

STATE RIGHT ISSUE REVIVED BY TAX PLAN

Proposed Levy on Local Bond Income Would Be Bitterly Contested, Declares Mark Sullivan.

URGE SURTAXES BE CUT

By MARK SULLIVAN
WASHINGTON, Jan. 18.—The proposal to make bonds issued by states, cities, townships and villages subject to the federal income tax is going to revive what has been one of the oldest and most vital issues in American politics.

It is anywhere from 10 years to half a generation since "states rights" used to figure every day in the debates of congress. Most of the fights went against the states, and in the swift and drastic centralization of power at Washington that occurred during the war, states rights almost disappeared as a live issue.

At this moment, however, it is coming rapidly to the front not only in connection with the project of putting a federal tax on state and other local bonds, but also in connection with the Dyer bill to make the crime of lynching a subject for federal action. Together with the project for a federal department of education to have some kind of centralizing relation to public schools and other institutions now wholly under control of the states.

Drastic Invasion

Of all these movements, present and past, probably the most drastic proposed invasion of states rights is the part of the federal government is the proposal to put federal restrictions on the power of the states to borrow money.

The movement arises out of the income tax. When the owners of a large fortune invests in the bonds of a private business corporation, he must pay from 25 to 58 per cent of his income in taxes. But when he invests in the bonds of the states, cities and villages, he need pay no income tax on the interest.

The result has been that private business corporations borrowing money must pay roughly from 5 1/2 to 7 1/2 per cent, whereas cities and towns can borrow it at from 4 to 5 per cent. It follows necessarily that private corporations have difficulty in borrowing, while states and cities can borrow freely.

Two Remedies

To get rid of this handicap against private business there were two feasible remedies. One was to reduce the highest taxes on incomes to something like 30 per cent or less and thus restore in the mind of the large investor something like equality of attractiveness between the bonds of private corporations and those of states and cities.

This was the remedy Harding proposed first. He recommended it in a letter to congress, but congress turned it down. Thereupon, Harding in his last address to congress recommended that state and city bonds be made subject to federal taxation the same as the bonds of private business corporations.

This could only be done by means of an amendment to the constitution of the United States, and it is to consider the advisability of such an amendment that the hearings are now being held.

Federal Revenues Affected

It must be admitted that the present situation is not only hurtful to the federal government's revenue, but that it also has an indirect effect not widely noticed. It puts a premium on the municipal ownership of public utilities and promotes it greatly.

Any given gas company or electric light company or telephone company must pay from 5 1/2 to 7 1/2 per cent for its borrowed money, whereas the same company, if turned over to the city government, can borrow its money at from 4 1/2 to five per cent.

The resulting stimulus to municipal ownership is readily apparent. There still remains, of course, the alternative remedy that Harding first suggested, namely, a reduction of the higher surtaxes on large incomes to something like 25 per cent.

The project for an amendment to the constitution by the action of three-fourths of the states would take at least two years' time under the most favorable circumstances. And, as a matter of fact, the project would counter the most stubborn opposition and revive the old states rights issue in a vital form.

Earnest Debates

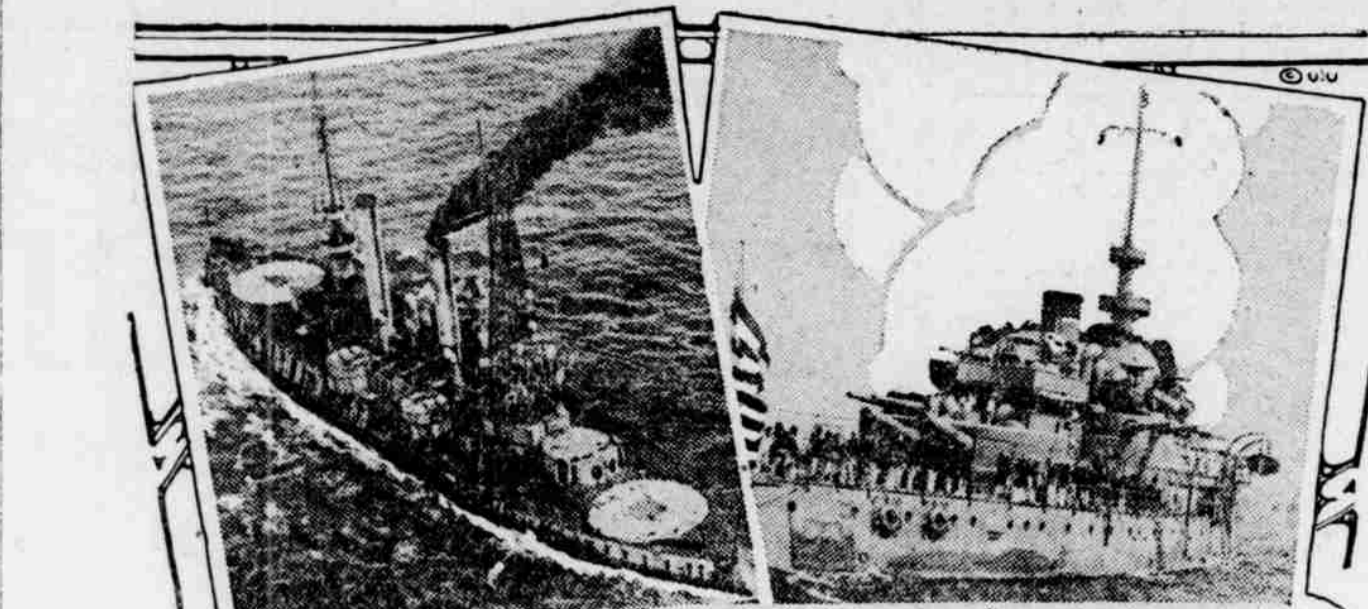
The Dyer bill authorizing the federal government to take cognizance of lynching and punish it in the federal courts has given rise to earnest debates in the lower house of congress. It was initiated by the Republicans to fulfill a platform promise, and the Democrats claim it is put forward largely to make a Republican appeal to the negro vote, which is so large as to be decisive in such doubtful states as Indiana and Ohio.

Southern Democrats say that lynching is already decreasing through the only sound means by which it can be decreased, namely, by the growth of local public sentiment against it. They say further that for the federal government to interfere would merely make the whole troublesome race question worse.

Undoubtedly it is the view of persons who are most enlightened and free from partisan prejudice that the best hope for amelioration of the race question in its largest aspects lies in local treatment of it without the interference of force from the outside. The race question has grown steadily less troublesome in proportion as the federal government has receded from the use of force, which was a cardinal Republican doctrine in the generation following the Civil war.

The project for a federal bureau of education has been opposed by President Nicholas Butler, of Columbia

Sinking of Old Battleship with Signal Honors to Mark Acceptance of Navy Cut



Below is the U. S. S. Kentucky, which may be chosen for the honor. Above are the U. S. S. Iowa (left) which may be retained for experimental purposes, and the U. S. S. Oregon, which may be kept as a relic.

The suggestion that one of America's famous old battleships be sunk with signal honors and impressive ceremonies to mark the carrying out of America's part of the naval reduction agreement has been received by the navy department. It is said that the plan has met with the approval of navy officials who will have charge of scrapping the capital ships which will have to be junked. It is thought probable that the U. S. S. Kentucky, the oldest of the second line ships, will be selected for the honor if such a plan is carried out. The ship, ship and span and, with all flags flying,

Nusbaum Will Not Be Senatorial Candidate

It was learned Wednesday that Lee B. Nusbaum will not let his name be used as candidate for the nomination for state senator on the Republican ticket. When Mr. Nusbaum was asked about the matter, he said he had decided not to make the race, although many of his friends have urged him to do so.

TOBACCO COMPANIES CONSPIRED TO KEEP UP PRICES, CHARGE

(By Associated Press)
WASHINGTON, Jan. 18.—Three of the principal tobacco manufacturing companies, the American Tobacco company, the P. Lorillard company and the Liggett and Myers Tobacco company, were charged with engaging in conspiracy with numerous jobbers' associations to keep up jobbers' prices in a report transmitted today by the senate by the federal trade commission.

The three companies the commission declared, in giving the results of an investigation ordered under a resolution by Senator Smith, Democrat, of South Carolina, were formerly part of the "tobacco trust" dissolved by the supreme court.

The R. J. Reynolds company, the report said was not a party to the alleged conspiracy and was commended for its opposition. The commission promised prosecution where the evidence discloses there has been violations of law.

SOUTHERN IRELAND RESTLESS, IS REPORT

(By Associated Press)
LONDON, Jan. 18.—Unrest prevails in southern Ireland, says the Dublin correspondent of the London Times, who intimates that followers of Eamon De Valera may be engaged in stimulating disturbances.

"A spirit of extreme republicanism," the correspondent declares still flares in the south, where large bodies of armed men refuse to accept the treaty between Ireland and Great Britain. There has been an epidemic of robbery and other crimes of violence in Dublin and in rural districts which demands strong measures from the government. The whole country will heartily support the provisional Irish government in any measure taken to establish order, but the next few weeks, while English forces are being withdrawn, may be a difficult time in the island."

A newspaper published in the interest of the followers of De Valera is said to have appealed for funds to organize popular opinion in favor of the republic.

TEACHERS' PENSIONS INCREASED BY DULING

(By Associated Press)
INDIANAPOLIS, Jan. 18.—Increased pensions for Indiana public school teachers, who have been receiving disability pensions for a number of years will result from the ruling today of Attorney General Lesh who held they were entitled to payment under the 1921 law and not the 1915 law.

JUNIOR HIGH SCHOOL PRINCIPALS ASSIGNED; CLINE RETAINS PLACE



George A. Manning

Appointments of teachers to the new David Worth Dennis junior high school have been completed by the school board and the division of the city made, signifying which students will attend the Garfield junior high school and those who will go to the Dennis school. The board also elected E. C. Cline principal of the local high school.

Mr. Cline has been acting principal in the high school since September and was filling the vacancy until he would be removed to the Dennis school, where he was to be located.

N. C. Heironimus, principal of Garfield junior high school, was appointed principal of the David Worth Dennis junior high school and George A. Manning, of Economy, is to succeed Mr. Heironimus in the Garfield school.

Mr. Heironimus has been in close contact with the Richmond public schools for a period of 27 years, and was first to start the junior high school project in Richmond. The Garfield junior high school was started at its present location in 1910, having moved from its location in the old

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FIRES IN SCHOOLS ENDANGER PUPILS

(By Associated Press)
NEW YORK, Jan. 18.—Mysterious fires in two public schools in Manhattan, which endangered the lives of hundreds of pupils, have lead to the arrest of three boys, after investigation showed that the fires started in waste paper baskets in empty classrooms. Detectives today were seeking other boys thought to be responsible for two other school fires.

Capture Dainty Miss Masquerading As Boy

(By Associated Press)
CINCINNATI, Jan. 18.—Anna Bragg, 19, pretty, in men's attire and showing a rather inartistic result of trying to bob her own hair so that she would more closely resemble a boy, reached Cincinnati from Charlestown, W. Va., today, but a Chesapeake and Ohio railroad detective penetrated her disguise enroute and gave her into police hands. Miss Bragg said she tried to be a manicurist, but made a failure. She was turned over to social workers and by night will have employment and a dress and other things.

In her overalls she carried a powder puff and rouge, and on the train she tried to smoke a cigarette to lighten the appearance of masculinity. Her father, now dead, was a Baptist minister, she said.

Nine Main Training Camps Recommended By Pershing

(By Associated Press)
WASHINGTON, Jan. 18.—Retention by the war department of nine main training centers, one in each corps area, and of a number of other special camps was recommended today by General Pershing, chief of staff at a hearing before the house military committee.

RULE NOTE FOUND AFTER MILTON BANK FAILURE IS FORGERY

(Special to The Palladium)
NEWCASTLE, Ind., Jan. 18.—Judgment for Gus Kinsinger, living east of Newcastle, defendant in a suit brought by Claude S. Kitterman, receiver for the Farmers' bank at Milton, for \$200 on a note, was returned Wednesday morning by a jury in circuit court here after 30 minutes' deliberation.

Kinsinger claimed that the note, found after the suicide of Oscar Kirin, cashier of the bank, was a forgery. A shortage of about \$100,000 was found in Kirin's accounts after his death.

The decision of the Henry county jury is expected to have an important bearing on about 25 other cases where notes were found, signatures to which are declared forgeries.

AMERICA INTERVENES IN CHILE-PERU FUSS

(By Associated Press)
WASHINGTON, Jan. 18.—The American government has intervened in the controversy between Chile and Peru, involving the execution of the treaty of Ancon, inviting the two South American governments to send plenipotentiaries to Washington for a conference.

LIVING COSTS CHEAPER

(By Associated Press)
LONDON, Jan. 18.—Statistics show the cost of living fell 7 per cent during December. At the end of 1921 the figures were the lowest since March, 1918, but were 32 per cent above the figures of 1914.

Weather Forecast

MOORE'S LOCAL FORECAST
Mostly cloudy tonight and Thursday; rain turning to snow; considerably colder.

The storm center now crossing the central states is caused by falling temperature, either tonight or Thursday, rain turning to snow due to a cold wave over the upper Mississippi valley states.

For Indiana, by the United States Weather Bureau—Snow in north and rain or snow in south portion tonight and Thursday; colder Thursday and in northwest portion tonight.

Temperatures for Yesterday

Maximum 41

Minimum 12

Noon 42

Today

Weather Conditions—The storm reported approaching in yesterday's bulletin now covers the Mississippi valley states. General rains in south and central portions of Indiana, and snow over the northern portion. Another general storm covers the Rocky mountain states. A severe cold wave has overspread the northern border states, temperatures ranging from zero in portions of Iowa, 20 to 30 below in the Dakotas, Minnesota and northward.

Paid Circulation Yesterday, was 11,620

ITALIAN HERO IS HONORED BY AMERICA

American Soldiers Participate in Ceremonies Incident to Bestowal of Congressional Medal of Honor.

CHILD PAYS TRIBUTE

(By Associated Press)
ROME, Jan. 18.—America today paid tribute to the Italian unknown soldier who sleeps beneath the nation's shrine in this city. American soldiers forming a composite battalion participated in the ceremonies incident to the bestowal of the congressional medal of honor upon the Italian warrior, Richard Washburn Child, United States ambassador to Italy, delivered the oration at the tomb.

"We come to do honor to one who, though nameless, shall glorify through the ages the nation that gave him birth," said Mr. Child. "By the honor we do him we honor his country and his king. By this tribute we lay upon this altar we hope in some measure to add to the tokens of love, faith and trust flowing from the people of the United States to the people of Italy."

Common Pledges

"It is proper at this moment, when we stand together at the last resting place of one who made the ultimate sacrifice to a high cause, that we, who are living should pledge to each other the fulfillment of the high purposes held in common by our two governments and our two peoples. It is fitting we should pledge to each other devotion to justice and tolerance; faithful labor and unselfish service to truth in all our words; loyalty in our lives, and honesty in all our deeds."

"It is for us, in whose veins the coursing life blood still flows, to keep alive in our hearts the memory of the last moment of this soldier's life—that sudden space of pain, that twisting body, that tightening of the muscles, that last agony, that last moment, before he who gave all to his country and to his fellow men fell into the eternal peace of death and received from the hand of God his measure of infinite mercy."

Urges Self Sacrifice

"To the honor brought to this spot by the unknown warrior himself, my government and my people, and we who represent them, can today add little. We have faith, however, that we can bring here a high resolve. With the hearts and minds of our two nations in accord, we may together pledge here a service of self-sacrifice less complete but no less valuable and immortal than that we honor in this unknown soldier."

"Nation and nation, we share that virtue, that bravery, that dedication, that spirit of devotion which we now honor in this soldier of Italy. He is not alone Italy's soldier, for by the virtue that is in us, we Americans have earned the right to call him ours."

LARGE ART GALLERY NEEDED BY RICHMOND, SAYS MRS. JOHNSTON

Growing need for larger quarters for the public art gallery, with its swelling permanent collection and large exhibitions, was voiced by Mrs. Melville F. Johnston, director of exhibits for the Richmond Art association, when she addressed the Woman's club Tuesday afternoon in the gallery on the 25th annual exhibition by Indiana painters.

The galleries in the last few years have become a gathering place for clubs and musicales, in addition to serving its functions as a gallery. Mrs. Johnston pointed out the fact that the gallery is too small to serve as a meeting place for the organization much longer. The permanent collection of paintings and bronzes in the south gallery has grown to such a size that, with a few more additions, it will be impossible to hang more pictures in the room.

Pictures Crowded Out

That the gallery is too small for the exhibitions, which have been growing, too, in the last 25 years, was pointed out. In the present exhibition by Indiana painters 28 pictures could not be hung because of lack of space. The handful of visitors that used to frequent the exhibitions have swelled to hundreds. The Sunday afternoon openings have been attended by from 100 to 300 persons all during this season.

Mrs. Johnston talked informally on the Indiana exhibition, dealing chiefly with the canvases to which the Mary T. R. Foulke prize and honorable mention were awarded. Some of the new exhibitors, notably Lucy Taggart, were discussed at some length and their paintings exhibited.

Preceding Mrs. Johnston's talk a general meeting of the club was presided over by the president, Mrs. Fred S. Bates. Mrs. George G. Burbanck gave a short talk, in which she urged the women to aid in Russian relief. Department chairmen also gave short talks.

GUATEMALA DECIDES ON SECESSION FROM FEDERATION, REPORT

(By Associated Press)
REPUBLIC OF SAN SALVADOR, Jan. 18.—The Guatemalan national assembly has decided to secede from the federation of Central American Republics, says a dispatch received here today from Guatemala City. The assembly says the dispatch has declared that the Guatemalan constitution of 1879 to be in force, and has recognized the validity of acts passed up to 1920.

Posts Head?



Charles D. Hilles.

The new chief of the postoffice department following the resignation of Will H. Hays to take the crown as American "Movie King," may be Charles D. Hilles, it is predicted. The Republican national committeeman from New York has been in Washington several days.

DECIDE TO TENDER FEDERAL MEDIATION IN PACKING STRIKE

(By Associated Press)
WASHINGTON, Jan. 18.—Services of the government will be formally tendered again in an endeavor to bring about an arbitration of the packers' strike now being conducted in the larger midwestern states of the meat packing industry, it was decided today at a conference of cabinet members and congressmen.

The previous offer of the government at mediation was refused by the packing companies on the ground that the strike was not effective.

After some discussion it was understood the conference decided to submit the proposal of mediation again by telegram to both the packing companies and the union organizations responsible for the strike.

BILL GIVING FARMER PLACE ON RESERVE BOARD UP TO HOUSE

(By Associated Press)
WASHINGTON, Jan. 18.—It remained for the house today to complete enactment of the bill passed by the senate to give the farmer representation on the federal reserve board. The Kellogg-Smith compromise bill increasing the appointive membership of the board from five to six and providing that the agricultural interests shall have a spokesman among them was approved by the senate late yesterday by a vote of 63 to 9, the opposing including seven Republicans and two Democrats.

Wiping out by amendment the clause of the federal reserve act providing specifically for the naming of two bankers to the board, the bill would substitute a provision directing the president in making appointments to have "due regard to a fair representation of the financial, agricultural, industrial and commercial divisions of the country."

Although a heated debate preceded the vote on the bill and there were many attempts to change the compromise provision the agreement on the compromise, which bore the approval not only of all the agricultural bloc leaders in the senate but President Harding as well, held fast throughout.

INVESTIGATE THEFT OF MAIL POUCH AT DEPOT IN ELKHART

(By Associated Press)
ELKHART, Ind., Jan. 18.—Local and federal authorities are investigating the theft of a pouch containing registered mail from the New York Central depot here early today. The contents of the pouch, police say, was valued at several thousand dollars. For four hours after the pouch was discovered to be missing, from a pile of mail bags on a truck, a package of foreign bonds, wrapped in a newspaper was found in the postoffice. A scrawled note read:

"Here is your bonds," and was signed "Tommy O'Connor." Dan Ingram, a negro employe at the depot, is in custody.

MINERS STAND FIRM IN WAGE NEGOTIATIONS

(By Associated Press)
SHAMOKIN, Pa., Jan. 18.—Announcement by international President John L. Lewis of the Mine Workers' union that the coal diggers of the country would take no backward step in wage negotiations with the mining companies is expected to be followed by similar declarations by other high officers of the organization attending the anthracite wage convention.

Mr. Lewis' announcement was still discussed by the delegates when they met today. The vigorous stand taken by their international leader against any proposed wage reductions either in the anthracite or bituminous fields made it practically certain, delegates said, that the hard coal miners would demand an increase in wages.

CONCESSION PLAN OF U. S. IS ADOPTED

Proposal to Re-define Open Door Policy in China, Create International Board Accepted in Part.

FINAL ACTION DELAYED

(By Associated Press)
WASHINGTON, Jan. 18.—The American proposal to re-define the open door policy in China and to create an international board to examine both existing and future concessions which appear to conflict with it, was adopted in part today by the Far Eastern committee of the Washington conference.

The portions adopted included the general statement as to equality of opportunity in China for trade and industry of all nations; the agreement by which the eight powers declare their acceptance of that principle and the provision for creation of the international board.

Action was deferred pending further discussion on the fourth and final paragraph of the resolution by which the nine powers including China, agree that any provisions of any existing concession appearing inconsistent with those of another concession or with the principles of the open door may be submitted by the powers concerned to the international reference board.

Proposal Revised

The proposal was revised at the suggestion of the British delegation to provide for an international board of reference to review present and future concessions to determine whether they conflict with the open-door policy as redefined in the original draft of the resolution presented by Secretary Hughes.

The resolution briefly would bind the represented powers not to seek special spheres of influence in China nor secure concessions of monopolies which would abridge the principle of equal economic and commercial opportunity while China on her part would undertake to co-operate in maintaining that equality.

Expresses Accord

Although Baron Shidehara, for Japan, expressed "accord with the general principles" embodied, he reserved judgment pending opportunity for a more thorough examination of the proposal. For the French delegation M. Sarraut, while indicating, with the other spokesmen, acceptance of the provisions re-defining the open door principle and setting up the international board of reference, seriously questioned the practicability of the provision in Article IV, whereby existing concessions may be submitted to the board for possible adjustment if they appeared inconsistent with the open door principles set forth.

M. Sarraut said he felt this provision might result in existing rights being compromised and contended it would mean introduction of the principles of retroactivity and of revision which had "not before been admitted to a recognized legal status." He said it would be necessary to study the probable effect of the article more carefully before reaching any final decision.

The Shantung negotiations meantime, were continued today by the Japanese and Chinese delegates while completion of the naval treaty still awaited a solution of the Pacific fortifications problem, despite receipt by the Japanese of partial instructions from Tokyo.

Another Resolution Ready

The American delegation, it was stated authoritatively today, is expected to lay before the Washington conference another far eastern resolution, which will relate to Chinese railways, the purpose being to bring the roads, so far as possible, under general rule, operating to prevent discrimination in favor of or against the nationals of any particular country.

BONUS LEGISLATION IS PLACED SECOND ON SENATE SCHEDULE

(By Associated Press)
WASHINGTON, Jan. 18.—Decision to press first the allied debt refunding bill and next a soldiers' bonus bill was reported today by Republican senators in their first conference of this session of congress. A second conference was called for tomorrow to discuss details of the two measures.

Opposition to the soldiers' bonus bill developed, but it was announced officially that the motion to place this legislation second in the list was carried by a large majority.

Elimination by the finance committee of the requirement in the allied debt bill for semi-annual payment of interest on the bonds to be accepted from the foreign debtor nations also was discussed, but a decision on this feature of the bill was deferred.

O'DUFFY IS APPOINTED IRISH CHIEF OF STAFF

DUBLIN, Jan. 18.—The appointment of Owen O'Duffy, as chief of staff of the Irish republican army was announced today. He succeeds Richard Mulcahy, the president minister of defense.

O'Duffy, who is 30 years old, has been Sinn Fein liaison officer in northern Ireland since the truce.