

F. R. Tax Proposal Declared Revolutionary

Tokyo Cabinet Discusses New Secret Policy

Hero of Jehol is Named War Education Head to Fill Vacancy

Prince Konoye Expected to Gain High Office; Generals "Resign"

TOKYO, March 4.—Emperor Hirohito commanded Prince Fumimaro Konoye, distinguished young leader in Japanese liberal and naval circles, to create a new cabinet today to replace that of Premier Katsuo Okada, shattered by a short-lived military uprising.

Prince Konoye, 42-year-old former president of the house of peers, accepted the charge and asked the emperor for time to organize a new ministry.

TOKYO, March 4.—(Wednesday)—Gen. Giichi Nishi, member of the supreme war council, was appointed inspector general of military education today.

He succeeded Gen. Jotaro Watanabe, assassinated in the bloody military uprising of last week.

The new head of the government's education department is the hero of the Japanese army's conquest of Jehol in 1933.

His appointment came as members of the cabinet approved an important law today and informed sources predicted Prince Fumimaro Konoye would be named to the high position of lord keeper of the privy seal.

Subject Matter of the New Law Untold
The privy council and cabinet convened in session today at the eastern council chamber of the imperial palace but the subject of their deliberations was not disclosed.

After the privy council's proceedings were concluded, the cabinet remained in session to obtain the emperor's sanction to the "important law."

Prince Konoye was summoned to the palace after an earlier conversation with Prince Saloni, ranking elder statesman of the empire.

(Prince Konoye, who visited New York city in 1934, has been

Make Aerial Map Of Water Source

An aerial mapping survey of the North Santiam river in and above Stayton was conducted yesterday by R. E. Koon, consulting engineer for the Salem water commission, Koon said last night.

The survey, from which a map to the same scale as that on the land surveyors' maps will be prepared, included the proposed intake site a short distance above Stayton and the island from which A. D. Gardner, sr., of Stayton proposes that Salem obtain its water.

The aerial map will serve to direct the land surveyors in choosing a pipeline course through the rough, wooded country from Stayton to the intake site.

Mr. Gardner's suggestion that huge springs on the Santiam river island be tapped by the city of Salem will be thoroughly investigated even though plans are already under way to take water directly from the North Santiam, Mayor V. E. Kuhn declared yesterday.

Seek Suspects in McGurn Slayings

CHICAGO, March 3.—(AP)—A former bodyguard of gang-boss Jack McGurn—known to them only as "Johnny Alcock"—was sought tonight by police for questioning in two similarly-patterned killings in the McGurn family.

Jack, ex-chief machine gunner for the Al Capone syndicate, was shot to death in a bowling alley last month; his younger half brother, Anthony de Mory, was killed in a poolroom last night. "Alcock," police were informed, was present when three men ended the up-and-down underworld career of McGurn February 15; he fled the poolroom last night, shortly after 24-year-old Tony was shot.

A. A. U. Playoff Ends

PORTLAND, Ore., March 3.—(AP)—The Hop Gold basketball team won the Portland A. A. U. playoff tonight by defeating Reliable Shoe 42 to 32. Rayley for the winners was high scorer with 14 points. Burns, Reliable Shoe guard, was next with 13.

Offers to Quit Due to Revolt



GENERAL ARAKI

Widening Pacific Highway to Start

Rerouting to South Under \$95,000 Contract Will Be Launched Today

R. L. Houck, Independence contractor, will start preparation of files to widen and straighten the Pacific highway south of Stayton under a \$95,000 contract recently awarded him by the state highway commission.

The project, approximately four miles long, will be finished by September 30, the highway department estimates.

The new grading operations will be started with only a skeleton crew but will be enlarged rapidly if the weather permits. It is expected.

The state employment office here yesterday assigned four laborers from the relief pool to Houck to go to work today.

The highway from the intersection with the South 12th street cutoff to Taylor creek will be relocated east of the present route to eliminate the numerous curves which have caused many accidents. Houck's contract calls for grading the new route to a point

Lindys May Live In Caxton 'Barn'

LONDON, March 3.—(AP)—The Daily Express said today Col. Charles A. Lindbergh and his family are planning to live in "Long Barn" at Seven Oaks in Kent.

The old residence is reputedly the birthplace of the English printer and type designer, William Caxton.

The 13-room house, originally composed of four ancient cottages and a barn, stands in an old English garden with a swimming pool and tennis courts.

The house is regarded by some to be haunted by the ghost of Caxton who, according to the story, upset his printing press every moonlit night in the room where he was born.

Progress Toward Peace in Labor Troubles Negligible

(By The Associated Press)
Negotiations toward settlement of three big strikes yesterday progressed virtually as laboriously as the thousands of New Yorkers taking long flights of steps about because of the elevator operators' walkout.

Spokesmen for both sides in the strike of Manhattan building service employees, meeting in the chambers of Mayor Fiorello La Guardia, indicated little actual advance toward a solution was made.

Employees of More Hotels Walk Out
The Hotel Workers' union said employees of seven more hostilities joined in the walkout adding 5,000 to 6,000 workers to the thousands already out.

At Akron, O., conferences continued in an effort to solve the controversy between the Goodyear and the rubber company, and 14,000 employees who left work two weeks ago. Pickets still ringed the rubber plants there.

Settlement likewise appeared remote in the five-day strike of 4,000 garment workers at Boston, who have drawn society figures, clergymen, college girls and educators to their picket lines.

Passengers on the strike-bound liner California, however, got word that the vessel probably would start as soon as its sailing, cancelled yesterday over the crew's wage demands. The ship was to have left San Pedro, Calif., yesterday for New York.

In Milwaukee, conferences were under way to compromise differences between the Wisconsin News and its striking editorial workers.

Kyle Case to Reach Jurors By Afternoon

Arguments Due at Start of Today's Session; Defense Closed

Trial is Slowed Down by Objections as Sloan's Reputation Eyed

Fate of John Kyle, charged with first-degree murder of Hugh Jean Sloan of Broadacres, early in the morning of January 2, will be in the hands of a trial jury here sometime late this afternoon.

Attorneys' arguments are to start at 9 o'clock this morning and by mid-afternoon Judge L. H. McMahon is expected to instruct the jurors and to send them out for the deliberations which will determine whether Kyle will go free or be convicted.

Under Oregon law the first-degree murder charge and bring in a second-degree or manslaughter verdict.

Trial of Kyle has already taken eight days in court here and kept 14 men and women, serving on the jury, away from their homes that length of time. District Attorney Trindle won his motion from the court that the jury be kept together until the case was determined.

State Wins Point of Admissibility
Yesterday's proceedings were bogged down with a four-hour legal battle between the district attorney and Paul Burris, defense counsel, over the admission of evidence dealing with Sloan's record as a man who frequently drank heavily and was intoxicated.

Trindle won his point that Burris could not introduce specific evidence of Sloan's drinking or evidence that he was belligerent when intoxicated. Burris was allowed to question witnesses on Sloan's general reputation in the Broadacres community as "get-

ting drunk."

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Old Reservoir as Swim Pool Talked

The proposal that the old city reservoir on Fairmount hill be turned into a public swimming pool when the proposed new 12,000,000-gallon reservoir is finished was made in jest at a recent water commission meeting, but it might be taken seriously, it appeared yesterday.

To relin the old reservoir and make it satisfactory for continued use by the water department would be prohibitive in cost, Water Manager Cuyler VanPatten said last night. Because of its present poor condition, only about 750,000 gallons of water are stored in this reservoir although it was designed to carry more than a million gallons.

VanPatten said it originally had been planned to fill up the old reservoir when the new covered concrete storage basin is completed, but added that the water commission might be willing to permit it to be converted into a swimming tank. Its scenic location and large size might make it the most popular swimming place in the city.

Wiebe Dies From Injury In Crash Near Jefferson

ALBANY, Ore., March 3.—(AP)—Injuries incurred yesterday in an auto accident near Jefferson, Ore., resulted today in the death of Portland, foreman of a school construction project here.

Mystery Death at Seattle Reported

SEATTLE, March 3.—(AP)—With a bullet wound through the head, George Self, about 35, was found dying tonight when police entered his apartment in response to a telephone call.

The officers detained a young woman who said the discovered Self lying wounded beside aavenport. A pistol lay near him.

Police told the woman saying she had visited Self earlier in the night and, returning, found him shot. She called neighbors.

Self died in a hospital without regaining consciousness.

Clippers to Meet Today, Mid-Ocean

ALAMEDA, Calif., March 3.—(AP)—The mid-Pacific rendezvous of Pan-American Airways' two giant clipper seaplanes, barring mishap, will become a long-awaited reality tomorrow.

On lonely Wake Island, close to the International date line, the master ships are scheduled to meet tomorrow night, officials said.

The China Clipper will be eastbound from Manila; the Philippine clipper westbound from Alameda.

Close Call Is Just Part of Job For Them

TILLAMOOK, Ore., March 3.—(AP)—Peter J. Johnson and S. T. Jackson of Salem apparently do not take narrow escapes seriously.

The two were engaged in reconditioning the 184-foot smokestack of the Mountain States Power company here when the ring to which the pulley was attached gave way.

Suspension ropes and auxiliary pulleys fell to the ground but the hook of the pulley which suspended the two men, one inside the smokestack and one outside, caught on the top rim, ripping the stack three feet before stopping.

Today the men were back at work with the same equipment. The pulley worked itself downward through the metal stack another three feet, but the pair didn't seem to mind.

Taxpayer League Will Ask Hearing

Discussion of Santiam as Water Source Sought; No Legal Action

The Taxpayers League of Salem probably will request a meeting with either the entire city council or at least with the newly-created water construction committee to discuss the league's proposal that a water supply from wells be sought in lieu of the North Santiam river supply.

Frank W. Durbin, league president, said last night. Durbin averred league members had not considered filing suit to enjoin the city from starting construction of the Santiam pipeline.

"We don't believe we will need to do that," Durbin responded when asked if the league's objections to the \$750,000 Santiam water program might be taken into court.

League members will meet either today or Thursday to decide what course they shall follow, Durbin said.

The league's opposition to the Santiam river plan "is not an arbitrary thing with us," Durbin asserted. "We're trying to save some money. With the town trying to assume a bonded debt of between four and five million dollars, with the school buildings and all, we don't feel the proposition before the council is justifiable. And if we are going to have polluted water, we might as well go to the Willamette river."

Vallee Pleads in Copyright Matter

WASHINGTON, March 3.—(AP)—Rudy Vallee, appearing as a guest star at a show patents committee hearing, today pleaded for an adequate financial return for writers of songs that have "a certain something," because until they are written, "I go out, we all go out, we cannot continue."

The singer and orchestra leader testified as a member of the American Society of Composers, Authors and Publishers (ASCAP). He opposed a bill which would revise the copyright laws, eliminating the \$250 minimum for punitive damages for copyright infringements.

Strike of Relief Workers Revived

LOS ANGELES, March 3.—(AP)—Seventy-five men threw down their tools at the works progress administration storm drain project in South Los Angeles today in protest of the discharge of Louis Goolsby, alleged leader in yesterday's short-lived strike of 2400 men on their return to work.

Forty-two later agreed to return to work and 33 refused. Police took six in custody for questioning, and later released them.

Col. Donald H. Connolly, county WPA director, gave orders for the immediate discharge of the 33 who refused to return to work.

Further Progress Made In Raising Needed Fund For Mill City Program

Five hundred dollars was added in subscriptions to the capital stock of the Mill City Lumber company by Salem project bidders at a meeting last night. In the first two days of the drive to raise \$5000 in Salem, \$1500 has been subscribed.

Potter reported many large firms here had said they would subscribe but delay was being met in submitting the proposal to directors of the firms or to managers at the head office, in the case of chain stores. Potter and his Mill City representatives of the mill, will continue their solicitation locally today.

Playground on North Santiam Will Be Ideal

Preservation of Present Transient Camp Gets General Support

Already Artistic Layout With Possibility for Wide Utilization

On the beautiful North Santiam river—accessible by the long-established county road between Taylor's bridge and Mill City—lies a well-landscaped, carefully planned summer and winter camp to which Marion county is shortly to fall heir.

Known officially as Camp Santiam, headquarters for nearly two years for 150 men who traveled the roads and hitch-hiked their way across the country during depression, the entire project with its 12 artistic log buildings and probably with the equipment installed by state authorities, is to revert to the ownership of the county.

Board of Trustees May Take Custody
And the county court, eager that this windfall be preserved, is this week making plans to entrust the grounds and buildings to an organization which would make permanent and useful the quarters originally provided for transients.

Briefly, the court's plan is this: To designate a representative, impartial board of trustees or to organize, perhaps, a non-profit corporation, which would be entrusted with the care of the camp. Here groups from a score of county organizations could conduct summer camps or conventions choosing Salem as their meeting place could enjoy an over-night retreat.

Within a few days the county court expects to summon representatives from a cross-section of community organizations—veterans' groups, the Y. M. C. A. and Y. W. C. A., service clubs, the Boy Scouts, etc.—to discuss the plan.

WPA Will Start Reducing Payroll

WASHINGTON, March 3.—(AP)—A new White House conference on unemployment, described by President Roosevelt as a still inconclusive discussion of whether industry could take on more men, tonight stirred speculation in the capital.

It was followed swiftly by an announcement by Harry L. Hopkins, Works Progress administrator, that WPA would start this month to trim its rolls from a February high of 3,937,440 to the minimum of 2,310,100 by next June 30.

The administration anticipated, Hopkins asserted, that 200,000 persons would be placed in private or other employment each two weeks between now and July 1.

Stadelman Plans Early Visit Here

P. J. Stadelman, fruit broker and prominent business man at The Dalles, is coming to the Willamette valley this weekend and will probably announce his decision on his candidacy for the state treasurership, said friends of Stadelman at the capital yesterday.

Possibility that he will seek the republican nomination was heightened by the announcement that Senator W. E. Burke would try for the office. Stadelman, who was secretary of state for one year under Governor Meier, considers Burke and Rufus C. Holman, incumbent, will divide the project Townsend plan vote as well as the supporters of public ownership and distribution of power.

State Treasurer Holman has announced he was sympathetic with persons who favored old-age pensions but he has not unequivocally endorsed the Townsend plan.

Water System Commission Will Hold First Meet Soon

The new water construction committee authorized by the city council Monday night will be called for its first meeting "within two or three days," Mayor V. E. Kuhn announced yesterday afternoon. Earlier he had announced the appointment of Aldermen E. Brazier, C. Small and Walter Fruber as members of the committee, of which he is chairman.

Mayor Kuhn said he would have no definite plan of action ready until the committee meets. With \$46,303 in water bond funds appropriated for the committee's use by the council, the construction board will be in a position to call for bids at once on the excavation for the proposed new reservoir.

The reservoir excavation unit of the waterworks improvement program can be advertised for bidders at any time, R. E. Koon, engineer employed by the Salem water commission to prepare the plans, said last night. He said he could have copies of the specifications ready for bidders within not more than four days after he was authorized to do so.

Plenty of Time to Plan on Reservoir
As the excavation job will require approximately three months' time, specifications for construction of the reservoir can easily be completed by the time the 20-foot pit is ready for forms to be set and concrete poured. Koon already has virtually finished his drawings for the completed reservoir and valve house.

The water commission already has purchased a site for the reservoir consisting of eight lots at Rural avenue and John streets at a cost of \$4000.

Levy Against Surplus Profits Of Corporations Is Suggested

Large Firms' Finances To Be Vastly Changed

Stock Market Advances After Complete Halt When Plan Made Known; Velocity of Money May Be Greatly Speeded by Tax Scheme

(Copyright, 1936, by the Associated Press)
NEW YORK, March 3.—(AP)—A complete change in the present method of handling corporation finances, reaching into the next generation, was Wall Street's interpretation today of the Roosevelt tax proposals.

With only a brief fore-warning, securities markets were stunned into inactivity when the president asked congress for around \$1,600,000,000 to be raised by a levy on undistributed corporation profits.

From the standpoint of the securities traders, the tax was greeted as a windfall, since corporations would be forced either to increase payments to stockholders or to pay the heavy tax. Stocks promptly gained \$1 to \$5 a share on the New York stock exchange.

There remained, however, the disquieting prediction in several quarters that the tax would be a "turn to Page 10, Col. 6."

Fascist Alliance Hinted by Moves

Von Neurath and Austrian Starbergh Reported on Road to Rome

(Copyright, 1936, by the Associated Press)
ROME, March 4.—Germany's minister for foreign affairs, Baron Konstantin von Neurath, is enroute to Rome today, it was learned authoritatively, as Premier Mussolini turned to a fresh diplomatic offensive against his European adversaries.

Prince Ernst von Starbergh, powerful Austrian vice-chancellor, also was coming from Vienna for talks with the German foreign minister's visit, simultaneously with that of von Neurath, added growing volume to evidence that an Italo-German rapprochement—possible resurrection of sanctions against Italy.

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Chain Store Tax Measure on File

Would License All Retail Establishments; Joint Owner Fees Higher

State licensing of all retail and wholesale establishments—with heavier licenses required for stores owned by one corporation—is required in the so-called "chain store tax" measure filed yesterday with the secretary of state's office here. A preliminary petition putting the measure before voters of the state was filed with the measure. In case petitions are completed, the new tax is to go on ballot in November. Signers totalling 16,371 must be approved by the secretary of state's office by July 1.

The proposed measure would put a license fee of \$2 minimum on all stores but the fee of increase would depend on the number of stores owned by a firm. Where more than 50 establishments are owned, the fee would be \$100.

St. Mary's Quint Oregon Champion

PORTLAND, Ore., March 3.—(AP)—St. Mary's high school of Eugene scattered hope by the wayside tonight in defeating the touted Star of the Sea team of Astoria 26 to 11 to capture the state Catholic high school basketball title.

Mr. Angel won third place in the tourney by winning from St. Mary's of Beaverton 26 to 20 in a consolation game. St. Stephens of Portland won fourth by defeating Columbia prep of Portland 19 to 15 in the other consolation contest.

Canby Gets in Spotlight For Sea-Lion Visit

Canby made front page news in the New York Herald-Tribune last week along with the Japanese revolution and the "exile" of Major-General Hasegawa. And Mrs. Finagan gave the Clackamas county community its prominence for it was the story of her overland flight from the Willamette river which brought the attention of a million New York readers. Unfortunately for the publicity aspirations of the female sea-lion, now belaboring in her own stamping ground off the Oregon coast highway south of Yachats, the account was about a male sea-lion and the women Finagan had been dropped by the time the news traveled to New York.

Revenues May Pay Bonus and Farm Aid Cost

Dispute Arises at Once in Jittery Congress Over Plan's Merit

Reserves Necessary, is One View; Solution on Budget Seen

By RICHARD L. TURNER
WASHINGTON, March 3.—(AP)—A White House proposal that \$620,000,000 be added to corporate industry's annual tax bill through a major revision of the federal revenue system today stirred an obviously apprehensive congress to immediate controversy.

In a special message, President Roosevelt suggested that farm relief and payment of the bonus be financed from a tax on profits which corporations amass in their treasuries as surplus instead of distributing as dividends.

Later, speaking to the press, he drew a broad distinction between reserves—to provide working capital and cover depreciation of equipment—and surplus, which he said represented earnings, needed by the smaller stockholders, which should be taxed or distributed.

President condemns Piling Up of Profits
In both the message and at his press conference he condemned the accumulation of undistributed profits as a method of evading taxation. The message termed this an "evil" that "has now reached disturbing proportions from the standpoint of the inequality it represents and of its serious effect on the federal revenue."

With some democrats applauding while others were openly critical; with many republicans frank in their denunciation, and administration leaders emphasizing that the president's plan was only a "suggestion," machinery was geared for starting a tax bill through congress.

The way and means committee, which will frame the measure, relegated the whole subject to a subcommittee which will begin its task tomorrow. Chairman Doughton (D-N.C.) said open heartily.

Train Hits Truck And Injures Two

EUGENE, Ore., March 3.—(AP)—Two persons incurred serious injuries tonight in a train-truck collision at Maxwell crossing two miles north of Eugene near the Pacific highway.

They included: Eugene, deep leg cuts, shock and internal injuries. Ralph Jeffries, route 1, Eugene, fracture of both legs and right collarbone and internal injuries.

Hospital attendants tonight described their condition as "fair." Jeffries was assisting Mrs. Johnson on a milk route during her husband's illness.

The truck, struck by a northbound Southern Pacific passenger train, was hurled 75 feet and demolished.