Capital Journal INTRIGUE FILM

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"With or without offense to friends or foes I sketch your world exactly as it goes."

The Tax Problem

Although Governor Meier presents no specific tax program for the special session to solve financial and relief problems, he suggests that a general sales tax is unavoidable to raise revenue for state purposes to relieve the state property tax and to provide unemployment relief. He estimates the state deficiency at \$4,000,000, an increase of \$1,000,000 since he took office, caused, despite economics effected in administration, by falling off in expected income tax receipts and failure to levy a state property tax last year.

The plan of the tax commission for a sales tax based on

the Mississippi plan, is suggested by the executive. He esti-mates the number of unemployed in the state at 57,078 and asks a \$500,000 appropriation for relief purposes, to be financed by the proceeds of the sales tax. The amount is little enough,

Ittle enough.

Unquestionably the legislature will resort to drastic pruning of the budget, but unless a great many state activities are eliminated—which they can well be during the depression—this will not balance the budget nor reduce the deficit materially. We have long been living beyond our incomes, individuals as well as state and readjustment is

The alternative to a sales tax is a higher income tax, but there are few incomes to tax, the existing levies are high enough and the people last November voted down an increase, If the income levies were doubled, the needed revenue would not be forthcoming, for it is not there. Only in times of

prosperity is the income tax a heavy producer.

The sales tax seems as fair as any tax, for every one would contribute his or her share. To be sure it is a tax on consumption, but so is the gaseline tax, the tobacco tax, the nuisance taxes and numerous other indirect levies, such as are imposed by tariffs. The sales tax is utilized by Canada and most European nations and has solved the problems of many of our own states. If not made too high it would not impose hardship.

Japan Seizing Jehol

Japan has resumed its forcible annexation of China by attempting seizure of Shanhaikwan, at the junction of the great wall and the Gulf of Liaotung. North of the wall is Manchuria, south is China proper. The southern province of Manchuria is Jehol, which Japan already claims on its official maps, and the latest attack is to complete the con-quest of Jehol the gateway to North China.

It is climed that the Japanese object is to renew war-fare prior to the opening of the league of nations meeting January 15 as well as the convening of the Japanese dict in Tokio on the 20th. With a state of war existing which the Japanese will blame on the Chinese as they did the attack on Mukden, the plea of self defense will be made to stay league action and at the same time appeal to Japanese patriotism for a continution of the present government in

The purposes of Japan are transparent—the nation is bent on imperialism to prevent revolution at home as well as annex a rich territory in defiance of treaties. But the league, dominated by the big imperialistic powers, is power less to act except to raise the moral issue which comes with poor grace from nations defaulting their national debts.

What Europe Hopes

In an article in yesterday's Capital Journal by a leading European statesman, under the nom de plume of "John Statesman" it is said that liberal leaders abroad look to America for the signal for world recovery, expecting Roose-

welt to put into effect a five point plan.

This plan in brief is for a policy of complete separation of America and Europe, such as existed before the war. Even indirect participation only creates new responsibilities and danger. Isolated, the United States has great power, but when she mixes in European disorders she loses authority and prestige. The facts seem to bear this out,

and American crises, resulting in retaliation by 23 European nations with virulent protective tariffs. It should be replaced by sensible commercial treaties.

Abolition of prohibition, which has diminished American prestige abroad by its corruption, the rise of criminal gangs and made Uncle Sam an object of mocking, sarcasm and ridicule, is expected. The control of Wall Street, which has employed American capital fantastically—a powerful if unconscious force for disorder, is held essential, as is the halancing of the American budget to sustain the dollar.

Important as the war debts are, the feeling abroad is that the new administration can start recovery by carrying out the above policies, convinced that some solution will be found for the debts issue.

Endorsed by Wall Street

The Wall Street Journal, organ of high finance, has endorsed the proposed allotment plan for farm relief, holding that it offers a practical way out for raw material producers, including the farmers. It is held that it would expand the rural purchasing power by over half a billion dollars a year and thus start recovery. It declares:

The allotment plan is not a mere isolated farm relief measure. It goes to the core of the general business problem that is in the mind of every serious thinker in these disturbed times: Is there no way of rationally controlling the relation of supply to demand under the capitalistic system; or must the business world be forever at the mercy of blind chance, as unregulated in the supreme essential of stable prosperity as the winds and the ratins? If successful in agriculture it may be applied to other extractive or natural resource industries; and, perhaps, still further.

Wall Street, which has steadfastly opposed all previous farm relief measures, finally comprehends that there can be no recovery until the purchasing power of the farm has been restored—and hence endorses the new proposal. Commenting upon the pending legislation, Senator M'Nary is quoted as follows:

I am not sanguine that any measure that involves a conscious effort to equalize or adjust prices of agricultural commodities will meet with presidential approval at this time. If it shall become evident that executive disapproval is certain the relief measure will be the occasion of a special session of Congress.

AND BIG NAMED STARS COMING

Stephen Roberts, director of "The Night of June 13," a story of in-trigue in a large-city suburb which comes to the Warner Bros. Esimore theater Wednesday and Thursday, points out that most of Hollywood's present-day personnel has made good in the film capital as the re-suit of an invitation.

good in the film capital as the result of an invitation.
Miss Allen was starred in London and New York. Miss Dee got to films via stage work with the Pasadena Community Players. Ruggles had a long stage career before going into the movies. Miss Boland is a Broadway favorite, and has been ever since her fifteenth birthday. Grapewin had 37 years of stage experience.

ence. "The Night of June 13." in which "The Night of June 13." in which they display their cooperative talents, is the story of the manner in which a man on trial for the murder of his wife—a crime of which he is innocent, for she died by her own hand—is incriminated by his neighbors, who lie on the witness stand to cover up their own petty delinquencies.

Ginger Rogers, popular Broadway favorite, is very much in her ele-ment as the heroine of "Carnival Boat," the Bill Boyd starring vehicle which comes to the Warner Bros. Capitol theater Wednesday and

Capitol theater Wednerday and Thursday.

Several of the big sequences of "Carnival Boat" take place on this typical floating "palace of entertainment" which once a year brings the glamor and gaiety of the theater to the wilds of the timberlands. Miss Rogers makes her second appearance opposite Bill Boyd in this attraction, having shared honors with this popular RKO Pathe star in "Suicide Fieet," the comedy-thriller of the navy which was one of the season's hits.

Marie Prevost also has an actress role in the boat sequences. Others in the "Carnival Boat" cast include Hobart Bosworth, Fred Kohler, Edgar Kennedy and Harry Sweet, Albert Bogell directed.

The National Whirligig

News Behind the News By Paul Mallon

Washington—That tabos topic —
inflation—is getting serious consideration in the privacy of congressional cloakrooms.
Conservatives are beginning to play with the idea, You would be surprised at the names of reactionary statesmen who are trying to find a practical way of promoting more and easier money.
That is the real purpose behind the coming Pat Harrison hearings in the senate finance committee. Economists, financiers, and statesmen will be sounded out on the possibility of safe inflationary programs. The effort will be masked as a general economic investigation. general economic investigation.

The conservatives are being driv-n toward this new effort by the pread of more radical ideas such s technocracy. The wisest of them re beginning to realize that unless hey do something themselves they may have worse things thrust upon may have worse things thrust upon them. They are being encouraged confidentially by certain bankers and financiers in New York and elsewhere who think some experi-ment along these lines is the next natural step in the lagging fight against deflation.

The discussion is in an incipient state. Most private endorsers of the plan even reject the word inflation. They are groping for a new word. It may be called reflation again but that is a more inaccurate description of the idea than infla

They do not want printing press Congressmen Rankin and Patman They merely want more money and

mula for that process.

There is some reason to believe one may be found and promoted during the next six months.

No opportunity exists for working out the idea before the inauguration of the Roosevelt administration, it could not be done by Hooverites. It is not a part of the public new deal platform of the president-elect. He has several other improvement ideas he apparently wants to try first.

If the existing infiation or reflation idea works out it will come in a non-partisan way.

Some bankers on the sidelines think the inquiry will prove nothing can be worked out. They believe evidence will show we have more money now than we can use. Banks are buiging with liquidity. They will bring out likewise that tampering with the currency might adversely affect the price of government bonds and make things worse. Foreign gold withdrawals also might

country besieging the corporation headquarters daily. He has seen their agitated pleas for help for lo-cal concerns. He knows that these politicians are supposed to pay their own expenses to Washington for the purpose of getting these loans for private individuals.

This official—skewtic that he is—

private individuals.

This official—skeptic that he is—
has his doubts that all of these politicians are pure and big-hearted
men. He cannot prove anything but
he thinks they may be getting a
rake-off from the favored local
concerns. He is making a personal
investigation of this phase of the
R.F.C. situation.

There will be a quick vacancy on the Supreme Court bench if plans stand, Justice McReynolds will re-tire on full pension, but probably not until after the Prosident-elect can appoint his successor.

Continuation of-**MEIER TALKS TAXES**

property tax were being made.

Carrying the review further the
governor related the savings effectgovernor related the savings effect-ed during the two years of his ad-ministration, but that "due to the economic depression there was a shrinkage beyond all expectations in revenue" from intangibles, excise and income taxes the past year, fur-ther adding to the deficit which was about \$3,000,000 when he took of-fice. Last year the governor lifted the 4½ mill levy on real property. The state tax commission for next

The state tax commission for next year has levied a 2.9 mill tax on real property and the governor charged that "whether this restored properthat "whether this restored property tax shall remain and be continued hereafter is the question you
have been convened to determine.
The time has come. In my judgment, when your honorable body
should devise ways and means for
abolishing this tax in its entirety
forever."

In conclusion, the governor appealed to "Those who may have

pealed to "Those who may have come here with political prejudices to rise above them." He added that "in this hour of our people's dis-tress and need we should lay aside all petty grievances, personal ani-mosities and blind partisanship,"

COUNTY EMPLOYES **FILE OFFICIAL BONDS**

All deputies and clerks in county

All deputies and clerks in county offices with the exception of those in the sheriff's office received reappointment today and filed their oaths of office with the county clerk, there being no indication of change of personnel in any of the office forces because of the 10 per cent cut imposed by the budget meeting of last week.

The county court today also approved all official bonds of officials required to carry a bond. These included a \$45,000 bond for the state treasurer and a \$5,000 bond for his deputy, the bond being decreased by the budget committee from \$100,000 to \$50,000 to make a saving in premium. The bonds of the sheriff were also approved, one aving in premium. The bonds of the sheriff were also approved, one or \$50,000 to cover his work as tax ollector and another for \$10,000 to over him as sheriff. In addition \$10,000 bond for the county clerk was approved: \$3800 for the superintendent and \$5000 for the county recorder

Gregory is possession of stolen pro-perty. To this charge Gregory also pleaded not guilty, his bond being fixed at \$500 which he could not

REAMER ESCAPES **BUT IS RECAPTURED**

with the currency might adversely affect the price of government bonds and make things worse. Forcian gold withdrawals also might result.

Whatever is done will not be rash. An excellent source says that Wall Streeters have already been tipped off to keep their shirts on when the mattr becomes public. A certain excellent Wall Street source claims to have a promise from congressional authorities that nothing will be passed to influence price levels.

A critain efficer of the R.F.C. Is a superscript of the escaped man until streets the price levels. Dallas- Late Sunday afternoon

A certain officer of the R.F.C. is not so sure that all their loans are free from graft. He has noticed lo-cal politicians from out in the turned him to the city jail.

LEGION HOST TO SPANISH WAR

Spanish War Veterans of Salem will be guest for a specially arranged meeting and entertainment to be given by Capital Post No. 9. American Legion, on January 15 with members of the other veteran organizations of the city invited to attend, it was decided at a meeting of the post Monday night. A special committee of five will be named by Commander Allan Carson to assist in the entertainment of the G. A. R. at its annual meeting later in the year. A representative group from the post will attend the city council Tuesday meeting when Douglas McKay, past post commander, assumes his office as mayor of the city.

Salem will send its national championship drum corps and a large december to McManucille. Evident

MEIER TALKS TAXES

(from page one)

difficulties, offers the only means of providing sufficient revenue to permit the cancellation of the state levy on property."

On the second purpose for which he called the special session, the governor recommended that not less than \$500,000 should be made available for relief purposes during the special session. There are approximately \$7,078 unemployed in the state, he said, and held that "the problem of affording relief to those unfortunate men, women and children is as much a duty of the state as of the federal government."

Introducing his appeal for the legislature to take some definite step to remove the tax on real property, the governor reviewed the history of the state deficit, which now approximates \$4,000,000, He traced the deficit back to 1924 during Governor Walter Plere's administration when efforts to reduce the property tax were being made.

Carrying the review further the ber of the state executive commit-tee of the California department who assisted in the preliminary or-ganization of the new post at West

Continuation of— JAPS SEIZE JEHOL

the Chinese scaport about 10 miles southwest of Shanhakkwan. Meanwhile Japanese sources here said today's air, land and sea attack on Shanhaikwan aimed at "climination" of Chinese troops in that area. They said 4,000 Japanese infantry and cavalry soldiers, two naval destroyers and seven air bombers were participating in the attack on the Chinese side of the eastern terminus of China's great wall.

The Japanese believed the action was likely to result in permanent occupation of the Chinese city of Shanhaikwan, but present hostilities were expected to be localized without moving farther southward or into Jehol province, between China proper and Manchuria.

Advices from Chanwangtag stated

churia.
Advices from Chanwangtao stated the attuation there was quiet but teuse, with Chinese troops holding themselves in readiness for any

themselves in readiness for any emergency
Gen. Chiang Kal-Shek, chairman of the nationalist government militory affairs commission arrived to-day from Ningpo, following a visit to his birthplace at the nearby village of Fenghwa.

The general immediately conferred with Dr. T. V. Soong, finance minister, concerning Shanhalkwan developments, declining, however, to reveal the nature of the conversation except indicating he was returning to Manking immediately.

Dr. Soong characterized the attack on Shanhalkwan as "only another step in the carefully laid plans of Japanese militarists" to invade Mongolia and North China.

After Chiang Kai-Shek had left Dr. Soong issued a statement, on the latest outbreak.

"Two live bombs were discovered in a Japanese police station as

"Two live bombs were discovered in a Japanese police station at Shanhalkwan," he sald, "that is the pretext for the latest Japanese drive in the north. It may go down in history with the mythical explosion on the South Manchuria railway track that fateful night last September.

GREGORY ON

DOUBLE CHARGE

September.

"It is not difficult to divine the motives for this latest drive. Jehol, the gateway to North China and Mongolia, has long been covered by the Japanese militarists, but attacking that mountainous province the midwinter presents difficulties. They be that pressure mon Tentsin.

nto the rear of an occupied "Thus 1933 begins as 1932 began Mount Hood sports area Sunday oblic, faced two charges when with the shadow of Japanese milinight, marooning 75 automobiles

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tains genuine"BLUE

of King C. Gillette.

BLADES" unless it

pan's powerful military machine, but my country will meet a recurrence of the horrors of foreign invasion with the same courage and fortitude it has shown in the year just closed."

\$15,051 SPENT 1932 ON PAVIN

Washington, Jan. 3 (P)-Secrehe Sino-Japanese situation closely oday and without effort to minimize the aeriousness of the occupa-tion of Shanhaikao by Japanese

Continuation of— FLOOD DANGER OVER

(from page one)

worse than at any time in the last four years. As a precaution, Mission street where it crosses Mill creek, was blockaded to traffic as the water which swept across the pavement had materially weakened the railings of the bridge and until it subsides a check cannot be made as to the condition of the structure.

Owing to water in the basement

Owing to water in the basement it was impossible to re-open Tues-day following the holiday vacation and this was extended through the remainder of the week with class work to be resumed next Monday norning.

work to be resumed next moduly morning.

Transportation from the south was handicapped, with the Cascade branch blocked by snow and the Shasta line by water. The Cascade limited of the Southern Paelfie, due here at 1:29 in the afternoon, did not arrive until 1 o'clock Tuesday morning, delayed nearly 12 hours. Through busses from the south were running three hours behind schedule, having difficulty in getting through the Cottage Grove section because of high water. Many of the streets in the Lane county town resembled rivers and conditions have only been worse two or three times in the past, according to Elbert Bedo, newspaper publisher of that city and reading clerk for the house of representatives.

While the county court rould not

ives.
While the county court could not tell today until water had subsidede to what extent if any water flowing over the county roads had done in many directions outside of Salem in the wake of the recent heavy downpours there were two reports of serious damage done by slides on market roads.

One report was of a bad slide at the foot of the Hopmere hill where the Wheatland market road descends into Mission bottom just beyond the intersection of the market road. However, it was stated it would not be necessary to close this tell today until water had subsided

extensive flood damage in the Willamette valley appeared remote today as the river began to fail at
Eugene and above, while the Santiam river and lesser tributaries
were falling rapidly.

The Willamette rose one foot at
Portland and probably will continue to rise alightly for a day or so,
the weather bureau said. The stage
here this morning was 7.3 feet.

At Eugene where some damage
was threatened the river reached a
crat of 11.3 feet at midnight and
then began to subside.

crst of 11.3feet at midnight and then began to subside.
Occasional light rain was forecast for Portland and the Willamette valley for tonight and Wednesday. For several hours serious flood damage appeared probable in the upper valley. "Tent City," near the Ferry street bridge in Eugene, was evacuated and those living in the place were moved into the armory where the Red Cross cared for them. The exceptionally hard rains were not confined to the valley, however, nithough possible danger there held the greatest danger. Marshfield and North Bend had 3-96 inches of rain, and Roseburg had 2.58 inches.

and Roseburg had 2.58 inches.

Two feet of fresh snow fell in the

nutomobile, faced two charges when haled into justice court today.

On a charge of assault with a dangerous weapon Gregory entered a plea of not guilty. His bond was fixed at \$1500 which he could not furnish and he is in jail pending preliminary hearing.

It is alleged also that the gun with which he is said to have been armed was stolen from Webb Ramage, and the other charge against Gregory is possession of stolen pro-

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secret device that definitely

measures the sharpness of

a shaving edge. This ingen-

ious photo-electric tester posi-

tively proves that the "BLUE

BLADE" is the sharpest

we have ever produced.

HOW SHARP?

1932 ON PAVING STREETS OF CITY

For two reasons street paving in

For two reasons street paving in the forces

Official dispatches gave no indication of the origin of the fighting. State department records do not show there are any Americans in Shanhalkwan.

An officer and 20 privates of the 15th Infantry are stationed at Tientsin and participates with the troops of other western powers in guarding the railibor and is the port of entry used by the American forces.

Continuation of

ed in 1932, and the policy was as far as possible to put the burden of it on property owners who were able to stand the cost. Sewer construction was not a major item during 1932, most of this work having been done under the sewer reconstruc-tion program during the Livesley administration.

administration.
Paving operations of the last five years are on record as follows: 1928—square on record as follows: 1928—square yards paved, 146,630.63, cost \$304,038.45; 1929—square yards paved 124,526.83, cost \$258,796; 1930—square yards paved 13,2271, cost \$23.855; 1932—square yards paved 11,2271, cost \$23.855; 1932—square yards paved 7738-91, cost \$15,051.44.
The total mileage of pavement in Salem is now 72.78 miles,

Continuation of-RELIEF BILL

(from page one)

ators were present—Costigan and
Wheeler, (D., Mont.).

In his opening statement, Costigan declared "the most startling development in this nation-wide tragedy" has been the failure of many
of the nation's leaders in economic
and other lines to "combat and conquer the problem" of unemployment.

Approximately 12,000,000 persons

Approximately 12,000,000 persons ormally employed, he said, are now ut of work and many others are on

He expressed the hope that the loarings would tend to make publie opinion "articulate" in a demane for federal ald.

Continuation of-LEGISLATURE

One report was of a bad slide at the foot of the Hopmere hill where the Wheatland market road descends into Mission bottom just beyond the intersection of the market road. However, it was stated it would not be necessary to close this road. The grade there is a comparatively new one worked out under a high bank and the water poured down over it in a small deluge.

Another slide on the Abiqua, however, dld cause that road, or part of it, to be closed until repairs the bars to the intersecting down high bank and the water poured down over it in a small deluge.

Another slide on the Abiqua, however, did cause that read, or part of it, to be closed until repairs can be made. This slide is about a quarter of a mile up the creek from the Coleman bridge.

Portiand, Jan. 3 (47)—Danger of extensive flood damage in the Willamette valley appeared remote today as the river began to fail at Eugene and above, while the Santian river and losser thiumption.

within the next day or two

secsion within the next day or two
to permit them to start consideration of problems they know they
will have to consider.
During the afternoon Speaker
Snell was expected to name the
members of the two house committees which will at jointly in consideration of revenue and tax bills
in the special session. They will be
the committees on assessment and
taxation and taxation and revenue,
each to be composed of nine members.

cach to be composed of nine members.

Under senate resolution No. 1
President Kiddle was authorized to appoint a committee of seven members on revision of laws and a committee of nine on assessment and taxation, which committees will meet jointly with the two house committees in consideration of taxation matters during the special session. Kiddle asked that he bermitted to delay appointments to the committees until tomorrow.

Meanwhile there was an agitation growing among certain members of the senate for adjournment to adjourn the special session without any action, go home and come back and take the tax and unemployment problems at the regular session next Monday. This sentiment was, judging from reserved comments made by members, heightened to seme extent by their reactions

sion next Monday. This sentiment was, Judging from reserved comments made by members, heightened to some extent by their renctions to the governor's message.

Few of the members of either house or senate would comment freely on the message, but there was a general opinion that the executive had "dumped the whole complicated problem in our laps" and left them to find their way out. There were few so optimistic as to believe that anything in the way of tax legislation can be accomplished in the space of five days before the regular session is expected to start, but bills to postpone the opening of the regular session and prolong the special known to have been draft-ci—had not made their appearance. The veteran Senator William Strayer, dean of the upper house and recognized leader of the democratic bloe in that body, started the hall rolling for immediate adjournment of the special session at last night's caucus meeting. Today his idea was unquestionably gaining round. particularly after senators.

ment of the special section in light's caucus meeting. Today his idea was unquestionably gaining ground, particularly after senators had heard the governor's message. Strayer declares that it is fooliable ness and folly to attempt to enact any tax program in the short time alloted to the special session, and asserts that there is no need for a special session, which can only increase legislative costs by several thousands of dollars.

He proposes that existing laws be amended in the regular session to vemove the threat of defeating enargency tax legislation at a special election after the first half of tax payments are due.

Strayer is also one of the leaders in the thought that before the legislature attempts to draft a tax program it should have a chance

legislature attempts to draft a tax program it should have a chance to dive into the budget, trim state expenses and determine definitely how much, if any additional tax revenue is going to be needed.

COURT DISMISSES **INACTIVE CASES**

Today was housecleaning day in Judge Lewelling's court in more ways than one. In the first instance il was the day to have up some 127 cases for consideration on which no action has been taken for the past

both Fred Kiddle, president of the senate, and Earl Snell, speaker of the house, would appoint all of their setting, to pass on some motion or standing committees for the regular to dispose of otherwise.



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