

Michigan Editors Meet For Outing At Grand Haven

In the spirit of "Selling Michigan to Michigan," 175 newspaper publishers and members of their families visited Grand Haven on the Michigan last week, many of them for the first time.

The occasion was the summer outing of the Michigan Press association, comprising 288 weekly and daily papers.

The Eccentric was represented by George R. Averill, publisher. Editors were guests of Lieut. Commander Maurer on the U. S. C. cutter, "Escanaba" for a three-hour cruise.

In the past ten years Grand Haven has demonstrated what an enterprising community can do to stabilize buying power through acquiring new industries. Thirty-two manufacturing concerns normally employing 3,000 persons, are located in this community of more than 10,000 people.

Guests at the summer outing included Secretary of State Harry P. Kelly, State Treasurer Miller Dunckel and Auditor General Vernon J. Brown. Frank Sparks, editor of the Grand Rapids Herald, addressed a banquet on his experience with Frank Knox at the Soo. This event at the Spring Lake Country club was concluded with a floor show and dancing.

E. J. McCall, publisher of the Grand Haven Daily Tribune, was host chairman.

Singular Gender

A French mayor, who, after making a tour of England, was about to depart, and was thanking the lady mayors of a certain Midland city:

"Machine, I ask you very much for your 'hospitality on vich, I fear, I have very much cooked."

"Not at all, m'sieu le maire," said the lady with what gravity she could command, "but surely you are a 'craquelé'!"

"Vraiment? Et is my mistake," exclaimed the French gentleman, "I had forgotten I was talking to a lady."

Golf's Big Prize Claimed by Nelsons



The Byron Nelsons are proud of their new manliness—and rightly so. It's the National Open Golf trophy, won by the Texas-born sharpshooter in a playoff with Craig Wood at the Philadelphia Country Club. Now a Reading, Pa., professional, Nelson moves to a Toledo, O., course next year.

Scholastic awards are not limited to college students, as Dr. and Mrs. Langdon T. Crane of Fairview drive can testify. Their nine-year-old son, Langdon Jr., is the winner of the prize given annually to the best primary student at Detroit University school. The award, a book, was presented to Langdon by Edsel Ford, at the school's recent honors convocation. The Crane family is new to Birmingham, but Langdon will probably enter Quaton School in the fall.

Could Interest Him Anywhere? Pretty Shop Girl—Could I interest you in a bathing costume, sir? Mr. Gay—You certainly could, baby, but my wife is over there at the glove counter."

Honors Are Given To Church School Teen Age Group

Recognition for their work in Church School in the form of commission to Waldenwoods Leadership, came this week to 16 young persons from the junior congregation of the First Presbyterian Church. The commission enables the recipients to attend the annual advanced youth conference at Waldenwoods, to be held this year from July 8 to July 15.

Those who received the honor are Kate Osborne, Martha Mellinger, George Ford, Barbara Brusse, Suzanne Wood, John Bathgate, Russell Fisher, Gordon E. Clark, Wing, Dave Anderson, Doris Franklin, Betty Stoll, Carol Gilbert, Helen Freytag, June Osborne and Margaret Corryell.

Young persons who will work under the Board of National Missions during July and August also received appointments on Sunday at the regular junior service. John Bathgate and Barbara Brusse will conduct Vacation Bible School in northern Michigan. Hettie Elliott, Sue Wood, Ruth Anderson and Madelyn Haynes will assist Miss Eudell McKenney, director of the Gray Community House in Detroit, at her Lake Orion camp, conducted under auspices of the Kiwanis Club.

THE ANSWERS

(Answers to Questions on Page 1, Part 1)

1. It has a present profit of \$235,000,000.
2. 1,680,000 worth less than \$100,000.
3. About 12 1-2 per cent.
4. Yes; this reflects idle funds not invested.
5. Five.
6. Dec. 16, 1927, 40.
7. The islands command the Gulf of Botnia and, if seized, as feared, by Germany in war, could block shipping in and out of Leningrad.
8. In 1934.
9. Monetary value of Government silver is about \$3,000,000,000; silver certificates issued about \$1,650,000,000.

PONTIAC—Oakland County won a legal battle in New York City last Friday when County Civil Counsel Harry J. Merritt was able to get a formal allowance of the county's claim against the National Surety company for \$30,000 plus interest of \$4,750 in connection with a receivership for the bonding company. The bond had been given to secure \$25,000,000 deposited with the former Peoples State Trust & Savings Bank. Former Civil Counsel Robert D. Hettich had previously got an allowance of the bond but the interest had been disallowed. The county is now in a position to get a 35 per cent dividend on both the principal and interest.

PONTIAC—After all the testimony had been taken Thursday morning in the \$25,000 suit brought by Circuit Court by Odie H. Rouse, Pleasant Ridge against the Bristol Myers company of New York State, counsel in the case announced a settlement. The defendant company agreed to pay the plaintiff \$1,000 within five days.

The plaintiff charged she was severely burned about the neck and shoulders Sept. 25, 1937, by an ointment manufactured by the defendant company and commonly used as a household remedy. She said she was laid up three weeks and left with permanent scars.

This case was heard by Judge H. Russell Holland and a jury.

NOTICE OF HEARING
Assessment for Sewers on Gordon Court, Birmingham, Michigan.
Public hearing will be held on Wednesday, July 26, 1939, at 8:00 P. M. in the Commission Room of the Municipal Building, Birmingham, Michigan, on the creation of a special assessment district consisting of lots on Gordon Court in Assessor's Plat No. 12 of the City of Birmingham.

Private property will be assessed 85% of the proportionate share of this improvement, and the City will bear 15% of the cost.

This improvement includes sewer service for the property included in the assessment district, and also is part of the intercepting trunk line sewerage system.

IRENE E. HANLEY,
Birmingham City Clerk.

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Michigan Mirror

NON-PARTISAN STATE NEWS LETTER

LANSING—What happens when a state goes broke?

Auditor General Vernon J. Brown gives the answer in these words:

"It goes broke when its total cash on hand will not cover the checks drawn on it to be drawn."

Just that has happened to the State of Michigan which has finally reached the end of its financial rope.

There is an interesting story of how the state government has gradually assumed, more and more, the financial responsibility of maintaining services in cities, school districts, and cities, and how increased spending has increased the state's financial burden.

Auditor General Brown presents the picture frankly, comparing the state's budget needs with those of the average family which must stretch income to meet expenses or incur an embarrassing deficit and prospect of bankruptcy.

Once Self-Supporting
"In 1913 the local units of government were self-supporting," the state official explains in an article reprinted for the Ingham County News at Mason, of which he is the publisher.

"Perhaps this might also be called the state's financial crisis," he says. "In 1913 the state was self-supporting. It was a self-supporting unit, and it was a self-supporting unit."

"In 1938 almost exactly one-half of all the money the state of Michigan collected, more than a hundred million dollars, was earmarked and by law was merely collected by the state and transmitted to counties, cities and school districts prior to 1932 did not exceed \$40,000,000 a year."

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total increase in those functions of state government which existed back in 1933 costs but slightly more than then.

"Now let us go back and get these figures in mind once again. Expenses piling up. Income going down. How many people have faced this condition in their own affairs during recent years? What did they do about it? They cut expenses, or faced disaster. The careful business man who faced that condition either stimulated his business income or cut his expenses to what he took in.

"The state has not done that. Faced a suddenly reduced state income when the strikes aimed their deadly blows at business back in 1937, the state took on new and added obligations and spent more than ever. The legislature blithely appropriated an extra \$10,000,000 for relief when its coffers were already empty. That was merely legalizing embezzlement because in order to pay the bills, trust funds were used.

And that leads up to the next step in our study.

"Michigan's constitution is very rigid in certain respects. It provides that receipts from certain specific taxes must be applied to certain specific purposes. For instance, excises, telephone utility and similar taxes go into the primary school interest fund to be divided between the school districts strictly in accordance with constitutional mandate. Motor vehicle and gasoline taxes are very definitely earmarked for road maintenance and improvement and cannot be expended otherwise. They should not be even borrowed for general fund expenditures, but unfortunately they are.

Borrowing from Peter
"The last sentence in the foregoing paragraph shows how the state can get so far in the red and still pay. The state merely borrowed from Peter."

"New school aids provided since 1932 consume more than \$25,000,000 a year. Demands of county and city relief commissions, always before 1932 supported from local taxes alone, each year absorb nearly \$10,000,000 of state cash. Another \$20,000,000 goes direct and immediately into county road coffers.

State Increase Slight
"Sobering up, the \$65,000,000 of new grants-in-aid set up since 1933, plus increased aid to county road commissions since 1932, it is discovered that the ac-

tuity these trust fund revenues represent in its general fund and uses the money to pay its current bills whenever the revenues intended and provided for general fund expenses fall below its general fund expenses.

"But there finally comes a time in state management just as it will in private venture when this practice leads to grief. It has happened in Michigan.

"Last January the general fund deficit stood in excess of \$10,000,000. Expenses and demands upon the state since that day have each and every day exceeded daily receipts available for general fund purposes. On the last day of the present month of 1939, the general fund deficit will exceed \$31,000,000. This condition is unavoidable and inescapable.

"The state can do this because its total trust fund balances exceed this sum. Red ink is offset by black ink.

Not All Funds in Cash
"But that does not explain how the state can go broke and not be able to meet its bills. Well, the explanation of this is the fact that the state does not have all its funds in cash. The law provides that sinking funds carried against outstanding state obligations—highways—started back in 1921, war and soldier bonus bonds, etc.—must be invested in interest-bearing securities. This is indeed fortunate. Otherwise when the state bonds fall due there would be nothing from which to pay them and the people would thus be taxed a second time to pay the debts they represent.

What happened last week then, when the state went broke? Well, one morning there came into the hands of the auditor general with instructions to pay it out, all in strict accordance with law, a warrant for more than \$2,000,000. The auditor general naturally inquired of the treasurer how is liquid cash stood. The auditor general found that there was only \$3,000,000 cash on deposit in all the banks of the state in which the state treasurer carries his deposits.

How It Happened
"The books of the auditor gen-

eral showed that checks totaling more than \$2,000,000 had already been sent out but had not yet been presented to the treasury for payment. You know—outstanding warrants. Payrolls for the half-month were in preparation. The payrolls for nearly 17,000 state employees call for another million. That left less than half a million cash on hand.

"The auditor general already had held up nearly a million in payments to cities and townships due them under the liquor control act. He also held about \$500,000 of overdue bills for hospital and surgical services rendered under the afflicted and crippled children act, awaiting the signing of a deficiency bill passed by the legislature. He knew that these hospitals were in desperate need of money. He knew that every working day there go out from his office more than 4000 checks to aid dependents—old age assistance checks—and they certainly must be paid. He knows that nearly 40,000 inmates of state institutions—penal, charitable, mental, afflicted and crippled children, feeble-minded, deaf, blind, and feeble-minded, clothed and guarded.

"So this is how a state goes broke."

What Is to Be Done?
"In the judgment of the state auditor general, Michigan has two ways to crawl out of the hole."

1. Have the legislature balance the budget. This means denial of demands from "pressure groups" on spending of state funds in excess of reasonable revenue expectations.

2. Then at some time the revenues of the state might increase and the red ink items might be wiped off. Failing in this, the state might be forced to balance the budget, might some day force and forgive and authorize the issuance of time bonds to retire the old debts.

As for new taxes, legislators will probably hesitate a long time before resorting to this unpopular. A bond issue, Mr. Brown feels, would face certain defeat at a state referendum.

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- HEINZ Pork and Beans and Spaghetti 2 cans 23c
- PREMIER TUNA FISH . . . 3 1/2-lb. cans 49c
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