.

More than 480,000 head of cattle purchased by the federal government as a part of its drouth relief program will have been processed in the state and the meat made available for Nebraskans on relief, when the government fills its present quota of purchases, according to Prof. W. J. Loeffel, state supervisor of the FERA meat processing program. The amount spent by the government for these animals is well above six and a half million dollars.

State Tax Commissioner W. H. Smith discloses that the total of all assessments, property and non-property, is \$42,068,482, a reduction of \$838,045 as compared with last year's total. This figure was obtained from reports on tax footings received from all counties. School taxes suffered the greatest cut, being reduced \$772,608. County taxes were increased \$363,098, mostly to meet relief costs. State taxes were slightly reduced.

THINK OF IT!

Forty Boxes or 200 lbs., a year's supply of Soap Chips FREE with each Blackstone Washer at Gamble's regular price—Electric, \$49.50—Power, \$79.50. And that's only one of Gamble's many New Year January Sale Specials. "B" Batteries, 98c—Flashlight Cells, 4c—201-A Radio Tubes, 39c.

Economic Highlights

There were no surprises in the President's message to congress. Mr. Roosevelt confined his talk almost exclusively to explaining what he hoped to do on behalf of the needy, the ill, the old, and the unemployed. His new program, dealing as it does with reform rather than recovery, might be termed the second phase of the New Deal.

Briefly described, there are six definite factors to the program, he wishes Congress to enact. The purpose, first is to provide every able-bodied worker with a job. Second, the dole system of relief is to be abandoned. Third, relief of the unemployed, which is now being carried by the Federal government with a modicum of state aid, is to be transferred to local authorities. Fourth, all public works activities are to be unified under a new plan. Fifth, the existing Federal Emergency Relief Administration is to be gradually displaced by a new emergency works agency. Sixth, and the most important—old age and unemployment insurance are to be provided, and a start is to be made toward perfecting legislation for financially assisting children, mothers and others handicapped by dependency or ill-health.

Mr. Roosevelt outlined these matters, but gave little in the way of detail. He said that he would shortly issue a statement as to their cost—and added that it would be

well within the credit of the government. This, of course, is a debatable point—no subject is more bitterly disputed than how much drain the Treasury can stand. Irrespective of that, it can be safely forecast that Congress will enact the program in its entirety. While support of the President's ideas by the legislative branch of our government may not be as unanimous as in the past, his power is still extraordinarily potent.

Also of great interest was the President's statement on how public works are to be carried on in the future. He said that preference will be given to projects which use a large amount of direct labor, and which may be expected to be self-liquidating—in other words, projects where the government has a chance of getting all or part of its money back in the course of time. He also said that projects should compete as little as possible with private enterprise—and a legion of industrialists must have heaved a sigh of relief on hearing that. One of the greatest fears of the time is that government will go into business in competition with private enterprise, as it has already done with power projects. Finally,

according to the President, public works will be planned so that they may be slowed down if and when private enterprise is able to take up some of the unemployment slack.

Sentiment for unemployment and old-age insurance has been growing at a great rate during the past two or three years. The difficulty will arise in the preparation of legislation—there are an almost unlimited number of schemes to achieve social security. The Federation of Labor, for example, wants the cost of such insurance to be borne by employers and government alone—while employers want a three-sided plan, under which the worker, the employer and government will participate. Others want government to carry the whole burden—something that would seem obviously impossible in these days of distorted budgets.

So much for relief and reform. Next to be considered is Congress' own program, as measured by the statements and campaign platforms of various members.

It is certain that the bonus bill will be passed—and it is almost equally certain that the President will veto it, as he did last year, and

as Harding, Coolidge and Hoover did before him. But now there is a difference—here, in the past, the two-thirds majority necessary to pass a bill over the veto could not be summoned on behalf of the bonus, most observers think it will be at this session.

Inflation will likewise have its day in court. There will be efforts to further devalue the dollar, and to turn the printing presses loose making money. A very large House bloc will support this—but the chances are that the President, who apparently is strongly opposed to any further devaluation of our money at this time, will be able to stop action.

The "tax-the-rich" advocates are also going to do much talking. Terrific higher income and inheritance taxes will be demanded, along with heavier corporation and "excess profits" levies. Best opinion thinks, however, that the President will put a period to these desires, that he has gone as far as he wants to go in burdening capital.

This is the way matters stand as Congress opens—and newspaper readers are going to get a big money's-worth during the next few months. It is safe to say that both

branches of Congress will be somewhat more independent than they were last session, that Mr. Roosevelt will have a somewhat harder time maintaining his control. But, with the possible exception of the bonus, it is also safe to predict that he will get his way in the end.

METHODIST CHURCH NOTES

A. J. May, Pastor
10 a. m.—Sunday School classes for everybody.
11 a. m.—Sermon, "Churbanity and Christianity." Special music by the choir.
We are especially anxious that every member of the Methodist church in O'Neill shall be present and bring some friend with you to this service.
The Young People go to Chambers as a gospel team for the evening service so there will be no evening meeting. We will have but one preaching service so it is doubly important that every body be present for the morning service. I would even say "please" be present.
Choir practice Tuesday evening at 7:30. Junior Choir practice Thursday evening at 7:30 at the church.



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Saturday, February 2, 1935