

Art Appreciation
Hundreds of Statesman
readers have taken advantage
of the exceptional offer
of famous painting re-
productions at a nominal
cost.

Weather
Mostly fair, some cloud-
iness today and Wednesday;
Max. Temp. Monday 57,
Min. 51, River 6.1 feet,
northeasterly winds.

EIGHTY-SEVENTH YEAR

Undistributed Profits Tax Repeal Blocked

Bus Schedules Issue Is Given To Committee

LeGarie Believes Change Draws few Objections; Reasons Are Told

Compromise Upon Water Property Taxes Best Solution, Opinion

Both the resolution to change city bus routes, introduced by Alderman Fred A. Williams...

The company's case was clearly outlined to the council, both in a letter to it from the president of the company...

Lemen, in his letter, pointed out that all other companies that had operated Salem bus lines...

"We started here October 16, 1931," said Reed, "taking over non-paying lines. We actually lost more since December 13, 1937, than we made in the five years previously."

Alderman L. F. LeGarie chairman of the public utilities committee, was of the opinion that the 30-minute schedules would be acceptable to most patrons.

The bus company's officials pointed out that the 30-minute service would not be the same as is in force on Sundays and holidays...

City Attorney Paul R. Hendricks made his report to the council in regard to his recommendation of the legal procedure necessary in arriving at a disposition of the claim of Morrison

Portland Greets Parking Machine

PORTLAND, March 7.—(AP)—The motoring public welcomed Mr. Park M. Meter, all 1408 of him, with curiosity but restrained enthusiasm today.

Wide open spaces marked downtown curbs where the nickel-hungry gadgets guarded normally crowded parking places. Side streets where the parking meters were not yet installed and regulations not too strictly enforced appeared popular, as did commercial lots offering a saving on all-day parking.

Mr. Park N. Meter's public consisted largely of pedestrians who stood in groups around him and his 1389 brothers and watched the indicator count off the minutes at the rate of 60 for five cents.

Oddities ... in the News

TRENTON, N. J., March 7.—(AP)—A bill was introduced in the general assembly tonight to limit the speed of boats to 10 miles an hour on the river Stix.

It also makes drunken and reckless boating punishable offenses. The river Stix referred to in the bill runs into North Jersey's lake Hopatcong.

WASHINGTON, March 7.—(AP)—The radio operator at the Washington airport received today this message from a Newark-Washington airplane: "Have veterinary at field. Passenger about to have pups."

Aboard the plane was J. M. Austin, broker of old Westbury, Long Island, and his show dog "So What" of Millfordhaven, a fox terrier, who was expecting.

A shift in the wind made it necessary to land at Bolling field, instead of Washington airport. Austin hopped into a taxicab and hurried the dog to a veterinary, who said it would be all right to continue their trip to Orange Tex. There, Austin said, he would place "So What" in the hands of the best fox terrier man in the country.

Bucharin Denies Plot Against Stalin; Says Firing Had His Fate

Wanted to Arrest Leaders to Save Their Lives, He Explains; Madame Yakoleva, Once High in Party Ranks; Comes From Jail to Testify

Schnur Sentence Year; Is Paroled

Admits Taking Only Small Sum; Drunk Driving Is Also Charged

Secretly indicted here February 26, Phillip Schnur, 55, former employe of the secretary of state's office, was sentenced to one year in the penitentiary for larceny of public money and then paroled to his attorney, Edwin Kuech, in circuit court yesterday afternoon.

Schnur denied the taking of \$161 as charged in the indictment but admitted having conspired to take the \$5 on a Saturday night with the intention of replacing it the following Tuesday, a payday, Judge L. H. McMahon accepted Schnur's plea of guilty to a charge of larceny of the smaller sum.

The defendant said his bonding company had reimbursed the state for the \$141 and he had made good to the company. Apparent disappearance of money sent into the automobile division of the secretary of state's office by persons seeking licenses led to an investigation by postal inspectors beginning early last December. The officers finally became convinced that the money had been taken by Schnur.

Vets Get Permits, Convention Shows

Request from the Veterans of Foreign Wars, presented personally by Leslie Wadsworth and in form of a petition, was granted by the city council to permit the organization to hold a convention in the city streets, handle at least two parades through the city, sell concessions on the streets, enter into a contract with the Browning amusement company for a carnival concession on the east side of the postoffice, allow hucksters to sell on the streets and allow operation of a dugout—together with a beer license—were granted by the council last night.

The state Veterans of Foreign Wars encampment being held here July 9-13, over which time the council's grant covers only the reason for the organization's out-of-the-ordinary requests.

The council amended the ordinance granting a franchise to the Oregon Electric Railway company to read for 10 years instead of the 25 as originally made.

Walker and Gram Candidates Again

Arlie G. Walker, McMinnville, filed in the state department Monday for circuit judge of the 12th judicial district. Folk and Yamhill counties. He filed as a non-partisan.

Charles H. Gram, state labor commissioner, will be a candidate to succeed himself at the primary election, he announced Monday. He is a republican. Gram said he would make his formal filing about April 1.

Hoover Given Doctorate

PRAGUE, Czechoslovakia, March 7.—(AP)—An honorary doctorate of philosophy was conferred Saturday on Herbert Hoover by Prague university in the presence of Foreign Minister Kamil Krofta and an assembly of prominent citizens that included presidents of both houses of parliament.

Circuit Rider to Be on East Side of new Capitol, Decide

Francis Keally of New York, state capitol architect, conferred Monday with members of the state capitol commission and others respecting treatment of grounds about the new capitol. Keally and George Otten, landscape architect, came to an agreement respecting the location of the circuit rider station, and recommend that it be placed at the east of the capitol, facing west, instead of in the ellipse at the south side of the building.

Keally strongly urged moving the heating plant from proximity to the building. The cost of a new plant was estimated at \$90,000 more than had been contemplated by the commission. A site proposed was east of 12th street, near the agriculture building, but the commission has no authority to purchase ground there. No decision was made on the matter, and it may go over until the legislative meets. The present plant,

whose stack is a remnant of the walls of the old capitol, serves existing state buildings and is able to carry the load of the new capitol in addition. The eastern architects are designing furniture for the principal offices, with the cost estimated at \$30,000 by Keally. Keally expressed himself as well pleased with the way the building is evolving, terming it an "architectural triumph." It should be ready, he thought, by June 15, with most of the murals ready by January 1. No discussion was had regarding the location of the library on the north block, so no change will be made. Considerable of the excavation work has been completed by the subcontractor Ben Otjen. Chairman J. A. McLean, Dr. E. C. Dalton, George A. Lewis, George Marshall and Dr. H. H. Olinger were the commissioners who met in Salem yesterday.

Czechoslovak Trade Treaty Signed by US

Concessions Cover Most Exports, More Than Half of Imports

Some Quotas Are Lifted but not on Prunes nor on Apples

WASHINGTON, March 7.—(AP)—The United States and Czechoslovakia signed today one of the most sweeping of the 17 United States trade agreements thus far concluded.

Negotiators, laboring since early December, worked tariff benefits covering 76.7 per cent of American exports to Czechoslovakia and 55 per cent of Czechoslovakian exports to the United States into the agreement.

Secretary Hull and Czech Minister Vladimir Hurban signed it in Hull's office this evening—88th anniversary of the birth of Czechoslovakia's first president Masaryk. It comes provisionally into effect April 16, pending ratification by the Czech parliament, and is for one year, also then, subject to six months' notice of termination.

Total trade between the two countries in 1937 was \$74,880,000 (including American goods sent to German ports and forwarded) which makes the agreement one of the largest in force. The United States granted Czechoslovakia lifted concessions on shoes.

Czech concessions on American exports covered: Reduction of duties on 7.8 per cent of imports from the United States; Binding of duties on 4.4 per cent (this means duties may not be increased); Binding of 64.5 per cent on the free list.

Raw cotton and copper are the principal American products bound on the free list. Extensive benefits are granted the principal American agricultural exports to Czechoslovakia. As important as tariff reductions was the lifting of import quotas on a number of American products. Quotas are retained on apples, prunes, lard and oleo stock because of their importance in inter-Danubian trade.

Bike Regulations Voted by Council

Ordinances' Codification Approved; Laws of City now Number 3271

Mayor V. E. Kuhn's personally presented ordinance, regulating bicycles and requiring a permit to operate them, was passed at its first reading by the city council last night.

Speaking in behalf of the ordinance, Mayor Kuhn said it was directed to save the lives and limbs of bicyclists, and that it is a non-revenue producing ordinance in that the 25 cents charged for permits will cover the cost only.

Mayor Kuhn asked the council to authorize himself and the city recorder to apply for a WPA league of Oregon cities codification of ordinance project, not to cost over \$500. It would include the troubled question of Japanese fishing in Alaskan waters. Authorities refused to disclose details of any agreement but said "American wishes have been met fully."

Alaskan Fishing Dispute Settled Is Tokyo Report

TOKYO, March 8.—(Tuesday)—(AP)—It was reliably learned today Japan and the United States had reached an amicable agreement respecting the troubled question of Japanese fishing in Alaskan waters.

The government said all Japanese ships had been withdrawn from Alaskan waters where their activity had aroused apprehension on the United States Pacific coast. Previously it was reported the ministry of forestry and agriculture has abandoned the third and final phase of its "study plan" of Alaska's fishing resources.

Recommendations Summerville

WASHINGTON, March 7.—(AP)—Senator E. A. Reames (D-Ore) said today he would recommend the reappointment of Jack Summerville as United States marshal for Oregon.

Moves to Block Austrian Nazis



Major Emil Fey, former leader of the Austrian Heimwehr, who called upon that body of men, disbanded in 1936, to mobilize anew against any Nazi uprising which might imperil Austrian independence. The Heimwehr was the private army of Prince Ernst Rudiger von Starhemberg. Fey said he could mobilize 80,000 men in two days.

Seven Killed in State, Weekend

Two Drowned in Ocean, River; Cars, Train Account for Rest

(By the Associated Press) Vernon Needles, Newport crab fisherman, drowned today when a heavy sea capsized the boat M. E. Sloan at the Siuslaw bar.

Charles A. Stephens, master and the only other occupant of the craft was washed ashore on jetty rocks, injured. A coast guard life boat going to his rescue was washed on the jetty and wrecked. The crew escaped. Needles' widow survives.

The Siuslaw tragedy brought accidental deaths in Oregon since Saturday to seven. Wayne Rossi, 17, drowned Sunday when a canoe was capsized by the waves from a cabin cruiser in Portland harbor. A city fireboat crew rescued two companions. Rossi's body was recovered by harbor police.

Clarence Babcock, 22, of Tillamook died instantly Saturday night when his car left the highway at Pettijohn corner, two miles northwest of Valley Junction. Shirley Root, 25, of Tillamook, a companion, was injured. Lawrence Hodley, 21, of Portland, was killed instantly when his car left the road on a curve near the outskirts of the city Saturday night.

Marilyn, 4-year-old daughter of Mr. and Mrs. Thomas Kenagy of (Turn to Page 2, Col. 4)

James M. Forrest Called at Age 83

James Marion Forrest, 83, pioneer and retired farmer of high section, died Monday at his home on Salem route seven. He came to Oregon at an early date and was a stage driver on the old Oregon trail for many years. He later came to Marion county to farm for a long period of years.

He was born near Ox Bow Prairie, Ill., July 15, 1854 and in 1885 married Catherine Knopp, who survives him. Five of their seven children also survive. Funeral services have been set for Wednesday at 1:30 p. m. with interment at IOOF cemetery, Turner. Rev. Robert A. Hunsinson, will have charge.

Grobbe Elected By Jeffersonians

E. F. Grobbe of Mill City was elected president of the Jefferson club of Oregon, which met at the courthouse here last night, and P. L. Frasier of Salem was elevated from the secretaryship to a vice-presidency. B. S. Martin of Salem was named secretary and E. W. Ferguson of Salem treasurer. Other vice-president elected were: Ashby Dickson, Portland; Theodore Pursley, Eugene; Mark Weatherford, Albany; Earl Knott, McMinnville; Bruce Spaulding, Dallas; U. S. Burt, Corvallis; W. H. Strayer, Baker; J. W. Lehardt, LaGrande; and George Finley, Roseburg.

Big Armament Program Gets Commons Vote

"Almost Terrifying" Is Description of Plan to Back up Talk

Chamberlain Is Accorded Ovation at Close of Lengthy Address

LONDON, March 7.—(AP)—Prime Minister Neville Chamberlain tonight won a decisive vote of confidence in the house of commons for his "almost terrifying" armament building program to back pending talks with dictators.

By a vote of 347 to 133 commons approved Chamberlain's explanation of the rearmament program and his policy of negotiating directly with Premier Mussolini and Reichsuehrer Hitler.

The prime minister broke his usual icy reserve to deny opposition charges he wanted "peace at any price" or was biased toward fascism. Parliament gave him one of the biggest ovations of his career at the end of his 49-minute speech making clear he was risking his political future on conferences with the dictators in an attempt to halt Europe's drift toward "the cataract" of war.

A surprising number of other members expressed the fear war was inevitable unless the vital British talks with Italy and Germany succeeded. "Balance of Power" Idea Is Deployed. A gloomy picture of Britain's airforce in relation to Germany's was drawn by Winston Churchill, war-time cabinet member, who said the reich was spending more than double Britain's huge sums.

He warned against turning Britain's back on her ally, France, or on the League of Nations. Opposition members assailed Chamberlain's foreign policy which they termed a floating ideal of the league in favor of a return to the old-time "balance of power" politics which prevailed before the World war.

Sir Thomas Inskip, defense coordination minister, replied to charges of "lagging" air rearmament with an admission that royal air force squadrons are not fully equipped, but said it was because of the difficulty England encountered in buying equipment.

In addition to voting confidence in the government, commons rejected a labor amendment to the arms bill, 351 to 134.

Legion Observes 19th Anniversary

Capital post and unit of the American Legion last night celebrated the 19th anniversary of the founding of the veterans' order with a birthday party and civic presentation ceremony. Sounded by one of the largest crowds of the year at Fraternal temple. A three-tiered birthday cake bearing 19 candles was presented to Commander Glenn Porter for the post by Mrs. Leon Brown as president of the auxiliary.

Another cake was presented by Rosemary Rippla and Dorothy Ann Bergsvik, presidents of the auxiliary aides and juniorettes, respectively. A musical chair cakewalk followed.

At the post meeting, 20-year membership cards were presented to Douglas McKay, George Edwards, Herman Brown, George Feller, Leo Sutter, R. A. Harris, Perry Keefer, Fred Gahlsdorf, Paul Bloch and Douglas Wiggins. Vice-Commander George (Turn to Page 2, Col. 3)

Moody to Help Prosecutors; Resigns as Van Winkle Aide

Ralph E. Moody, assistant attorney general for the past five years, resigned Monday to accept the appointment as "special investigator" to assist district attorneys in the prosecution of cases where violence has been alleged in labor disputes. Gov. Martin who made the appointment, announced his intention to ten district attorneys Saturday of naming a special legal assistant as coordinator. Moody is to work in conjunction with the state police department. His salary is to be \$300 a month, the same as his former position.

Attorney General I. H. Van Winkle last week declined to give Moody a leave of absence to take over the special duties desired by the governor.

"The appointment of the investigator," the governor said, "is to provide district attorneys with an interchange medium and a man who can be of such assistance as they wish in preparation and prosecution of the cases.

"This appointment is no reflection on the office of Attorney General I. H. Van Winkle because the law provides that when the attorney general enters a case at request of the governor, he must supersede the district attorney and take complete charge.

"Having confidence in the district attorneys, I do not believe it desirable to have them superseded."

The governor said he would "not be put in the position of prosecuting these cases, but it is my duty as governor to lend all possible assistance to all duly-constituted law-enforcing officers in the performance of their duty." Moody said last night his first work would be to study the evidence as accumulated in the hands of the state police. He has made no plans for an early conference with district attorneys. Van Winkle said last night he would take some time before naming a successor to Moody.

Administration Men In House Defeat It By Margin of 78-33

Ballot on Amendment Is First Test of Tax Revision Measure; Other Modifications Are Debated

Present Law Is Declared Responsible Chiefly for Unemployment; Loss of Revenue Main Objection

WASHINGTON, March 7.—(AP)—An attempt at complete repeal of the widely criticized tax on undistributed profits went down to defeat in the house today.

Administration forces easily shunted aside, 78 to 33, a republican amendment to the tax revision bill which would have:

- 1. Eliminated provisions for a 12 1/2 to 16 per cent income tax on corporations with incomes of \$25,000 or less and for a 16 per cent income tax on most larger firms, plus a four per cent surtax on undistributed profits.

- 2. Substituted a normal corporate income tax of 12 1/2 per cent on the first \$5000, 14 per cent on the next \$20,000 and 16 per cent on all above \$25,000.

The vote today was the first big test of the bill. Critics sought to modify the bill's provisions for a capital gains tax, and to estimate a proposed surtax on family-owned or closely-held corporations.

Republicans argued that outright repeal of the undistributed profits tax would remove an "iniquitous" levy from the statute books, tax all companies on the basis of income and without reference to dividend policy, and provide a "sound and equitable" corporate revenue system.

Representative Vinson (D, Ky.) argued back that the loss would be \$200,000,000 to \$250,000,000. Asserting that Vinson could make "black look white," Representative Knutson (R, Minn.) said the undistributed profits tax was doing more than any other law to "keep 15,000,000 people pounding the pavement looking for jobs."

They estimated the substitute proposal would result in a reduction of \$80,000,000 in government revenue.

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BALLADE TODAY By R. C.

For the circuit rider they've picked a spot—in his new surroundings no doubt the best—but he'll never say whether he likes it or not, but just keep on riding toward the west.