

All-Out Taxes for Defense Advocated by Morgenthau

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couples and \$700 for single persons.

"Necessity" Reached

President Roosevelt suggested lately that the exemptions be \$1,500 and \$750. The house ways and means committee rejected the idea.

"We have now come," Morgenthau said, "to the point where it is a matter not merely of fundamental equity, but of the utmost necessity that all exemptions from taxation be reduced to the absolute minimum."

"Under the bill before you the base has been broadened to add about 2,000,000 new taxpayers, but even so there will remain a relatively large proportion of the population in the lower income groups which will not be directly affected by the income tax."

"A further lowering of the exemptions would produce some additional revenue and in addition it would give millions of Americans an opportunity—a welcome opportunity—to make a direct contribution through taxes to the defense of their country."

Would Simplify Returns

Morgenthau coupled this suggestion with a proposal that all the traditional complexities of making out an annual income tax return should be abolished for the small taxpayer.

He said complicated returns were necessary "for persons with substantial incomes who can afford high priced lawyers and accountants," but for the small taxpayer there ought to be a simple form on which would be printed a table of tax liabilities so that no computations would be necessary.

Joint Return Favored

Despite the fact that just before passing the tax bill earlier this week, the house rejected a proposal to require all married couples to file joint income tax returns regardless of whether husbands and wives earn separate incomes, Morgenthau proposed reinstatement of this provision "with appropriate relief granted only where both husband and wife work outside the home."

Morgenthau and Mr. Roosevelt objected in letters to the house against the house committee pro-

Hold Everything!



"It's a petition, sir—about 200 of us would like reveille changed to 8:30!"

posal for joint returns because it lacked a special credit for husband and wives working outside of their homes and treated their earned income in the same manner as unearned. Experts estimated that when the house eliminated this provision it reduced the revenue from the bill by \$323,000,000 a year.

Other Advice Offered

The secretary also reiterated the administration proposal that excess profits taxes on corporations should apply to earnings in excess of specified returns on invested capital. The house committee and the house rejected this proposal and gave corporations the choice of computing excess profits taxes on the basis of either their normal earnings or return on invested capital.

Other suggestions to raise more money were to reduce the depletion allowances given oil and similar companies in figuring their income taxes; abolishing tax exemptions on state and local governmental bond issues; and even stiffer estate and gift taxes than the new rates proposed by the house.

Morgenthau also urged that "along with increased taxation should go the maximum reduction in the ordinary non-defense expenditures of government."

Speed Essential

He urged speed in consideration of the tax bill because "the excise taxes and the estate tax cannot be imposed retroactively and every day's delay in the passage of this tax bill costs the treasury several million dollars in revenue."

He added that, in fairness, taxpayers ought to know "as soon as possible" how much taxes they will have to pay next year. Discussing joint income tax returns, Morgenthau said, "families pay lower federal income taxes when both husband and wife receive income than when the same total amount of income is received by only one of them. This is a discrimination of which many wealthy people have taken advantage by large gifts of income-producing property between husband and wife."

"Furthermore, in at least eight states of the union, federal in-

come taxes are made substantially lower than in the remaining states because the local law permits the splitting of income (under community property laws) between husbands and wives.

"Here are discriminations against the rest of the taxpayers which, I believe your committee will agree, must be eliminated if we are to extend the income tax downward to include millions of persons with low incomes."

Draft Issue Controversy Transferred to House

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occupation of Iceland were actual acts of war.

Each of these moves, he continued, brought the United States "closer and closer to war."

"Let us present a united front," Cox said. "Let us say to the world that we are Americans and that we mean business."

Fish said that he disagreed with the argument that if selectees were released at the end of the present statutory year of training the army would be disorganized and asked if replacements could not be made in peacetime how they could be obtained "under war conditions when casualties may amount to 30 per cent or more?"

Representative Sabath (D., Ill.) deplored attempts by anyone to foment "disunity" in the country and asserted:

"I'm against war; I'm against sending the boys across; that's why I'm in favor of this legislation."

Woman Slightly Hurt in Automobile Accident

Mrs. Lydia Shehan of Crescent Mills, California, was treated at Mercy hospital this morning for minor cuts and bruises suffered when the car in which she was a passenger was involved in an accident south of Roseburg today. Her injuries were not serious and she was released following examination and treatment.

Nazis Knife Deeper Into Ukraine, Surround Kiev

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driving toward Leningrad had captured Wessenberg, 68 miles southeast of the old czarist capital, and penetrated to the Gulf of Finland.

If true, this would indicate that the Russian-held capital of Estonia, Tallinn, is cut off by land. It would mean, too, that the Russian Baltic fleet was in jeopardy from German guns pressing toward its big base at Kronstadt.

Hitler's field headquarters also declared that German and Finnish troops driving on Leningrad from the north, in a giant squeeze maneuver, were "making further successful progress."

Meanwhile, the possibility arose that Russian warplanes had bombed Berlin during the night for the first time in the war.

Hostile planes attacked the capital overnight for the 80th time, killing some civilians and inflicting minor property damage. London officials said the RAF had not raided Berlin.

From their nearest bases, either in Estonia or in the Smolensk sector, soviet planes would have to fly more than 600 miles to raid Berlin—1,200 miles round trip.

Blitzkrieg Fails, Reds Say

The soviet high command, officially labeling Hitler's claims of vast successes as "Arabian fairy tales," declared that the 48-day old struggle had cost the Germans more than 1,500,000 men against 600,000 soviet losses, and termed the blitzkrieg a complete failure.

According to soviet figures, the ratio of nazis losses would be nearly 3:1, or about the normal toll for an attacking army.

Russian military dispatches again reported fierce overnight fighting in the familiar sectors of Karkisalmi, 75 miles north of Leningrad; Smolensk, 230 miles west of Moscow; Bel Tserkov, 50 miles southwest of Kiev; and in Estonia.

The soviet high command, countering nazi claims of having broken the Stalin line, declared that actually no such line of fortifications ever existed and that the fiction of a vast Russian defense works comparable to France's Maginot line was invented by the Germans to justify their tremendous losses.

As to the German report of 895,000 Russian prisoners taken, the red army communique commented:

"Occupying a soviet district, the fascist immediately and forcibly mobilize the population for hard labor... and drive them to the rear, declaring them to be war prisoners."

The Russians said the Germans lost 6,000 tanks compared to their own losses of 5,000; 8,000 cannon compared to 7,000; and 6,000 planes compared to 4,000.

RAF Delivers Smash

The first anniversary of the opening of the battle of Britain, when German and British planes clashed in the greatest air battles the world has seen, found the RAF carrying on its own day and night offensive against occupied France and western Germany while the Germans directed small forces against Britain.

London said the main objectives of last night's raids were Essen, Hamm and Dortmund. German planes bombed a few places in eastern England and Scotland causing some injuries and damage. Germans said five British planes were shot down over England during the night.

Germany Warns Iran

From Ankara came reports that Germany had warned Iran she would sever diplomatic relations with this strategic middle east country if German nationals were expelled as Britain has asked.

Foreign Secretary Anthony Eden told the British house of commons Wednesday the middle east army was ready to strike new blows and he called Germans now in Iran "extremely dangerous to the independence of the country in which they are found."

In Berlin, a nazi spokesman denied the Ankara report, asserting that Iran had already rejected British demands for the ousting of Germans and that the reich had every reason to be satisfied with Iran's attitude.

Far East Crisis Boils

The far east crisis boiled along

in a torrent of charges and counter-charges.

Australia's Prime Minister Menzies declared his country "stands with bated breath in a most vital hour of her history," while the Japanese bitterly accused the United States, Great Britain, China and the Dutch East Indies of clamping a military-economic ring around the empire.

Japan's authoritative naval expert, Lieut.-Commander Ishimaru, said Manchoukuo, China, Indo-China and Thailand had already joined Japan's "co-prosperity sphere," and he suggested:

"Getting the Indies oil and Malay rubber is a bit difficult, but it should be a cinch if we tackle the problem after the German fashion."

Menzies proclaimed solemnly that "the war has taken an ominous turn for Australia" in the past week's developments, "but we are immeasurably better equipped for defense now than in 1939."

"Australia," he added, has never yet run away from the foe."

U. S. Planes Supply Answer

A Reuters (British news agency) dispatch quoted the Singapore ministry of information as saying that American fighter planes now being delivered to British bases in Burma would prove one of the answers to Japan's new strategic move in Indo-China.

The ministry said the U. S. built planes were ready to "chop to bits" any Japanese bombers attempting to attack China's Burma road from newly-acquired bases in Indo-China.

Domei, the official Japanese news agency, asserted that the British government had secretly approached Thailand for use of military bases there. Simultaneously, the official Thai radio said in a broadcast from Bangkok:

"Thailand is extremely grateful to those offering her protection, but begs to decline same with thanks."

Tokyo newspapers charged that Britain had massed 150,000 troops in Burma, on the Thailand frontier, and a Japanese cabinet spokesman, complained angrily:

"Why is it necessary for the British to make such preparations; whether encircling or not. They are making military preparations."

Chlorine Fumes Fell 32 Persons Outside Plant

KEARNY, N. J., Aug. 8.—(AP)—Chlorine fumes outside the Standard Naphthalene Products company plant last night felled at least 32 persons in the heavy industrial area along the Jersey meadows. None of the victims was in dangerous condition today.

At a hastily setup first-aid station, police and doctors worked with inhalators on the victims, among whom were spectators at the nearby picketed yards of the Federal Shipbuilding and Drydock company and a crew of 12 men working in the Pennsylvania railroad yards.

Woman in Seven Hours Is Grandma, Great Grandma

SEATTLE, Aug. 8.—(AP)—For a 71-year-old woman, Mrs. Lillie Hendricks had a very busy day. She became a grandmother and a great-grandmother within one exciting seven-hour span.

After a grandson was born yesterday to her daughter-in-law, Mrs. Dick Hendricks, in Seattle, a great-grandson was born to the wife of her grandson, William Elliott, at Tacoma.

Fire Destroys Metzger Planing Mill in Roseburg

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for Edwards of the chaplain service and Lieutenants T. P. McElroy, Albert G. Kelly, Russell Bunker and Edward C. Kalina.

Soldiers Prove Big Aid

The work of the soldiers in holding back the spectators gave ample room for the firemen to work. The spectators also were kept away from the vicinity of the 11,000-volt transmission line, directly in front of the burning mill, to avoid possible contact with live wires. The power line, which supplies more than 60 miles south of Roseburg, was kept in service and was not badly damaged.

The fire was discovered shortly before 9 p. m. and spread through the wooden structure with explosive rapidity, so that within a few minutes the intense heat threatened residences on the opposite side of the street.

Residences Saved

A line of hose from the Southern Pacific company fire system was laid across the tracks to the blaze, and the city fire department laid six lines, two of which were fed from the large pumper to give extra pressure. The firemen fought the blaze away from the main office, saving the company books and records. The fire was driven back from the residences and also from the greater part of the lumber storage yards.

L. W. Metzger, owner of the mill, reported that he had stopped at the office only about 30 minutes before the blaze was discovered and that there was no sign of fire at that time. The blaze was thought to have originated in an aisle adjoining the paint storage room, as it was centered in that portion of the building when firemen arrived.

The Metzger mill, which furnished employment for a crew of 12 men, was constructed in 1929 on the site of the former C. A. Dysinger mill, which burned September 2, 1927. It had been enlarged several times and only recently additional machinery was installed. Two carloads of roofing were unloaded in the warehouse yesterday and were included in the large stock of materials burned.

St. Lawrence, Florida Water Projects Okayed

WASHINGTON, Aug. 8.—(AP)—The house rivers and harbors committee approved today the \$285,000,000 St. Lawrence seaway and the \$160,000,000 Florida ship canal for inclusion in an omnibus rivers and harbors bill soon to be submitted to congress.

Committeemen reported the vote on the controversial seaway, advocated by President Roosevelt as a national defense project, was 17 to 8 and on the Florida ship canal 14 to 10.

The committee adopted a provision calling for tolls on the Florida canal but rejected suggestions that tolls be provided for in the seaway development. Chairman Mansfield (D-Texas) said that under treaties with Can-

ada congress could not enact legislation requiring tolls on the St. Lawrence waterway.

He Was First

The first Negro to hold public office in the United States was Ebenezer Don Carlos Bassett of Philadelphia, who was made consul-general to Haiti by President Grant in 1869.

There is no moss in a moss agate. The mossy designs are clusters of manganese oxide imbedded in the stone.

Stock and Bond Averages

STOCKS				
Compiled by Associated Press				
Aug. 8.	30	15	15	60
Friday	62.3	18.2	32.3	43.7
Prev. day	62.7	18.3	32.5	43.9
Month ago	62.2	17.6	32.1	43.4
Year ago	59.9	15.7	36.1	42.8
1941 high	63.9	19.0	35.5	45.0
1941 low	54.8	15.4	30.3	39.1

BONDS				
Friday	64.2	104.9	102.0	46.6
Prev. day	64.3	104.9	102.9	46.5
Month ago	64.9	104.9	101.7	47.7
Year ago	56.3	103.1	96.8	39.9
1941 high	66.5	105.3	102.1	48.2
1941 low	60.2	104.2	99.0	38.0

SKATING

WEDNESDAY — SATURDAY
7:30 till 10 P. M.
Sunday 7:30-10 P. M.
at the
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WINCHESTER

DANCE

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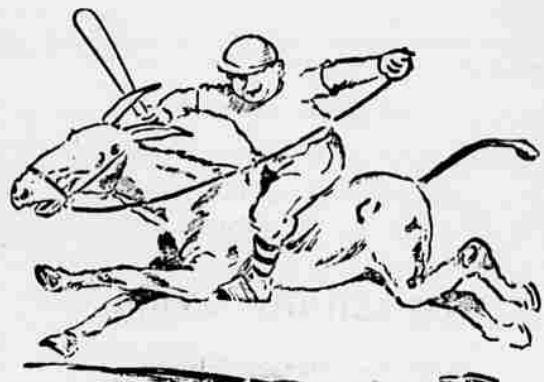
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BACON BACKS and BACON STRIPS—A money-saving bargain, lb. **22c**

RHODE ISLAND RED FRYERS—Lb. **19c**

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BABY BEEF ROASTS—Young steer beef, lb. **18c**

LAMB for STEW—ING—Lb. **12½c**

HENS—Eat more of these bargains, lb. **15c**

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\$1.25 Lapactic Pills 100's 35c	50c Cutter's Poisonok For the relief and prevention of poison oak \$1.25	50c Lavaris Antiseptic 50c Mum Deodorant 39c 49c
85c Pond's Cold Cream 85c size 59c	LOW CUT PRICES that talk for themselves!	60c Polident Denture Powder 49c
34c 1-A-Day Tablets 83c \$1.47	GILLETTE Lather Shave Cream, 25c size, 2 for 5c	60c Alka Seltzer 49c
83c Lady Esther Cream 59c	HARRIET HUBBARD AYER LUXURIOUS SPECIAL, \$2 value \$1.00	85c Burma Shave 69c
40c Squibb's Tooth Paste 33c	ABSORBINE Junior, \$1.25 size 79c	Tek Tooth Brushes 23c 2 for 43c
	HINDS Honey & Almond Cream, \$1.00 size 49c	
	CONTI Coconut Oil Shampoo, 50c size 29c	

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Soap P. and G., 3 Bars **10c**

Coffee BLISS, 1-Lb. Can. . **25c**

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CELERY Bunch **10c**

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BEEF ROAST Prime beef, lb. **18c**

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BACON JOWLS Lb. **15c**

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FLY TOX Quart. **39c**

ECONOMY CAPS Dozen **19c**