

GERMAN ULTIMATUM IS REJECTED BY SPAIN

Congress Opens As Strikes At Home And War Abroad Threaten

PRESIDENT PLANS FOR HIS MESSAGE WEDNESDAY NOON

What He Will Ask About Neutrality, Relief and Labor Being Anxiously Awaited

BANKHEAD ELECTED SPEAKER OF HOUSE

Oath Administered to Newly-Elected Senators at Short Session; Vice-President Garner Presides in Upper House, Which Quickly Adjourns

Washington, Jan. 5.—(AP)—The 75th Congress opened amid a quickening tempo of national prosperity today to face a batch of problems embracing labor strife at home and war rumbles abroad.

Sharp gavel raps by Vice-President Garner in the Senate and South Trimble, clerk in the House, officially began at noon the organization chores of the third Congress of Franklin Roosevelt's presidency.

These were but preludes to the bulky legislative tasks ahead. The big Democratic majorities, back-slapping and renewing of acquaintances in Capitol corridors, and the more austere debating chambers looked to Mr. Roosevelt's annual message tomorrow for guidance.

What he will ask to help guarantee America's neutrality, the future of Federal relief expenditures and possibilities of a constitutional amendment covering labor wages and working hours were foremost in the thoughts of legislators.

After Trimble had announced 4177

(Continued on Page Six.)

Legislators Face Record Money Task

Most Revenue in State's History Must Be Had; Liquor Also Problem

Raleigh, Jan. 5.—(AP)—Ready to tackle the problem of raising more State revenue than has ever been attempted before in North Carolina, and facing a bitter fight on liquor legislation, General Assembly members arrived today for their regular biennial session.

The legislature will convene at noon tomorrow, but probably will not start its real work until some time next week.

Thursday will be devoted to inaugural ceremonies, when Clyde Hoey

(Continued on Page Five)

No Signs Of Agreements In Auto Industry Strike

Threat of General Strike Brings No Indication of Conciliation in Dispute That May Make Many More Thousands Idle; Sloan Takes Firm Stand

Detroit, Mich., Jan. 5 (AP)—Homer Martin, president of the Automobile Workers of America, pledged cooperation today to "all government agencies seeking to conciliate present strikes, but asserted a general stoppage of General Motors is under way.

Asked at a press conference "if you are prepared to call a general strike," Martin replied:

"It is getting more general all the time. It is quite obvious that a general stoppage of General Motors is under way.

(By The Associated Press.) The threats of a general strike against the General Motors Corporation brought no signs of conciliation

Pope Plans For His New Academy

Vatican City, Jan. 5.—(AP)—Plans for inaugurating the new pontifical academy held the attention of Pope Pius today despite recurring pains in his paralyzed leg. Vatican sources asserted the pontiff hoped to send a personal message from his sick bed when the academy assemblies, for its initial session February 6. Illness will prevent the holy father from attending the ceremonies in person.

URGES CLUB OVER BIG OIL CONCERNS

State Commission Wants \$100,000 Appropriated for State Terminal

POWERFUL AS WEAPON

State Licensing of Filling Stations to Regulate Number and Cut Overhead Also Recommended by Board

Daily Dispatch Bureau, In the Sir Walter Hotel, Raleigh, Jan. 5.—(AP)—If the 1937 General Assembly adopts the recommendations of the gasoline and oil fact-finding commission headed by Representative Oscar G. Barker, of Durham, it will enact a number of laws which will enable the State to hold a perpetual club over the heads of the gasoline and oil moguls with which to slug them into line if they ever again attempt to discriminate against North Carolina, either as a State or against the gasoline users of the State, according to those who have read the report of the commission. The report was submitted to Governor J. C. B. Ehringhaus Monday afternoon and immediately made public by him.

The most far-reaching recommendation contained in the report is that the General Assembly appropriate \$100,000 to be used by the governor and Council of State for the erection of a State-owned gasoline and oil terminal at some port in the State, whenever the erection of such a terminal might be regarded as necessary and expedient. The report elaborates upon this recommendation by stating that at the present time the contract under which the State is buying the 10,000,000 gallons of gasoline it uses, seems to be reasonable and in line with the prices being paid

(Continued on Page Six.)

TARBORO MERCHANT KILLS AN INTRUDER

Floyd Duke, 24, of Enfield, Shot Dead in Dark Room in Rear of Place of Business

Tarboro, Jan. 5.—(AP)—Floyd Duke, 24, of Enfield, was shot and killed in a pitch-dark back room of a store near here last night.

Sheriff W. E. Eardin quoted George Warren, the store proprietor, as saying he shot Duke after the latter called him into the room and attacked him with a wrench, apparently without reason.

The sheriff released Warren on his own recognizance to appear in recorder's court room Monday after, the sheriff said, witnesses corroborated the story.

"The House Will Come to Order"



Representative William B. Bankhead, of Alabama, Speaker of the House, is shown with the gavel with which he called the opening session of the new Seventy-fifth Congress at noon today. Little action is contemplated until the President reads his message. (Central Press)

Ehringhaus Administration One Of Real Accomplishment

Governor Came Into Office In 1933 With Huge Deficit, State's Credit Gone and Dark, Bleak Days; He Goes Out With State Better Off Than Ever

Daily Dispatch Bureau, In the Sir Walter Hotel, Raleigh, Jan. 5.—(AP)—When the administration of Governor J. C. B. Ehringhaus comes to an end at noon Thursday, as he turns the wheel of the ship of state over to incoming Governor Clyde R. Hoey, he will leave behind a record of accomplishment that is going to make him go down in history as one of the great governors of North Carolina, those who have been evaluating this record are convinced.

For while his record is not spectacular, it is the sort of record which shows real and solid accomplishment along many lines and shows up best under close examination.

This record also shows that while Governor Ehringhaus has probably

been one of the poorest politicians who has ever served as governor, judging from the generally accepted meaning of the term, in that he has not played the kind of politics that most of the politicians wanted him to play, many believe that his new kind of politics, based on efficiency and an insistence that full value must be received for every dollar of public money expended, carried him a long way. Virtually every one who has come in contact with him, opponents as well as friends, agree that Governor Ehringhaus throughout his administration has shown the courage of his convictions, a keen insight into governmental problems, an unim-

(Continued on Page Six.)

Hoey Will Defer His Shake-Up

Daily Dispatch Bureau, In the Sir Walter Hotel, Raleigh, Jan. 5.—(AP)—The announcement by Governor-elect Clyde R. Hoey, who will become governor Thursday, that he will make very few changes in the present personnel of the State's employees and division heads for the present, and probably not until the end of the present fiscal year on June 30, is causing a good many State Department and division heads and their employees to breathe a little more easily right now and to thank their lucky stars for Kerr Scott, newly elected commissioner of agriculture, and his recent firing spree. For a good many political observers here believe the uproar caused by Scott's housecleaning efforts before he even became commissioner of agriculture has had some bearing on the decision of Mr. Hoey to postpone any firing he may contemplate at least until after the General Assembly and possibly until the end of the fiscal year.

The two other elective State officials, chosen at the same time as Scott—State Auditor George Ross Poul and Secretary of State Thad Eure—have already announced they contemplate making no changes in the personnel of their offices for the time being, and at least not until after the General Assembly adjourns. It is be-

(Continued on Page Five.)

PROGRESS IS MADE IN KIDNAP CONTACT

Definite Negotiations for Return of Mattson Boy Under Way

Tacoma, Wash., Jan. 5.—(AP)—Sources close to the family of kidnaped Charles Mattson intimated strongly today definite progress was being made toward winning the ten-year-old boy's release.

They hinted the W. W. Mattsons, the boy's parents, were expecting a development soon, but whether it was the payment of the \$28,000 ransom or the child's actual release was not disclosed.

Officials gave this same impression in guarded words. These same officials a few days ago expressed grave

(Continued on Page Five.)

OUR WEATHER MAN



FOR NORTH CAROLINA. Cloudy, occasional rain tonight and Wednesday.

How He Opened the Senate



Vice President John N. Garner dropped his gavel to call to order the first session of the Seventy-Fifth Congress at noon today, and on January 20 he will be sworn in for another term as presiding officer of the Upper House.

Momentous Days Ahead In Congress

Amendments, Neutrality and Relief Big Issues; Rayburn Is New Leader

Washington, Jan. 5.—(AP)—A sense of historic decisions impending pervaded the capital today for the opening of the new Congress.

Constitutional amendment questions how far to go on neutrality and whether to tighten up on relief commanded more attention from the legislators than the organization formalities.

Outwardly all was serene. Congratulations greeted Representative Sam Rayburn, of Texas, at every turn following his election to the Democratic floor leadership of the House late yesterday.

Representative William Bankhead, Alabama, again had a clear path to the speakership.

The swearing in of new members constituted nearly the only immediate new business of the 95 freshmen representatives and 16 new senators. A few had yet to reach the city.

Because of the "lame duck" amendment, it was the first time in history a new Congress was called together

(Continued on Page Five)

"Windfall" Suit Begun Charlotte

Charlotte, Jan. 5 (AP)—The fourth circuit court of appeals took under advisement today the effort of the White Packing Company of Salisbury to obtain an injunction against the Federal "windfall" tax.

The "windfall" tax was enacted by Congress after AAA processing taxes were declared invalid. It required payment of 80 per cent of processing taxes which were passed on to consumers in the form of higher prices, and which were not paid to the government because of legal fights. The act describes the levy as a tax on "unjust enrichment."

The packing company appealed from a district court ruling by Judge Johnston J. Hayes that the court was without jurisdiction on the ground that the company had an adequate remedy at law if it should pay a tax which might later be declared unconstitutional.

Today's argument centered around the matter of jurisdiction, with the matter of constitutionality touched only as it might involve irreparable damage to the company through unjust collection of the tax.

Calls Issued For Reports of Banks

Washington, Jan. 5 (AP)—The comptroller of the currency today issued a call for the condition of all national banks at the close of business December 31.

Simultaneously the Federal Deposit Insurance Corporation issued a call for the condition on the last day of 1936.

STATE BANK CALL.

Raleigh, Jan. 5 (AP)—Gurney P. Hood, State bank commissioner, today issued a call for the condition of all State banks as of December 31, 1936.

SOUTHERN FREIGHT RATE CUT TALKED

Commerce Commission Giving Consideration to Appeal of Shippers

Washington, Jan. 25 (AP)—The Interstate Commerce Commission said in its annual report today that "due consideration" was being given petitions that southern class freight rates are "unjust and unreasonable."

In a number of petitions filed recently, southern state regulatory commissions and shippers interests have asked the I. C. C. to institute an investigation into the present southern freight rates.

"Petitioners aver that the class rates are based on a record made dur-

(Continued on Page Five.)

German Ultimatum Gives Spain Three Days To Act

Nazis Seize Two Spanish Ships as Hostages for German Cargo Held by Socialists; Victorious Insurgents Swing Attack to Northwest of Madrid

(By The Associated Press.) Nazi Germany gave Socialist Spain just three days to trade a cargo for two ships in a warship-flashed ultimatum today.

Berlin—The cruiser Koenigsberg informed the Spanish Valencia government by radio two seized Spanish merchantmen would not be handed down to Spanish insurgents for "a settlement" unless Bilbao Basques gave up an intermed. German cargo and a passenger by 8 a. m. Friday.

London—British warships won a pledge of respect for British shipping in the Straits of Gibraltar, but official British reports of 10,000 new Italian volunteers in Spain complicated the grave matter of controlling the scope of the "little world war."

Paris—The French thought the Italian volunteer reports meant II Duce is determined to keep a hand in Spain.

BRITAIN DEMANDS GERMANY, ITALY TO STOP VOLUNTEERS

Reply By Saturday at Latest Is Urged in Declaration of Policy Toward Spain

GERMAN PILOTS IN REBEL ARMY KILLED

One Identified as Member of Nazi Air Corps; Grave Consequences To Result If Germany Further Interferes With Shipping, Spanish Sources Say

Bayonne, France, Jan. 5.—(AP)—Spokesmen for the Basque captors of a German freighter cargo announced late today the Spanish government had already turned down a three-day ultimatum from the German cruiser Koenigsberg demanding release of these questioned material and of an interned Spanish passenger.

The spokesman further warned that "very grave" consequences would be the result of additional German interference with Spanish shipping.

FIVE GERMAN PILOTS WITH REBEL PLANES ARE KILLED

Bilbao, Spain, Jan. 5 (AP)—Five German pilots were killed when their planes were shot down by government guns, the Basque defense committee announced today.

One of the Germans was identified as a member of the Nazi air corps, the Basque announcement said.

BRITAIN DEMANDS REPLY ON BAN UPON VOLUNTEERS

London, Jan. 5 (AP)—The British government asked Germany and Italy

(Continued on Page Five.)

Prisoners Fight Back High River

Raleigh, Jan. 5 (AP)—Prison forces worked today to keep the flooded Roanoke river from breaching through the long dyke at Caledonia prison farm in Halifax county, and reported they anticipated no trouble as other eastern streams did minor damage to lowlands near their banks.

The Roanoke reached a depth of 59.8 feet at Weldon this morning and a crest of 41 feet tomorrow afternoon was forecast by Lee A. Denson, in-

(Continued on Page Five.)

VICTORIOUS INSURGENTS SWING ATTACK TO NORTH

Madrid, Jan. 5.—(AP)—Victorious Spanish insurgents swung their left flank to the import El Escorial communications roads on the northwest of Madrid today.

Two close-in villages appeared threatened after the government defenders had withdrawn from bomb-split Majadahonda. To the south of the fighting front, Boadilla del Monte remained the lone government outpost.

A thick mist overhung the theatre of war, slowing up operations, but cannon bombed duly throughout the night.

Casualties of yesterday's air raid were given officially as 60 dead, with 290 or 300 wounded. Defense junta officials pleaded for the speedy evacuation of non-combatant men, women and children.