

EXPECT HARDING AND LEADERS TO AGREE ON BONUS

By David Lawrence
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Washington, April 21.—Agreement between President Harding and administration leaders over the financing of the government deficit as well as the handling of the bonus issue appears to be in sight.

Definite plans are in the making which it is hoped will bring President Harding and leaders of the house and senate into accord and allow passage of a bonus bill within the next few weeks.

Mr. Harding has not yet consented to the plan, but has encouraged senate leaders to work it out in detail and confer further with him about it.

First of all, the plan provides for the payment of a bonus to ex-service men this year. The president was told by Senator Watson of Indiana that there were enough votes to pass a bonus bill in the senate and, indeed, to pass the house bill if that is the only measure submitted. In the face of a certain veto of the house bill Senator Watson and his associates are at work on a substitute which may win executive approval.

CHANCES DECLARED GOOD

The process is somewhat complex, but unless Secretary Mellon can find a serious flaw in it, the chances are it will go through. Here is the situation and the plan:

The senate cannot originate revenue legislation, but it can amend any act already providing for the collection of revenue. So the pending tariff act will be used as a device to overcome constitutional objections. In the tariff bill will be written clauses empowering the treasury to issue certificates of indebtedness amounting to approximately \$100,000,000, which is the sum experts believe the bonus will require the first year.

The authority will be given theoretically in anticipation of receipts from import duties. In other words, to meet expenses of the government the treasury will borrow from the public to the amount of \$100,000,000 and presumably pay it back from tax receipts.

\$200,000,000 IN SIGHT

But that will not be necessary because by July 1 the United States government will receive \$200,000,000 from Great Britain as interest on the war debt. This will be used to retire the treasury certificates. President Harding would not permit the treasury certificates to be issued against receipts of interest from foreign bonds until money is actually in the government's possession. So the leaders are talking the measure on the tariff bill. The best course would have been to wait until July 1 and then issue treasury certificates, but administration leaders are embarrassed by the action of the Republican conference of this week which has ordered the senate finance committee to report out a bonus bill within a reasonable time and this now is interpreted as meaning two or three weeks. Rather than accept the house bill, which would be futile and mean a presidential veto, the senate leaders feel the treasury certificate plan will meet the wishes of the house ways and means committee as well as President Harding and would save much legislative time.

ISSE DOUBTER

To issue the treasury certificates on the expectation that tariff receipts will provide money enough to retire them is necessarily doubtful, but the Republican leaders do not for a moment expect revenues from import duties to pay the bonus—they are confident of the British interest. Treasury officials confirm the information that the British will pay the interest on the first of July. This gives \$200,000,000 which Mr. Mellon had already counted on to assure backing his statement of a \$494,000,000 deficit. So if \$100,000,000 is used for soldier bonus purposes the total deficit for the fiscal year 1922 will be \$394,000,000. As to this deficit congress does not have to face it before the December session of congress this year. That means the congressional elections will be out of the way.

NO FURTHER TAX

One thing can be written down as certain. There will be no further tax legislation this summer. Republican leaders have agreed upon that. Not only would it be politically unwise to add taxes before the elections when already there is so much dissatisfaction because congress didn't materially reduce the taxes in the present statute, but Republican leaders are convinced that President Harding's suggestion of a new method of taxation ought to be worked out. Mr. Harding has been won over to the sales tax. The main objection hitherto has been that if it were put into effect this year, the political effect might be disastrous, as the country would hardly have time enough to adjust itself to the new tax when the elections would intervene. But in the December session of congress the Republicans feel they will have a free hand and will be able before the 1924 election to correct any defects in the sales tax plan.

GETTING READY TO PAY

In brief, therefore, the administration is getting ready to pay the soldiers their bonus, to forget about the half billion dollar deficit until next December, when the elections are out of the way, and to consider seriously a sales tax as a substitute for all present taxes. In addition to this, it is now practically certain that when the British government turns over its four billion dollar war bonds to the United States government, the treasury here will endeavor to resell these bonds to the American public, and thus get back into the treasury a big slice of the war debt itself and tide the American government over its next few years of financial stress. Senators say a British bond with an American endorsement would sell as quickly as any bond on the market today.

NEAR EAST KEEPS WATCH ON GENOA

By Constantine Brown
(Special Cable to The Oregon Journal and the Chicago Daily News)

Constantinople, April 21.—That the allied and German-Bolshevik split in the Genoa conference will affect the Near Eastern question none here doubts. It is common knowledge that at the present moment the Bolshevik delegates dictate at Ankara and that Mustafa Kemal Pasha is entirely dependent for money, war material and eventual military support on the Russians.

When the four parties with the allies began Moscow was consulted before any decision was taken, and M. Arlov, the Bolshevik ambassador at Ankara, takes part in all the cabinet meetings.

URGED DELAY

On the other hand, the Greeks are still considered by the nationalists as representatives of the allies opposed to the Turks and it is unanimously believed in the Near East that war against Greece at the present moment really means war against Great Britain.

So long as the Russians thought the Genoa conference might have favorable results for them they advised the nationalist government to adopt a conciliatory attitude and play a wait-and-see game, but now after the Genoa breach it is taken for granted that the Russians have no further interest in a peaceful solution of the Near Eastern question.

REPLY NOT RECEIVED

The nationalist answer to the last allied note requesting the Turks to accept in principle the peace terms framed in Paris, leaving details to be discussed at a conference, in exchange for the evacuation of Asia Minor, has not yet been received.

According to advices from Ankara, however, the nationalists are credited with a typical Oriental reply. It is believed that they will accept the allied proposals, but will demand that the questions of Adana, Gallipoli and the Dardanelles be discussed.

REFRIGERATE WEALTH

Meanwhile the Greeks are making efforts to be prepared for any eventuality. An addition to large sums subscribed by Greek patriots abroad the Greek people in Constantinople collected in a few days more than \$500,000 for the prosecution of the war.

Local Greeks, who are all devoted partisans of Venizelos and hostile to King Constantine, seem to forget political rows and demand to be sent to the front. Though comparatively few in number, the members of the Greek colony in Constantinople are wealthy and their financial support is important to the government at Athens.

Expect Ratifying of Shantung Agreement Despite Opposition

Tokio, April 21.—After long debate the privy council will ratify the Shantung agreement tomorrow, it was authoritatively learned this evening.

This is the first of the Washington treaties and agreements to be taken up for ratification by Japan. The treaty will be the next taken up by the privy council.

According to information received at the foreign office, all of the Washington treaties will be ratified by the privy council within the next month.

This ratification, it was stated, will be effected despite great opposition which seems to center chiefly on the Brandegee resolution adopted by the American senate to the four power treaty.

According to the foreign office the government policy will prevail with regard to all treaties despite the opposition. Other reports, however, are not so assuring, several of the councilors being reported as balking at the reservation.

Mother Sacrifices Life to Safeguard Children, in Blaze

Kansas City, Mo., April 21.—(U. P.)—Mrs. Katherine Enoe, 23, farmer's wife, near Nelson, Mo., allowed herself to burn to death today rather than endanger the lives of her two children with her flaming garments.

Her clothing, ignited from a stove, just before she died from fatal burns she told her husband she ran to a room to get a blanket to smother the flames but was afraid to take it from the bed where the two children were sleeping.

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NECESSITY OF NEW TAXES CAUSES CONGRESS CONCERN

By John Gleissner
(United News Staff Correspondent)

Washington, April 21.—The possibility that it may be necessary to impose new taxes for the fiscal year which begins July 1, is causing genuine concern in congress.

Secretary Mellon's letter predicting that this deficit will be half a billion dollars served to bring forcibly home the plight of the treasury. The plain fact, which cannot be escaped, is that government finances are in a terrific jam.

The administration will be obliged to go before the country with an unbalanced budget, despite the creation of the budget bureau, and heroic efforts to enforce economy. That causes worry, because if higher taxes can be avoided, new borrowing will be necessary. In any event, the bills finally must be paid and that means taxes. Taxes always are unpopular and there is particular anxiety to avoid them in an election year like this.

As a matter of fact economies have been carried out by congress in making appropriations and in the administrative departments. But during the next year, obligations are due which must be met for which the war is to blame primarily. It is the job of "cleaning up" to which Senator Warren, chairman of the appropriations committee, and Representative Madden, chairman of the same committee in the house, have so many times alluded from the floor.

They frankly told congress of the huge demands that must be met, and said they might as well be recognized and met.

Highest treasury officials Thursday said they saw no way of meeting the situation without new taxes. They added no study has been given to possible levies, or other ways of meeting the shortage of funds. This is the viewpoint of the business administration of the government. The politicians on capitol hill may regard it differently. There could, of course, be a new bond issue, but the treasury does not want that. Several billions in securities are maturing in a little more than a year, and must be refunded. This in itself is a job enough without new loans to float.

Chairman Madden said it is not possible to tell at this time what will be done, but he has warned the house repeatedly that if the economy program of the appropriations committee were not followed, congress would be compelled to go before the people with a new tax bill. Originally the appropriations committee expected to save more than \$200,000,000 by slashing the budget estimates. But this has not been easy, because congress has refused to follow the committee's lead. Already, Madden admits, the saving will not be more than \$250,000,000, and it probably will be much less by the time congress gets through.

Chairman McCumber of the senate finance committee immediately began a study of Mellon's letter when he returned to the capitol Thursday. The matter will be discussed when the finance committee meets. Chairman "Boss" Eney of the house ways and means committee, said he knew nothing about Mellon's letter, and that the matter would be taken care of next year. He declined to comment on the possibility of new taxes. Fordney is chiefly responsible for the soldier bonus bill which passed the house, proposing to take another \$75,000,000 from the treasury during 1922, without providing any way of raising the money.

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