

## COMPROMISE REACHED ON NEW TAX BILL

### Fractional Changes In Straw Vote On Governor

#### SOUTH CAROLINA'S TOBACCO MEASURE WILL BE MODIFIED

Decision of North Carolina  
Supreme Court To Force  
Changes in Scrap  
Dealings

#### CONTAINED TIE-UP WITH THIS STATE

Author of Bill Says Looks  
Like Provision Is Invali-  
dated; to Cut Fine for Vio-  
lation from \$1,000 to \$500  
and Eliminate Tie-Up  
Feature

Columbia, S. C., May 21.—(AP)—Sponsors of a bill to tax scrap tobacco dealers announced today they would ask an amendment to offset a North Carolina Supreme Court decision rendering it inoperative in effect as it now stands.

The South Carolina House of Representatives passed the bill to levy a \$1,000 fee per county to the Senate this morning without a record vote.

It contained a clause providing that it become effective only if a similar law is enforced in North Carolina. The North Carolina Supreme Court held a similar 1935 act for that State unconstitutional.

Representative A. G. Sloan, of Marion, author of the pending bill, commented:

"It looks like the North Carolina decision invalidates my proposal as things stand now," he said.

He said he would ask senators to amend the bill to permit it to take effect without a similar law in North Carolina.

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#### Britain Is Not Ready To Pay Up

London, May 21.—(AP)—Great Britain still is not ready to initiate war debt discussions with the United States.

Neville Chamberlain, chancellor of the exchequer, answered a question in the House of Commons by saying he was unable to add anything to Britain's last default note of December 10, which stated the time was not ripe to start talks, but which reiterated readiness "whenever the situation warrants the hope a satisfactory result might be reached."

#### BRITAIN TO RESIST FOREIGN MEDDLING

London, May 21 (AP)—Prime Minister Baldwin served a strong warning in the House of Commons today that Great Britain would not tolerate foreign tampering with the affairs of Palestine and Egypt.

His statement was made in reply to a member's request that he make it clear that Britain would not permit Italian interference in those two countries.

#### Plan Jobs In Merging Rail Lines

Labor and Management Agreed To  
Schedule To Provide for Workers  
Dropped

Washington, May 21.—(AP)—Successful conclusion of negotiations to an agreement for the protection of employees thrown out of work in railroad consolidation was announced by representatives of rail labor and management today after a conference

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#### NEWSPAPER BALLOT REVEALS McDONALD WITH NEARLY HALF

Professor's Percentage in 15,190 Votes Is 47.8, but He  
Has 49 Percent of Week's Total of 3,391; Hoey  
Slips Fractionally, Graham Remains Same

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By C. A. PAUL.

Democratic voters of North Carolina, expressing themselves through the medium of the state-wide straw vote being conducted by a group of 25 leading newspapers, continued this week to show a preference for Ralph W. McDonald, the Winston-Salem entry in the gubernatorial contest.

More than 15,000 registered Democratic voters have spoken in this poll, declaring their favorite in the race for the Democratic nomination for governor.

This week McDonald polled more than 49 per cent of the vote cast since the tabulation last Thursday. Clyde R. Hoey was second, getting 32.8 per cent of the new vote; Sandy Graham was third with 16.4 per cent of the new vote and John A. McRae, fourth, polling 1.8 per cent of the new vote.

The new votes, in actual numbers, were cast as follows:

|          |       |
|----------|-------|
| McDonald | 1,663 |
| Hoey     | 1,113 |
| Graham   | 596   |
| McRae    | 59    |

The 3,391 new votes brought the grand total of votes recorded to 15,190 making the standings of the candidates to date:

|          |       |
|----------|-------|
| McDonald | 7,263 |
| Hoey     | 5,229 |
| Graham   | 2,430 |
| McRae    | 268   |

Of the more than 15,000 votes cast, Hoey has received 34.4 per cent; Graham, 16 per cent; McDonald 47.8 per cent and McRae 1.8 per cent.

The total vote to date, both by actual number of straw ballots and by percentages, in each of the state's

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#### PROFESSOR'S CAMP SLAPS AT GRAHAM

Amused at Latter's Drag-  
ging University Merger  
Into Campaign

Daily Dispatch Bureau,  
In The Star-Walter Hotel,  
Raleigh, May 21.—

Supporters of Dr. Ralph W. McDonald for governor are amused at Sandy Graham's "recent exhibition of political gymnastics" in dragging the question of the consolidation of the University of North Carolina into the campaign, according to Willie Lee Lumpkin, manager for Dr. McDonald in his campaign for the Democratic nomination for governor.

"We are greatly impressed with Graham's agility and his exhibition of political gymnastics in the attempting to hang on to the rapidly disintegrating machine with one hand while he grabs at straws with the other," Lumpkin said. "The latest display of Graham's versatility in particularly entertaining. Like a small boy who has stubbed his toe, he has gone running to his alma mater for comfort, thinking certain voters will flock to his banner because he has suddenly become outspoken as an opponent of university consolidation."

"Sandy is setting a record for calling on his connections for support. Although he was hanging on the running board, the machine first turned a deaf ear to his pleas for help. Then he called on the ex-service men to

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#### COURT RULING HAS BEARING ON LIQUOR

Indirectly Sustains County Whisky  
Act in Decision Appealed  
from New Hanover

Raleigh, May 21.—(AP)—The State Supreme Court ruled indirectly yesterday on the constitutionality of the controverted local liquor control laws passed by the 1935 General Assembly. In the appeal of Lacy Tate from a sentence for possessing one and a half gallons of liquor, the court held the Turlington act was expressly rendered inapplicable to that county by the local liquor act.

Tate's sentence, however, was upheld.

The decision was considered by inference at least, to have upheld the New Hanover county control act.

#### Money Now Big Item Of Candidates

Hoey Appears Well  
Financed; Graham  
and McDonald  
Seem in Need of  
Cash

Daily Dispatch Bureau,  
In The Star-Walter Hotel,  
Raleigh, May 21.—

With the date of the primary now only a little more than two weeks distant, more and more talk is being heard about the condition of the finances of the various candidates for the Democratic nomination for governor and the amount of campaign funds still available for the last days of the campaign. It is generally agreed among all who know anything about practical politics it is almost fatal for a campaign organization to run out of funds during the last week or two of a campaign, since it requires money to pay for the many automobiles, workers and "watchers" at the polls on the day of the primary. Most experienced observers agree that the candidate which has the most efficient organization on election day,

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#### Methodist Unity Declared Biggest Event for Decade

High Point, May 21 (AP)—Dr. Jeff Eader, of the Federal Council of Churches of Christ, predicted in an address to the Methodist Protestant General Conference here today that the proposed unification of the three major branches of Methodism "will be the greatest thing that has happened in the last decade."

The conference is scheduled to vote on the matter tomorrow afternoon after presentation of the report of the commission on church union. Church leaders forecast a majority for the plan.

The Methodist Episcopal Church adopted the proposal last week at Columbus, Ohio. The Methodist Episcopal Church, South, cannot act until its next quadrennial conference in 1938.

#### WAGE-HOUR SCALES FOR HOSIERY LOSE

Only 66 Percent of Industry Agree-  
able to Little NRA and Ef-  
forts Are Dropped

Winston-Salem, May 21.—(AP)—Efforts to set up voluntary wage and hour standards in the seamless hosiery trade has failed, it was stated here today.

Only 66 percent would sign up for a little NRA in the industry. J. W. Weeks, of the Hanes Hosiery Mill, a member of the "little NRA" campaign committee, said no further attempts would be made to get an agreement through.

#### Three Pictures of a Living Success Story



Three excellent and hitherto unpublished pictures of Dr. Francis E. Townsend, founder of the \$200-a-month old age pension plan, who told a Congressional committee investigating old age pension schemes that he had "the world by the tail with a down-hill pull." Dr. Townsend revealed that he intended to start a third party, and actively enter the Congressional campaigns this summer to elect Congressmen and Senators favorable to his plan.

(Central Press)

#### Race Question And Foreign Troops Problem For Italy

(By The Associated Press.)

The new empire that Fascism built with bullets turned its hand today to two ticklish problems—the African color line and the foreign troops who still stand guard in Ethiopia.

Il Messaggero, influential Roman newspaper, served notice there would be no "empire of mulattos."

While official France flatly refused

an Italian request that 150 French colonial troops withdraw from guarding railway shops at Dire-dawa, British and French statesmen were reported conferring over a Fascist "hint" about legation guards in Addis Ababa.

The Italians believe these guards, who valorously protected foreign lives during the rioting which preceded the Italian occupation of Haile Selassie's one-time capital, now are unnecessary

However, the question of whether such a withdrawal would amount to tacit recognition of the new Roman Empire entered into the case.

In Paris, Leon Blum, who will be France's new premier next month, made it plain his leftist government will press for settlement of the crisis caused by the Ethiopian war and the sanctions taken against the "aggressor."

#### REPORT MUSSOLINI IS SEEKING LOANS

Foreign Nations, and Cer-  
tainly United States, Not  
Likely to Aid

TO EXPLOIT ETHIOPIA

Duce's Success in Africa Believed To  
Have Surprised Even Him;  
Big Job There Yet Re-  
mains, However

By CHARLES P. STEWART  
Central Press Staff Writer

Washington, May 21.—Commerce Department officials hear that Premier Mussolini already has agents abroad seeking foreign loan to exploit Ethiopia.

That he will be able to raise such money is spoken of as extremely doubtful. In the United States it is downright illegal to make financial advances to nations which are in default on their obligations to Uncle Sam, and Italy is one of them. The British and French, slapped in the face by the Italian defiance of their objections to Fascist activities in east Africa, are deemed unlikely to favor

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#### LEPERS MAKE GOOD COMPLETE ESCAPE

Manila, P. I., May 21 (AP)—New tales of terror were awaited by authorities today as they gave up hope of immediately recapturing six escaped lepers, who killed seven Filipinos on their flight from the world's largest leper colony at Culion.

Constabulary men said the sextette probably reached Borneo in a stolen fishing craft, whose crew of four they murdered.

#### OUR WEATHER MAN



FOR NORTH CAROLINA.  
Partly cloudy tonight and Fri-  
day, with scattered showers Fri-  
day on south coast.

#### Roosevelt Signs Electricity Bill

Washington, May 21.—(AP)—President Roosevelt today signed the Norris bill authorizing expenditure of \$410,000,000 over the next ten years for rural electrification.

#### COTTON CHOPPERS STRIKE IS PUSHED

Leaders Tell Workers To Go  
to Jail and Let County  
Feed Them

Memphis, Tenn., May 21.—(AP)—Arkansas planters fought a cotton hands strike with non-recognition today while union leaders called on their followers "to fill up the jails and let the county feed the strikers."

Headquarters of the Southern Tenant Farmers Union here claimed 3,000 workers had left the fields in three eastern Arkansas counties in a fight to raise wages from \$1 to \$1.50 daily. The union said work was at a standstill at all save small farms worked by owners.

Officers insisted, however, that the large planters had plenty of labor and work was unimpeded.

The Earle, Ark., local of the union sponsored the plan for passive resistance in jail. The strikers were advised to refuse to work, get themselves jailed for vagrancy and continue their refusal to labor on prison farms.

H. L. Mitchell, union secretary, was cheered by a promise of aid yesterday from William Green, head of the American Federation of Labor.

#### PRESBYTERIANS TO TALK UNIFICATION

Proposals Show Strength at Diamond  
Jubilee Meeting of Church-  
men at Augusta

Augusta, Ga., May 21.—(AP)—Proposals to unite the southern and northern branches of the church showed strength today among delegates here for the diamond jubilee of the Presbyterian Church in the United States.

At least five Presbyteries have petitioned the General Assembly to take immediate steps for the "formation of a nationwide Presbyterian church."

#### Badoglio To Get Triumph Of Victory

Subjugator of Ethio-  
pia on Way to Rome  
for Triumphant Re-  
ception There

Amara, Eritrea, May 21.—(AP)—Marshal Pietro Badoglio, leaving his responsibilities as viceroy of Ethiopia, in the hands of General Rodolfo Graziani, was on his way home today for a conquering hero's return to Italy.

General Graziani, commander of the southern campaign, arrived in Addis Ababa yesterday and assumed the power of governor in the name of King-Emperor Victor Emmanuel just before Marshal Badoglio took his leave of the former Ethiopian capital.

The commander-in-chief was expected to sail Monday for Italy.

There he is expected to lead a triumphant procession June 7 when Italy will celebrate simultaneously its "constitution day" and its conquest

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#### DEMOCRATS CAUCUS ON LYNCHING BILLS

Party Meeting Forced by Petition  
Signed by 27 Members of the  
National House

Washington, May 21 (AP)—A Democratic House caucus was called today for tomorrow night to discuss anti-lynching legislation.

The party meeting was forced by a petition signed by 27 members—two more than necessary.

Several bills to provide Federal penalties in connection with lynchings are pending before the House Judiciary Committee. Representative Ford, Democrat, California, who started the caucus movement with Representative Cavaghan, Democrat, New York, said the specific objective of the meeting was "to try and influence the committee to bring a bill out."

Representative Bankhead, Democrat, Alabama, and other House leaders, have expressed doubt that any further action would be taken at this session on anti-lynching legislation.

#### BOOST ON NORMAL INCOME TAX RATES DROPPED, HOWEVER

Calls for Flat Tax of 18 Per-  
cent on Corporation In-  
come as Accord  
Is Reached

#### ALLOWS EXEMPTION FOR SMALL FIRMS

Congress Begins To See  
Nightmares of Working  
Hot Summer Nights to Get  
Through Job, With Only  
Recess for Coming Na-  
tional Convention

Washington, May 21.—(AP)—Whipping all but one member into line, the Senate Finance Committee today reached agreement on a compromise plan for increasing corporation taxes but scuttled a proposal at the loss of considerable revenue, for boosting the normal income tax rate.

Moving along swiftly after days of delay, the committee thus reached accord on the vital part of the revenue bill.

The compromise would call for a flat 18 percent tax on corporation income, a flat seven percent on income withheld from distribution, exemption of \$1,000 from taxation for corporations making no more than \$20,000 a year, and retention of the present capital stock and excess profit taxes.

Smiling broadly, Senator Harrison, Democrat, Mississippi, chairman, said the committee had made "very good progress," and he expected it to be able to report out a bill early next week.

So greatly at odds was the commit-

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#### FLIERS HOPING FOR TITLE ON LONG HOP

Miami, Fla., May 21 (AP)—Two Spartanburg, S. C. fliers hoped today to obtain official recognition for breaking the non-stop light plane distance record.

R. F. Turner and Gordon Craig flew from Raleigh, N. C., to Boca Raton, Fla., a distance of 732 miles, in their small plane. They planned ending the flight at Miami but a fuel shortage brought them down 36 miles short of their goal.

#### Improper Use Mails Is Denied

Washington, May 21 (AP)—An assertion immediately denied that the Townsend old age pension organization used the mails to defraud was made today before a House investigating committee.

James R. Sullivan, counsel for the committee, declared that \$11,490 was raised for a "congressional fund" by an appeal to Townsend clubs sent through the mails in the form of "Townsendgrams."

Dr. F. E. Townsend, founder of the movement, who was on the stand for the third day, denied knowledge of the appeal "until after it was out." He added that he did not believe the mails "were used to defraud."

The committee turned to this line of inquiry after an angry session yesterday, in which Townsend cried that many of the questions directed at him were "nonsense."

#### FRANCE TO OBJECT IN BEHALF PRIEST

Action of Italians Against  
Workers in Ethiopia Is  
Held Unjustified

Paris, May 21 (AP)—Joseph Paul-Boncour, acting foreign minister, declared tonight Italy's expulsion of a French priest from Ethiopia was "inacceptable," and an authoritative source said France would protest vigorously.

This sudden development in the Franco-Italian situation came shortly after the French government re-

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