

Japanese Dispute American Version Of Panay Sinking

Virtually Every Statement By Naval Officers and Survivors Is Denied In Report

SAYS ARMY BOATS MADE NO ATTACKS

Further Asserts Gunboat Was Moving at Time of Incident; Tokyo Reverses Previous Statement That Denied River Craft Fired On Vessel

Shanghai, Dec. 20.—(AP)—The Japanese military attache issued today a report on the sinking of the United States gunboat Panay which contradicted virtually every statement previously made by American naval officers and British, Italian and American survivors.

The report by Major General Kumakichi Harada purported to be "the sum total of staff officers' investigation" of the bombing of the Panay and three Standard Oil Company vessels December 12.

In conflict with the stories of survivors, Harada's statement denied that Japanese army boats had fired on the Panay as it was sinking and asserted the gunboat was moving at the time of the incident, when officially it had been reported anchored for more than two hours in the Yangtze river, 27 miles above Nanking.

In Tokyo the Japanese Foreign Office spokesman reversed a previous statement in which he had denied United States charges that the Panay was fired on by Japanese river vessels. He indicated that Japan would plead self-defense for the river boat attacks on the American boat as it was sinking under bombardment by Japanese planes and would claim the Panay had changed positions on the Yangtze without sufficient notice to the Japanese.

A foreign office official said yesterday that Japan would reply to a second American communication giving details of the attack before drafting an answer to original American demands for amends.

Insurgents Surrounded But Hold On

Madrid, Dec. 20.—(AP)—An entire city surrounded and greatly outnumbered Spanish insurgent garrison held the city of Teruel today in the face of the heaviest government attacks on the central front since the drive on Brunete last July.

Last insurgent defenses outside the city, which had been the tip of a spearhead thrusting at government communication lines between Madrid and Valencia were destroyed in three days of attacks.

Teruel was cut off from the rest of insurgent Spain. Government forces thwarted repeated insurgent attempts to break through and relieve the garrison. Dispatches to Hendaye, on the Franco-Spanish frontier, said the city's inhabitants took refuge in miles of tunnels under the streets. Battles raged in the streets, planes fought overhead and government shells smashed at its walls.

Government troops stormed Teruel itself shortly after nightfall Sunday. Several hours later they penetrated its outskirts and occupied several divisions in the city which had been held by the insurgents since the civil war began.

STACY SELECTION WAS CHIEF EVENT

But Hoey Last Week Warned Motorists; Mayor Cooper Breaks Again

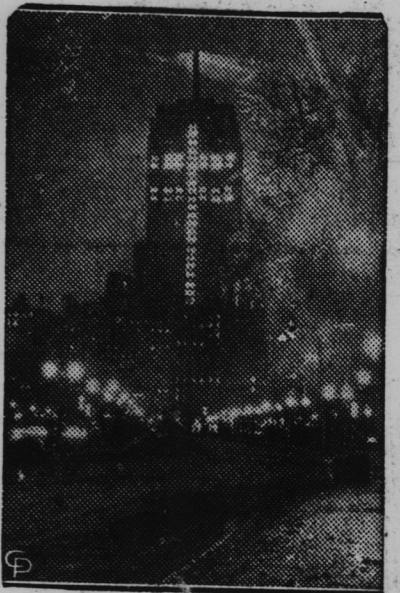
Daily Dispatch Bureau. Raleigh, Dec. 20.—A major change in official personnel marked last week in Raleigh as State Senator J. Benton Stacy, of Rockingham county, stepped into the directorship of the State Highway Department and contract as Capus Waynick, of High Point, retired to return to the newspaper business as editor of the High Point Enterprise.

Governor Clyde R. Hoey kept the identity of his appointee secret right up to the last minute, naming Senator Stacy late in the afternoon of December 14. He took office the following day.

Comment on the appointment was altogether favorable, as the new purchaser of State supplies was hailed on all sides as exceptionally well qualified.

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Spurs Seal Drive



Windows Lighted as Cross ... spurs seal drive

A double-barred cross of light 24 stories high, symbolizing the world-wide campaign against tuberculosis made possible through the sale of Christmas seals, shines down on Michigan boulevard from the Palmolive building in Chicago. The cross, 300 feet high and 120 feet wide, is formed by lighting certain windows from the twelfth to the thirty-sixth floors.

—Central Press

Comb East In Hunt To Get Payne

Public Enemy No 1 of State and Companion Reported Definitely Seen

Myrtle Beach, S. C., Dec. 20 (AP)—State, county and Federal officers said today they believed Bill Payne and Wash Turner, fugitive North Carolina desperadoes, were hiding in a forest near here.

Two men believed to be Payne and Turner were chased into this resort town last night. Fifty officers took part in the pursuit. Highways leading out were heavily guarded.

Police Chief A. F. Hamilton, of Myrtle Beach, said the two men passed within eight feet of him shortly after midnight, but he did not recognize them at the time.

Harry Wright told officers he sold some gas at 1 a. m. to two men who he said resembled pictures of Payne and Turner. The men, he reported, appeared highly nervous.

Raleigh, Dec. 20.—(AP)—Highway patrolmen combed the eastern part of the Carolinas today in search of two wild-driving desperadoes identified by

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COTTON IS HIGHER AT MIDDAY PERIOD

New York, Dec. 20.—(AP)—Cotton futures opened two to nine points up on higher cables and foreign buying. March was 8.26 shortly after the first half hour, when prices were 3 to 5 points net higher. March advanced to 8.32 and at midday was 8.30, when prices generally were seven to eight points net higher.

16,811,681 Bales of Cotton Ginned of 1937 Crop so Far

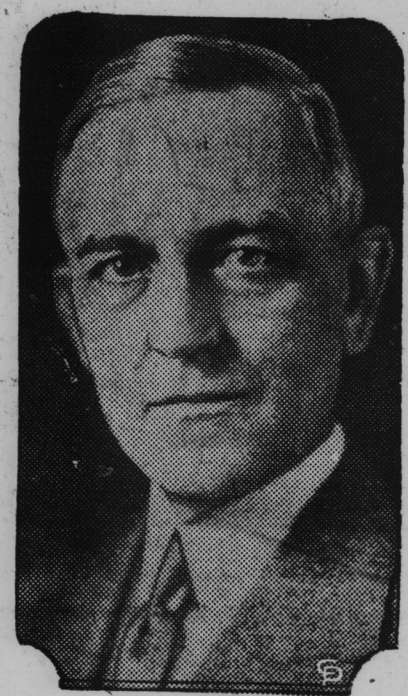
Washington, Dec. 20.—(AP)—The Census Bureau reported today that cotton of this year's growth ginned prior to December 13 totalled 16,811,681 running bales, including 297,891 bales of round bales counted as half bales, and 8,555 bales of American Egyptian Ginnings to that date last year were 11,699,116 running bales.

This year's total cotton crop was estimated by the Agriculture Department recently at 18,746,000 bales of 500 pounds gross weight. Ginnings to December 13 this year included: North Carolina, 738,776 bales, compared with 522,795 by the same time last year.

WEATHER FOR NORTH CAROLINA

Fair to partly cloudy tonight and Tuesday; slightly colder in central and extreme southeast portions tonight.

Ambassador Dies



Judge Robert W. Bingham, of Louisville, Ky., American ambassador to Great Britain, died Saturday night in a Baltimore hospital after a brief illness. He was owner of the two large Louisville newspapers and had been envoy to the Court of St. James in London since President Roosevelt assumed office in 1933. He was a native of Orange county, North Carolina.

JAPANESE MAKING READY FOR FRESH DRIVE INTO CHINA

Offensive Imminent Into Rich Chekiang and Anhwei Sections Soon Is To Begin

PRESSURE FELT ON ALL COASTAL CHINA

Three U. S. Warships Stand by at Tsingtao, Important Northern Seaport, To Evacuate 300 Americans, If Necessary; All Quiet Last Night

Shanghai, Dec. 20.—(AP)—An imminent Japanese offensive in Chekiang and Anhwei, rich central Chinese province, was disclosed today by General Iwane Matsui, Japanese commander.

The pressure of Japan's campaign, however, was felt the whole length of coastal China from Tsingtao, important northern seaport, to Canton, metropolis of the south.

Three United States warships stood by at Tsingtao to evacuate about 300 Americans if necessary. A Japanese naval attack on the port, highly developed by Japanese industry, was feared because of the destruction of rich Japanese properties by Chinese troops there.

Samuel Sokobin, United States consul at Tsingtao, said "all was quiet last night."

A Japanese spokesman said he was informed Chinese had destroyed all Japanese cotton mills in Tsingtao. Since all Japanese had evacuated the port at the outbreak of the war, Chinese had held the property as hostage against attacks. Its value was estimated at more than \$87,000,000.

Ludendorff, Idol Of War, Passes Away

Munich, Germany, Dec. 20.—(AP)—General Eric von Ludendorff, 72-year-old idol of the German army, died today.

The German World War commander apparently was recovering from an operation on an infected bladder, but last night his illness of more than three weeks, the aged warrior showed

Soviets Claim America Is Overrun With Spies Of Japan; Admit Purges

Moscow, Dec. 20.—(AP)—A high Soviet official said today that America "is overrun with Japanese spies," and Japan, "in its turn, seems to be an arena for American intelligence services."

This declaration was made by M. P. Frinovsky, vice-commissioner of internal affairs, or vice-chief of the Soviet Secret Political Police, in an article in Pravda, official communist newspaper.

He discussed the execution of eight

MR. HULL ASSERTS PRESENT NO TIME TO DEPART CHINA

Secretary of State Answers New Jersey Senator Who Urges Quick Withdrawal

HAD LONG PLANNED WITHDRAWAL THERE

Hull Declares Many Difficulties Presented by Degree of Protection Government Should Provide for Its Citizens; Cannot Suddenly Quit

Washington, Dec. 20.—(AP)—Secretary Hull said today that the government had long expected to withdraw American ships and citizens from the Far East "when their appropriate function is no longer called for," but the present "does not seem an appropriate moment."

In a letter to Senator Smathers, Democrat, New Jersey, the secretary of state outlined the administration's view of maintaining military forces in the Far East.

Smathers had written favoring the withdrawal of American ships and citizens from the danger zone. Hull said "the degree of protection this government should afford to citizens abroad presented 'many difficulties' and resulted in many conflicts of opinion."

He added that in the Far East, during more than a century, certain rights, interests, obligations and practices had developed under which all major powers have employed, with the authorization of the Chinese government, methods of safeguarding the lives and interests of their nationals.

"In a situation such as now prevails," Hull continued, "many of our nationals cannot suddenly disavow or cut themselves off from the past, nor can the American government suddenly disavow its obligations and responsibilities."

HOT DISPUTE OVER MAE WEST'S SKIT

Connery Wants License of Radio Station Withdrawn; Slaps McNinch

Washington, Dec. 20.—(AP)—Representative Connery, Democrat, Massachusetts, demanded today that the Communications Commission revoke the license of the radio station from which an Adam and Eve broadcast featuring Mae West was originated last week.

Connery declared the program "was indecent."

The Communications Commission already has ordered the National Broadcasting Company to submit a copy of the broadcast, as well as copies of the contract between the sponsor, Chase & Sornborn, and NBC, and names of stations which reproduced the program.

Connery, in a letter to Frank R. McNinch, commission chairman, said the commission was "derelict in enforcing the communications act, and that he had received a 'volunteer' complaint" against the program.

He announced he would demand a congressional investigation of the commission at the next session of Congress.

The same Spartan self-discipline that had made him a symbol to Germany's army when he was chief of staff under Field Marshal Paul von Hindenburg during the World War.

By a strange coincidence, the arch enemy of Catholicism and militant apostle of a new Aryan anti-Christian religion, spent the final days of his life attended by nuns in a Catholic hospital.

Reichsuehrer Adolf Hitler and Field Marshal Werner von Blomberg were informed immediately. Hitler sent condolences to the widow.

once-high ranking communists for selling Soviet secrets to "Fascist" spies.

The announcement of the eight executions, which came as the Soviet celebrated the 20th anniversary of the Russian secret police force, said all eight had pleaded guilty to "treason to the fatherland, terrorist activity, and systematic espionage" in behalf of a foreign country.

They were given secret trials before the military collegium supreme court.

New Farm Program Menaced By Conferees And Threats Voiced By Wage-Hour Bloc

Wire-Tapping Evidence Is Declared Illegal In Supreme Court Opinion

High Tribunal Decides Issue by Seven to Two Ruling Handed Down at Capital

5-TO-4 RULING IN 1928 IS REVERSED

Sutherland and McReynolds Dissent from Majority Views; Case Arises Out of Alcohol Smuggling in New York, Where U. S. Used Tapping Evidence

Washington, Dec. 20.—(AP)—The Supreme Court held today that evidence obtained by wire-tapping cannot be used in Federal criminal proceedings.

This seven-to-two decision, in effect, reversed a 1928 five-to-four ruling that such evidence could be used in bootlegging prosecutions.

In today's opinion, the court majority, through Justice Roberts, asserted that the 1934 communications act barred use of wire-taping evidence.

"Congress," Roberts said, "may have thought it less important that some offenders should go unwhipped of justice than that officers should resort to methods deemed inconsistent with ethical standards and destructive of personal liberty."

Justice Sutherland, speaking for himself and Justice McReynolds, in a dissenting opinion, said to put the sworn officer of the law, engaged in combatting organized gangs of criminals, in the same classification with others, "is to lose all sense of proportion."

The decision reversed a ruling by the second circuit court of appeals upholding the government's use of such evidence in obtaining conviction of four men on a charge of smuggling alcohol into New York.

Honor Paid Bingham At Home City

Louisville, Ky., Dec. 20 (AP)—Final honors were paid today to Robert Worth Bingham by his State and nation and the British Empire, to which he was accredited as ambassador.

The body of the North Carolinian, who adopted Louisville, as his home 40 years ago, was brought back today from Baltimore, where death claimed him Saturday night, accompanied by representatives of President Roosevelt the State Department and Great Britain.

A detachment of the Fifth and Thirteenth U. S. Cavalry from Fort Knox, Ky., escorted the funeral party from the train to Calvary Episcopal church, where hundreds paid their last respects prior to the funeral services at noon, and burial in Cave Hill cemetery here. Governor A. B. Chandler ordered the flag over the State Capitol flown at half mast.

Operations of the 66-year-old publisher's two newspapers, the Louisville Courier-Journal and the Louisville Times, were so arranged that employees could meet the train or view the body at the church.

Aboard the special car with the body along with members of the ambassador's family, who were with him when he died, were representatives of the United States and Great Britain.

Advertisement for Christmas shopping with a large number '4' and the text '4 DAYS TILL CHRISTMAS SHOP EARLY'.

CONFEREES DEFER TO JAN. 3 EFFORTS TO REACH ACCORD

Will Make No Move Until Then To Reconcile Divergent Senate and House Bills

MARKETING QUOTAS WANTED BY SENATE

Senate Penalties for Failure To Cooperate Much Heavier Than House; Crop Surplus Feature Contained in Measure Lately Passed in House

Washington, Dec. 20.—(AP)—Two unforeseen developments cast a shadow today over administration hopes for quick enactment of a long-range farm program.

A joint Senate-House committee decided to delay until January 3 the start of its meetings to reconcile differences between the divergent crop control bills approved by the two chambers.

There was talk that proponents of the side-tracked wage-hour bill might attempt to block approval of the committee's farm bill compromise when it is submitted to the House.

The committee will be concerned primarily with these differences between the bills:

1. The Senate authorized Secretary Wallace to impose compulsory marketing quotas for wheat, cotton, corn, rice and tobacco at much lower levels than the House provided.

2. The Senate penalties for failure to cooperate in the new program are much heavier than in the House version.

3. The House authorized Wallace to set up to about \$100,000,000 a year to dispose of crop surpluses and to find new markets and uses for the five basic commodities. The Senate bill does not contain such provisions.

COMPLAINT AGAINST WISCONSIN JURIST

Attorney General Accuses Federal Judge of Unfairness and Unjust Conduct

Washington, Dec. 20 (AP)—The House Judiciary Committee received a complaint accusing Federal Judge Ferdinand Geiger, of Wisconsin, of repeated instances of "arbitrary, unjust and unfair conduct."

Attorney General Cummings called particular attention to Geiger's dismissal of a Milwaukee grand jury which had voted, but not formally returned, indictments of three motor car manufacturers under anti-trust laws. He added:

"The net results of Judge Geiger's unwarranted interference with this department and the grand jury have been:

"First, to free the companies from any present necessity for correcting the objectionable practices; second, to save them from indictment for past violations of the anti-trust laws; and third, to discredit the effort of the government to correct abuses in the industry."

The government had presented to the grand jury evidence which its attorneys said showed the Ford, Chrysler and General Motors companies were compelling dealers to do their sales financing through companies affiliated with the manufacturers.

FREIGHT INCREASE DAMAGE TO STATE

Horizontal 15 Percent Boost Will Mean Further Discrimination

Daily Dispatch Bureau. Raleigh, Dec. 20.—The horizontal fifteen per cent freight rate increase sought by the railroads of the United States would still further increase the rate differential already existing against North Carolina said the South, Stanley Winborne, utility commissioner, today.

For that reason, he said, the State of North Carolina will vigorously oppose the horizontal increase.

"If there must be an increase," said Mr. Winborne, "it certainly should not be a horizontal percentage increase in class rates. The South is already laboring under an adverse differential of between 39 and 40 per cent and the horizontal hike would increase

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