

Danube Supply Is Taken Over

Italy, Germany Promise Military and Air Aid to Invaded Rumania

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An emergency seat of government in the Carpathian mountains. Bucharest is in southern Rumania, near the Bulgarian border. A move to the Carpathians would place the government in the approximate center of the country. Military censorship has been imposed.

Foreign correspondents were told that military authorities had taken over the communications system, and military censorship becomes effective at midnight Saturday. Some London correspondents and others already have had their telephone connections cut off in the past 24 hours because of stories they filed.

Bessarabia, which the Russians always have called the land of milk and honey, already is under the heavy tread of the soviet military in a comparatively bloodless occupation.

Russian sources said, too, that the principal cities in northern Bucovina, the other area yielded by Carol under a Moscow ultimatum—are now in control of the red army.

Evacuation Goes 15 Miles Over Line

The chaotic state of affairs and the lack of good communications from Bucharest to the provinces made it difficult to learn at what point in the north the Russians had halted, but the latest semi-official word was that they had pushed on as far as Drohobol, some 15 miles beyond the western boundary of Bessarabia and thus well within old Rumania.

Russian informants declared, however, that this penetration beyond the agreed line was "probably a military error."

There were, at the same time, signs that at least two possible sources of conflict were quieting. These involved Bulgaria and Hungary, which have claims of their own for Rumanian territory. It seemed clear, from information received by diplomats here, that their demands were being calmed.

In Budapest, Hungary, it was learned that Germany and Italy were urging south Bulgaria and Hungary to stay at peace and continue their production, with the understanding that their demands upon Rumania will be adjusted "in due time."

Nevertheless, King Carol, who already had appealed strongly for Adolf Hitler's help lest his country simply break apart under the Russian-Bulgarian demands, was forming an army of 2,000,000 in a "last-man" mobilization.

The highways of Rumania were jammed with refugees and with hundreds of thousands of Rumanian troops answering the call to service while the Russian soldiers tramped down the winding, muddy roads of Bessarabia, taking control of town after town.

The army of occupation, which started pouring down yesterday from Russian Poland and also over the only bridge over the Danube river near Kishinev, continued streaming today through these bottlenecks and then spreading into the territory.

Waves of soviet fighting planes flew overhead as escorts and then landed at Bessarabian airports over which were hoisted the red flag.

Townsend Tax Is Averred US' Need

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means committee. Under the plan, receipts from the tax would be prorated among citizens over 60 years of age, who would be required to spend their pension payments within 30 days.

Just how the pension program will fare in congress in the face of increased taxes for national defense was a question that Dr. Townsend's 27-year-old son, Robert, answers with the assertion the plan was just what the country needed, now more than ever.

In his opinion, the expense of defense could be met more equitably there was a more equal distribution of national wealth.

Uncle Sam Ends Year With Deficit Of Nearly Four Billions; Record For Spending Produced Past Year

WASHINGTON, June 29.—(AP)—The government, chalking up a deficit of \$3,700,000,000, will end one fiscal year tomorrow and start on a new one which, as a result of the new defense program, will be the costliest in peacetime history.

The expiring fiscal year produced a new spending record of about \$5,000,000,000. Revenue totaled about \$5,000,000,000 leaving a deficit exceeded in peacetime only in 1935 when the soldiers bonus was paid. (Exact figures on income and outgo will not be known until the middle of next week after year-end reports are received from field offices.)

At present, treasury officials are figuring an expenditure of approximately \$10,500,000,000 and income of about \$7,000,000,000 in the new year. If these estimates hold good, the deficit will be about \$3,500,000,000 because the treasury is figuring on getting about \$700,000,000 from a dozen government corporations which have been instructed to turn back part of their capital.

There is every prospect, however, that expenditures will be far greater than \$10,500,000,000. President Roosevelt has disclosed that expansion of the rearmament program is under consideration. He mentioned no figures, but authoritative quarters said that this might involve a \$5,000,000,000 outlay.

At the turn of the fiscal year, the treasury owed about \$43,000,000,000 and had less than \$20,000,000,000 of its statutory borrowing authority left. But the new defense program carried with it \$4,000,000,000 more borrowing power.

Transition of the budget from a peacetime to a preparedness status was marked in many items. In the old year, the treasury spent \$1,575,000,000 for defense. In the new year, it is expected to spend \$1,575,000,000 for defense.

Oldest Chairman Of Demos Feted

CLARKSTON, Wash., June 29.—(AP)—Nearly 150 persons who gathered here tonight to pay homage to Peter G. Tervoreen, oldest democratic party chairman in the United States, heard Dorwin Cook, secretary to Rep. Knute Hill, spike rumors that the congressman will seek the governorship or a place in the senate with the announcement that Hill will be a candidate for reelection.

Among others attending were George Gannon, Pullman banker, and Tom Smith, King county commissioner, both of whom have announced they will be candidates for the governorship, and Frank T. Bell, Ephrata, who asked support for his candidacy for the senate.

Tervoreen, who will observe his 92nd birthday in ten days, was unable to attend the event in his honor because of illness. Postmaster General Farley confirmed in a message read at the banquet that he is "by far the oldest active party chairman in the nation."

Willkie Recalled In Kitchen Role

ABERDEEN, SD, June 29.—(AP)—From dishwasher to republican presidential nominee: that's the way Aberdeen citizens today viewed the spectacular rise of Wendell L. Willkie.

On a summer's bumbling trip during his youth, the tousled-haired victory of the Philadelphia convention once washed dishes in an Aberdeen restaurant. Willkie "K.P." in the Unique cafe, now non-existent, operated by Charles Shortridge, while looking for work in Dakota harvest fields.

No Defense Made By Alleged Killer

EVERETT, June 29.—(AP)—The defense for Edward L. Bouchard, charged with first degree murder, rested tonight without presenting any testimony. The state immediately opened its closing arguments, which were not completed when court was adjourned until Monday.

Bouchard, arrested in Portland, is charged with slaying Ralph Allison and Cyril Ables, both Californians, near Arlington, Wash., last autumn. The bodies were discovered several months after the men had been killed.

Cavemen After Olson

GRANTS PASS, Ore., June 29.—(AP)—Secretary David Foutz of the Oregon Cavemen said tonight he had been assured that Governor Culbert L. Olson of California would visit Grants Pass tomorrow and be initiated into the organization.

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Air Raid Does Heavy Damage

Casualties Reported in Attack on Industrial, Southwest Centers

(Continued from Page 1)

Strabogol, labor leader in the home of Jorda. Effect on Russia and US Cited.

In an open letter to British editors, he declared the severe presence of Chamberlain, lord president of the council, and Lord Halifax, foreign minister, in the government was having an effect on the neutral countries in the world—the United States of America and Russia.

The mention of Halifax's name along with that of former Prime Minister Chamberlain appeared significant. It was the first time the foreign secretary had been so criticized by such a source.

Meanwhile, the first authoritative estimate of allied casualties in the battle for Belgium was significant. It was the first time the foreign secretary had been so criticized by such a source.

The new taxes are expected to bring in \$994,800,000 a year in the following four years. The first year's revenue from these levies will be less because persons who pay their income taxes in quarterly installments won't pay them until 1940 income tax returns are filed.

The new tax law provides for increases of 10 to 50 per cent in estate levies (taxes on cigarettes, gasoline, etc.), 10 per cent in estate and gift taxes, 10 per cent in individual income taxes, 16.1 to 18 per cent in corporation taxes, and a decrease of 20 per cent in basic income tax exemptions.

The decrease in income tax exemptions, from \$2500 to \$2000 for married couples and from \$1000 to \$800 for single persons, is expected to add 2,200,000 income taxpayers to government rolls.

The estate and gift taxes went into effect last Tuesday when President Roosevelt signed the bill. Excise taxes are effective next Monday, and income taxes will be payable on 1940 income.

GOP Chairmanship Question Raised

(Continued from page 1)

aroy for a brief sea voyage before returning to New York and then taking a longer vacation.

The republican candidate told newsmen he would probably defer his formal acceptance speech at his home town, Elwood, Ind., until after the democrats meet in Chicago July 15, adopt a platform and choose his opponent.

Earlier in the day, Samuel F. Pryor of Connecticut, who swung that state's delegation solidly to Willkie from the first ballot on, called on the nominee with a group of national committeemen to ascertain his views on the question of a chairman.

Meanwhile, Landon was busy in opposition to Hamilton. No reason for his attitude was given, but it was understood he felt that the new leadership of the party should have a clean slate and a free hand in the selection of its working personnel.

Other members of the sub-committee were: William F. Knowland, Pryor, Sinclair Weeks of Massachusetts, Harrison Spangler of Iowa, Ezra R. Whitla of Idaho, Mrs. Grace R. Reynolds of Indiana, Henry Fletcher of Rhode Island, Mrs. Scranton, Werner W. Schroeder of Illinois, Frank O. Horton of Wyoming and William Stern of North Dakota.

"It's All Right For Fatherland"

PORTLAND, Ore., June 29.—(AP)—"When the German fights for the fatherland he thinks anything he may do is all right," Maj. Eugene Eggman, national vice commander-in-chief of the Military Order of the World War, said today.

"We are told that the failure to blow up a bridge across the Albert canal permitted a German army quick access into Belgian territory. The reason given for not blowing up that bridge is because it was crowded with refugees, women and children. Well, you can understand that a French officer would hesitate in that case, but a German wouldn't. A German wouldn't hesitate killing his own mother if it would benefit the army," Maj. Eggman said.

He asserted the "defeat of France now is due to the fact that an armistice was signed before the complete defeat of the German army in 1918."

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Edities ... in the News

ALBANY, N.Y., June 29.—(AP)—An Albany court official, after explaining the history of the American flag to a group of aliens seeking citizenship papers, asked one of them:

"Tell me, what flies over the city hall?" The alien blinked a minute and replied: "Peejins."

DALLAS, Tex., June 29.—(AP)—An irate merchant brought a "hot" check to the district attorney's office and demanded justice.

In addition to the fact that the check was worthless, he said he could not read the signature. Mrs. Alex Carson, who handles such matters for the prosecutor, calmly figured out the signature. It was: "U. R. Stuck."

Willkie no Dark Horse in School

PORTLAND, Ore., June 29.—(AP)—Wendell Willkie, the republican party's presidential candidate, definitely was no "dark horse" as a high school football player back in Elwood, Ind.

See Stratcher, farmer of Schools, near here, recalls "Win" Willkie was "quite a football player—yesirree!" Stratcher played on the same squad and remembers Willkie as a "particularly good sport."

Miss Florence Mitchell, high school English teacher here who had Willkie in her English and ancient history classes at Elwood high school in 1908 and 1909, remembers him as "a real student, full of fun who liked to talk."

Willkie loved to argue and certainly was no slouch in the classroom. "I can't help but remember him," Miss Mitchell said. "I was doing my first year of teaching; Wendell was such an intelligent student that I spent more time than I should have on his questions the following day in class."

"His friendliness was the kind one doesn't expect from a high school boy. He asked me more than once, Sunday dinner at his home where I met his parents, brothers and sisters. With three law practitioners among the eight, the arguments were always heated. Wendell held his own."

Sentenced, 20 Years

COEUR D'ALENE, Idaho, June 29.—(AP)—Ray Church, 17, and Bill Ross, 25, a negro, admitted today in district court they robbed a service station here and were sentenced to serve from 5 to 20 years each in the state penitentiary at Boise.

House Undermined

OLYMPIA, June 29.—(AP)—Mr. and Mrs. L. M. Eveland of Seattle today filed suit for \$2500 in superior court here against the state toll bridge authority. The Evelands claimed excavations for the tunnel approaches to the Lake Washington bridge caused their property to settle, damaging their home.

Senators' Box Score

Salem AB R H PO A Wilson, cf 5 2 4 0 2 Knoll, 2b 4 0 0 0 2 Coscarart, lf 3 0 0 0 0 Harris, 1b 5 0 1 4 1 Clabaugh, rf 5 0 1 4 1 Williams, c 5 1 3 2 2 Lightner, 3b 5 1 2 1 3 Griffiths, as 5 2 2 5 2 Heiser, p 4 2 4 1 1 Coscarart, lf 4 0 0 0 0 Totals 40 8 15 24 10

—Batted for Coscarart in 8th.

Tacoma AB D H PO A Harriman, ss 3 2 1 3 4 Harrison, 1b 3 2 1 9 1 Firpo, rf 3 2 1 3 2 White, lf 4 2 3 0 0 Shirley, 2b 3 2 1 3 6 Farrell, 3b 4 0 2 1 0 Rickert, cf 4 0 1 2 1 O'Brien, 1b 4 0 4 4 4 Porter, p 0 0 0 0 0 Schanz, p 3 0 0 0 2 Medoghal, p 1 0 0 1 1 Totals 32 10 21 27 16

Score by innings: Salem 300 000-8 Tacoma 301 120 40x-10

Summary: Winning pitcher—Schanz. Six hits five runs off Porter in 1 plus innings. 8 hits and three runs off Schanz in 6 plus innings. 2 hit and no run off Medoghal in two innings. Runs responsible for—Porter 5, Schanz 1. Struck out—Heiser 8, Porter 2, Schanz 1. Base on balls—off: Heiser 5, Porter 4, Schanz 2, Medoghal 1. Wild pitches—Porter 2, Schanz 1. Passed balls—Williams 1. Left on bases—Salem 9, Tacoma 3. Home runs—White, Harriman. Three base hit—Garrettson. Two base hits—Harris 2, Griffiths 2, Wilson. White, Ross batted in.

Harris, Coscarart, Heiser 3, Harriman, Firpo, White 3, Shirley, O'Brien. Stolen bases—Farrell. Double plays—Harriman to Shirley to Garrettson, Harriman to Garrettson, Rickert to Shirley to O'Brien, Lightner to Harris, Griffiths to Knoll to Harris. Time—2:11. Umpires—Clarke and Nelson.

Lower Street Rate Advised

One-Year Contract Given Utility Committee's Approval Stamp

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portunity to make in the future." Previous contracts have generally been on a three-year basis. The report stated that the committee was of the opinion that the only benefit derived from a long term contract is that derived by the company.

Company Wants City to Take Over The committee reported that the company was interested primarily in sale of energy and was willing to sell or rent the street lighting facilities to the city if it wished to maintain them.

"The committee's decision to recommend acceptance of the new rate on the basis aforesaid," the report declares, "is motivated by a desire to avoid confusion and details of operation which would necessarily be the problem of the council if the city were to purchase the street lighting system or to rent and maintain same."

For comparative purposes a schedule is attached to the report showing what the city would have paid in 1939 had the new proposed rate been in effect. It shows that the total cost would have been \$17,855.24 instead of \$25,361.65. Under the new rate charges are broken down into investment, energy, lamp renewal and pole contacts charges. These would have been in 1939: investment, \$5,093.24; energy, \$6,878; lamp renewal and maintenance, \$4080, and pole contacts, \$1904.

TVA Schedule Is Approximated The schedule is the TVA street lighting schedule and is approximately the same rate as charged in Canby and Forest Grove.

In connection with its recommendation for a study of licensing revision the report says, "the committee has been made aware of the fact that other power companies . . . in other cities pay in to the general funds . . . a percentage of their gross revenues as a privilege tax for operating within their boundaries. The tax in other cities is two per cent or three per cent of the gross revenues. In this city the other utilities operating, namely, the telephone and telegraph companies pay a two per cent gross privilege tax to the city. The power company . . . pays to the city an annual license fee of \$2500. This sum, based upon last year's gross revenues, is less than one-third of one per cent of the gross revenue of the company. In as much as the power company has no franchise it is the committee's opinion that it should pay the same gross revenue privilege tax other utilities are now paying in this city."

A summary with the report shows that the telephone company paid the city \$4,843.90 as its two per cent privilege tax in 1939, and that Western Union paid \$131.40, being charged only on gross revenue from intra-state business.

George L. Belt, newly elected council member, is chairman of the lighting committee. Other members are Lloyd T. Rigdon and Mrs. Gertrude F. Lobdell.

Japanese Army on Edge, Indo-China

Halts Within 150 Yards of Border, Within View of French Guards

(Continued from page 1)

creation of stabilized spheres throughout the world between "closely related peoples" as a prelude to permanent peace.

"The cause of strife mankind hitherto has experienced," he said, "has generally been the failure to give due consideration to the necessity of some such natural constructive world order, and to remedy the irrationalities and injustices."

(At Hongkong Japanese-British tension rose so high that a state of emergency was proclaimed and British authorities planned to remove all women, children and unneeded men from the crown colony to Manila. This was interpreted to mean that Britain would reject Japan's demand that it close the Burma route which, the Japanese charge, is carrying arms to the Chinese.)

(A Japanese blockade of Hongkong or even an invasion was considered possible. The British were understood to be ready to take powerful counter steps. American action for removal of women and children was expected within a week.)

NEW YORK, June 29.—(AP)—Two Japanese diplomats today declared that improved understanding of the "position and aspirations" of the United States and Japan by the peoples of the two countries would preserve their "traditional friendship."

The two—Kensuke Horinouchi, Japanese ambassador to the United States, and Kaname Wakasugi, consul-general in New York—spoke at Japan day ceremonies at the New York World's fair marking the 2600th anniversary of the founding of the Japanese empire.

1940 Income's Up 5 Per Cent

Payments to Individuals Hits 29 Billions in First Five Months

WASHINGTON, June 29.—(AP)—The commerce department reported today that income payments to individuals during the first five months of this year totaled \$29,132,000,000, an increase of five per cent over the same period last year.

The index of such payments—using 1939 figures as 100—increased three-tenths of a point to 87 from April to May, Secretary Hopkins said. This increase, he added, "reflected largely the increase in business activity following the slow decline in February, March and April."

At the same time, the labor department reported that employment in nearly every region of the United States increased between April and May in non-agricultural establishments. There was a net gain of 250,000 in such employment, it said.

Hopkins said that a rise in payrolls during May was more than enough to offset a decline in cash farm income caused by the sharp drop in government agricultural benefits. Salaries and wages for May were estimated at \$3,789,000,000, an increase of \$61,000,000 over April and \$191,000,000 over May, 1939.

His report said that the total of income payment totals during the first five months of the year was divided in this way: salaries and wages, \$18,655,000,000; dividends and interest, \$3,425,000,000; entrepreneurial income and net rents and royalties, \$5,828,000,000; direct relief and other labor income, \$1,212,000,000.

(Income payments to individuals differs from national income in that government payments for relief, crop subsidies, etc., are included. When national income is figured, these payments are excluded, but increases in corporation surpluses are included.)

In a report on the current agricultural situation, the United States chamber of commerce said that the expansion of industrial activity should mitigate to some extent the loss of farm export markets as a result of the war.

It added, however, that "it is scarcely to be expected that this expansion will take place rapidly enough or be adequate to offset the effects of the diminished foreign demand."

June Goes Ahead In Building Race

Month Shows It Has \$415,823 Worth of Permits

June, this year, has been the biggest month on record in building permits for new dwelling construction in Salem, it was said at the office of Building Inspector E. C. Bushnell today. New dwelling permits totaled 30 in number and \$93,700 in valuation.

All permits for the month totaled 120 in number and \$415,823 in valuation. Included were 13 permits for new non-residential buildings with valuation of \$37,244 and 77 permits for repairs with valuation of \$184,379. Records indicate that for all building construction only four months in the last 17 years have been bigger.

Figures for June, 1939, were: All permits, 79; valuation, \$86,349. New dwellings, 28; valuation, \$76,385. New non-residential, 6; valuation, \$1705. Duplex dwellings, 2; valuation, \$2654. Repairs, 51; permits; valuation, \$9964.

The total for the first six months of this year is \$924,849, as compared with \$466,885 for the first six months of last year and \$955,712 for the whole of last year.

Four new dwellings were included in new permits recorded today.

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Month	Month	Month	Month	Month

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