

CONGRESS SEEKING TO HASTEN RELIEF AND THEN ADJOURN

Compromise on Tax Issue Offers More Complications for Solons, However

NORMAL TAX UPON INCOMES TO CLIMB

Chairman Harrison Predicts Committee Will Have Bill Before Senate by Middle of Next Week; May Use Some of Old Sums Unexpended

Washington, May 16 (AP)—Bent on adjourning Congress in three weeks, New Deal Legislators sought today to smooth the way for the \$1,425,000,000 relief appropriations and to compromise on the tax issue.

The latter was the more complicated problem. The Senate Finance Committee was putting into shape today a tentative compromise proposal including an increase from four to five percent in the normal tax on all individual incomes.

Some committeemen felt the proposal in which President Roosevelt's suggestion for tax undistributed profits would be a comparatively minor feature might be approved by the committee today.

Awaiting Treasury estimates on a proposed compromise, which would include an increase in the tax rate on individual incomes, the committee discussed technical phases of the "windfall" tax which President Roosevelt suggested against firms which avoided AAA processing taxes.

Chairman Harrison, Democrat, Mississippi, predicted the committee would have a bill before the Senate by the middle of next week.

LAWYER ACCUSED BY SMITH SURRENDERS

A. H. Ross Charged by Son of Former Governor With Extortion of Huge Sums

New York, May 16.—(AP)—A. H. Ross, Brooklyn lawyer, jointly indicted with M. D. Krone, a private detective, after Alfred E. Smith, Jr., signed a complaint charging extortion.

Smith, son of the former governor, said he was forced to pay out \$12,900 after he had been threatened with exposure because he accompanied a young woman to a West 23rd street hotel in 1933.

Ross and Smith and the young woman, Katherine Pacific, testified before the grand jury. Smith, a lawyer, has been estranged from his wife since 1932.

Krone was placed in the line-up at police headquarters this morning and briefly questioned. Asked if the charges of extortion were true, he replied: "The criminal allegations are not true."

Industry's Advance Is Forging On

Week-End Index Shows Continued Gains for Business Activity In U. S.

New York, May 16.—(AP)—Industrial production, as measured by The Associated Press index of industrial activity, compiled today, continued to press steadily ahead, touching the highest level this week since June, 1931.

At 89.3 the index compares with 88.4 last week and 71 in the same period a year ago.

Electric power output again made a new high. Residential building pushed forward to a new top for the year at the highest spring rate since 1931.

Automobile production fell back less than the normal seasonal amount, causing a bulge in the index. Cotton manufacturing improved sharply in the past two weeks, the recent government estimate making an upward revision necessary in last week's total. Steel mill activity slipped fractionally and is but slightly under the year's peak. Total carloadings were up somewhat less than seasonally.

Her Torch Fired Club



Central Press Soundphoto Betty Blossom

Torches held in the hands of Betty Blossom, above, a dancer, set fire to a San Francisco night club, resulting in the death of four persons and the injury of nine others. According to police, a reveler at the club attempted to take one of the torches from Betty's hand during her dance. She raised it aloft and its flames reached up to draperies and soon the club was an inferno. Miss Blossom was slightly burned.

NEGROES TURNING TO DEMOCRATS AS THEIR BEST HOPE

Breaking Into Political Arena by Becoming Delegates in Both Durham and Wake

YOUNGER NEGROES ARE FOR NEW DEAL

Older Ones More Like Elder Statesmen Among White Democrats and Are Conservative; Some Negro Leaders in Durham County Are Pointed to

Raleigh, May 16.—The unusual interest which the Negroes in Raleigh and Wake county are taking in Democratic affairs and their activity in the precinct meetings and expected activity in the county convention here today, are causing both comment and some concern in political circles here. The Negro leaders frankly admit that their principal reason for this interest and activity in Democratic affairs is that they are convinced they have nothing to hope for from the Republican party and that the "New Deal" in Washington, as well as the "New Deal" being promised by Dr. Ralph W. McDonald, one of the four Democratic candidates for the nomination for governor, looks very attractive to them—more attractive than anything the Republicans have ever offered them.

At least two Negro delegates will sit in the Wake county Democratic convention here this afternoon, having been elected as delegates in precinct meetings here last Saturday, while an effort was to be made by the Rev. G. A. Fisher, rector of St. Ambrose Episcopal church (Negro) to have additional Negro delegates seated from another Negro precinct. He told newspapermen here yesterday that but for the fact that the precinct meeting chairman set up his watch last Saturday and held the precinct meeting and adjourned it before the Negro delegation arrived, they would have elected several more Negro delegates to the county convention. Fisher also predicted that at least four Negro delegates would be elected to the State Democratic Convention to be held here in June—two from Wake county and at least two from Durham county.

The two Negro delegates elected to the Wake county Democratic convention are F. J. Carnage and Dr. L. T. Delaney, Negro physician, whose

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BRITAIN REPORTED SEEKING ACCORD ON WAR DEBT TO U. S.

Paris Indicates First Move Toward Adjustment Likely To Come From London

WANT U. S. AID TO PREVENT NEW WAR

"Influential" Group of Politicians in London Reported Urging Resumption of Negotiations With America; Group May Enter A New Cabinet

London, May 16 (AP)—The long dormant war debt issue came to life anew today with reports that strong British leaders sought a settlement with the United States.

The question was revived here just a day after Leon Blum, France's Socialist leader and premier-to-be, announced that he would like to see the debt "mis-understanding" erased, with Paris indicating the first move was likely to come from London.

In the background of the renewed consideration of the problem left by the World War, informed sources said, rested possibility of gaining American assistance in any general economic organization to help avert danger of a new war.

While government diplomats scoffed at reports that a new move was afoot for settlement, The Daily Herald said an "influential" group of British politicians were urging reorganization of negotiation with the United States.

The Herald's report of a campaign for a debt settlement, without naming the personalities involved, said they were conservatives, at present, outside Prime Minister Stanley Baldwin's cabinet and were likely to be included in the ministry.

HOEY POINTS OUT M'DONALD'S TAXES

Asks If People of State Want Them; Says Proposals Impossible

Daily Dispatch Bureau, In The Sir Walter Hotel, By J. C. BASKERVILLE Raleigh, May 16.—The program which Dr. Ralph W. McDonald is proposing for North Carolina, especially his tax and spending program, calling for the abolition of \$10,000,000 of present State revenue, but for an increase in expenditures of from \$15,000,000 to \$20,000,000 more than the State is now spending, should be carefully considered by the people of the State, Clyde R. Hoey, one of the candidates for the Democratic nomination for governor, said here today in a special interview with this bureau. "The program being advocated by Dr. McDonald, which will require between \$25,000,000 and \$30,000,000 in new taxes if the sales tax is removed, as he promises it will be, should cause the people of the State to stop and ask if 'It can be done' as Dr. McDonald says it can. They have had experience with taxes on land so high that the farmers could not pay them, so that the counties or mortgage holders had to foreclose. They have seen the State run behind and pile up a huge debt. The people of North Carolina should give a sober, second thought before entering upon a wild experiment. It is impossible to repeal all the taxes to which everybody objects and at the same time provide appropriations which everybody wants. These two extremes can wreck the State financially—and probably will if attempted.

Some Alternatives. "Dr. McDonald, of course, says that those who are opposing his program have adopted the philosophy of 'It can't be done,' while the philosophy of the young Winston-Salem philosopher is that 'It can be done.' But in order to do the things Dr. McDonald is promising to do, I intend that he will either have to go back to the tax program he proposed in the 1935 General Assembly and greatly augment it, or do one or all of the following things: "1. Put a heavy Statewide tax back on land. "2. Cripple the schools by giving them less instead of more funds than they are now getting. "3. Create a vast deficit in the State treasury. "4. End all possibility of old age pensions and old age security.

"Let us take a look at how Dr. McDonald proposes to raise the additional revenue of from \$25,000,000 to \$30,000,000 and see how inadequate it is. He promised a tax on the dividends of domestic corporations in the 1935 General Assembly which he said would yield \$3,000,000 a year. But Dr. Hoey, of the University of North Carolina, after studying the proposal, said it would not yield more than \$500,000 a year, or only about one-sixth of the amount Dr. McDonald said it would. So this proposal falls short by \$2-

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Veiled Warning To Japan Given By U. S. As Troops Enter China

They Risked Their Lives in Vain—He's Dead!



Schoolmates of Charles Penrod, 13, of Fort Wayne, Ind., fought vainly to reach the lad, caught in the raging waters of the St. Joseph River, in time to save him from drowning. They are shown bearing the lad's body ashore. At the right, exhausted, is Lloyd Altekruse, who led the rescue attempt. The same boys who carried the body out of the water served as his pallbearers. (Central Press)

New Clash On Manchu Frontiers

Moscow, May 16.—(AP)—A new incident on the Manchoukuoan border, Soviet advisers said today, broke the quiet on the Far Eastern frontiers which Russia insisted on as a pre-requisite to an investigation with Japan of boundary disputes.

An official Soviet news agency dispatch from Khabarovsk, Far Eastern Siberia, said a Soviet border patrol was subjected to fire Wednesday from the Manchoukuoan side of the frontier.

For more than a month previously, the border section had been calm, while negotiations proceeded for a settlement of the Soviet-Japanese-Manchoukuoan frontier disagreement. The Soviet dispatch said a squad of 25 Japanese soldiers, taking a position across the frontier from a Soviet fire against the Soviet patrol from a hilltop.

LONDON'S ADDRESS A BOOST FOR HIM

But Politicians Wonder Whether Radio Gets as Good Results

By CHARLES P. STEWART Central Press Staff Writer Washington, May 16.—The virtual unanimous verdict of politicians in Washington is that Gov. Alf M. Landon's recent radio interview was a corking good piece of propoganda for himself. "That is to say, it didn't sound so well on the air, but in print it was excellent. The governor, it is agreed, knows how to write a telling speech. His delivery of it is nothing to write home about. "DIAGNOSTICIANS" PUZZLED Political diagnosticians are wondering—

Which is preferable?— 1. A speech which doesn't mean much, but is wonderful to listen to?— 2. A speech which has meat in it, but which isn't very thrilling to listen to?— In pre-radio days they would have

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OUR WEATHER MAN FOR NORTH CAROLINA. Fair tonight and Sunday; cooler tonight and in north portion Sunday.

Georgia Votes To Be for Roosevelt

Atlanta, Ga., May 16.—(AP)—Georgia Democrats will cast their 24 votes for President Roosevelt at the Philadelphia National convention June 23.

President Roosevelt was the only entry for the State presidential preferential primary at the registration deadline at 1 p. m. (central daylight time) today. Hence, the primary arranged for June 3, will be called off. The President's \$10,000 entrance fee will be returned to friends who contributed it, and Roosevelt will name the state of delegates.

ISSUES AVOIDED IN BOTH PARTY CAMPS

Borah Denounces Old Guard But Does Not Point the Way Forward

By LESLIE EICHEL IT WAS A REVEALING fight that Senator William E. Borah put up in Ohio. In this primary campaign for presidential delegates, the entire unescapable politico-economic issue was uncovered—and both sides tried to sidestep. Here was Senator Borah defying his own party, the Republican, as well as the Democratic party, to tell the truth. And here he was, too, faced with his own beliefs and not being able to satisfy them.

To those who followed this campaign, as did this writer, there seemed a new epoch dawning—but an epoch which we, perhaps, will not enter. An epoch reserved for the coming generation. Not an easy epoch—rather, one of sharply contesting forces.

Why does one write this? Well, to those of us not past middle age the arguments used in this brilliant, bitter campaign seemed aged and tottering. The words might have been uttered by gentlemen of the first water—yet they failed to satisfy. We observed that a large part of the multitude thought the words outworn. Nevertheless, more forceful words were spoken than will be heard at either major party convention here were issues debated with unreserved fervor. It was a revealing piny campaign to the student of political history. "I hope that it will go down into history—but it may be one of the last monuments of a passing epoch.

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Three Dead In Gunfight In Virginia

Sheriff Killed And Negro He Tried To Arrest and His Sister Dead

Gordonsville, Va., May 16.—(AP)—A savage gun battle that lasted far into the night left three persons dead today, one a white officer, the others an aging Negro and his sister, who toppled wounded or slain into the funeral pyre of their burning cottage.

Five officers and posse members were wounded, three of them so seriously as to require hospital treatment, before a posse member crept close to the Negro's tenant home and set it afire.

The dead: Sheriff William B. Young, of Orange county. William Wells, the Negro. Cora Wells, his sister. Sheriff Young was shot to death by Wells during the afternoon as he and a state patrolman tried to arrest the Negro on an accusation of a wealthy white woman that he had threatened her with a gun in a nearby cemetery.

Young was felled with a bullet in the heart, and the patrolman was wounded in the arm and leg. Other officers in the party summoned State officers and a posse of citizens which swelled at the height of battle to nearly 300.

RECAPTURES BEING MADE OF ESCAPES

Prison Department "Bringing 'Em Back Alive" and Firing Guards

Daily Dispatch Bureau, In The Sir Walter Hotel, By J. C. BASKERVILLE Raleigh, May 16.—Even though the season for prison escapes is here, and some prisoners are escaping, the prison department is making an enviable record for "bringing 'em back alive," and within a very short time after they escape, Acting Director Oscar Pitts, of the prison division of the highway department, pointed out here today. This fact is also greatly reducing the number of escapes, Pitts said. "The two biggest factors in keeping the number of escapes down to a minimum this spring are, first, the certainty of recapture because of the reputation we are getting among the

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FAR EAST EVENTS OF SERIOUS TREND TO ENTIRE WORLD

Hull's Statement of Last December Cited as Giving Attitude of United States

DIPLOMATS PONDER NEW DEVELOPMENTS

Group in Peiping Points To Boxer Protocol Justifying Any Foreign Country in Bringing in Troops Only To Protect Their Interests In China

Washington, May 16 (AP)—Renewed attention was called today by William Phillips, under secretary of State, to previous indirect American warnings against Japanese expansionist activities in China.

Replying to press conference inquiries as to whether Japanese strengthening of military garrisons in North China was being studied by the government to determine whether a possible violation of the Boxer protocol was involved, Phillips referred newsmen to Secretary Hull's public statement of December 5 concerning the penetration of Japanese influence below the Great Wall of China.

He said that so far as this government was concerned that statement still represented the attitude of the United States. Unusual developments in any part of China, Hull said in the statement, "are rightfully and necessarily of concern not alone to the government and people of China but to all of the many powers which have interests in China."

Hull referred primarily to the nine power pact to which China, Japan and the United States are signatories, guaranteeing the political integrity of China and the maintenance of the "open door" policy of equal commercial opportunity to all foreign nations in China.

DIPLOMATS PONDER TURN IN JAPANESE MOVEMENTS

Peiping, May 16 (AP)—United

FOURTH DESPERADO TAKEN IN OKLAHOMA

Four of Eight Who Broke from Penitentiary in Bloody Battle Still At Large

Antlers, Okla., May 16.—(AP)—The wounded Jess Cunningham, one of eight desperate convicts who escaped from McAlester penitentiary Wednesday, was captured today by officers at a farm home one mile south of here.

Previously a young farmer living three miles west of Clayton, Okla., had been kidnaped by two of the fugitive convicts and forced to accompany the desperados, who were on foot, Hugh Askey, a posse leader, reportedly to prison officials. The trail of the convicts remained hot after the capture late last night of Claude Pugh, who came out of a small farm building near McAlester "begging" for mercy. He was surrounded by a posse ordered to "shoot to kill." Pugh and Cunningham were the third and fourth of the desperado to be taken, and four remained at large, believed to be hovering in thicket hideaways in this rugged corner of southeastern Oklahoma.

Cotton On Loan Being Withdrawn

Washington, May 16.—(AP)—The Commodity Credit Corporation said today farmers have applied for release of 724,107 bales of cotton which had been held under 12-cent government loans since 1934.

The corporation began several weeks ago to permit withdrawal and sale by farmers of 1,000,000 of the total of 4,500,000 bales of cotton held under the loans.

The Senate this week adopted a resolution by Senator Smith, Democrat, South Carolina, limiting the withdrawal of the loan cotton to 750,000 bales, instead of 1,000,000 as provided by the Commodity Credit Corporation. This resolution has been sent to the House for action.

The Farm Administration said today that stocks of the Cotton Producers Pool as of yesterday totaled 212,315 bales of spot cotton, and 517,500 bales of futures contracts.