

No Wage Tax Slice This Year

Hall Plans Minority Report; Proposals Appear This Week

By STEPHEN C. MERGLER
The Walker income tax plan with a \$2,000,000 offset to 1943 real property taxes added was approved Saturday night by a majority of the house and senate conference committee of the legislature that had been meeting since Friday morning seeking a compromise program.

Lone dissenting member of the committee, Rep. John H. Hall, Portland, said he would bring in a minority report. He did not attend the final negotiating meeting, at which Seps. Dean Walker, Independence, and Coe A. McKenna, Portland, and Rep. Burt K. Snyder, Lakeview, agreed on a majority report.

Here are the two proposals the house and senate are to receive early this week:

Majority report — \$20,500,000 in new and surplus income tax moneys to be allocated to offset \$2,500,000 in state and elementary school property taxes, \$4,000,000 in school districts' special levies, \$2,000,000 in county school property tax and to set aside a \$5,000,000 "cushion" fund to guarantee future property tax offsets by that amount; income taxpayers to receive a flat 30 per cent reduction in their required payments on present rates in 1944, based on an estimated minimum additional surplus of \$6,000,000 expected to exist in the income-excess tax fund.

Minority report — 30 per cent cut in income taxes in both 1943 and 1944.

The result of the majority plan this year would be a saving of \$6,000,000 on property taxes which become payable beginning next November 15, in addition to the continued elimination of state levies. Only the \$4,000,000 school district offset is provided for 1944 under this plan.

The special \$2,000,000 fund to offset the county school tax this year only would be allocated to the counties on the basis of equalized assessed valuation, county by county. Tax experts estimated it would reduce this \$10 per school census child levy by two-thirds on a statewide basis, although the saving will actually vary among the counties.

Rep. Hall told reporters he remained convinced that it was practical to grant income taxpayers a rebate on their 1943 returns and would advocate such a reduction, in spite of the fact that the house of representatives had voted down proposals for cuts of 20 and 15 per cent, respectively. The house eventually approved a cut of 10 per cent in 1943 and 11.62 per cent in 1944.

The majority members of the conference committee said they were in complete agreement on their report, although Rep. Snyder and Sen. McKenna preferred a different method of computing next year's income tax reduction. Proposed by Snyder and worked into a formula by McKenna, their preferred plan would have granted the small taxpayer a relatively greater reduction than payers in the high brackets.

The reduction under the Walker plan, now the majority proposal, would be a flat 5 per cent for each \$1,000,000 of surplus above the \$20,500,000 fund set up to meet property tax offsets. The same reduction rate would be applied to the net corporation excise tax, after giving the personal property tax exemption.

Sen. Walker said the committee wanted to give income taxpayers a reduction on their 1943 returns "but thorough investigation convinced us it was utterly impractical."

These four points were outlined by Walker in favor of the committee's program, with McKenna emphasizing the fourth:

"Additional property tax offset this year means (1) relief to taxpayers hit twice under the fiscal year change in 1942, relief in view of increases allowed by this legislature in (2) minimum teachers' salaries and (3) various county salaries, and (4) application of the extra \$2,000,000 to reduce the county school tax seemed the most practical manner of returning part of the income tax surplus this year."

Sen. McKenna added that while he and Snyder were disappointed that their formula for computing the income tax reduction next year was not agreed upon, they felt that "the Walker plan is eminently fair and will meet present conditions in a satisfactory manner."

If, as the committee expects, the tax commission finds next July that \$6,000,000 will be available for reducing income taxes in 1944, taxes paid this year and next by a married man will compare as follows on the gross incomes listed: \$2000, \$10 tax this year, \$7 next; \$2500, (Turn to Page 2—Story A)

The Oregon Statesman

NINETY-SECOND YEAR

FOUNDED 1854

Salem, Oregon, Sunday Morning, March 7, 1943

Dimout
Sun. sunset 7:05
Mon. sunrise 7:37
(Weather on Page 5)

Price 5c.

No. 259

Rommel Strikes East From Mareth

Session Sanctions 35 Important Acts, Refuses 16 Moves

Governor Signs Burke, Steelhammer Measures; Dozen Items Still Ahead In Few Days' Legislative Calendar

By RALPH C. CURTIS
Gov. Earl Snell signed, Saturday afternoon, Sen. W. E. Burke's bill limiting the sale of fortified wines to the state liquor stores and agencies, and Rep. John Steelhammer's bill taxing pinball machines and mechanical phonographs for the benefit of old age assistance.

Old-timers say George E. Chamberlain, one of only four men ever elected to the governorship in Oregon, had a system: "Decide 'em quick, before anyone can squawk." Leaving the interesting question as to whether Gov. Snell has copied a page from Chamberlain's book, it may be observed that in answer to the complaint expected to arise as soon as it adjourns, that the 1943 legislature has "done nothing", here are two definite accomplishments referring in advance that accusation. There are Oregonians who will claim that if the legislature had done nothing else, passage of the Burke bill was worth the trouble and expense of holding the session.

Farmer Draft Calls Delayed

WASHINGTON, March 6—(AP)—The war manpower commission told local draft boards Saturday night to keep farm workers in deferred classifications—even if the quotas for the armed forces cannot then be met.

The commission also issued three other new instructions designed to help meet the farm labor shortage:

1. Any man with farming experience who is now in other work should be classified as farm-deferred (class 2-C or 3-C) if he goes back to agriculture as a regular job before notified to appear for induction.
2. State and county war boards of the agriculture department may request the deferment of a necessary farm worker even though the worker himself or his employer do not seek the deferment. The boards also may appeal from decisions of local draft boards.
3. If a draft board finds that a farm worker is not producing enough to justify his deferment it must refer his case to a county war board and allow 30 days for him to be placed in another job before he can draft him.

To gain draft deferment a farm worker is required to produce a minimum output fixed by formula prepared by the agriculture department. Cases of workers failing to meet these requirements heretofore have been referred to the US employment service. The new order is designed to give lo-

(Turn to Page 2—Story B)

LEGISLATIVE CALENDAR
Third Readings Monday:
In House: HB 369, SB 96, 103, 123, 142, 172, 179, 181, 185, 191, 194, 211, 223, 230, 238, 241, 242, 246, 255, 265, 268, 252, 257, 267, 269, 271, 286, 292, 297, 298, 299, 303.
In Senate: SB 272, 278, 289, 301, 307, 312, SJR 17, 18; HB 46, 65, 80, 372, 381, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 414, 415, 417, 384, 355.
Special order, 10:30 a.m.:
In Senate: Majority, minority reports on HB 218.

As a matter of fact the legislature has accomplished some 35 definite and rather important acts, has refused to do 16 highly significant things that it was asked to do, and has approximately a dozen highly important questions yet to decide in the two to six days it will remain in session this week.

Unfinished business includes: Income and excise tax reduction, sales tax, occupational disease coverage, compulsory workmen's compensation, commercial fishing season's regulation, granting a share of highway funds to cities, closing hours and requirement of permits for fortified wine sale, educational aid to veterans, leg branding and recovery legislation and a change in the basis for elementary school fund distribution.

What the legislature refuses to do is as important as what it does. These proposals it has rejected: One-man tax commission, consolidation of banking and corporation departments, abolition of milk control, the indeterminate penal sentence, civil service for state employees, school cost equalization, permanent "long truck" legislation, changes in unemployment compensation rates, abolition of the state titling law, "de novo" appeal of liquor commission rulings, authorization of wine sale "over the bar," changing composition of county welfare commissions, making Saturday a legal school day, removing tax exemptions, sharing liquor revenues with cities, "variable ratio of assessment."

Here are the things the legislature has accomplished in addition to the two already cited:

3. Amended the initiated law distributing surplus income tax moneys to schools, so as to make it workable and beneficial.
4. Authorized quarterly payment of income and excise taxes.
5. Eliminated the last vestige of the intangibles tax.
6. Reduced gift taxes.
7. Enacted optional community property law aimed at attaining federal income tax equality with neighbor states.
8. Provided for taxation of municipal power systems.
9. Transferred milk control to department of agriculture.
10. Provided for appeals from milk control decisions.
11. Provided simpler means of acquiring delayed birth certificates.

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Leads Boys Scouts Choose Council Chief



LYLE L. LEIGHTON

Youthful Wenatchee Executive Due In Two Weeks

Appointment of Lyle L. Leighton, 33-year-old scout executive from Wenatchee, Wash., as executive for Cascade Area Boy Scout council covering major parts of Marion, Polk and Linn counties, was announced Saturday by Charles S. McElhinny, president of the council board.

Leighton will succeed Ronald R. Ruddiman, who left last month to become assistant executive in Seattle after three years' service in Cascade area.

The new executive, expected to arrive in Salem on March 22, served as field executive at Fargo, N.D., for three years before taking the Wenatchee position in 1938. He is married and has one child, a son 1 1/2. He holds an Eagle Scout rating, has served as scoutmaster and scout commissioner as well as executive. He is a member of Rotary club and of the Presbyterian church.

President McElhinny said the council executive board "believes it has secured an excellent young executive who will do much to build up support of and participation in the scouting program in Cascade area."

Russians Seize Gzhatsk

Threat to Moscow Removed; Reds Gain Below

By EDDIE GILMORE
MOSCOW, March 6—(AP)—The red army stormed Gzhatsk, 100 miles west of Moscow Saturday to wipe out the biggest threat to the soviet capital and one which the Russians had been trying to remove for a year and a half.

A special communique announcing the fall of the town was issued coincident with another which said the supreme soviet had made Premier Stalin marshal of the soviet union.

When Gzhatsk was in German hands the Russian high command always had to consider seriously the chances of a German breakthrough toward the capital while the red army was engaged in prodigious offensives on other fronts.

Now the strong hedgehog has been removed and the Russians can heave a sigh of relief and spare troops for other operations. The next offensive goal is Vyazma, 35 1/2 miles southwest of Gzhatsk, and then Smolensk, 230 miles west of Moscow.

A midnight communique reported that the red army had killed 1000 more Germans and captured several dozen populated places in the continuing sweep southwest of Rzehev toward a point on the road between Vyazma and Smolensk.

Gzhatsk was by-passed by Russian units on the north and south before it was stormed, this bulletin said, and a German infantry regiment was wiped out after fierce fighting.

In the south the Russians reported further gains west of Sevsk in an effort to cut the main Bryansk-Kiev railway which links the central and southern fronts. One unit was credited with capturing five localities and killing 400 Germans in an offensive carried out "despite deep snow and a storm."

In the Donets basin the midnight bulletin said a battalion of enemy infantry was wiped out and 32 German tanks destroyed or damaged southwest of Voroshilovgrad, and west of Rostov red army units "consolidated themselves in newly occupied positions" after destroying one enemy garrison in an unidentified German stronghold.

Byrd to Speak in Seattle

SEATTLE, March 6—(AP)—Rear Adm. Richard Evelyn Byrd, famous Antarctic explorer, arrived unexpectedly and announced in Seattle Saturday night to address the mass meeting of Boeing aircraft workers called for Sunday in protest of wage increases granted by the war labor board.

Admiral Byrd, who since being called to active duty has virtually dropped from the news, explained that he would be making his first public address since the war began. He said he was on aviation duty on the Pacific coast but did not explain further.

"Production of Flying Fortresses must not be jeopardized, but aircraft workers are entitled to a wage increase which amounts to something," Business Agent Verne Burch of the Aeronautical Mechanics union announced.

Fire Near Detroit Burns 700 Acres

EUGENE, March 6—(AP)—After burning since late in February, and covering 700 acres, a forest fire near the Detroit ranger area of the Willamette National Forest was extinguished this week.

Forest supervisor J. R. Bruckart said Saturday that censorship regulations prevented an earlier announcement of the fire. He said the blaze did not cross into forest boundaries. It damaged only young timber.

Oregon Tops Goal

PORTLAND, Ore., March 6—(AP)—David W. Eccles, state war bond administrator, said Saturday Oregon passed its quota for series E war bonds in February, the sixth month in succession. Sales were \$7,486,630, or 6 per cent over the goal.

Liquor Rationing To Start Monday

PORTLAND, Ore., March 6—(AP)—The Oregon liquor control commission Saturday night ordered liquor rationing, designed to cut consumption two-thirds, to go into effect Monday.

Ration cards will be issued limiting consumers to two quarts of whiskey and a pint of gin weekly. On addition purchasers may buy a fifth of rum or brandy daily.

Administrator L. F. Allen said liquor purchases in January and February increased 40 per cent over last year, despite an order limiting consumers to a quart a day. He blamed part of this on Washington and Idaho residents who were evading rationing in their own states by stocking up in Oregon stores.

Axis Loses 21 Tanks in First Savage Smash

By WES GALLAGHER

ALLIED HEADQUARTERS IN NORTH AFRICA, March 6—(AP)—Marshal Erwin Rommel's axis forces lashed out savagely at the British Eighth army at dawn Saturday in an offensive against Gen. Sir Bernard Montgomery for the first time since the battle of El Alamein in Egypt.

After the loss of 21 tanks in the early stages of the fighting, the axis army which Rommel had brought 2000 miles across Libya, in retreat struck back and pressed its attack.

The 21 German tanks were knocked out without loss to the British.

Rommel's tanks and infantry attack was described as "in considerable strength" and early reports indicated that fierce fighting was continuing.

Apparently gambling with the idea that he could deal Montgomery a blow similar to the one he handed the Anglo-American First army two weeks ago, the axis field marshal set his forces in action across the waste lands in front of the Mareth line.

He was aided by the fact that the old French-bull line was designed not so much as a holding position but one from which counter-attacks could be launched. It is apparent that Rommel was slowly being caged up into the Tunisian bridgehead between the French and the British Eighth army and decided his best chance to forestall defeat and gain time was to strike first.

His first blow in the north had pushed American troops out of most of southern Tunisia, protecting his flank until the Americans rallied at Kasserine pass and inflicted losses so heavy he had to retire.

The persistence of Col. Gen. Jurgen Von Arnim's attacks in the north in the face of heavy losses now have been explained in that they have had the aim of pinning down the Anglo-American forces and keeping the allied force on this side from stabbing at Rommel's exposed flank.

The Germans have withdrawn from almost all the territory they won in southern Tunisia and American and British troops are once more in the foothills of the secondary Tunisian dorsal at Pichen and Sidi Bou Zid—a bare 70 miles inland from the German desert panzer army's main supply base at Sfax.

The forces used in Saturday's assault were undoubtedly the same ones Rommel had used in his southern Tunisian drive, including the rebuilt German 21st panzer division with its new Mark VI 60-ton tanks, the tenth panzer division probably in position to deal with any blow aimed at dividing the two axis armies.

While Rommel's attack can be construed only as a desperate military gamble to attack one foe while another powerful force is ready to pounce on him, he has much to gain if it should succeed.

If a crippling blow could be dealt to Montgomery's Eighth army the axis would gain weeks and perhaps months in the battle to maintain a foothold in Africa and delay the allied attacks on the continent just that much longer.

The new outbreak followed by only a few hours the report that American troops had captured Pichen, 20 miles west of the German base of Larouna, in the win back most of the central and southern Tunisian territory they had lost.

In the north the British First army had halted and inflicted severe losses on the German force that had pushed seven miles behind Sedjenane, the local attacks were reported continuing.

Where Planes Sank Ships



This map depicts the Bismarck sea area, where a Lae-bound convoy was completely destroyed "to a man" by planes of General MacArthur's command.—Associated Press Telemat.

3 Cruisers Among Convoy Losses; Solomons Fight Sinks 2 Jap Destroyers

102 Planes Shot Down in Fracas In Bismarck Sea

ALLIED HEADQUARTERS IN AUSTRALIA, Sunday, March 7—(AP)—Three Japanese light cruisers were among the 22 ships lost by the enemy in the sinking of the Bismarck sea convoy by allied planes, the high command announced Sunday.

"The composition of the enemy's 10 warships which guarded his 12 transports is now reported as three light cruisers and seven destroyers," said the non-communicative Gen. Douglas MacArthur's headquarters.

"In the battle of the Bismarck sea which terminated yesterday (when planes blasted to the bottom barges with troops adrift) (Turn to Page 2—Story E)

Women Pass Fund's Goal

Women of Salem have taken their division over the top in the current Red Cross war fund campaign to lead the parade in the city, campaign headquarters announced Saturday. With \$7000 already collected in residential areas only a few return calls remain before the assignment has been completed. Already the women's collections are approximately 135 per cent over the quota set for their division.

Meanwhile, the city's quota was half complete with \$15,649.34 recorded out of a \$31,000 goal.

Every community outside of Salem yet to report has been over its quota, according to Floyd Miller, general chairman for that territory.

Jefferson, Aurora, Shaw and Woodburn have filled their quotas and continued solicitations, it was said. Silverton workers have indicated they expected to go over their quota, also, although a report has not yet been received at the Salem office.

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Brazil Ships Sunk

RIO DE JANEIRO, March 6—(AP)—The 6075-ton freighter Brasiliense and the 3540-ton passenger ship Afonso Pena have been sunk off the east coast, bringing Brazilian ship losses in the war to 23, the government announced Saturday.

Today

State Tournament Team Roundup (See Page 10)