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**BANKS CALLED BEARS, FLAYED BY NORBECK**

Financial Institutions Are Adding to Deflation, Says Senator.

**MAY WIDEN INQUIRY**

Refusal to Give Loans Is Ruining Property Value, Committee Told.

BY LYLE C. WILSON,

United Press Staff Correspondent

WASHINGTON, April 28.—Chairman Peter Norbeck of the senate banking committee today accused the banks of being "bears" and threatened to broaden the committee's stock market investigation to include them.

Banks, by refusing to grant new loans or extend well-secured old ones, are "adding to the force of the deflation and destroying the value of all property," Norbeck charged.

He said the banks had failed to pass along to the public the benefits of the administration's financial relief legislation and were not co-operating in the federal reserve's credit expansion program.

He cited federal reserve statistics showing that member banks in leading cities had reduced their loans on securities by \$309,000,000 since March 2, although an additional \$113,000,000 of reserve bank credit had been made available to them.

**Banks Are Blamed**

"These figures show that part of the supply of securities which has been causing the decline in all the security markets, has been coming from these banks," Norbeck asserted, "and it is apparent that the action of the commercial banks in this respect is a major contribution to the present lack of confidence and crippled condition of business."

He said that if this condition continued, the banks "will be going to recommend to the senate committee on banking that this matter be gone into fully. This can be done by bringing to Washington some of the bankers who have large cash reserves and more available credit and still are refusing to grant new loans, and even refusing to grant extensions where the borrower is worthy and the security is satisfactory."

If liquidation continues, Norbeck said, "we must find out what part the bankers are playing in forcing down the value of American property to 'junk' prices. The bear raiders are bad enough; the bankers should not help them."

**Wall Street Hits Back**

Wall Street, meantime, is striking back at the stock market investigation, challenging some of the witnesses before the senate committee.

"They are claiming," said Norbeck, "that Edward Knight was indicted and pleaded guilty in 1929 to some kind of a financial charge. We do not want to apologize. Mr. Knight was a volunteer witness. He did not testify against any one. He simply told us of general practices in the stock market. His friends assure me that he was framed."

Knight testified last week. He formerly was brokerage accountant in New York and now is employed by the federal government.

**Another Is Accused**

An indictment figures, also, in the introduction to the committee of a potential witness, A. Newton Plummer. Representative La Guardia (Rep., N. Y.) submitted to the committee checks allegedly given by Plummer to newspaper financial writers in appreciation of news stories "ballyhooing" certain stocks.

La Guardia told the committee that, for revealing some of this information, Plummer had been persecuted and indicted. But the representative added that Plummer had been employed for stock publicity over a period of fifteen years, and his employers scarcely could challenge him under such circumstances.

The investigation board of strategy, from which President Hoover's spokesman, Senator Walcott (Rep., Conn.) has been excluded, was summoned to meet again today to discuss the inquiry with William A. Gray, committee counsel.

**CUT THROUGH CEILING, RIFLE STORE'S SAFE**

Burglars Get \$180 and Drugs at Haas Pharmacy.

Entering a Haas pharmacy at 349 South East street the second time in ten days, burglars Wednesday night snatched \$180 in cash, narcotics valued at \$7, pens and pencils valued at \$100 and an undetermined amount of candy.

In each case, entrance was gained by cutting through the ceiling of the store from a vacant room above, which is reached by a side stairway.

The money and drugs were obtained from a safe combination of which was battered.

**PUPILS GET CHALLENGE**

Must Solve Problems of Machine Age, De Pauw Head Declares.

Establishment of an economic democracy and solution of unemployment in a machine age are the problems facing youth of today, according to Dr. G. Bromley Oxnam, president of De Pauw university, speaking on the Shortridge high school Washington bicentennial program in Caleb Mills hall Wadsworth day.

"Washington is honored because he founded a political democracy," he said. "Today, it remains for some one to unite the world in an economic democracy as he united the colonies politically."

Auto Strikes Safety Zone Guard

Driving his automobile into a safety zone guard at Southeastern avenue and Washington street on Wednesday night, Milton Smith, 29, of 332 Ridgeview drive, suffered a broken nose.

**The Big Bully!**

By United Press

CHICAGO, April 28.—A nervous bandit who robbed the Oak Glen Trust and Savings bank, Lansing, of \$5,000 on Wednesday was lectured for his mistakes by his companion, standing by with a submachine gun.

The nervous bandit, armed with a pistol, fumbled with a drawer after tying up two bank employees and a customer.

"Open the drawer, you lug," said his companion, a swarthy man. "Put that gun away before you shoot yourself."

The nervous bandit protested.

"Quit picking on me," he whined. "I'm doing the best I can."

"Shut up; let's get out of here," the other retorted.

**VOTE IN EAST JARS BACKERS OF ROOSEVELT**

Bay State and Pennsylvania Results Show Nomination Is Not 'in the Bag.'

BY LEO R. SACK,

Times Staff Writer

WASHINGTON, April 28.—Al Smith's drive for the Democratic presidential nomination is rehabilitated while Governor Franklin D. Roosevelt is warned that the prize, almost in his grasp, has not been cinched.

These, according to cautious Democratic politicians, are the outstanding developments of the presidential primaries in Massachusetts and Pennsylvania.

Smith's overwhelming victory in Massachusetts with thirty-six delegates and his possible seizure of sixteen delegates in Pennsylvania gives him a nucleus of fifty-two votes at the Chicago convention.

**Next Test Tuesday**

To this, it is predicted, he will add from New Jersey six, and possibly ten from Connecticut and ten from Rhode Island.

The "Happy Warrior's" final test will come next Tuesday in California when he participates in a three-cornered contest with Speaker Ganner and Roosevelt for forty delegates.

Should Smith win California, politicians concede, he may succeed in deadlocking the convention.

Rosseve's senatorial friends, however, found some comfort in the Pennsylvania result, even though he failed to receive the sixty-six votes promised by Joseph F. Gurney, former national committeeman.

The senate committee deleted taxes amounting to approximately \$100,000,000, but at the same time added new taxes that will practically make up that amount.

The committee's chief changes follow:

1. It almost doubled normal income taxes. Instead of 1 1/2 per cent in the present law, or 2 per cent in the house bill, it levied 3 per cent on the first \$4,000 of net income.

2. On the next \$4,000 it levied 6 per cent, as compared with 3 in the present law and 4 in the house bill.

3. It levied 9 per cent on all income in excess of \$8,000, as against 5 per cent in the present law and 7 per cent in the house bill.

4. Slightly Boosts Surtaxes

This is expected to raise about \$29,000,000 in the next fiscal year, or for half of the calendar year. It did not change personal exemptions of \$1,000 for a single person and \$2,000 for a married person.

5. It increased only slightly the same percentage of tax.

6. It raised or improper operation, has injured rather than helped the farmer co-operative movement and has entered into compensation war-time rates.

7. It increased corporation and insurance company taxes by one-half of 1 per cent, from 13 1/2 to 14. The rate is now 12 per cent. This will yield about \$8,000,000.

8. It placed a 2-cent stamp tax on all bank checks drawn for a sum in excess of \$5. This will raise about \$500,000.

9. It increased corporation and insurance company taxes by one-half of 1 per cent, from 13 1/2 to 14. The rate is now 12 per cent. This will yield about \$8,000,000.

10. It approved house estate and gift tax rates.

11. It placed a 2-cent stamp tax on all bank checks drawn for a sum in excess of \$5. This will raise about \$500,000.

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