

ROOSEVELT SATISFIED WITH TAX CHANGES

Plans Are Begun For Raising Of Submarine

Survivors of Squalus Rushed to Hospital



One of the thirty-three survivors of the Squalus is carried by ambulance and rushed to hospital at Portsmouth, N. H., after he was brought ashore by rescue ship. Twenty-six of his fellows died aboard the submarine, which sank in 240 feet of water.

Reason For Tragedy Not Yet Learned

No Evidence So Far To Indicate Carelessness or Sabotage Aboard, Portsmouth Navy Yard Captain Declares; 26 Dead in Hull

Portsmouth, N. H., May 26.—(AP)—Asserting that the cause of the sinking of the submarine Squalus Tuesday with the loss of 26 lives still was unknown, Captain H. R. Greenlee, manager of the Portsmouth navy yard, said today: "Anything said about the 'induction' valve is merely conjecture."

It originally was believed that an open induction valve allowed water to pour into the Squalus while she was making a fast dive. Yesterday Alfred G. Prien, 26, machinist's mate asserted the control board lights indicated the valve was closed.

"No one knows what happened," Greenlee declared, "because no one has gotten down there to see."

Two submarine experts, Commander A. I. McKee and A. R. McCann, took off for Washington at 11:25 a. m., eastern daylight time, today for a conference with high naval officials, who will decide the method of raising the Squalus.

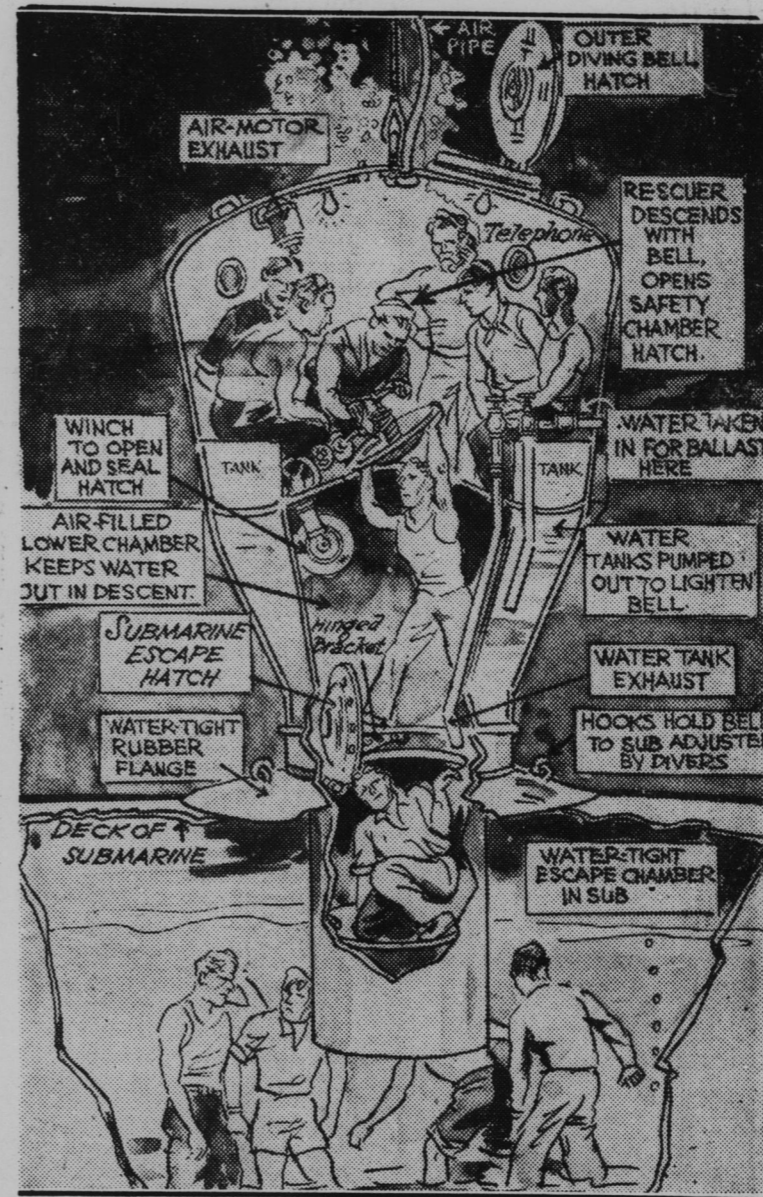
Meanwhile, taking cognizance of rumors, Captain W. S. Amsden, captain of the Portsmouth navy yard, issued this formal statement:

"Despite certain statements in certain papers of the press, there is no evidence at this time to substantiate any rumor of carelessness and sabotage."

Admiral C. W. Cole, back aboard the rescue ship Falcon, after a brief

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How 33 Lives Were Saved



This self-explanatory diagram shows how the thirty-three trapped sailors aboard the Squalus entered the diving bell that brought them safely to the surface twelve miles off Portsmouth, N. H. The bell is ten feet high, holds eight persons.

Labor Board Head Offers Amendments

Madden Confronted by Barden With Denounced Procedure in North Carolina; With Bergdoll in U. S., Senate Drops House Bans

Washington, May 26.—(AP)—President Roosevelt remarked that tax discussions were getting along very well when asked to comment today on congressional efforts to speed a limited revision of corporate levies. He did not reply directly when asked whether projected tax legislation would be confined to so-called nuisance and corporation taxes, or whether it would deal also with personal income taxes.

He told his press conference, instead, that he had better not go into details because things were getting along so nicely.

Other developments:

Bergdoll Ban Dropped The Senate Military Affairs Committee pigeon-holed a House-approved bill which would have prohibited the return to this country of Grover Cleveland Bergdoll, World War draft evader. Bergdoll's return on the German liner Bremen yesterday, and his prompt arrest by army officials apparently circumvented congressional efforts to keep him out of this country.

Favors Labor Change Chairman Warren Madden of the National Labor Board, suggested that Congress consider four major amendments to the Wagner labor act designed to benefit employers in controversies with their workers. While opposing specific changes put forward in the House, Madden told the labor committee Congress might well study these four possibilities:

- 1. The feasibility of granting employers the right of petitioning for a collective bargaining election, subject to certain safeguards.
2. Standards for the board's determination of the appropriate bargaining units.
3. Clarification of the status of a contract where a majority of workers change allegiance from one union to another.
4. Changing the time when hearings on charges may be held from five to ten days after a complaint is filed.

Cites Greensboro Case Representative Barden provoked a (Continued on Page Four)

Pope Seeks Conferences For Europe

Vatican Thinks Peaceful Solution of Present Difficulties Is Entirely Possible; General Meeting Suggested

Vatican City, May 26.—(AP)—A Vatican news service said today that papal diplomats had suggested to Europe's principal foreign offices that peaceful solutions to Europe's difficult ties might be found through a "general meeting of interested powers" or through a series of bi-lateral talks.

The news service said that "the holy see has limited itself to using normal diplomatic channels to invite interested governments to consider in a pacific spirit the present serious international moment, and to seek with peaceful intentions the solution of grave questions which currently hang over the world."

"The holy see," it continued, "has not entered in any way into considerations and specific appraisals of questions which are today subjects of discussion in international controversy. But it has, instead, insisted for general and moral reasons, inspired by the well-being of humanity, that the enormous trial of war, which there is reason to believe would be more homicidal than that of 1914, should be by all means avoided."

Regarding practical proposals, the holy see limited itself to recalling that the peaceful examination of the questions may be obtained either by a general meeting of the interested powers or by examinations, two by two, limited to the nations which are involved in various particular questions.

World Cotton Conference Will Be Called By U. S.

Wallace Reveals Plan To Seek Improvement In Prices and Allotment of Markets To Chief Exporters; Subsidy and Processing Taxes Planned

Little Rock, Ark., May 26.—(AP)—Secretary Wallace disclosed today that the United States would call an international conference this summer or fall to seek ways of improving cotton prices and dividing world markets equitably among all exporting nations.

A State Department inquiry regarding desirability of an international agreement, Wallace said, has brought favorable replies from all important cotton exporting countries. Until such an international agreement is put into operation, the secretary declared, it was necessary for the United States to embark on a program of exports to regain this country's "fair share" of world markets, and to help dispose of a record surplus.

Despite sharp opposition raised in the Senate and in the cotton industry, Wallace indicated the administration proposed to pay bounties on cotton sold abroad if Congress provides necessary funds.

"Whatever may happen in the future," he said, "the export subsidy plan is very much alive today."

The plan is designed to expedite foreign sales of cotton which have slumped this season to the lowest level in sixty years, and to reduce surplus stocks of about 14,000,000 bales, of which 11,400,000 are stored under government loans to producers.

In a speech prepared for a meeting (Continued on Page Three)

State Keeps Close Watch On Paralysis

State Health Board Warns Border Counties To Be on Lookout for Cases Entering from South Carolina; No Epidemic Here Yet

Raleigh, May 26.—(AP)—Dr. Carl Reynolds, State health officer, said in a statement today that health authorities in counties bordering on South Carolina had been urged to keep a careful watch for potential cases of infantile paralysis, but that "no quarantine regulations or restrictions have been advocated for the traveling public."

"North Carolina recognizes that an increase in the prevalence of poliomyelitis (infantile paralysis) now exists in certain sections of South Carolina," said Dr. Reynolds. "While we do not anticipate any widespread prevalence in this State, we wish to be on the alert for the development of any cases in our border counties which may have any particular epidemiological connection with the cases in South Carolina."

Reynolds said his office was encouraging local health authorities "to observe over a period of two weeks individuals coming out of areas where the prevalence of the disease is high. If more rigid instructions are thought to be justified in any special counties of the State, this is a matter within the jurisdiction of the local authorities."

Meanwhile, Wilmington advices (Continued on Page Four)

Virginia Area Hit By Flood

Lebanon, Va., May 26.—(AP)—Residents of this Russell county section in southwest Virginia endeavored today to re-establish normal communication with the outside world after flood waters from sudden rains had drowned an elderly woman, swept away several houses and halted highway traffic.

Rolling down the bed of Cedar Creek and its tributaries west of here late yesterday, the high water caused heaviest damage at Bolton. The road to Hansenville remained blocked today as the result of damage to sections under construction.

Mrs. Cleve Stutzer, 83, was drowned while trying to make her way from her flood-surrounded home at Bolton.

Vandenburg Is Gaining As Nominee

By CHARLES P. STEWART Central Press Columnist Washington, May 26.—Senator Arthur H. Vandenburg of Michigan generally is recognized in Congress as having materially improved his chances of securing next year's Republican presidential nomination by victory in his fight against a two or three hundred million dollar appropriation for the digging of a ship canal across the upper end of the Florida peninsula.

The Senate voted down the proposition by a sufficient majority to indicate that the expenditure would have been wasteful even if the Wolverine statesman hadn't fought it. However, the fact remains that he did make himself conspicuous as the scheme's most vocal opponent. It was all the more notable a triumph in that Vandenburg is of the minority party on Capitol



Sen. Vandenburg

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Bund Leader Enters Plea Of Innocent to Charges

Fritz Kuhn Denies Theft of \$14,548 of Bond Funds; Claims Ignorance of Reasons for His Arrest by New York Authorities

New York, May 26.—(AP)—Fritz Kuhn, national leader of the pro-Nazi German-American Bund, stood stiffly erect today in court and pleaded innocent to charges of forgery and grand larceny of \$14,548 of bond funds.

Earlier, he replied "No" in the same emphatic tone in the police line-up when asked if he had misappropriated bond money and made false entries in the books.

"Then why were you arrested?" Acting Lieutenant James Pyke asked. "I don't know yet," replied the 43-year-old bund leader.

Kuhn was held in \$5,000 bail, a figure recommended by the district attorney's office because Kuhn waived extradition and voluntarily returned from Pennsylvania, where he was arrested yesterday.

"I think the district attorney is very modest in asking that amount of bail," said Judge Cornelius Collins. "If it had been up to me I would not have been so modest. But if the district attorney is satisfied, it is all right with me."

In the police line-up Kuhn said he was president of the German-American Bund, a native of Munich, had been in this country fourteen years, and never was arrested before. He said he formerly was employed as a chemical engineer and last worked at that occupation in 1936 in the Dearborn, Mich., plant of the Ford Motor Company.

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'Free Games' Slot Devices Held Illegal

Raleigh, May 26.—(AP)—Attorney General Harry McMullan ruled today that slot machines which allow free games for certain scores are illegal under the 1939 revenue act, which provided for legalization of "amusement slot machines" after June 1.

Revenue Commissioner A. J. Maxwell requested the ruling. Last week Maxwell said there were thousands of slot machines being operated illegally in the State, and that many of them would be illegal after June 1.

McMullan ruled that the Flanagan act of 1937 outlawing slot machines was still in effect, and that it bans any machines on which varying scores or certain combinations of (Continued on Page Three)

Campaign To Produce Foe Of Sales Tax

Raleigh, May 26.—There will be a real dyed-in-the-wool anti-sales tax candidate for the governorship of North Carolina in the campaign of 1940, Paul Leonard, arch-anti of them all, asserts.

The Fair Tax Association's executive secretary, concededly the most insistent and persistent opponent of the three per cent levy in the State, is not yet ready to identify the choice of his association; but he is aggressively determined that there shall be given to the North Carolina electorate the opportunity to vote for a gubernatorial candidate who endorses the principles and legislative program of the F. T. A.

Not so long ago this bureau com-

Weather FOR NORTH CAROLINA. Mostly cloudy tonight and Saturday, with occasional thunder showers in extreme southeast portion Saturday.