

\$3,000,000 BOOST TO STATE SCHOOLS WILL BE PROPOSED

Governor and Budget Commission Will Not Ask Full Amount Teachers Are After

THAT WOULD CALL FOR NINE MILLION

Twenty Percent Pay Boost Would Hike Appropriation \$6,000,000, if Other Demands Were Met Also; Analysis Made of School Appropriations

Daily Dispatch Bureau, In the Sir Walter Hotel, By J. C. BASKERVILLE

Raleigh, Dec. 31.—An increase of \$3,000,000 a year in the appropriation for the public schools for each of the next two school years will be recommended by Governor J. C. B. Ehringhaus and the Advisory Budget Commission when they submit their report and recommendations to the 1937 General Assembly when it convenes Tuesday, January 5, according to reliable information obtained here today.

This means that the governor and Advisory Budget Commission will ask that the new legislature appropriate a minimum of \$23,000,000 a year for the operation of the public schools for the next two years, since the school appropriation this year is \$21,000,000. This increase of \$3,000,000 will provide a five percent salary increase for all teachers, which will take \$2,000,000 of the amount, and leave \$1,000,000 for new school buses and other needed increases. It makes no provision, however, for many of the things being asked for by the teachers, such as teacher's retirement insurance, sick leave with pay, a reduction in the teaching load or for adult school bus drivers or steel school bus bodies. It is still \$3,000,000 short of the \$27,000,000 a year asked for the public schools by State Superintendent Clyde R. Erwin and which would be necessary to provide a 20 per cent increase in salaries and a slight reduction in the teaching load. The appropriation of \$24,000,000 expected to be recommended is \$6,000,000 short of the \$30,000,000 a year which would be necessary to provide all of the things the superintendents and teachers are asking for.

Partial Grants. If nothing more than a five percent increase in teachers' salaries is provided...

Continued on Page Five.

Chang Gets Ten Years For Revolt

Nanking, Dec. 31.—(AP)—Chang Hsueh-Liang was sentenced to ten years in prison and lost his civil rights for five years for leading a military rebellion and imprisoning Chiang Kai-Shek, authoritative sources reported today.

At the same time, Hankow foreign dispatches described fresh outbreaks of disturbances west of Sianfu, the

Continued on Page Two.

Full Denials Of Lindbergh "Find" Made

Report of Locating \$21,650 'Gold Back' Cache; Were No "Gold" Bills

Trenton, N. J., Dec. 31.—(AP)—A report of \$21,650 "gold back" cache of Lindbergh ransom money had been found and that he was ready to "tell all" about reputed new developments in the case, brought a terse "no comment" from Governor Harold Hoffman today. Other official sources made denials.

Through a press aide, the governor said he would neither affirm nor deny the report published by the Philadelphia Record, and would hold no press conferences on the case during the day.

"Somebody's just had a shot in the arm," was the way State Police Superintendent Colonel Mark Kimberling referred to the reports. "There's nothing to this latest thing," he added, describing the Lindbergh case as "quiet."

Discussing the "gold back" cache of bills, the Record said were "believed to be Lindbergh ransom money," informed sources pointed out the \$50,000 Lindbergh ransom contained not a single gold back bill.

TACOMA BOY WAS KIDNAPED FROM THIS HOME



The W. W. Mattson home in Tacoma

From this house in the suburbs of Tacoma, Wash., a masked gunman kidnaped 10-year-old Charles Mattson, son of Dr. W. W. Mattson, wealthy surgeon. The home is closely guarded now as federal men seek both the boy and his kidnaper. A ransom note left behind demanded \$28,000.

Kidnaper Believed To Have Contacted Family Of Mattson

Indian Is Jailed In Smoak Murder

Wilmington, Dec. 31.—(AP)—Big Chief Kester Oxendine, Indian medicine man, projected himself into the Smoak poison murder case, and was projected to jail today.

The chief called on Mrs. Bertha Stuart, alleged victim of Edgar Smoak, held for killing his daughter, and offered to cure her for \$25. She is still suffering from the effects of poison she says Smoak, who held insurance on her life, gave her as an indigestion cure. Judge A. A. Lennon held the Indian under \$2,000 bond for investigation.

CHINA IN TURMOIL SINCE ABOUT 1912

Looked on Then as Revolution, But Has Been in Progress Ever Since

By CHARLES P. STEWART

Washington, Dec. 31.—Back in 1912 a disturbance started in China which generally was referred to as a revolution.

A considerable number of American newspapermen traveled across the Pacific to report the affair. I remember it very well, for I was one of the crowd. We thought that that particular assignment would keep us in the Orient six months or a year. Our idea was that a revolution speedily revolutionized or was licked.

Well, that rump is going on yet. Generalissimo Chiang Kai-Shek's captivity by Marshal Chang Hsueh-Liang has been one of its recent manifestations, but plenty of other incidents have preceded it. Plenty more will follow, it is a safe bet.

SLOW MOTION

Few of us journalists of the first flight to the Far East tried to linger for the finish of the ruckus we had journeyed abroad to "cover."

From time to time we recalled to attend to one thing or another of more immediate occidental import.

Pope Is Now More Comfortable, After Taking Sedatives

Vatican City, Dec. 31 (AP)—Pope Pius, his pain in his left leg dulled by sedatives, rested easier today as 16 cardinals and 10,000 laymen prayed for his recovery at the church of St. John Lateran.

The holy father slept more peacefully last night, reportedly, than since serious illness from circulatory congestion forced him to bed more than three weeks ago. He awoke to hear mass outside his bedroom and was declared sufficiently refreshed to begin drafting his New Year's greeting to the world.

Observers Think Assurances Were Sent Back That Tacoma Lad is Safe and Well

MOTHER AND SISTER ARE MUCH QUIETER

Dr. Mattson, Lad's Father, Denies He Has Made Any Statements Kidnaper Had Been Contacted; New Spirit of Confidence in Household Now

Tacoma, Wash., Dec. 31.—(AP)—The family of kidnaped Charles Mattson held to a cheerful silence today, amid assertions from various sources the \$22,000 ransom had been paid; the boy would be released immediately, and the father had failed to contact the abductor.

The apparent cheerfulness of the family stood out and some observers took this to foreshadow an early return of the ten-year-old youth, carried from his sumptuous home Sunday night by a bewiskered pistol-wielding abductor.

Tacoma, Wash., Dec. 31 (AP)—An apparent restoration of confidence within the family of Charles Mattson gave rise to speculation today contact had been made with his bearded abductor and assurances received the 10-year-old lad was safe.

A household visitor reported a new spirit of confidence throughout the household of Dr. W. W. Mattson, father of the missing boy.

Mrs. Mattson, reported Tuesday to be near a breakdown, slept soundly through the night, the visitor said, after mingling with friends most of Wednesday. Muriel, Charles' sister, seemed likewise to have recovered from the shock of the kidnaping she witnessed, the visitor said.

Early today Dr. Mattson denied making any statements about ransom negotiations. Informed he had been quoted that no contact with the kidnaper had been established, Dr. Mattson said:

"Any such reports are untrue. I have made no statements. I have nothing to say now."

Farm Buying Power Highest For 17 Years

College Station, Raleigh, Dec. 31.—The buying power of American farmers is now greater than at any other time during the past 17 years.

That is the conclusion drawn by the U. S. Bureau of Agricultural Economics in a report sent the N. C. State College Agricultural Extension Service.

There have been years in this period when farm incomes was higher, the report said, but farmers also had to pay more for things they bought, and their buying power was not as great as it is now.

Although the average buying power of all farmers in the nation is at a high peak for the 17-year period, the

Continued on Page Two.

Kidnaped Boy



Central Press Soundphoto Charles Mattson This is the latest portrait of Charles Mattson, 10, kidnaped Tacoma, Wash., boy.

CONGRESSMEN ARE TRYING TO GET UP TO NEW PIE BOARD

They Want Finger in Distribution of State Unemployment Commission Patronage

'FATHERLY' ATTITUDE BY SENATOR BAILEY

Mrs. Spillman Inclined To Listen Attentively to Senator's Words; Legislature May Modify Commission if It Gets Too Deeply Into Politics

Daily Dispatch Bureau, In the Sir Walter Hotel, By J. C. BASKERVILLE

Raleigh, Dec. 31.—Several of the members of Congress from North Carolina are already trying to "horn in" on the new Unemployment Insurance Commission and are "suggesting" to Chairman Charles G. Powell that he fix quotas for each congressional district and consult the congressmen in these districts in appointing employees, it was learned here today. It is known that at least one congressman has written Chairman Powell to this effect—incidentally, a congressman who has been very unfriendly to Governor J. C. B. Ehringhaus—while reports are that some four or five other congressmen have

OUR WEATHER MAN



FOR NORTH CAROLINA. Cloudy, showers tonight; partly cloudy Friday, colder possibly tonight and Friday.

Nations Prepare For Start Tomorrow Of Naval Race As Limitation Treaties Expire

Spanish Government Is To Return To Madrid In Belief Crisis Is Over

Several Members of Cabinet Reported Preparing To Return To Nation's Capital

VICIOUS DOGS ARE LOOSED AT FRONT

Socialist Troops Use Feroocious Animals Against Rebels and Come Near To Winning Engagement With Canines As Ally of Army Force There

Madrid, Dec. 31.—(AP)—Socialist Spanish armies fought against time in the dying hours of the old year today to shut off insurgent supplies from the west and drive back the besieges of Madrid. The time element was vital because of a rebel drive from the South, which the government said was German reinforced. There was no hint of respite in the eight weeks siege of Madrid, or in the "international civil war" itself.

Madrid, Dec. 31.—(AP)—Several members of the Spanish Socialist cabinet were reported today planning to return to Madrid to maintain closer contact with the besieged capital.

The possibility government offices might reopen in the center of the civil war zone was viewed optimistically in some sources as a sign of reviving confidence the 54-day Fascist siege ultimately would be rescinded.

Defense of the capital has been in the hands of General Jose Miaja, defense junta head since November 11. Rain and cold weather halted fighting today in the trenches near Madrid.

FEROCIOUS DOGS LOOSED BY LOYALISTS ON REBELS

Avila, Spain, Dec. 31.—(AP)—Feroocious dogs loosed by Socialist militiamen during hand-to-hand fighting

(Continued on Page Two)

Spanish Coastal Batteries Open On Fascist Warships

St. Jean de Luz, France, Dec. 31.—(AP)—Insurgent Spanish warships reportedly have appeared en masse off Santander this morning, drawing sharp fire from government coastal batteries.

They appeared off-shore after the Basque government of nearby Bilbao ignored threats of German warships and had curtly closed the negotiations for the release of the captured cargo of the Nazi freighter Palos.

Spanish authorities tersely acknowledged a German ultimatum from the cruiser Koenigsberg to free the cargo outright and plan to present further developments to the non-intervention committee in London.

(Continued on Page Two)

STRIKERS MAY STOP ALL MOTOR PLANTS EXCEPTING FORD'S

Showdown Appears Certain Between New Union Movement and Auto Industry

CAMPAIGN IS AIMED AT GENERAL MOTORS

Small Plants May Operate Little Longer Because of Supplies on Hand; Chevrolet Body Plants Affected by Some Strikes Already Called

Detroit, Mich., Dec. 31.—(AP)—The increasing number of strikes against units of the General Motors Corporation, observers said today, might lead to a tie-up of the entire automotive industry except the Ford Motor Company.

"If the General Motors tie-up becomes effective by Monday," said Alfred Ward, president of Ward's Automotive Reports, "it will mean the whole industry will be faced with the same proposition, with the exception of Ford. The smaller companies may work for a short time longer, because of existing supplies.

"It looks as if it will be a showdown between the committee for in-

(Continued on Page Three)

\$12,000,000 SLASH IN TELEPHONE RATE

A. T. & T. Cuts Long Distance Charges Over Its Network of Lines

Washington, Dec. 31.—The Federal Communications Commission announced today that tariffs covering drastic reductions in interstate long-distance telephone rates totalling \$12,000,000 on an annual basis, have been filed with it by the American Telephone and Telegraph Company. These reductions will take effect on January 15, 1937, over that company's entire "long lines" system, in compliance with its recently announced agreement to reduce its rates by that amount without the necessity of formal rate hearings by the commission. This public

(Continued on Page Two)

WITH LID OFF, SKY IS LIMIT IN GREAT BUILDING PROGRAM

1922 Washington Treaty and London Pact of 1930 Will Expire at Midnight Tonight

MUSSOLINI ANXIOUS TO MATCH BRITAIN

France Adds \$572,000,000 to Normal Naval Expenditures; German Shipyards Working Overtime; Britain To Start Two Huge Capital Ships

London, Dec. 31.—(AP)—Great Britain will announce next month a new program of rebuilding her Hong Kong and other Pacific naval bases, informed sources said today, on the eve of expiration of a 15-year-attempt to restrict naval tonnage by treaty.

Foreign Secretary Anthony Eden will make the announcement to Commons soon after it convenes January 19, these sources said.

SKY IS LIMIT IN BRITAIN AND OTHER TREATY POWERS

(By The Associated Press) London—Great Britain stood ready to build up its sea strength without limit as soon as the only checks on naval armament—the 1922 Washington treaty and the 1930 London treaty—expire at midnight tonight. On January 1, keels will be laid for two 35,000-ton capital ships to join the world's greatest tonnage.

Rome—Italy, Great Britain's rival for supremacy in the Mediterranean, was expected to use its freedom to bring its strength near Great Britain's heavyweight standard.

Paris—France, entering the race with a \$572,000,000 program to supplement "normal" naval expenditures, has authorized heavy battleship building to match German rearmament.

Berlin—German Shipyards already are working overtime to give the

Continued on Page Two.

Hitler Now Speeding Up Fascist Aid

Berlin, Dec. 31.—(AP)—Adolf Hitler was reported in diplomatic quarters today to be taking advantage of the delay in non-intervention negotiations to speed up movement of Nazi volunteers to Fascist Spain.

Germany reportedly was unlikely to call a one-sided truce in the face of reports volunteers were still continuing to join the Socialist troops from other countries.

The Nazi press reported departure of Madrid sympathizers from Scotland.

(Continued on Page Five)

Arms Ban In Congress To Face Battle

Limit to Embargo Would Be Injected Into Permanent Neutrality Act

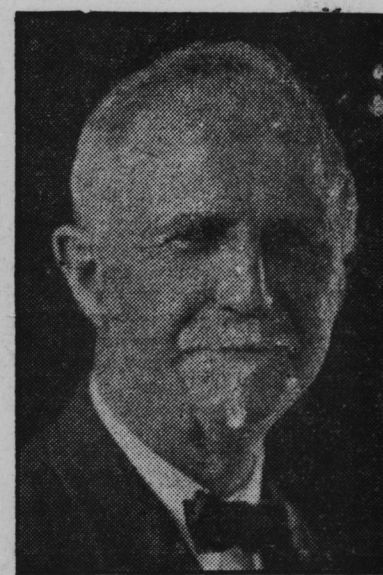
Washington, Dec. 31 (AP)—Although congressional leaders agreed to a quick resolution banning arms shipments to participants in civil wars, a battle loomed today over making embargoes in the permanent neutrality act mandatory or discretionary.

President Roosevelt seeks broad discretionary power, but Senator Vandenberg, Republican, Michigan, last night called for mandatory legislation as far as possible.

Vandenberg conceded munitions

Continued on Page Five.

Where Will 1937 Take Us?



Roger W. Babson

Will Washington Step on the Gas or Jam on the Brakes?

What's ahead for Stocks?

Bonds?

How About Unemployment?

War or Peace

Roger W. Babson will answer these and fifty other leading questions exclusively in:

Henderson Daily Dispatch TOMORROW