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

"An Adventure in Secrecy"

Congress has passed a resolution demanding publicity for the loans made by the Reconstruction Finance Corporation during the first five months of its operation. This publicity was strongly opposed by President Hoover at the time of the creation of the corporation, lest it injure the credit of the borrowers, but has obtained since August, despite executive protest.

The secrecy clause opened the way for favoritism and grave abuses. That these have resulted is apparent from an article in January Harpers by John T. Flynn entitled "Inside the R. F. C.—An Adventure in Secrecy." During this time over a billion dollars was authorized in loans. Of this sum 80 percent was lent to banks and railroad corporations. The railroad loans required the approval of the interstate commerce commission, hence could be guessed at. But the \$642,000,000 of bank loans have never been revealed.

It is pointed out that these vast loans authorized by a group of directors drawn from those business groups whose performances during the pre-crash years rendered them objects of suspicion, were dispensed to many who had forfeited public confidence. When publicity was enforced, then big bank loans ceased. And though many small banks were aided, nearly all the money went to a few big banks, over half to three banks.

Charles G. Dawes, resigned as head of the R. F. C. June 7, 1932, to "reenter the banking business." In less than three weeks a \$90,000,000 loan was authorized to his bank, whose total deposits were only \$95,000,000. When Giannini won back control of the Bank of America in California, a series of loans totalling \$65,000,000 was authorized. A loan of \$14,000,000 was made to the Union Trust Company of Cleveland, whose chairman, Joseph R. Nutt was treasurer of the National Republican committee.

When Dawes resigned Atlee Pomerene of Cleveland was named his successor. A loan was authorized of \$12,272,000 to the Guardian Trust Company of Cleveland of which Pomerene was a director. A loan of \$7,402,345 was made to the Baltimore Trust Company of which Senator Goldsborough, republican leader, was vice-chairman. Another loan of \$12,983,000 was made to the Union Guardian Trust Company of Detroit of which Roy D. Chapin, secretary of commerce was a director. A loan of \$19,000,000 was made to the First Central Trust Company of Akron, of which Harvey S. Firestone, Jr., large contributor to republican campaign funds is a director.

Among the life insurance loans was one of \$8,880,000 to a company including among its directors "such worthy objects of federal aid as Percy Rockefeller, Elisha Walker, W. A. Harriman, Robert Godet and George B. Cortelyou. Among the fire insurance loans was one of \$7,000,000 to the Globe and Rutgers, whose president is E. C. Jameson, who gave Bishop Cannon \$69,000 to carry Virginia for Hoover.

Among the loans to railroads was a total of \$150,000,000 to enable them to pay debts and bonds. The Missouri Pacific got \$5,750,000 to pay a note due J. P. Morgan & Co. This road is controlled by a holding company headed by the Van Sweringen, of which Morgan is the banker. The Van Sweringens got \$6,000,000 more to pay off back loans to the Nickel Plate, and sought another \$5,000,000. The Baltimore and Ohio got \$9,000,000 to pay off bonds.

Nineteen such loans totalling \$44,000,000 found their way into banks from railroads. Some \$24,000,000 was lent to railroads for miscellaneous purposes, such as enabling them to pay rent and buy real estate. Only \$90,000,000 was loaned railroads to pay interest or maturities on bonds held by insurance companies and saving banks. Some of the roads aided were already in receivers' hands.

Out of \$264,000,000 loaned to railroads, \$156,000,000 has been advanced to roads controlled by three groups—the Morgans, the Van Sweringens and the Pennsylvanias. The credit of the government is being mobilized to save investments by holding companies in stocks of roads bought at exorbitant prices in the scramble to get control of various systems.

It is high time that the complete record of the R. F. C. be given to the public, for no government can be successfully conducted in secrecy, for the people who supply the money for government have a right to know what is being done with it.

The Kings Score

While our legislators at Washington and at Salem have been mulling around in dazed futile seeking a way to reduce taxation by taking the hand out of one pocket and slipping it into another, it is a relief to read the simple methods employed by some of the absolute monarchs in solving their problem, without pain to anyone but the job-holders.

Dispatches state that Haile Selassie I, "Lion of the Tribe of Judah and anointed by God," ruler of Ethiopia—or Abyssinia as it is sometimes called, without consulting cabinet officers, fact finding commissions, economic and financial experts or organized interests, made up his mind that depression conditions demanded relief for the taxpayers, and by one stroke of his pen cut all taxes fifty percent—and there has been no referendum or revolt.

Last summer another potentate, King Prajadhipok of Siam, who enjoys some such high-sounding title as "Son of Heaven," decided taxes were too high but used a little finesse to get rid of the taxing bureaucracy, consisting principally of royal princes. He staged a fake revolution in the name of the people with the aid of a few soldiers at Bangkok, arrested the princes, substituted a "constitutional monarchy" for the absolute one, abolished the perquisites of the princes thereby reducing taxes—which of course won the hearty approval of the taxpayers.

All of which shows that there are sometimes advantages in autocracy over democracy when it comes to ameliorating conditions for oppressed taxpayers in times of depression. All hail to the Lion of the Tribe of Judah and the Son of Heaven. We wish we had a few of them.

CHINESE FORCES STRENGTHENED BY YOUNG CHANG

Washington, Jan. 7 (AP)—The military strength of Chiang Kai-Shek, generalissimo of China's forces, has been substantially augmented, in the view of observers here, by a pledge of loyalty and cooperation from General Chang Hsueh-Liang, whose forces now are resisting the Japanese around Shanhaikwan.

"Young Chang," of course, is not the potent military figure that was before the Japanese drove him from Manchuria last year. His army, once numbering 200,000 men, has shrunk to about 115,000. And his air force, the pride of Manchuria, has been destroyed by the Japanese. Nevertheless, Chang's army, military experts believe, is still a formidable force. It is well trained and disciplined. It has modern artillery and machine guns. And, above all, it is said to be loyal to its commander.

The "young marshal" himself is a romantic figure who has attracted world-wide interest. Some call him the "lions cub," a mark of respect to his late father, the blustering but brainy Chang Tso-Lin, "war lord" of Manchuria, whose potent hand ruled the three eastern provinces with little guidance from across the "great wall" which separated his domain from China proper.

Young Chang is more western than his father. He plays tennis and golf, dances and affects occidental dress. He trod the "primrose path" for some years and became known throughout the Far East as a Bon Vivant. But he shared his father's interest in things military—and so won his father's admiration and respect, serving for a time as the commander of "Old Chang's" bodyguard.

Only 34, Chang Hsueh-Liang has had military experience beyond his years. He was one of the first graduates of the military training academy of the three eastern provinces. From 1919 on he served with his father's forces, gradually rising through the ranks to the grade of brigadier-general and chief of staff of the Manchurian army reorganization bureau.

The National Whirligig

News Behind the News
By Paul Mallon

Washington—A Roosevelt emissary has been prowling recently behind the budget bureau recently. He is trying to establish the real condition of Federal finances for the president-elect. Apparently Roosevelt mistrusts the figures made public.

The incident is causing a stir among the big boys. It shows Roosevelt is not relying on even his congressional advisers but is trying to find out things for himself. Coming after the sales tax repudiation, it makes the Washington clique feel the new deal may not include them.

The Roosevelt-Garner sales tax dispute looked like a stalemate—but it wasn't.

The vice president-elect was struck to the core by Roosevelt's repudiation, he was particularly hurt because it came through the newspapers. He thought he had an agreement with Roosevelt to keep hands off. The way his friends say he really feels about it now is that if Roosevelt wants to mess with it, let him go ahead.

The only immediate effect is to break up Garner's little poker game with the republicans.

The democratic gang here confidentially thinks Roosevelt does not know as much about Federal finances as they do. Garner has been in that business for 29 years. Actually his crowd is not wedded to the sales tax. There is nothing to indicate they have any tieup whatsoever with William Randolph Hearst, publisher and leading advocate of the tax. Hearst appears to be riding their bandwagon more than they are. The Hearst influence here is only nominal. It will not be important in the new administration.

The Garner boys are confident Roosevelt's present investigation will lead him around to the same conclusion they reached—that whether you like it or not the sales tax will be required to raise the revenue. If the budget is not to be balanced—then the sales tax is immaterial.

Senator Couzens is privately playing around with an idea that might obviate the sales tax and yet balance the budget. He is testing out the theory of reducing income tax exemptions down around \$500. Experts are getting up figures for him. If they show the plan would raise enough money Couzens may formally put it forward.

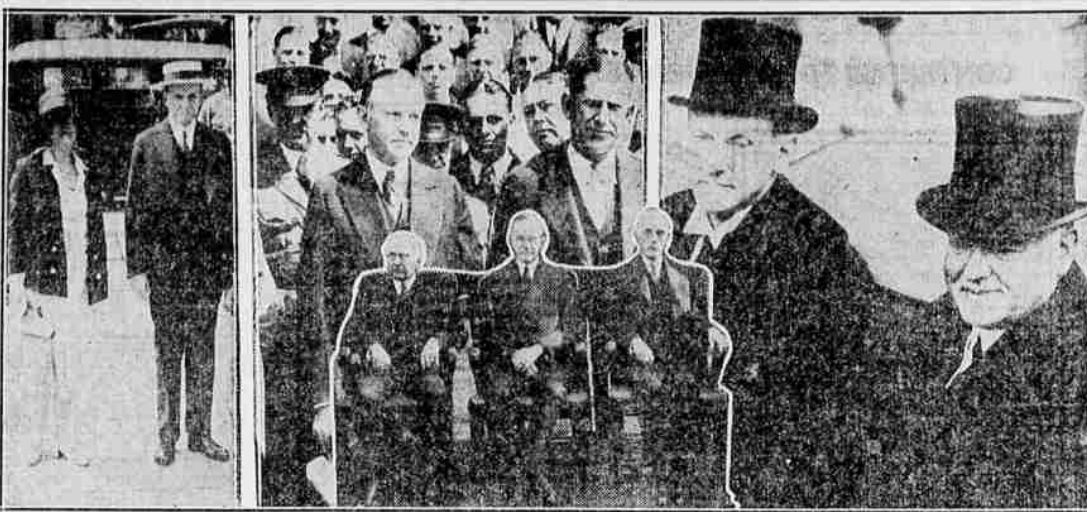
It would make all those who have jobs pay more federal taxes. But the sales tax would make even those without jobs pay taxes.

There was enough peculiar business behind this Philippine independence bill to fill ten volumes.

The way the opposition crumbled voluntarily at the last minute gave rise to wide suspicions. Leaders explain it confidentially by saying they had word that Mr. Hoover would veto the measure. Therefore they saw no reason for haggling longer. That is supposed to be the real reason why there was no record vote on such an important measure in either house. They ducked it so their hands would be free when the question of passage over a veto comes up.

The best sources say the Philippine Independence Bill will not last even after it becomes law. There are 10 in which to adopt amendments before anything important happens. Some amendments

Glimpses of Calvin Coolidge As President and Upon Retirement



Returning from a shopping trip, Mrs. Grace Coolidge found Ex-President Calvin Coolidge dead in his Northampton, Mass., home, apparently from heart disease. Here are several photos of the former Chief Executive taken during his tenure of office. At the left is the former President and Mrs. Coolidge at the summer White House in Superior, Wis., in 1928. Next, standing with Howard Jones, football coach of the University of Southern California, in front of the White House at Washington, D. C., when he received a group of athletic mentors and at the right, in front of the White House at the inauguration of Herbert Hoover in 1929. Center inset is of the late President with Secretary of State Kellogg (left) and Secretary of the Treasury Mellon. (Associated Press Photos)



Former President Calvin Coolidge with his catch of trout May 2, 1932, in the private stream of former Senator George P. McLean in Simsbury, Conn. (Associated Press Photo)

Committee To Demand Reductions In Budget Of More Than \$3,500,000

The two houses of the Oregon legislature, after marking time virtually since the special session was called, swung into action today when the joint ways and means committee

made its recommendations. And this is scheduled as the final day of the extraordinary assembly, but if adjournment is taken it will probably be after a night session.

Business looming on the calendars included hearing the ways and means committee report that \$3,500,000 can be cut from the state budget; final action by both houses on the report of the three-mill levy on real property; consideration of an increased income tax measure; probable consideration of unemployment relief to the extent of \$500,000 for the biennium; and disposal either by action or adverse reports of committees of half dozen other measures, mostly tax raising bills.

The ways and means committee recommendations will be made with the view the legislature will stand behind the move at the regular session scheduled to start Monday. The cuts recommended were not made without some heated debates within the committee, and it was late at night before its tentative program was adopted. The retrenchment to be recommended, the committee announced, will be as follows:

From the millage of the institutions of higher learning 25 percent is to be diverted to the general treasury, the amount calculated at \$1,000,000.

Cuts in salaries of state employees, ranging from 7 to 40 percent, to save \$1,000,000.

Tithing from self-sustaining departments, the percentage of the title to be worked out later, estimated to yield to the general fund \$1,500,000.

Miscellaneous cuts to be selected later, \$500,000. These aggregate a total of \$3,500,000.

Of all the proposals of the ways and means, the plan to divert the 25 percent of the millage for the institutions of higher learning is the most spectacular. The millage is fixed, but a portion can be shifted to the general fund. The recommendation of the budget director that the \$300,000 continuing appropriation be abandoned was disregarded by the committee.

While not part of the reduction of the budget, the committee decided to have a bill drawn which would prohibit departments from hiring outside lawyers and that such departments must apply to the attorney-general for legal assistance. A list of fees paid outside lawyers in the past two years was submitted as follows:

Corporation commissioner, \$15,000; game commission, \$3600; utilities commission, \$6975; highway commission, \$18,400; board of medical examiners, \$2305; inheritance tax department, \$3450; veterans' aid commission, \$2975; liquidation of banks, \$18,854.

Funds totaling \$4,500,000 must be provided in Oregon during 1933 for unemployment relief unless suffering and distress occur, Raymond Wilcox of Portland told members of the unemployment relief committee of the senate and house yesterday. Wilcox heads Governor Meier's statewide relief committee.

He urged a \$500,000 appropriation for the biennium, with the hope the balance could be obtained from the reconstruction finance corporation.

"There is no question but that some drastic action must be taken to relieve unemployment conditions in Oregon," Wilcox continued. "While I realize the need for economy in government, I feel that an appropriation of less than \$500,000 by the legislature would not represent a genuine effort on the part of the state to meet its relief obligations."

Wilcox said figures gathered by the committee indicated that there were more than 60,000 men now unemployed. "This is a serious condition," he said, "and is a problem which demands the most careful attention of this legislature." He suggested that relief funds be handled by the counties.

The first bill defeated by the house was done in a short session late yesterday. It would have provided for a ten percent tax on foreclosure proceedings on real and personal property. There were no votes against the committee report that the measure be indefinitely postponed.

While the "hunger marchers" were reported trekking their way to the state capital the unemployment committee was in session on plans looking toward some relief as recommended in the governor's message. The advance guard of the marchers here reported that more than a hundred men had started to Salem but that this group would be augmented to 1000. They are requesting a joint meeting of the two houses of the legislature to hear their pleas for immediate relief.

Forum

Contributions to this column must be confined to 300 words and signed by writer.

To The Editor:
One of the important duties of this session of legislature is to relieve the unemployment situation.

The first step in this direction by the legislature is the employment of many married women, whose husbands are employed by the senate and house. However they cannot be blamed as the example set by the governor's office, down the line, the state, county and city offices are literally lousy with married women.

The city has been for reducing the salary of the working man but not a voice has been heard in opposition to the married woman who holds a job needed by some family head.

Release the married women and 1500 heads of families can go to work in this state alone.

Salem, December 6
J. A. BURWELL
555 N. Winter St.

To The Editor:
Your editorial of October 10, 1932 entitled Technocracy was the first account I saw of the wonderful findings and figures of the technocracy, and it was certainly a promoter of hope in me beyond my power to express. I said to myself, "O here it is at last!" And every fiber of my being seemed to dance to the music of "the good time coming."

And now, after less than three months time, the whole world seems to be inspired with thoughts of the change that must come if civilization is to be saved from the curse of unemployment, crime and poverty. Only those ignorant of the world's history and saturated with greed will oppose the necessary peaceful change.

The majority of the people of the United States are far in advance of those who precipitated the bloody revolutions of the past. Our danger today is the rapid increase of crime—inside—the underworld. And one of the prime factors in producing criminals is the system that causes the inability of good citizens to pay their debts or that causes them to get in debt and then fleeces them with a depression. When real, good, honest people are worried, hounded, prosecuted and disgraced in their own eyes they very often go insane, and their insanity often takes the form of one kind of crime or another. We must stop this debt blight as soon as possible, not for the individual alone but for the whole nation.

The French aristocrats, at the time of the French revolution, did not understand the menace to their class and to their government of allowing crime to build up an underworld powerful enough to destroy innocent lives and property by the millions in a bloody holocaust, but

all classes of today are better educated. The intelligent rich and poor alike want a peaceful adjustment and understand that the old style machine called "capitalism" is doomed. The great danger now is the awful increase of criminality. If criminals ever get to the point of efficient organization, with modern guns, gas and aircraft, all is lost as far as a peaceful and necessary revolution is concerned. We must hurry or it will be too late.

"Aid the dawdling tongue and pen;
Aid it hopes of honest men;
Aid it paper; aid it type;
Aid it for the hour is ripe."

Wild Life Expenditures Totalling \$1,756,177 To Be Slashed To \$400,000

(Copyright, 1933, by United Press)
Washington, Jan. 7 (U.P.)—Expenditure of \$1,756,177 by the Federal government on wild life has drawn the fire of congressional economy groups. The House has reduced this figure by \$400,000. Many members felt that however desirable encouragement of wild bird and animal life might be in normal times, in times when thousands of children were deprived of sufficient food, the little birds would have to go on short rations too.

Eight new wild life refuges have been established by the federal government in the last year for the protection of migratory birds. A chain of them is being developed in the west. These bird tourist camps are being set up some 200 miles apart. There are 16 refuges in 14 states, covering a total of 250,000 acres.

One of the last refuges to be decided upon was one just north of Sacramento, Calif. The federal migratory bird conservation commission, which consists of several cabinet members, senators and congressmen, reached their decision to go ahead with this project for the relief of migratory birds on Dec. 8, just as the last of another migratory flock, the human hunger marchers, were being escorted out of town by federal police who had kindly allowed them refuge for two winter nights on an open circus lot in Washington.

It was to inspect the government's wild life projects in the upper Mississippi river region and the wild elk feeding grounds in Wyoming that occasioned the memorable senatorial junkets when expense accounts contained items for \$20 tips, mineral water, fishing and hunting licenses and even "soda to take on boat."

When the agricultural department appropriation bill was up in the House a few days ago, an attempt was made to add to it an item providing for purchase of land in Barton county, Kan., for a bird refuge. Rep. Hope, Repn., Kan., of 300 miles in any direction. Contrary to over titles had caused the government to spend \$30,000 in surveys and investigations.

Opponents declared that owners of the 75 tracts involved had run up the price of the land from \$4.50 an acre to as much as \$25 when congress showed signs of interest in the project.

The biological survey of the department of agriculture also interests itself in hunting down wolves, coyotes, bobcats and other stock-destroying animals. In pioneer days each man kept the wolf from his door by using his rifle or shotgun.

But in these modern times the federal government steps in and helps keep the wild animals killed off.

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J. E. HOSMER.

MEMBER United States National Group

Looking toward the future

The coming year should mark more favorable economic and business conditions throughout the country. And in Salem it will mark a continuation of the sound banking policies which have made the United States National Group of Banks outstanding in service.

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