

FDR URGES HEAVY TAXES

BRITAIN ANNOUNCES VAST RE-ARMAMENT PROGRAM TO START

Army, Navy and Air Forces To Be Expanded as Defense Move, White Paper Explains

READINESS FOR WAR OBJECTIVE OF MOVE

Industrial Mobilization Also Provided in New Scheme; Statement in London Deplores "Undeniable Worldwide Expansion of Armaments" by Nations

London, March 3.—(AP)—Great Britain's government announced today a vast immediate expansion of its army, navy and air forces, and industrial mobilization for instant readiness in case of war.

A white paper, or government report, said the re-armament and increased national defenses were made necessary by complications of the international situation, combined with a "deplorable and undeniable worldwide expansion of armaments."

The United States, Belgium, Germany, France, Italy and Soviet Russia were listed as having embarked already on similar plans.

Citing "dangers of war" and proclaiming a necessity for means of defense against aggression and enforcement of collective security, the white paper disclosed:

"A fresh examination of the position made last summer and autumn led to the conclusion that it was necessary to make further changes in the royal air force, and speed up measures contemplated for modernization of the army and navy to provide as rapidly as possible necessary reserves of stores of ammunition and equipment and organized industrial resources of the country in such a way as to allow immediate expansion of productive capacity in case of an emergency."

Parliament will debate the white paper next week. Prime Minister Stanley Baldwin will name a new cabinet minister as deputy chairman of the imperial defense committee to supervise, coordinate and control the huge armaments expansion.

Highway's Surplus Is Fading Out

Daily Dispatch Bureau, In The Sir Walter Hotel, Raleigh, N. C.

Raleigh, March 3.—The existence of the large highway fund surplus which accumulated from 1933 to 1935, because the 1933 General Assembly underestimated the highway revenue and put the highway department on starvation appropriations, has blinded the State to both the condition and needs of the highway system, Chairman Capt. M. Waynick, of the State Highway and Public Works Commission, reiterated today.

Already Using Surplus. The facts in the case are that the highway department is not now able to operate on the highway revenue only, but is already having to dip into this surplus so that by the end of this biennium there will be no surplus.

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Peace Sought In New York Building Employees Strike

Representatives of Both Sides Meet With Mayor; Strikers Seek To Extend Tie-Up; Effort To Engulf Stock Exchange Fails; Many Elevators Are Running

New York, March 3.—(AP)—While opposing factions met in a conciliation conference, leaders of the city's disorder-marked building employees strike today accelerated their moves to make the walk-out complete throughout Manhattan by nightfall.

Officials of the building service employees union, and representatives of the real estate operators gathered in Mayor LaGuardia's chambers to seek settlement of their differences.

Despite the geographical extent of the strike, New Yorkers were not seriously inconvenienced in getting to work this morning.

Replacement workers took over most of the elevator posts left vacant by the strikers.

Enters Ohio Race



Col. Henry Breckenridge

Col. Henry Breckenridge, New York attorney and member of the Liberty League, seeks to test the popularity of the New Deal as he files as a Democrat in Ohio presidential primary fight.

ANOTHER CHICAGO GANGSTER KILLED

Anthony Demory "Blotted Out" by Gunmen; Brother-in-Law of McGurn

Chicago, March 3.—(AP)—The slaying of Anthony Demory—third of his clan to meet a gangster's end—today was linked to the assassination of his half-brother "Machine Gun" Jack McGurn.

Supervising Captain John Stege announced his belief Demory died because he had boasted. The striking similarity of the two executions prompted the official theory that they had been carried out by the same trio of gunmen.

Demory was playing cards with

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MRS. HEWITT STILL HOVERS NEAR DEATH

Jersey City, N. J., March 3.—(AP)—Alternatively rallying and sinking, Mrs. Marion Cooper Hewitt, remained on the danger list today at the Medical Center. She is charged with attempting suicide with an overdose of sedative.

Her grave illness made uncertain contemplated extradition proceedings to remove her to California, where she has been accused of conspiring with two San Francisco physicians to perform a sterilization operation on her daughter, Ann Cooper Hewitt.

Directs Jap Finances



Chuji Machida

Chuji Machida, president of the "Minseitō," the powerful liberal party, who was prominent in the peaceful settlement of problems between Japan and Soviet Russia, succeeds slain Korekiyo Takahashi as Minister of Finance in the Japanese cabinet.

POLITICS NOT ANY CONSIDERATION IN TOBACCO PROGRAM

Ehringhaus Declares Farm Welfare Uppermost in His Mind About Extra Session

MANY OBSTACLES IN WAY ARE REVIEWED

Governor Answers Critics of His Position, and Reminds That State Compacts Impossible Without Congress Permit, and No Move Is Made There.

Daily Dispatch Bureau, In The Sir Walter Hotel, Raleigh, N. C.

Raleigh, March 3.—Politics or the political futures of any of the candidates for governor have absolutely no bearing on his present attitude towards the tobacco control problem in North Carolina or the calling of a special session to consider tobacco crop control legislation, Governor J. C. B. Ehringhaus said today.

"My only interest at the present time is trying to find out what course of action is for the best interests of the tobacco growers in North Carolina and for the entire State," Governor Ehringhaus said. "I am just as much interested in the tobacco farmers and the tobacco situation now as I have ever been—and it must be agreed by my enemies as well as my friends that so far I have not led the tobacco farmers astray on anything. And if it becomes clear to me that a special session is for the best interests of the tobacco farmers, the political

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REVENUE DECLINE IS NOT SO GREAT

General Fund and Gasoline Taxes Hold Up Well in Winter Months

Daily Dispatch Bureau, In The Sir Walter Hotel, Raleigh, N. C.

Raleigh, March 3.—The shrinkage in revenue, due to the severe winter weather in January, was not as much as had been expected, the figures showing revenue collections for February, just issued by the Department of Revenue, indicate. It had been estimated that sales tax collections would show a shrinkage of about \$300,000 below normal for the month and that gasoline tax collections would be off at least \$200,000.

Actual Increases. The actual figures, as released by the Department of Revenue, however, show that the sales tax collections in February on business done in January

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UNDIVIDED PROFITS FOR CORPORATIONS WOULD BE LEVIED

Processing Taxes Would Be Spread Broader and Thinner, With Windfall Tax Asked

CAPITAL STOCK TAX MAY BE TAKEN OFF

Excess Profits Levy Also To Be Removed; New Proposal Would Raise Around \$1,614,000,000 Annually, Not All of It, of Course, New Taxation

Washington, March 3 (AP)—Sweeping tax law changes, including imposition of a tax on undistributed corporation profits and repeal of the present graduated corporation income tax were recommended to Congress today by President Roosevelt.

He estimated the tax on undistributed corporation profits would yield \$1,614,000,000 annually.

Lay-Out Explained. In a momentous message recommending a thorough revision of the national tax system, the President also proposed:

Processing taxes spread broader and thinner than the old levies outlawed by the Supreme Court.

A "windfall" tax to recover a considerable part of the old processing taxes which were returned to the taxpayers, or on which they refused payment.

Repeal of the existing capital stock tax, which was estimated to yield \$163,000,000 in the fiscal year 1937.

Repeal of the corporation excess profits tax, which was estimated to yield \$5,000,000 in 1937.

Repeal of the exemption of dividends from the normal tax on individual incomes.

Yield \$826,000,000. The graduated corporation income tax, which the President proposed to

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21 American and Canadian Mission Workers Menaced

Peiping, China, March 3.—(AP)—Anxiety was aroused today for the safety of 21 American and Canadian missionaries reported to be in the path of a Chinese communist invasion sweeping Shansi province.

Contact with the missionaries has been lost since last Saturday. Authorities said they hoped that the break in communications was due solely to a telegraphic wire failure, but they were not optimistic.

BYRD'S DRIVE FOR ECONOMY USELESS

Bureaus And Commissions Have Been Growing Since Nation Began

By CHARLES F. STEWART, Central Press Staff Writer

Washington, March 3.—Senator Harry F. Byrd of Virginia, starting a congressional investigation to determine how much money can be saved by various consolidations of governmental administrative units and the abolition of such as may be found to be wholly useless, certainly is an optimist if he really expects to accomplish any saving.

Since early in American history there hardly has been a session of Congress at which lawmakers have failed to demand curtailment in the proportions of Uncle Sam's executive establishment.

And throughout this whole period

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OUR WEATHER MAN



FOR NORTH CAROLINA. Generally fair tonight and Wednesday; slightly warmer Wednesday.

League Gives Italy Until Tuesday To Agree To Peace Or Face Sanctions On Oil

FEAR CONGRESSIONAL TAX REVOLT



Proposal of President Roosevelt for a \$786,000,000 tax program at this session of congress brought forth rumblings of dissatisfaction in both houses over being called upon to vote so great a sum in new taxes in an election year. But the president pointed out that the tax was made necessary by congress passing the soldiers' bonus bill, and the invalidation of the AAA, with its tax for farmers' benefits, by the supreme court. Shown, following a conference with the president are three administration leaders, Speaker Joseph W. Byrns of Tennessee, left; Senator Pat Harrison of Mississippi, center, chairman of the senate finance committee, and Representative Robert Doughton of North Carolina, right, chairman of the house ways and means committee.

Geneva, March 3.—(AP)—The League of Nations committee of 13, representing every member of the Council except Italy, decided today to appeal to Italy and Ethiopia for peace, and gave the two nations one week in which to reply.

The date was fixed specifically at March 10, at which time the committee will meet again.

The members agreed unanimously on the text of the peace appeal. League officials, meanwhile, prepared the text of a resolution for imposition of an oil sanction upon Italy in the event the peace move failed. The resolution affected the sale of oil to Italy and transportation by tankers of oil to Italy.

Informed Italian sources said Premier Mussolini was prepared to weigh carefully the peace offer, despite the threat of oil sanctions, as the League's conciliation efforts embarked on their most critical phase of the entire dispute.

PRIVATE BANKING SET-UP IS ABOLISHED IN ITALY. Rome, March 3.—(AP)—Private banking in Italy was abolished today by a sweeping banking reform passed by the Council of Ministers in a session at which Premier Mussolini declared anew Fascism's defiance of League of Nations sanctions. The cabinet ordered the four big

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JINGO TALK HERE INFLUENCED JAPS

At Least Partly to Blame for Uprising; Change in Japan Rapid

By LESLIE EICHEL

New York, March 3.—Japanese liberals feared jingo talk in the United States. They knew that militarist-fascist leaders would seize on it to gain power. That talk, coupled with the liberal trend in the recent election, caused the break sooner than expected. At the same time, the inflated young militarists acted too hastily for their own good.

The world would be gravely harmed by a militarist-fascist regime in Japan. The financial world seems that opinion first, Japan's commercial and monetary interests are part of the world fabric. The United States—particularly the South because of cotton—would be greatly affected by a disabled Japan.

CAN WE AID? Men in the United States are asking

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LANDLORD IS GIVEN LONG PRISON TERM

Snow Hill, March 3.—(AP)—J. F. Owens, Greene county landlord, was sentenced early today to seven to nine years in prison following his conviction of manslaughter in the death January 15 of Paul Nethercutt, a tenant on his farm, and the wounding of Nethercutt's son, Lyman.

The shooting followed an argument over crops. Owens said he shot in self-defense. Lyman Nethercutt's testimony contradicted this.

The jury deliberated an hour and a half before bringing in the manslaughter verdict, then deliberated 20 minutes longer to bring in a conviction verdict of assault with intent to kill in Lyman's case. The defense gave notice of appeal.

PRIVATE BANKING ABOLISHED IN ALL ITALIAN KINGDOM

Mussolini Seizes Full Control of All Money Institutions Throughout the Nation

LEAGUE'S COUNCIL IN POSITIVE MOOD

Meantime, Resolution Is Already Being Drawn To Make Oil Embargo Effective on Warring Powers; Mussolini Reported Ready To Weigh Peace Proposal

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7 Generals Of Japanese Army Resign

Seven of the highest ranking generals of the Japanese army tonight asked permission to resign from the supreme war council of the empire, owing to a feeling of indirect responsibility for last Wednesday's rebellion and assassinations of government leaders.

They asked General Kawashima, minister of war, to transmit their joint resignation to Emperor Hirohito, saying they felt responsible for the condition in the army which had made the rebellion possible.

General Kawashima is expected to present the resignation to the emperor tomorrow. The action is unprecedented.

Hoffman Nears Point Of Break With Police Head

Trenton, N. J., March 3.—(AP)—Governor Harold G. Hoffman's difference of opinion with Colonel H. Norman Schwartzkopf, head of the State police, over the merits of the police work in the Lindbergh kidnap-slaying were close to the breaking point today.

Two unexpected political developments sharpened the edge of their disagreement. Democratic minority leaders of the State Assembly swung their strength against a bill sponsored by a Republican legislator, which was intended to defeat any designs the Republican governor might have to see that Schwartzkopf is put out of office by the end of June.

And a resolution was introduced in the Assembly to investigate the motor vehicle department. Assemblyman Basile Bruno, Republican, who brought up the resolution, said he was advised "several employees are engaged in the Hauptmann case."

Schwartzkopf's letter to the governor detailing his allegations that State troopers who worked on the Lindbergh case had been approached with "promises and threats" by men who said they were agents of the governor was on Hoffman's desk today.

The bill which would protect Schwartzkopf was introduced February 3 by Henry Young, Jr., member of a group of Republicans opposed to the governor's policies and highly critical of his activity in the Bruno Richard Hauptmann case.