

The Weather

Forecast Fair Sunday and Monday. Little change in temperature. Temperature Highest yesterday 87. Lowest yesterday 50.

Time Right Now

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Thirty-Third Year

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TOWNSEND FAVORS HOLMAN, MOTT

The Capital Parade

By Joseph Alsop and Robert Kintner

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BROADER TAX BASE MOVE IS DILEMMA FOR F.D.R.

BOLSTERING OF STRUCTURE WOULD MAKE VOTERS HOWL

DECISION TO CAST LIGHT ON HIS PLANS FOR 1940

UNDISTRIBUTED PROFITS TAX REVIVAL POSSIBILITY

WASHINGTON, Aug. 28.—Taxpayers have a habit of arousing more anguish than interest, but this year there's likely to be a touch of drama in the tax program. The curious financial history of the new deal seems to have reached the end of a chapter. Last winter, the president's determination to balance the budget held out for a surprising time against the most violent pressures, both from circumstances and his advisers. The budget is now more unbalanced than ever, and the president is ready for an effort to raise more revenue.

The drama will derive from the situation's element of choice. Under secretary of the Treasury Rowell Magill, Assistant Secretary John Hines, and General Counsel Herman Oliphant have all but finished a careful study of the whole tax field. Able, moderate Magill, who is in charge, must soon make his recommendations to his chief, Henry Morgenthau, Jr., and to the president. And the first item on the list is more than likely to be broadening the income tax base.

As a strictly academic proposition, the treasury tax experts and the best congressional authorities on taxes are unanimously in favor of a broadened base. The trouble is that taxes are never strictly academic. They are political. And the political implications of a broadened income tax base should be clear to a feeble-minded infant.

Thus the president will be torn between the conflicting desires to put his new deal on a sounder and more permanent financial footing, and to avoid offending millions of voters who care nothing about indirect taxation, but who would yell their heads off at the direct variety. His decision will cast a strong light on his intentions with regard to 1940. If he plans, like Cincinnati, to return to his broad career, he won't mind asking congress to inflict a little pain on the voters. If he has a different course in mind, he will think twice about such a cruel request.

The base-broadening plan most often discussed is that of Senator Robert M. La Follette. The Wisconsin progressive would reduce married exemptions from \$2,500 to \$2,000 and single exemptions from \$1,500 to \$800. He would also slightly increase the normal rate. The yield would not be immense, but both he and the treasury experts regard the scheme as more of a move in the right direction than a finished program. Coupled to the La Follette scheme would probably be a provision for income tax collections at the source. In Great Britain, where the base is so broad as to be almost all-inclusive, 70 per cent of the tax revenue is collected in this fashion. It requires far more paper work, but promises equivalent economies, as well as a sort of antidote to the taxpayers.

To make the broadened base a little more digestible to congress, a reduction in certain nuisance taxes is being considered. An example mentioned at the treasury is the present sales tax on automobile parts. Since the persons most likely to be affected by the broadened base are also the largest buyers of second hand cars, they now pay the majority of the motor parts tax. It is only fair, say treasury experts, that the indirect taxation should be removed as the direct is applied.

There is a second possibility, somewhat more digestible to the conservatives who will cheer for a broadened base. It's an ancient principle of American taxation that no congressman will agree to soak the poor without giving the rich a simultaneous sock in the eye, just for the look of the thing. And thus revival of the undistributed profits tax, and increased surtaxes in the \$10,000 to \$40,000 income groups are both under consideration. Those who know the president say he would love nothing better than to offer his enemies the sweet of a broadened base, and the sour of a new profits tax in the same platter.

DOUBLE STAND OF MAHONEY PLAYED BY PENSION HEAD

Nan Honeyman Taboo—Too Many Democrats In Congress—F.D.R. Needs Rebuke, Claim.

PORTLAND, Ore., Aug. 27.—(AP)—Using Oregon voters to send more Republicans to congress, Dr. Francis E. Townsend, founder of the pension plan hearing his name, endorsed four candidates for national office today and called President Roosevelt's support of candidates in state elections a "grand piece of effrontery."

"The president tells WPA supervisors to stay out of politics and then steps right into them himself," said Townsend in an interview. Townsend said that in November he will favor Rufus C. Holman, state treasurer and Republican nominee for the senate, Homer D. Angell, Republican nominee for congress in the third district (Portland), Rep. James Mott, Republican seeking election in the first district (western Oregon) and Rep. Walter M. Pierce, Democrat, asking re-election from the second district (eastern Oregon).

The lean, white-haired pension plan leader assailed Willis E. Mahoney, energetic former Klamath Falls mayor and Holman's opponent, because he campaigned both as a new dealer and Townsendite. The doctor said he couldn't be a new dealer and a "full-blooded" Townsendite at the same time.

Townsend did not, however, explain his endorsement of Pierce, who is also an ardent new dealer as well as a supporter of the pension plan. Mott, an anti-new dealer, has supported the plan. Townsend said he opposed Nan Wood Honeyman, Oregon's first woman congressman and Angell's opponent, because she balked at his plan. She is a Roosevelt stalwart.

"We have too many Democrats in the national government," Townsend said. "The majority who advocated a strong minority at all times to 'retard foolish and vicious legislation.' He said the president should be 'rebuked' for his 'purge' of senators and congressmen who were not 'yes-men'."

HILLSBORO, Aug. 28.—(AP)—Henry L. Hess, Democratic candidate for governor, told Washington and Yamhill county audiences last night "the only voice for progressives today is through the Democratic party."

WALLACE FAVORS WORLD FARM AID

ST. ANNE DE BELLEVUE, Quebec, Aug. 27.—(AP)—Secretary Wallace of the United States department of agriculture proposed today that farm officials of all nations meet to formulate a set of principles designed to assure farming classes a "fair" share of the world's income.

Such principles, he said, should eliminate barriers to international trade and should assure each agricultural exporting nation its proper share of the world market. Mr. Wallace spoke before an international conference of agricultural economists at MacDonald college.

IGNORES A FORTUNE

KETCHUM, Idaho, Aug. 27.—(AP)—Three years ago Floyd Richardson saw a brightly glittering object in Trail creek, did not bother to investigate. This summer he noticed it again, took time out for a closer look. His reward—a 200-pound bar of silver worth about \$1,300.

26 SPANIARDS DIE IN NAVAL BATTLE

GIBRALTAR, Aug. 27.—(AP)—A Spanish government destroyer limped into port today from a one-sided naval battle in which its captain said 22 men aboard—including 20 insurgents held as prisoners—were killed. The destroyer, the 1,650-ton José Luis Diaz, fled the two and one half hour battle with four insurgent warships, severely battered and with the bodies of 20 of the victims.

The youthful commander of the government destroyer, 27-year-old Juan Antonio Castro, told his story of the before dawn encounter through the Spanish consul at Gibraltar. The 24 prisoners aboard composed the crews of two insurgent armed trawlers which the destroyer had sunk prior to the engagement with the four warships, the commander related.

They were placed in the fore part of the destroyer and were killed when the craft was struck by a shell from the insurgent cruiser Canarias.

BUTLER, PEROZZI HONORED BY ELKS

TILLAMOOK, Aug. 27.—(AP)—Bruce Ellis, President, was elected president of the Oregon State Elks' association at the closing sessions of the state convention today.

Oscar Effenberger, Tillamook, became first vice-president; Jack Luckey, Eugene, second vice-president; Robert Thompson, Klamath Falls, third vice-president; Dewey Powell, Klamath Falls, secretary; H. L. Tomey, McMinnville, treasurer; William M. Hartford, Portland; D. Perozzi, Ashland, and Dr. A. S. McDonald, Oregon, trustees. H. N. Butler, Medford, was named tyler.

Selection of the 1939 convention city was postponed.

WASHINGTON DUE FOR HUGE SHOCK

OLYMPIA, Aug. 27.—(AP)—The capital city was rife today with rumors of a dope ring, an unidentified state official's alleged condemnation of a kidnap-assault, and of a "wild party" the details of which would rock the state. All of which were denied.

The talk was all about the torture-abduction, August 18 of Irving Baker, 37-year-old former coast guard commander, for his alleged attentions to a prominent Olympia doctor's wife.

SALEM, Ore., Aug. 27.—(AP)—The Salem Papermakers fought an uphill battle to win the state softball championship, defeating Square Deal Radio, also of Salem, 3 to 2 in 11 innings in the finals here tonight. The Radio men scored in the first and fifth, the Papermakers coming back in the seventh and eighth, largely through fleet base running.

SEN. GLASS CALLS ICKES 'INSULTING' AND 'BLACKGUARD'

Fiery Virginia Anti New Dealer Lashes Cabinet Officer For Tacoma, Wn. Attack.

LYNCHBURG, Pa., Aug. 27.—(AP)—Secretary Ickes' censure of Senator Carter Glass (D. Va.) as typical of "political hypocrites" brought a reply from the outspoken Virginian today that Ickes "has become a confirmed blackguard."

Glass characterized as a "wanton falsehood" an assertion by Ickes at Tacoma, Wash., yesterday that "No senator comes offener and with more insistence for PWA grants than this same senator."

The senator added in a statement made at his office here that he doubted if there were a member of congress who has had less to do with "so-called government grants" and that Ickes "is simply mean and impertinent in his insulting remarks on the subject."

Ickes said that "the reactionary press hail this 'rugged individual' as another Horatius at the bridge because of his bitter attacks on economic policies of the government" and termed Glass as one of the "political hypocrites that bite the hand that feeds them."

To this the fiery senator replied, "Horatius at the bridge stood and fought; he did not go 3,000 miles across the continent to lie about his adversaries."

The only reason, Glass said, he has not advocated PWA projects "is that I have not believed in federal grants, every dollar of which, with accrued interest, Virginia taxpayers must repay."

"Things have come to a pretty stage when a member of congress, notwithstanding his opposition to an economic policy, may not bring to the attention of a paid official in Washington the business of his constituents without being coarsely upbraided for his action. To contend otherwise is nothing short of downright assninity."

TWO LOCKS FOIL SORORITY GIRLS

BERKELEY, Cal., Aug. 27.—(UP)—University of California sorority houses henceforth must be equipped with two locks for each door, the women's Pan-Hellenic Intersorority conference ruled today.

Proponents of the plan said sorority girls have been evading 2:30 a. m. lock-up rule by obtaining extra keys to unlock the single lock after the night watchman had made his early-morning closing rounds.

From now on the watchmen will lock lock A and the girls with identical keys can unlock it again if they get home too late. But the watchman will also lock lock B to which he will have the only key in existence—which he will keep until it's time to unlock the door.

'The Abundant Life'

WASHINGTON, Aug. 27.—(AP)—Officials of the rural electrification administration chuckled today over a housewife's complaint that her new electric refrigerator was making ice cubes too fast.

She thought the cubes were "done" when they were frozen, and kept herself busy taking them out and putting fresh water in the trays.

FLUHRER THRILLS WITH VICTORY IN CANADIAN RACES

HARRISON LAKE, B. C., Aug. 27.—(AP)—Five Californians and a lone pilot from Oregon "lapped over" the waters of Harrison lake today to capture Pacific coast championships in the rimshot class, opening competition in the two-day outdoor regatta for national and divisional honors.

No records were broken as more than two score drivers sent their craft over the lake surface, ruffled by an east wind that made the going choppy at times.

Heine Hukner of Medford, Ore., gave the northwest its lone claim to first day honors as he sent his Rip Tide speeding around the oval to capture the class F racing runabout amateur championship.

Second to Johnny Kovachich of Arvin, Calif., in the first heat, Fluhrer cut loose with a terrific burst of speed from the start of the second and fought off the challenge of Dale Frank of Fresno, Calif., and Ward Angley, Marysville, Calif., top ranking amateur driver in the United States last year.

Fluhrer, driving at 45 miles an hour, finally went into undisturbed lead on the fourth lap and left Franke to thrill more than 3,000 spectators lining the shoreline as he nosed out Angley for second place in the heat with a burst of speed yards from the finish line. Franke, driving in the third regatta of his career, moved up from sixth.

BRITISH OVERSEA PLANE COLLAPSES

LONDON, Aug. 27.—(AP)—A freak accident wrecked Great Britain's new transatlantic air liner, the Albatross, late today at the conclusion of a final test flight.

The low-winged, four-engine monoplane broke in two upon landing at Hatfield airfield. The plane settled down with its nose pointing skyward, its tail, level with the ground, split off just behind the wing like a bird with a broken back. No one was injured.

The Albatross, Britain's fastest air liner, with a sister plane nearing completion, was scheduled to start transatlantic service in September.

ARSON PLOT LAID TO AGENT'S WIFE

SACRAMENTO, Calif., Aug. 27.—(UP)—A warrant charging Mrs. R. A. Cox, wife of a Sacramento insurance company executive, of conspiracy to commit arson in connection with the burglary and firing of the Cox home was signed here today.

Mrs. Cox's sister, Georgia Franks, implicated her in an alleged plot to burglarize the Cox house while the family was attending a convention in Vancouver, B. C.

BRITAIN WILLING TO ENTER WAR IF NAZIS START IT

Czechs Key To European Peace Or War—Sir John Simon Gives Ominous Hint In Speech.

(By the Associated Press) All Europe is worried whether Czechoslovakia is the fuse to the European powder barrel.

A crisis—war or peace?—mounts in the continent's great spot from this situation: Club-shaped Czechoslovakia is thrust for half her 600-mile length into the side of restless Germany. Her 64,250 square miles, almost the size of Illinois, are populated by a conglomerate 15,000,000, one-third of them minorities, including a 3,500,000 German minority.

Ambitious for territory and markets, Adolf Hitler has proclaimed himself "protector" of those Germans in Czechoslovakia.

Already Nazi Germany is digesting 7,000,000 new citizens acquired in annexing Austria March 13.

Czechoslovakia, created by post-war treaties, lies next in his line of march to the east—a pathway long marked by German dreams of empire.

But Czechoslovakia has powerful friends, France and Soviet Russia, both pledged to aid her against aggression, presumably from Germany.

Sir John Simon, speaking yesterday (Saturday) in Scotland, added Britain's warning she too might fight if Germany forces the issue of sweeping self-government demands for Czechoslovakia's German minority and war results, a holocaust all nations vow they wish to avert.

"It may be limited at the start," he said Sir John.

On Czechoslovakia's side are her little opponents—Rumania and Yugoslavia—all of whom shared territory carved by the treaty-makers from the old Austro-Hungarian empire.

They are pledged to aid one another against aggression by Hungary, who seems closely linked to the Rome-Berlin axis as a result of Regent Horthy's visit with Hitler this week.

Neighboring Poland apprehensive to remain neutral, and unwilling to risk a war with Germany, is trying to line up the Scandinavian and Baltic states behind her.

Czechs say they will resist with all their might any encroachment on their independence. A standing army of 180,000 men, plus trained reserves, gendarmes, heavy armaments and the great Skoda munitions works back up their declaration.

F. D. BLESSED TEXAN BEHIND IN VOTING

(By Associated Press) Object of political interest was a runoff Democratic primary in Texas yesterday where two congressional seats were involved.

Candidate Sums Up

NEWPORT, Ark., Aug. 27.—(AP)—Circuit Court Clerk W. H. Reid, unsuccessful candidate for probate judge, filed his campaign expense report showing a total expenditure of \$180. One item was: "Pie suppers, moochers and staffers—\$50."

DEWEY WITNESSES CAUGHT IN RAID

NEW YORK, Aug. 27.—(AP)—Amid a crackle of police raids on policy banks, opposing counsel mapped new strategy tonight in a stormy court-battle over the political honesty of a Tammany Titan.

Providing a noisy obligato to the trial of James J. Hines, Democratic district leader accused of selling his influence to the operators of a huge policy racket, police raided two suspected gambling hideouts during the night and took 24 prisoners.

Two women seized in one of the raids were identified by Police Lieut. James W. Hennessy as witnesses in the state's case against Hines.

The women, Willanna Hammond, 28, and Leslie Ware, 36, a Negro, testified briefly last week, saying they won quick freedom on a policy arrest during the period in which Hines allegedly was receiving \$500 a week to "fix" cases for the late Arthur (Dutch Schultz) Flegenheimer, slain gang boss.

Arraigned with six men today on charges of operating a newly organized policy "bank," the women were told by Magistrate Michael A. Ford to "get ready for a shock."

FOOTS CRK. HOME AND BRUSH, BURN

A 20-acre brush and manzanita fire near the left fork of Foots creek started, according to the state forest department, by a burning house yesterday afternoon about 2:30, was brought under control early last night by 50 CCC Camp Winter enrollees and a six-man crew with a pumper truck from forest department headquarters here.

District Fire Warden Dwight Phillips stated that the blaze, which destroyed considerable manzanita growth, was entirely under control and surrounded by the fire fighters. Location of the fire was about 12 miles west and slightly north of Medford.

The fire was started when the large, modern home of a man by the name of Prefontaine, about five miles up Foots creek, burned completely to the ground with the loss of all furnishings, the forest department office stated. Origin of the blaze was said to have been from a stove in the house.

The land over which the fire burned was owned by Mr. Prefontaine.

BANDITS ESCAPE AFTER CAR BURNS

FLORENCE, Aug. 28.—(AP)—Three robbers who took \$57 from a local meat market outlasted a state police car in a 20-mile chase, wrecked and burned their machine, stole another and made good their escape last night.

The trio tried to run down State Officer Keeler when he attempted to flag them down for routine inspection. Keeler dived in the ditch to escape, then gave chase. Later their car was found wrecked and burned at the Alsea bridge. In it were burglar tools and foodstuffs taken from the market.

NEW DEAL TESTS AND PARTY MEETS IN POLITICAL EYE

G.O.P. Rally Stresses 'Save The Nation'—Vote Tuesday In California And Dixie.

BOSTON, Aug. 27.—(AP)—Seventeen days of investigation into the coming California primary brought an announcement today from a special senate committee that it had evidence of federal employees contributing to the Roosevelt administration seeking nomination of Senator William G. McAdoo (D.).

The committee said it proposed to continue its investigation into charges that a deputy collector of internal revenue, whose name was not disclosed, and others associated with Senator McAdoo had assessed government employees for campaign funds.

(By The Associated Press) Initial party rallies in Indiana and Pennsylvania shared attention Saturday with two primary campaign battles whose outcome next week will be interpreted widely as either victories or defeat for President Roosevelt.

Republican leaders began their mid-west campaign with a rally in an Indiana cornfield, denouncing the Roosevelt administration and its policies. Pennsylvania's Democrats started their fall struggle to retain control of the Keystone state with a rally at Hershey, Pa.

Politicians in the capital looked for the next big political push to come from South Carolina and California, where nominations to the United States senate are at stake in primary elections Tuesday.

In South Carolina Senator Ellison D. (Cotton Ed) Smith is running for re-nomination against opponents who have denounced him as an opponent of the New Deal and who themselves are running as "100 percent" Roosevelt supporters.

In California, Senator William Gibbs McAdoo is contesting in a field of six for Democratic re-nomination. He has received President Roosevelt's blessing.

Keynoting for the Republicans at the Capehart farm near Washington, Ind., Representative James W. Wadsworth of New York accused the president of being responsible "more than any other person or group" for what he called the "second or Roosevelt depression."

Wadsworth, a gentleman-farmer from up-state New York, declared that the country was on the road to recovery in February, 1937, when the president sent congress a message "urging the passage of legislation which would enable him to pack the supreme court."

Republican Chairman John D. M. Hamilton took up the denunciation of the president and accused him of "adopting the Russian technique of the purge" in an effort to "divert our attention from the failures of the New Deal."

At the Democratic rally in Pennsylvania, Charles Alvin Jones, Democratic nominee for governor of Pennsylvania, urged party workers to "spread from capitol to cross-roads" a message of progress in the "great crusade" for New Deal principles. Linking the federal and state administrations in that crusade, Jones said the Republican party in the state was "bankrupt in everything but finances."

Fair and warmer for coming week

Northern California: Fair Sunday with morning fogs on coast; no change in temperature; moderate northwest wind off coast. Washington and Oregon: Fair Sunday with occasional cloudiness; fog on coast; slightly cooler in east portion Sunday; gentle northwest wind off coast.

Outlook for far western states August 29 to September 3, inclusive: Fair weather but occasional thunder storms over mountains; temperature slightly above normal in interior.

European War Fear Slows Up Wall St.