Finance Issues Get Spotlight; Progress Seen

Session Ahead of Usual Schedule but Major Tasks Are Ahead

Relief, Taxation, Power and School Reforms Among Problems

By SHELDON F. SACKETT The 40th legislative session, two-thirds of the way to the 40day limit set for legislative pay by the constitution, ahead of schedule on routine bills and in step with former sessions in leaving until the closing weeks the major legislation which must be passed. Before the session adjourns it must meet the following prob-

1. Straighten out the tax structure of the state, including a slight reduction of levies on income from intangibles compensated by small increases in taxes on

individual and corporate incomes. 2. Provide for at least a \$22,-000,000 state-county relief program for the biennium and determine whether a gross income tax shall be levied to carry part of this burden.

3. Enact a modified PUD bill to conform to Governor Sprague's pre-election committments.

4. Come to a decision on the school reorganization and equalization program now before the 5. Make necessary amendments

to the unemployment insurance compensation act passed at the special session of 1936. 6. Pass the necessary appropri-

ation bills to carry the state through its next two years of op-

Large Volume of Miscellany Is Faced

In addition, the session has in its incompleted business file a host of miscellaneous measures State May Take many of great importance to parspread in effect as the bills heretofore enumerated. Included in this category are such proposals as repeal of the state bakery code, amendment or repeal of the milk control act, complete revemping of the state parole system with the setting up of an extensive personnel for supervising all men paroled from the state penitentlary, revision of the optometry code and the usual legislative commercial and game fishing

The house committee on taxation and revenue is expected to report this week with a modified ty treasurer. program of charge in income tax laws from the measures first inboost in income taxes for smaller wage earners is definitely abandoned. The committee expects to add a flat two per cent surtax on all income from intangibles after placing such income in the regular two to seven per cent scale now in effect on other per-

Some moderate increases in personal income tax rates will probably be recommended by the committee together with a reduction in the property tax offset now allowed corporations. These changes will be planned as a means of offsetting the losses from the intangibles tax reduction but no additional increase in total amount of moneys raised on incomes is anticipated. Relief Is Headache

For Ways and Means The ways and means committee finds the most vexing problem before it that of caring for the \$22,000,000 relief program recommended in Governor Martin's to carry his weakened wife to budget. Under the federal-state- safety. county plan of financing this, the counties will be called upon to dig up \$6,000,000 in the next two years. Representatives of the counties, appearing before the committee last week, said it was impossible for them to obtain that sum in direct property tax levies. The interim committee on taxes made its belated report at midweek and proposed a gross income tax to compensate the counties for their contribution to relief and to reduce the load on real estate. A bill to enact such a tax is now before the house. Senator Rex Ellis has a 10 per cent increase in liquor prices as his plan for

meeting the relief need. The ways and means committee is making progress on other items in the state budget but it will be a fortnight before most of its bills are ready to come into the house hopper for considera-tion by the members, indicating that this session will extend 50 to 60 days from the time it con-

Education Proposals Are now in House

Are now in House

Both major bills to reorganize the educational setup of school districts in the state are now in the house. The last was introduced yesterday by the house education committee. It sets up a county school fund comprised of income from the irreducible state school fund the two-mill elemenschool fund, the two-mill elemen-tary school fund and the \$10 per-census child fund raised in each

ficient with the fund income, to provide \$1200 for each classroom unit in elementary schools and per \$1000 valuation for the county taxes shown at tax of \$1.55 per \$1000 valuation for the county taxes shown at tax of \$1.55 per \$1000 valuation for the county taxes shown at tax of \$1.55 per \$1000 valuation for the county taxes shown at tax of \$1.55 per \$1000 valuation for the county taxes shown at tax of \$1.55 per \$1.000 valuation for the county taxes shown at tax of \$1.55 per \$1.000 valuation for the county taxes shown at tax of \$1.55 per \$1.000 valuation for the county taxes shown at tax of \$1.55 per \$1.000 valuation for the county taxes shown at tax of \$1.55 per \$1.000 valuation for the county taxes shown at tax of \$1.55 per \$1.000 valuation for the county taxes shown at tax of \$1.55 per \$1.000 valuation for the county taxes shown at tax of \$1.55 per \$1.000 valuation for the county taxes shown at tax of \$1.55 per \$1.000 valuation for the county taxes shown at tax of \$1.55 per \$1.000 valuation for the county taxes shown at tax of \$1.55 per \$1.000 valuation for the county taxes shown at tax of \$1.55 per \$1.000 valuation for the county taxes shown at tax of \$1.55 per \$1.000 valuation for the county taxes shown at tax of \$1.50 per \$1.000 valuation for the county taxes shown at tax of \$1.50 per \$1.000 valuation for the county taxes shown at tax of \$1.50 per \$1.000 valuation for the county taxes shown at tax of \$1.50 per \$1.000 per \$

Have Lead Roles On Major Issues



Above, Sen. Dean Walker who is taking an important part in efforts to solve Oregon's financial problems as chairman of the senate ways and means committee. Below, Sen. George Chaney, chairman of the senate penal institutions committee Connecticut Jurist Bound which has been considering proposed reforms in the parole sys-

Governor Will Ask Special Prosecutor for Local Shortage Charge

Acting on a request from District Attorney Lyle J. Page, Governor Charles A. Sprague Saturday afternoon announced that he consideration of charges in the would ask Attorney General I. M. Van Winkle Monday morning to name a special prosecutor to ing his journey. carry on the current investigation of the office of the Marion coun-

In a letter to Governor Sprague, scribed by law, as legal adviser to

Similar procedure was follow (Turn to Page 2, Col. 3)

7 Negro Children Victims of Fire

WEST POINT, Va., Feb. 4-(AP)whose 11th child was but two hours old were burned to death when fire destroyed a frame dwelling in nearby King and Queen county tonight.

The family was sleeping when the blaze broke out, only a short while after a country doctor delivered the baby.

employe father, awakened in time

Two of the older children also escaped. Another, a boy, was

Bonneville Administrator Is Reported Doing Well

ROCHESTER, Minn., Feb. 4hat J. D. Ross, Bonneville dam administrator, was "doing very well" after an operation Friday

Freeze Lessens | Spain Peace Try Reported Aio Valley

eported Victims Cold Weather in South, East

5000 Families Declared Homeless in Ohio's High Water Area

(By the Associated Press) Freezing temperatures in the Ohio valley lessened the imme-diate threat of serious flood last night as sub-freezing weather and windstorms in the south and east left at least 20 dead.

Three were dead from flood waters at West Virginia and

Predictions of fair weather throughout West Virginia, Ohio and Kentucky brought signs of flood abatement but the cold (Turn to Page 2, Col. 8)

Wired to Return

for South America Is Wanted for Quiz

NEW YORK, Feb. 4-(AP)-A radiogram went out from the department of justice today to Fed-Treasury's Probe eral Judge Edwin S. Thomas of Connecticut, South Americaeral grand juries.

Judge Thomas sailed late yes-terday and missed the serving of a subpoena issued by U. S. Attorney Gregory Noonan. Noonan wirelessed the master of the vessel and requested the jurist to disembark with the pilot. Nearly three hours later he received a reply that the judge was continu-

Noonan said Judge Thomas was wanted for questioning in connection with the investigation of the business affairs of U. S. Page explained he felt it best that Circuit Judge Martin T. Manton, the attorney general's office take whose resignation is effective charge of the investigation be- Monday, and the inquiry into the cause of his relationship, pre- situation precipitated by the unmasking and subsequent suicide of F. Donald Coster-Musica, head of the McKesson and Robbins

> By radiogram Brien McMahon, assistant attorney general, advised the judge, who had been on the Connecticut bench for 25 years, that the investigation is important to the administration of justice and to you personally. I insist on your immediate return from the first port of

South Polar Land Claimed for US

HOBART, Tasmania, Feb. 4-(AP)-Lincoln Ellsworth laid claim to 430,000 square miles of South Polar territory for the United States today when he returned from an Antarctic expedition aboard his ship Wyatt Earp.

Ellsworth's new claim expanded the territory he previously had claimed. In a radio message from the Antarctic last month he said he was claiming "80,000 square miles of country never before seen by the human eye" as the P)-The Mayo clinic said today result of his aerial exploration. The explorer, whose expedition started last autumn, plans to for removal of an intestinal sail for the United States March

Aumsville Tops County Towns In Year's Property Tax Levy

Aumsville will have the highest | ket roads, \$4.95 for county school Marion county's 18 incorporated brary fund. cities and towns this year and City, local and union high school Sublimity the lowest, excluding and non-high school district taxes West Woodburn, which has no ac-

tive government. Summaries issued yesterday by burn, where no city tax is levied. County Assessor R. "Tad" Shelton listed the Aumsville levy for all special levies aside from the purposes at \$73.80 per \$1000 of \$17.70 for county and state purassessed valuation. The Sublimity poses will be as follows:

county.

To obtain an annual apportionment from this fund, each district would be forced to levy a tax, suf
would be forced to levy a tax, suf-

\$1440 for each high school classroom unit. This measure, together with the compulsory reor(Turn to Page 2, Col. 1)

The page 2 col. 1)

The page 2 col. 1 per \$1000 valuation for the country and the country school for the country school, \$13.50, and city, \$18.90.

Jefferson, total \$44.60, local school, \$15.10, and city, \$11.80.

(Turn to Page 2, Col. 1)

more than double the total tax in all instances except in West Wood-Total city levies per \$100 and

County and state taxes will Aurora, total \$46.50, high school amount to \$17.70 per \$1000 of tuition, \$6.20, local school, \$11,

COLLAPSING WALLS KILL EIGHT FIREMEN; FIRST BODIES FOUND

two died of exposure in Ken-West Virginia refugees, to-taling 1,500, prepared to return to their homes as some streams

CINCINNATI, Feb. 4-(P)-The rich valley of the Ohio from Pittsburgh to Louisville, whose residents still carry vivid memory of 1937's record flood, saw relief from the threat of a new inundation tonight as freezing temperatures stemmed the flow of tributaries.

Albany Resident Severely Injured

John Sturtevant May Die; Man Missing in Auto Crash on Highway

bound on the grade liner Santa terious disappearance of one man, Barbara, ordering his "immediate return" to the United States other and less serious injury of for questioning before two fed- two other persons resulted today from a double wreck on the Pacific highway three miles north

John Sturtevant, Albany, was believed dving from a crushed chest, punctured lung and possible internal injuries. He told State Officer Earl B. Houston that another man was riding with him when he lost control of his machine and struck a culvert but authorities had no trace of the second man.

Sturtevant's machine overturned on the bank of a stream and officers were investigating the was thrown into the drowned and disappeared,

An hour after the wreck. while an automobile wrecking car was being used to raise Sturtevant's car, a third machine crash-Officer Howard Benninghoff said. Julian J. McCarthy, Portland, third car, was arrested on a suffered minor injuries but a employment. woman riding with him and giving the name of Mrs. Gertrude Good, Portland, received head and facial injuries, although her condition was not serious.

Willamina Talked As Plant's Site

WILLAMINA, Ore., Feb. 4-(AP) -O. C. Yocom, Willamina contraceer company, Olympia, Wash., was planning to construct a plant here at a cost of \$500,000.

Yocom said he had been em ployed for several months by the Werner Lumber company in an engineering capacity to make preliminary surveys for prospective

was estimated that \$9200 would have to be raised by local subscription, however, to provide a site, log pond and water facilities. The site selected for the factory, Yocom said, was a 30-acre tract about 800 feet east of the city limits between the Yambill reach." river and state highway 18.

Business interests here and at

nearby Sheridan were reported to have made pledges totalling \$4500 to bring the new industry here.

Central Point Lad Critically Injured

MEDFORD, Feb. 4-(P)-Richard Walter Holt, 11, of Central Point lies in a local hospital in a critical condition from injuries sustained when he was struck by an auto the state police aver was driven by William levy will be \$34.10 per \$1000, followed closely by Mt. Angel, at ing local school district, \$19, and \$39.50 per \$1000.

Aumsville, total \$73.80, include P. Grimes, 19, of Central Point. No charges have been preferred against Grimes and he is not being held. The accident occurred at a Central Point street in-

Edholmn, 40, died in a hospital to-

After 86 hours of digging in smoke-blackened ruins, searchers late Saturday found bodies of some of the eight firemen killed Friday when a five-story building in Syracuse, NY, collapsed while they were fighting fire on the third floor. This picture was snapped just us the front wall collapsed into the street.—AP Telemat.

Parliament Is Closed Due to Bombing Terror

Evidence of Plots to Blast Buckingham, Windsor Castle, Commons and Bank of England Claimed Found in Belfast Raid

LONDON, Feb. 4 - (AP) - The houses of parliament were closed to the public today for the first time since the World war as a precaution while Britain sought to suppress the wave of terrorism attributed to the outlawed Irish re-

of commons and the Bank of Eng-

lacked official confirmation from

any source, said the raids also un-

covered details of a plot to assas-

sinate British politicians and high

The seized documents were

flown immediately to London, The

Sunday Dispatch said, and offi-

cials of the British home office

and Scotland Yard conferred on

Authorities intensified their

search for hidden supplies of ex-

plosives and investigated illegal

purchases of chemicals believed to

Officials in Belfast kept well-

known members of the Irish re-

publican army under close obser-

The governments of Great Brit-

outrages which began January 16

An explosion wrecked the head-

quarters of the Torquay Conser-

vative club in Devonshire today,

but the first conclusion that it

had been causde by a bomb was

succeeded by a belief that it was

due to accidental ignition of gas.

Storm Flags Flying

SEATTLE, Feb. 4 .- (P)-South-

west storm warnings were ordered

posted at Washington and Oregon

south to west winds and gales.

coast stations tonight for strong

seven persons were injured.

have been used in bombing ou

police officials.

protective measures.

The newspaper's report, which

The Sunday Dispatch reported raids on IRA houses in Belfast resulted in discovery of Plan Called Cure plans to blow up Buckingham palace, Windsor castle, the house For Unemployment

Welfare Federation Argues

for \$30-\$60 Pensions in House Hearing WASHINGTON, Feb. 4-(AP)-The

house ways and means committee heard the General Welfare Federation's plan for \$30 to \$60 pensions for the aged extolled today charge of reckless driving. He as a means of eliminating all un-Arthur L. Johnson, executive

secretary of the federation and formerly an official of the rival Townsend old age pension organization, told the committee it would not cost the government a

The plan proposes that pensions be financed by a two per cent gross income tax. Johnson said the annual cost would range from \$2,880,000,000 to \$7,200,000,000. Rep. Cooper (D-Tenn) commented that the figuring was tor, said today the Olympia Ven- "haywire," but that by Johnson's own figures the federal tax burden would be doubled.

"On the contrary," said Johnson, "it won't cost the federal government a cent. This system carries its own freight."

der of the pension movement bearing his name, was at the hearing. Johnson said he had quit the Townsend organization because Townsend had said he was holding out the hope of \$200 monthly pensions to the aged as "wisp of straw that the cow will follow but never

Wife of Veteran

Mrs. Mattie E. Bean, wife of Justice Henry J. Bean of the state Justice Henry J. Bean of the state supreme court, died at the residence, 755 North Capitol street, late Saturday night. Mrs. Bean had been a resident of Salem since 1911 when her husband, previously a legislator, county judge and circuit judge of Umatilla county, was elevated to the supreme bench.

They were married in 1886. Her maiden name was Mattie E. Hahagey. Surviving children are Mrs. H. J. Larsen of Portland and Hawley Bean of Echo. Funeral arrangements, in charge of the Clough-Barrick company, have not been completed.

taken four poison tablets at her of here, resumed operations this | The president swore the com-

Reach Agreements clated by Negrin Wednesday as Authority Will Purchase

Tennessee Corporation Electric Properties

eventful chapter in the long and bitter feud between the new deal and the nation's utilities was brought to a dramatic end today able arrangement under which TVA will purchase all electrical properties of Commonwealth and Southern corporation in Tennes-

Agreement was announced in Knoxville, Tenn., by TVA officials and in New York by Wendel L. Willkie, president of Commonwealth and Southern.

The TVA agreed to pay \$78, 600.000 for the electric properties of Tennessee Electric Power company, a subsiduary of Commonwealth and Southern. The total price will be brought up to about \$80,000,000, since the

TVA will pay separately for south Tennessee properties, plus accounts payable, cash, and certain other considerations, including the return of a valuable new

Wall street sources said this figure was only slightly under Willkie's asking price. The TVA had first offered only \$55,000,000 for the properties.

Hint Incendiarism In Portland Fire

PORTLAND, Feb. 4-(P)-Fire investigators, working on a theory of incendiarism, hunted ain, Ireland and Northern Ireland a firebug tonight as the possible were cooperating closely in a large cause of a blaze which caused scale campaign to stamp out the an estimated loss of \$8,000 early today in the unused warehouse Intensified action followed exof the Portland Cordage complosions yesterday in two of Lonpany at 1336 N. W. Northrup don's subway centers in which street and sickened some 25 fire-

> Rope burning in the plant caused such strong fumes that two firemen had to be carried away and 23 others were forced to quit the flames. Another fireman was injured slightly when

The fire started on the first floor of the three-story brick and concrete warehouse, which has been shut down since 1931. Earlier this week, another fire occurred in a rope company plant, leading authorities to suspect an incendiarist.

ed these reports "a deliberate lie" and said that some legislators and

newspaper owners were deliber ately misrepresenting his view

results the street has said

Demand Grows for Committee State Oil & Gas Jurist Dies Here To Reveal FDR's Statements

WASHINGTON, Feb. 4-(P)-Sen-evitably happens in Washington, ator Clark (D-Mo) added his sup-varying accounts of what he said port today to a republican demand leaked out and were published.

One of these was that Mr. Roosevelt had asserted that Amersions of what President Roosevelt | ica's frontier was the river Rhine; said when he discussed foreign another that its frontier lay in policies with them at the White France.

ouse Tuesday.

The Missourian said he was in sympathy with such a proposal, made by Senator Bridges (R-NH) after President Roosevelt yesterday told the press things he had said — and had not said — and enunciated a foreign policy.
Senator Gurney (R-SD)
said he was "absolutely in

pendence of nations. (Turn to Page 2, Col. 1) mitteemen to secrecy, but, as in-

Said Desirous Of War's End Britain Is Reportedly Asked to Negotiate With Insurgents

Loyalist Heads

Qualifications in Pact Held too Stringent for Success

(By the Associated Press) PERPIGNAN, France, Feb. 4-(AP)-The Spanish government was reported in reliable quarters tonight to have requested Great Britain to open secret negotiations with insurgents to end the savage two and one-half year old

civil war. The reported overtures contained such broad qualifications, however, as to raise the question of their success.

They were disclosed at a time when Premier Juan Negrin's government took first steps toward abandoning all of Catalonia -Spain's northeastern cornerto insurgent Generalissimo Francisco Franco's conquering forces in an attempt to make a last stand in the central "island" quarter of Spain, embracing Valencia and

It was understood that in the request to the British government the Spanish government authorities stipulated that the peace talks be opened with three points enun-

Freedom From Outside Influence Is Wanted Then Negrin told the Cortes (parliament) at Figueras that the government's aims were:

1. A guarantee of independence for Spain and freedom from for-3. Liquidation of the war with-

out persecution to permit all with announcement of an amic-| Spaniards to join in the country's reconstruction. There was no indication at Bur gos of Franco's reaction to the Spanish government's move, Some diplomats believed the insurgent leader would balk at negotiating

on such a broad basis, particularly in view of his military suc-The Spanish government's plight

in Catalonia was growing worse every hour. Franco's troops-conquerors 6 the important city of Gerona this morning-smashed steadily north-They were quickly cutting away the little Catalonian territory left

in government control. The government's temporary capital of Figueras was only 20 miles from the fighting lines tonight.

Negrin and his ministers had left for "somewhere in Catalonia" while minor officials crossed into France with the government's records. One report had the government leaders planning to fly to Valencia to set up a new capital. Government army officers ar-

riving here frankly admitted the

insurgent advance had turned into

a rout for their troops.

One Man Injured As Autos Collide

John Versteeg, 1901 North Fifth street, suffered lacerations about the head when his automobile was struck broadside by a machine driven by Marion Leroy Branch of Aumsville about 8 o'clock Saturday night at the intersection of Market and Broad-

Versteeg's car was crushed against a telephone pole and the body was almost demolished. Versteeg had been driving north on Broadway, Branch proceeding east on Market. Versteeg said Branch did not stop at the through street intersection but Branch said he had stopped, the investigating police officer said. The front of Branch's car was smashed in but the occupants were not injured.

Firm's Head Held

PORTLAND, Feb. 4-(AP)-Under an indictment charging the unlawful sale of securities, O. W. Clark, 45, described by Deputy District Attorney Tom Handley as the president of the State Oil & Gas company operating in eastern Oregon, was arrested by sheriff's deputies and held for \$3000 bail.
The indictment asserted that Clark sold to Harley C. Weeks for \$87.50 a contract to sell and as

Spokane Man, Trapped

point on foreign affairs.

He asserted that his foreign policy had not changed and would not be changed. This policy, he said, included opposition to en-In Car Wreck, Drowns PORTLAND, Ore., Feb. 4-(P)-Apparently trapped in his auto-Poison Tablets Blamed

Lumber Work Reopens

ALBANY, Feb. 4-(P)-Mrs. T. A.

Edholms, 40, died in a hospital today after attendants said she had

Lumber Work Reopens

cord" with Bridges' demand, but Senator Johnson (D-Colo) observed that he thought the whole discussion was "beside the point now."

tangling alliances, maintenance of mobile when it skidded off the Senator Johnson (D-Colo) observed that he thought the whole discussion was "beside the point now."

cord" with Bridges' demand, but Senator Johnson (D-Colo) observed that he thought the whole discussion was "beside the point litical, economic and social inde-night. C. E. Karnes, a state highway maintenance foreman, found the wreck today.