

JAPANESE CLOSE UP PEIPING GATES AND PRISON FOREIGNERS

Meantime, Planes Blast Way for Deep Japanese Thrust Into Territory of Chinese

CHINA MASSING MEN IN SOUTH, HOWEVER

Japs, Heavily Reinforced, Penetrating Rapidly To South Along Strategic Railway to Hankow; Normal Rail Service Disrupted By Troop Movement

Peiping, China, Aug. 2 (AP)—Japanese, now completely in control of China's ancient capital, closed the gates of Peiping today, virtually imprisoning Americans and other foreigners within the walls as squadrons of Japanese war planes blasted a path for a thrust deep into China.

Japanese authorities said their planes had been bombing Chinese army concentrations at Paotingfu, capital of Hopeh province, 85 miles to the southwest, for the last 24 hours. Japanese scouting planes were ranging as far south of Tsinan in Shantung province, some 170 miles below Tientsin.

(Authoritative reports to Nanking from northern Shantung province corroborated a belief that the Chinese central government was massing men on the southern edge of the hostilities zones. They said troops were moving by railroad, evidently toward the Hopeh border).

(Native newspapers in Shanghai also reported the central government "increasing preparations for war contingencies" at Hsuechow, an important railroad junction in Kiangsu province bordering the Hopeh-Tsahar provinces in the south).

Although Japanese asserted the area around Peiping was quiet, they erected heavy fortifications at both the east and south gates of the city. A United States army officer and missionary were halted at the east gate and refused permission to set out on a mission of mercy to Tungechow. They wanted to investigate damage done to the American missionary school at the capital of the east Hopeh autonomous regime.

The Japanese army, heavily reinforced, was penetrating rapidly to the south along the strategic railroad to Hankow, which has been the main artery of the reported advance of 50,000 central government troops commanded by General Chen Sheng.

Reinforcements for the some 25,000

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Official Prices On Weed Rise

Atlanta, Ga., Aug. 2 (AP)—The State Department of Agriculture said today reports from 40 of 58 warehouses showed tobacco brought an average of 25.37 cents a pound for the first two days of auction season last week. Sales in the 4 warehouses for the two-day period amounted to 9,410,118 pounds for a total of \$2,387,510.

The report on sales for the first four days of the 1936 selling season showed 25,318,196 pounds sold for \$6,357,896 or an average of 25.11 per hundred pounds.

SULLIVAN CHOSEN TAMMANY LEADER

Third Democratic Candidate for Mayor Injected As Complication

New York, Aug. 2 (AP)—Congressman Christopher Sullivan, today was elected leader of Tammany Hall to occupy the post made vacant by the death of James Dooling.

Sullivan's election, which was made unanimous, had been opposed by the faction led by James Hines, who is friendly to the candidacy of Grover Whalen for the Democratic nomination for the mayoralty.

Sullivan is a leader in the same district with Al Marnelli, whose assistance enabled Dooling to get Tammany's official endorsement for United States Senator Royal S. Copeland as candidate for the mayoralty nomination.

A neutral group outside the hall scrambled the Democratic picture by advancing a third candidate for the party's nomination for mayor of New York. Dr. Samuel Friedman said a group of "influential Democrats" would press Tammany sub-leaders to accept Supreme Court Justice Jeremiah Mahoney as a compromise candidate.

In Danger Zone



Kathleen Todd Among Americans in the danger zone in China is Miss Kathleen Todd of Washington, D. C., a secretary in the American legation in Peiping.

New Dealers Anger Many By Tactics

Policy of REA and Power Commission Are Blocking Progress in This State

Daily Dispatch Bureau. In the Sir Walter Hotel. BY J. C. BASKERVILL

Raleigh, Aug. 2.—More and more dissatisfaction is being expressed here, both in official and lay circles, with the manner in which some of the "New Deal" divisions are functioning in Washington and the manner in which they are retarding, instead of assisting, in economic improvement and development here in North Carolina. The State government generally, as well as the people as a whole, have been becoming increasingly disgusted with the Federal Rural Electrification Administration and the manner in which it has sought to impede rural electrification in the State by power companies and city-owned utilities.

This dissatisfaction is now spreading to the Federal Power Commission, which last week refused to grant a permit to the Carolina Aluminum Company for the construction of a \$6,000,000 dam across the Yadkin river near Tuckertown, with the result that the company was forced to cancel its contract for the construction of the dam, which had already been let, and for some \$1,000,000 worth of machinery and equipment. This project, which the company had planned to start immediately, would have given employment to several thousand men for at least two years and would have provided increased employment in the aluminum plants at Badin, which were to be enlarged to use the

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Treasurer Johnson Gains Draw In Governor's Race

Appointment of Robert Grady to Prison Post Linking Highway-Prison Support; Later May Become Highway Chairman If Dunlap Doesn't Click

Daily Dispatch Bureau. In the Sir Walter Hotel. BY J. C. BASKERVILL

Raleigh, Aug. 2.—The stock of State Treasurer Charles M. Johnson as a candidate for the Democratic nomination for Governor in 1940 is definitely on the up-and-up right now and is expected to get better as time goes on according to many political observers here. The thing that has given Johnson's stock the biggest boost of all so far has been the appointment of his cousin, Robert Grady Johnson, as director of the prison division of the State Highway and Public Works Commission, it is agreed. While those who know the background of the prison situation are convinced that Robert Grady was selected for the prison post almost solely from the standpoint of merit and ability and because Governor Clyde R. Hoey and the members of the highway commission felt he knew more about the job and could handle it better than any one else, it is also agreed that the appointment

has some political angles that are already reacting to the benefit of Cousin Charles Johnson.

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INSURGENTS RENEW ARTILLERY ATTACKS ON MADRID SUBURB

Battles Also Fought In Three Other Sectors as Spearhead Is Driven In Lines

HEAVY CASUALTIES BY LOYAL TROOPS

200 Bodies Left Dangling in Barbed Wire After Attack On Rebel Lines; Drive Into Government Defenses West of Madrid Meets Slight Battle

Hendaye, Franco-Spanish Frontier, Aug. 2.—(AP)—Insurgent artillery opened a bombardment of Madrid's outer defenses today after driving a spearhead into Spanish government lines west of the capital, as battles were fought on three other fronts. General Francisco Franco's troops pressed hard against government defenses in eastern and southern Spain. On the northwestern front insurgents reported defeating an attempt to break their lines east of Oviedo in Asturias.

Government forces had about 1,000 casualties in the Asturias attacks, the insurgent report said. At Cuero, troops numbering 8,000 rushed against insurgent lines only to be caught in a cross fire of rifles and machine gun bullets. "Two hundred bodies were left dangling in barbed wire entanglements when the attackers retired," the advices said.

On the Teruel front, where insurgents have tried to cut communications between Madrid and Valencia, government capital, Franco's forces conquered new positions in the Carabenera mountains. Since the offensive started, insurgents have advanced approximately 56 miles.

Insurgents reported that a drive into the government's Madrid lines west of the capital met only slight resistance. Government sources said Italian troops with General Franco's army apparently had been withdrawn from the Santander front on the Biscayan coast.

Bitter fighting also raged on the southern front, but the government declared insurgent attacks had been repulsed.

WINSLOW NAMED TO FARM COMMISSION

Raleigh, Aug. 2 (AP)—Governor Hoey appointed J. E. Winslow, of Greenville, today to serve on the State Farm Commission in lieu of George Watts Hill, of Durham, who was unable to serve.

FURTHER DECLINES IN STOCK TRADING

Futures Down 18 to 22 Points at Close, With Spot Quiet and Middling 10.96

New York, Aug. 2.—(AP)—Cotton futures opened barely steady, 3 to 8 points lower, on favorable weather and under hedge selling and liquidation. After losing 7 to 9 points, the market rallied partially toward the end of the first hour. December advanced to 10.67 and reacted to 10.52, and the market at midday showed net losses of 6 to 8 points.

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Table with columns: Open, Close, October, December, January, March, May, July

OUR WEATHER MAN

FOR NORTH CAROLINA. Generally fair tonight, slightly warmer in southeast portion; Tuesday partly cloudy.

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CUMMINGS CLAIMS FDR CAN POSTPONE VACANCY IN COURT

Need Not Fill Van Devanter's Office Until Congress Adjourns, Attorney Rules

ROOSEVELT HASN'T DECIDED ON TIME

Attorney General's Decision Based on Precedent and Law, White House Secretary Says; Text of Ruling Not Made Public by Mr. Roosevelt's Aide

Washington, Aug. 2.—(AP)—The White House announced today Attorney General Cummings held that President could fill the current Supreme Court vacancy whether Congress was in session, in recess, or had adjourned.

The President had requested the informal opinion by the attorney general. Stephen Early, White House press secretary, said Mr. Roosevelt had not decided when he would appoint a successor to Justice Willis Van Devanter, who retired June 2.

Early said Cummings' opinion was based "both on precedent and on law."

The text of the opinion was not made public. "The opinion was asked," Early said, "to clear doubts away which had been expressed in various quarters regarding the time when an appointment to the court should be made to comply with the law."

The fact that the vacancy occurred while the Senate was in session was the basis for the uncertainty expressed in some official quarters as to when it should be filled.

FLETCHER DELAYING HIS CRACKING DOWN

State Labor Commissioner Tells Deputies To "Educate" Employers on New Law

Raleigh, Aug. 2 (AP)—Labor Commissioner A. L. Fletcher said today he had instructed his inspectors to try to "educate" employers in the State before "cracking down" on them to enforce the new maximum hours and child labor laws.

With ten instead of seven inspectors, Fletcher said he expected to complete check of the employers in the State every six months instead of only about once every nine or twelve months, as formerly, with the smaller staff.

Fletcher said C. L. Beddingfield, with headquarters at Fayetteville, and J. R. Buella, with offices at Greenville, would check factories to the east.

STOCK MARKET FOR DAY IS VERY DULL

Mere Handful of Favorites Prominent for Little Life Shown at Slight Gains

New York, Aug. 2 (AP)—Except for a handful of favorites, stocks did little more than loaf in today's market. The tendency was mildly upward at the start. Early gains of fractions to a point or so were later reduced or cancelled in many instances. Near the fourth hour prices were mixed. Wall Street seemingly had eyes principally for Congress and much discussion was heard regarding chances of quick adjournment. No great amount of selling followed passage of the wage-hour bill by the Senate, although this development was far from encouraging to the financial sector.

Earnings continued to provide modest stimulation for individual issues. Bonds and commodities, uneven at the best, furnished no clue for the stock list. Moderate losers were in evidence at the finish. Transfers approximated 800,000 shares.

Table with columns: American Radiator, American Telephone, American Tobacco, Anaconda, Atlantic Coast Line, Atlantic Refining, Bendix Aviation, Bethlehem Steel, Chrysler, Columbia Gas & Elec, Commercial, DuPont, Electric Pow & Light, General Electric, General Motors, Liggett & Myers, Montgomery Ward & Co, Reynolds Tobacco, Southern Railway, Standard Oil, U S Steel

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Wagner Housing Bill To Be Passed Speedily By Senate For An Early Adjournment



Comparison of military strength of Chinese and Japanese in the Peiping-Tientsin area gives the edge to China, although observers say the Chinese forces are far inferior to Japan's in matter of discipline, organization and equipment. The comparative sizes of the Sino-Japanese armies in China at the start of hostilities are shown on this map.

Major Matters Will Pass By Close, Bankhead Says

House Speaker Says Congress Is On Home Stretch, but With General Farm Legislation Left Behind; House May Defeat Wages and Hours Measure

Washington, Aug. 2.—(AP)—Speaker Bankhead said today he felt Congress was "on the home stretch." "We now know what the program is," he told newsmen, "and I think we have a chance to dispose of all the major matters wanted by the administration before adjournment, with the exception of a general farm bill."

House leaders, he said, hoped to dispose of a sugar bill this week, and take up wage and housing legislation next week. His statement was taken as an indication that he believed the House would pass the wage and hour bill.

A bitter fight already is developing over it, however. Representatives Rankin, Democrat, Mississippi, predicted in a statement that "this measure is doomed." He claimed the "opposition is growing hourly."

ROOSEVELT-LEWIS FRICTION GROWING

Neither Will Admit Nor Deny, Yet Each Hurls Jabs At the Other

By CHARLES F. STEWART, Central Press Columnist. Washington.—Nothing is more obvious than that friction has developed between President Roosevelt and President John L. Lewis of the United Mine Workers, also generalissimo of Labor's Non-Partisan league and of the Committee on Industrial Organization.

When asked whether such is the case each answers, "No comment." "Sure not," would be the answer if no friction existed. "No comment" means, "Sure there is friction."

Jabs "A plague on both your houses," said President Roosevelt, referring to capital and labor alike. This remark was a jab at capital and labor in general.

Yet it was not particularly a jab at William Green's A. F. of L., for the A. F. of L. has not caused him much trouble. It was a jab at the Lewisites, who HAVE. The United Mine Workers, pre-

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DEBATE WILL LAST ONLY DAY OR TWO BEFORE THE VOTE

Bill, A Major Point In Administration Program, Would Furnish Housing Funds

PLANS BOND ISSUE OF \$700 MILLIONS

Senator Byrd Says Resettlement Homestead Projects Cost \$8,000 Per House, and Private Contractor Offers To Do Job for \$900 Per House

Washington, Aug. 2.—(AP)—Senate leaders, confident most controversial problems were out of the way, forecast today speedy passage of the Wagner housing bill.

Heartened by the collapse of last week's rebellion over wage and hour legislation, they called up the housing measure for debate, which they said would probably not last for more than a day or two. The bill, one of the major points in the administration's program, would authorize loan and outright contributions to public housing agencies for construction of low rent dwelling units and the eradication of slums.

A bond issue of \$700,000,000 over the next three years would provide funds for loans. An initial appropriation of \$26,000,000 would be used to make direct contributions and pay administrative expenses.

The United States Chamber of Commerce, criticizing the bill, said government-subsidized housing was a permanent policy would "inevitably have demoralizing effects upon soundly conceived community efforts to rehabilitate and rebuild blighted and slum areas."

Senator Byrd, Democrat, Virginia, (Continued on Page Three.)

PICK GASOLINE AND OIL COMMISSIONERS

Governor Hoey Puts Thomas Royster, of Granville, With Two Others, on New Board

Raleigh, Aug. 2 (AP)—Governor Hoey today designated Thomas Royster, of Granville county; Robert Cox of Forsyth, and David Buck, of Yancey, as members of the new State Gasoline and Oil Commission.

Revenue Commissioner A. J. Maxwell and H. L. Shankle, director of the gasoline and oil inspection division, are members of the commission by virtue of their positions. The group was authorized under the 1937 law regulating petroleum products in the State.

TAR HEELS HURT IN SO. CAROLINA CRASH

York, S. C., Aug. 2 (AP)—K. Smith, a North Carolinian, and Claude Mobley, of Bethel, were injured in an automobile accident here today. Both were taken to a Rock Hill hospital, where attaches said Smith's injuries were the more serious.

MOTOR CRASH NEAR GREENVILLE FATAL

Greenville, Aug. 2 (AP)—A man tentatively identified as Joseph Nassef, of New Bern, was killed instantly, and L. W. Gilliken, of Morehead City, received serious injuries today when their fish truck collided with a passenger train near here. Gilliken was taken to a Washington, N. C. hospital.

Rural Roads To Receive Work Soon

Raleigh, Aug. 2 (AP)—Vance Baise, chief highway engineer, said today the special \$2,000,000 allotment for betterment of secondary roads, made by Governor Hoey, would be used to strengthen as many as possible of the weak spots on principal farms to market roads and school bus routes.

Baise said the money would fix only a small percentage of the weak spots. By division, the money has been allocated to division engineers for expenditure under their direction as follows: First division, \$184,280; second division, \$185,560; third \$185,440; fourth \$202,340.