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ROOSEVELT TO USE FORCE UPON CONGRESS

RUMORED RIFT IN TVA DIRECTORATE COMES INTO OPEN

Chairman A. E. Morgan intimates He Would Welcome Congressional Investigation

HIS TESTIMONY IS BITTERLY ATTACKED

Morgan and Lillienthal, Fellow Directors Attack Evidence Given at Hearing Over Marble Leases of Senator George Berry, Democrat, Tennessee

Knoxville, Tenn., Dec. 23 (AP)—The long-rumored rift in the TVA directorate was in the open today, with Chairman A. E. Morgan hinting he would welcome a congressional investigation on "the general situation." Directors H. A. Morgan and David Lillienthal criticized testimony given by the chairman Monday as a condemnation hearing involving the Norris dam reservoir, marble leases of Senator George Berry, Democrat, Tennessee, and others.

The two directors accused Chairman Morgan of making statements with "false and malicious" inference, "trying to discredit TVA attorneys," "handling the Berry case, and giving a prejudicial account of an agreement by a majority of the board to conciliate the Berry claim."

Soon after these charges were made public, Chairman Morgan issued a statement that "it seems improper for a witness to discuss the case in public before a decision is rendered."

"If I should have other evidence concerning the general situation which was not pertinent to the case, and which should not be injected into the situation pending a decision in this condemnation suit, it would be available if there should be a congressional investigation."

Standpipe Crashes In Goldsboro
Goldsboro, Dec. 23.—(AP)—The upper part of a 200,000-gallon city standpipe gave way today and flooded several blocks on the northwest edge of Goldsboro.

City Manager Z. G. Hollowell said the "upper force" of the 49-year-old pipe used as auxiliary water storage for the city system gave way and damaged the tank beyond repair. He said the city would push plans for a new 80,000-gallon replacement.

Charley Davis, operator of a cafe grocery near the pipe estimated the water damaged his place about \$500.

A. T. Griffin Manufacturing Company's frame garage and stables were washed away.

Davis said he was asleep in the back of his store when a noise resembling thunder awoke him. He said he grabbed his clothing and found water surging all about him.

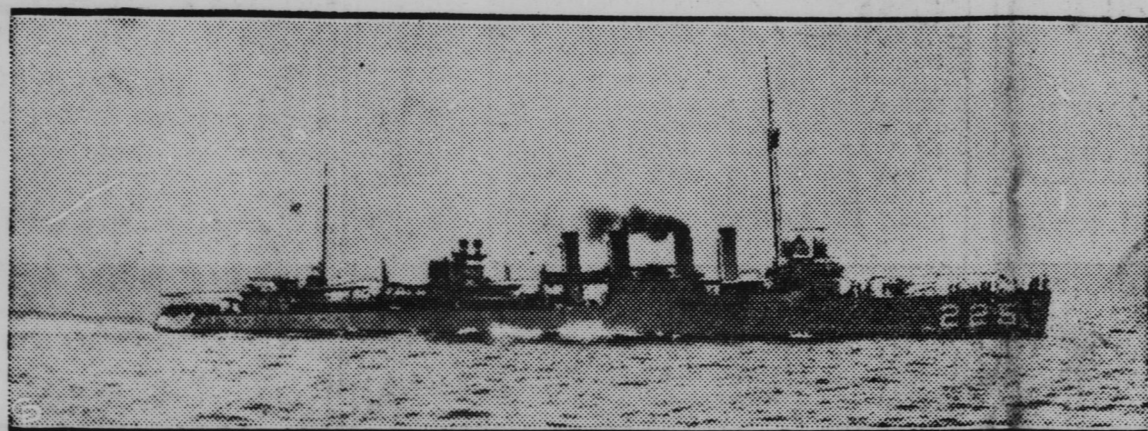
21 Are Hurt In Crash On Pennsylvania
None Seriously Injured as Passenger and Freight Trains Meet Head-On

Emporium, Pa., Dec. 23.—(AP)—An eastbound express of the Pennsylvania railroad ran through an open switch and crashed head-on today with a freight on the siding.

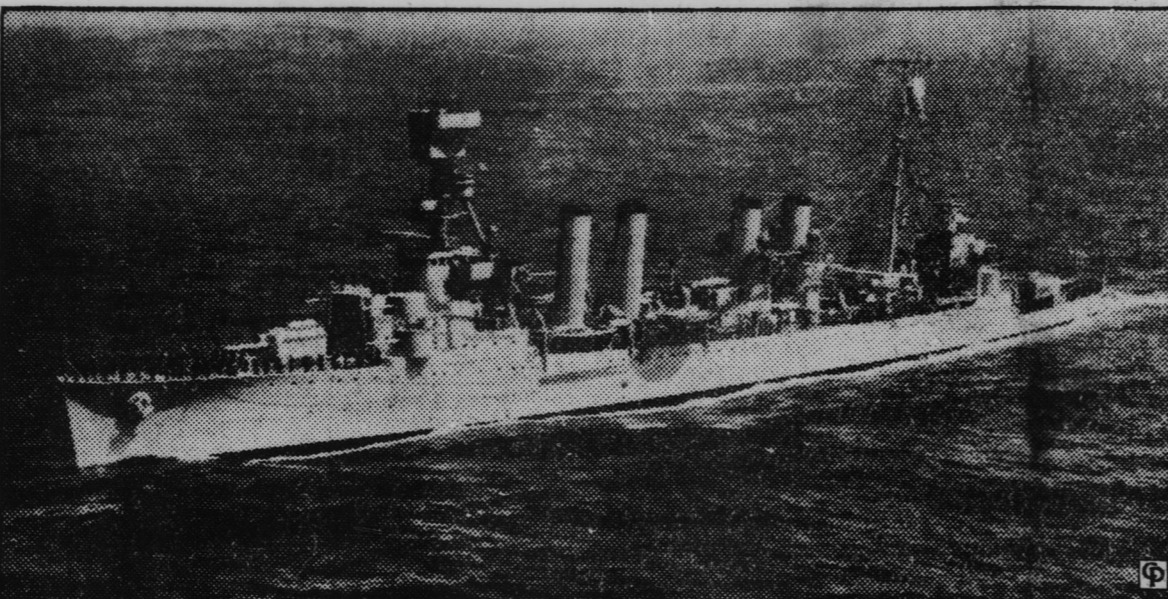
The Pennsylvania railroad reported 18 of the 131 passengers, two firemen and an express messenger had been hurt, none seriously.

The two engines of the express, a truck of its first car and the pony truck of the freight locomotive were derailed. The accident occurred after the passenger had made a stop at the flag station here to let off a passenger and was moving slowly eastward.

U. S. Navy Ships Rushed to New Trouble Center



The destroyer Pope



The cruiser Marblehead . . . in Chinese waters

U. S. navy ships rushed to Tsingtao, Shantung province seaport 390 miles north of Shanghai, to aid in evacuation of Americans from that new trouble zone are pictured above. They are the cruiser Marblehead and destroyer Pope. The

Marblehead had arrived at Shanghai to relieve the cruiser Augusta, which has been there all through the trouble. Because of the latest developments it has been decided to keep the Augusta at Shanghai for the present.

War Psychology In U. S. Is Denounced By Borah

Miss Dickerson Is Given Award

Townsville, Dec. 23.—(AP)—Lou Ella Dickerson, of Townsville, a 4-H club member, received a refrigerator here at public exercises Tuesday as one of the eight prizes awarded section winners in the national 4-H club food preparation club contest. Around 75,000 girls competed in the contest.

Miss Dickerson, for three years adjudged the healthiest girl in Vance county club work, is 19 years old and in four years of club work reported she had prepared 670 meals for a family of eleven and canned 630 jars of fruits and vegetables.

DOZEN EXECUTIONS IN STATE FOR 1937
Executive Clemency Was Granted Ten Others, Governor Hoey States

Raleigh, Dec. 23.—The State of North Carolina executed a dozen criminals during 1937, while Governor Clyde R. Hoey granted executive clemency to ten others whom the courts had doomed to die.

After reviewing any analyzing the record, Governor Clyde R. Hoey declared that there is no discrimination against Negroes in the administration of justice in North Carolina.

"A review of the capital cases acted upon throughout the year discloses that both in the courts and before the executive the matter of race or color has not been the determining factor

SMITHFIELD MAN TO HELP SEAWELL
Raleigh, Dec. 23.—(AP)—Attorney General A. A. F. Seawell announced today appointment of James A. Welton, of Smithfield, to his research department succeeding J. C. B. Ehringhaus, Jr., now with the Unemployment Compensation Commission.

WEATHER FOR NORTH CAROLINA.
Probably rain tonight and Friday; slightly colder in central portion tonight.

Senator Says Is Necessary Neither To Quit China Nor To Go To War With Japan

WHEELER WANTS TO WITHDRAW ENTIRELY
Would Bring Home Troops and Ships; Borah Says "War Psychology" Being Built Now Is Similar To That of World War Days Twenty Years Ago

Washington, Dec. 23.—(AP)—Senator Borah, Republican, Idaho, condemned today the creation of "a war psychology," contending it was necessary for America to get out of China nor to go to war with Japan.

Commenting to newsmen on the Japanese situation the first time since the sinking of the gunboat Panay, Borah said:

"I do not think we ought to get out of China or leave the east, and neither do I think that if we fail to do so we are going to war with Japan."

"We have the right and it is our duty to protect our people lawfully in China, and our legitimate interests there. I entertain the view that we can do so without resorting to war or being involved in war."

Another Senator, Wheeler, Democrat, Montana, took a different view in talking to reporters. He urged American troops and ships be withdrawn from China.

Borah said the American people should be on guard against war propaganda such as that which was prevalent in World War days.

United States in Embarrassing Situation Now Because of New Law
By CHARLES P. STEWART
Central Press Columnist
Washington, Dec. 23.—Countries are drawn into war in such an infinity of different ways that it seems well-nigh impossible for any particular country to adopt an advance policy to keep itself out of the next one.

Heavy Earthquake Strikes In Mexico

Mexico City, Dec. 23.—(AP)—A heavy earthquake shook Mexico City early today, killing at least two persons and crushing adobe homes at the outskirts of the city.

Mexico City, Dec. 23.—(AP)—A heavy earthquake lasting exactly one minute shook the capital at 7:18 a. m. (8:18 eastern standard time) today. No serious damage was at once reported, but telephone and telegraph communications to some parts of the interior were severed.

The Mexico City observatory was unable to determine the epicenter of the quake at once, and it was feared heavy damage might have resulted in the interior.

New Orleans, La., Dec. 23.—(AP)—Father O. L. Abell, of Loyola University, reported today the Loyola seismograph recorded a severe earthquake which began at 7:21 1/2 a. m., central standard time, and was continuing at 9 a. m.

Father Abell estimated the quake centered 1,500 miles from New Orleans, but did not indicate the direction.

SENATE ASPIRANTS FACE BUSY HOLIDAY

Reynolds and Hancock To Make Good Use of Recess From Congress

Raleigh, Dec. 23.—The merry Yule season will be a business and scholastic holiday time, but it is unlikely to be much of a political holiday for Senator Robert R. Reynolds and his avowed opponent, Congressman Frank Hancock.

Adjournment of the special session gives the pair a chance to get back to North Carolina, which means it will give them a chance to make political hay as the sun shines or the snow fall, as the case may be.

Already there is one clearcut issue between them—the Wage and Hour bill. Hancock will try to make capital out of the fact that he voted for the successful effort to recommit the bill.

WAYNE NEGRESS IS FREED BY MR. HOEY
Raleigh, Dec. 23.—(AP)—Governor Hoey announced today he had commuted the 20-to-30-year second degree prison term of Lucy Wilson, Negress, sent up from Wayne county in 1924 to the time already served in prison.

The governor paroled eight prisoners and refused clemency requests of 17.

Japan Forms New Autonomous Power For Nanking Area

Follows Similar Chinese Regime Set Up Ten Days Ago At Peiping for the North

INVADERS PUSHING INTO THE INTERIOR

Conquest Appears Nowhere Near Over; Foreigners Are Warned To Leave Hangchow Immediately To Escape Imminent Japanese Siege; Americans Flee

(By The Associated Press.)
Japan formed a new autonomous government at captured Nanking today, presumably to replace Generalissimo Chiang Kai-Shek's nationalist government.

It was only ten days ago a similar autonomous government headed by Chinese was set up by Japan at Peiping, center of the vast North China region taken by the Japanese army in its latest invasion of China.

Chiang Kai-Shek moved his government far inland, out of reach of Japanese arms, several weeks ago when he decided Nanking was indefensible.

The Japanese army appeared today to be nowhere near the end of its conquest as it was spreading its reaches over an ever-widening front which threatened to encompass every important coastal city and inestimable territory inland. Foreigners were warned to evacuate Hangchow, Chekiang province capital and seaport, the escape being endangered by an imminent siege by Japanese forces. The Japanese warning also included Shaoshing, near the Gulf of Hangchow, 35 miles southwest of the provincial capital.

Three hundred Americans and other foreigners fled from the threat of an other Japanese attack at Hankow, Yangtze river valley city. The foreigners boarded a special evacuation train bound for Hong Kong.

Diplomatic repercussions from the involvement of foreigners in recent Japanese activities still remained grave. Great Britain and the United States awaited formal answer to notes protesting Japanese attacks on their ships.

Great Britain was taking measures to insure quick movement of elements of her Mediterranean fleet to China waters in an emergency.

WPA ALLOCATIONS IN EAST REVEALED
Raleigh, Dec. 23.—(AP)—The WPA announced allocation today of \$15,960 to Fairmont for street improvements, allocation of \$4,031 for sewer lines in Tarboro, and \$4,245 to Edgecombe county to improve roads at the county home.

Lawrence Surgeon In State Pen

Raleigh, Dec. 23.—(AP)—Dr. Ben Lawrence, Raleigh physician has accepted the post of surgical consultant at Central Prison, Frank Duniap, State Highway and Public Works Commission chairman, said today.

"I accept the position which you have so graciously offered me," Duniap quoted Lawrence as saying in a letter.

The commission has decided to build the new women's dormitory at State Prison here with convict labor. The use of prison labor on the project was approved at a meeting of the commission here yesterday, which also awarded contracts to low bidders on 14 road projects.



Cut Dollar Again?



Senator Elmer Thomas . . . to ask cheaper dollar

Senator Elmer Thomas of Oklahoma announces that the senate agricultural committee has authorized him to prepare a resolution for submission at the regular session of congress requesting the federal reserve board to raise "price levels" to those of 1926 and "keep them there". Thomas said that the resolution would ask that the dollar's value be cheapened by 22 cents from its present value.

Senator Thomas has been a leader of the "cheaper money" group whom opponents term as inflationists.

Japan Army Now Admits River Firing

Attack on Americans Conceded; Claim To Have Helped Rescue Operations

Tokyo, Dec. 23.—(AP)—The Japanese army today admitted for the first time the machine-gunning of Americans in the Yangtze river Panay incident, but not mention firing on the United States gunboat itself.

Lieutenant Colonel Nishi, former assistant Japanese military attaché at Washington, described at length the incident in which the Panay and three other American vessels were attacked. He had just returned from an investigation held at Fokow, across the Yangtze river from Nanking.

(Nishi's investigations had formed the basis of previous official Japanese army statements on the Panay incident. He flew from Shanghai to Tokyo yesterday to submit his detailed report to the war office.

(Previously Major General Harada, (Continued on Page Three.)

ARMY PLANES HUNT FOR PARACHUTE MAN

Corporal Lands In Water While Playing Santa Claus at Boston

Boston, Mass., Dec. 23 (AP)—Army planes and police boats searched Boston harbor today for the body of U. S. Army Corporal Harold Krner, 35, of Winthrop, whose parachute descent as a flying Santa Claus turned to tragedy last night over Boston's oceanic airport, when a freshening wind blew him into the water.

Veteran of more than 100 successful jumps in eight years, Krner plunged to his death while his young wife and their 18-month-old son looked on in the midst of a group of army wives and children to whose Christmas party he was making his annual contribution.

Investigations were launched by the Federal Bureau of Air Commerce, airport officials, the Army and Boston police.

Krner bailed out over the airport (Continued on Page Six.)

PRESIDENT READY FOR STIFF BATTLE AGAINST HIS FOES

Will Abandon "Hands-Off" Policy Pursued During Recent Extra Congress Session

STANDS FIRM FOR HIGHWAY FUND CUT

Wallace Also Pleads for Trade Between Farmers and Labor in Order To Force Labor Bill Through; To Probe Recession; Dig Into Peonage Charge

Washington, Dec. 23.—(AP)—Evidence accumulated today that President Roosevelt, fors-warned by his experience at the special session of Congress, was preparing for a rough-and-tumble battle with administration foes in the forthcoming election year session.

The developments since the House side-tracked the administration's wage-hour bill have convinced many observers the chief executive will abandon the "hands-off" attitude he assumed during the recent session and will take aggressive leadership of the legislative program.

One bit of evidence they cited was Mr. Roosevelt's letter yesterday to Chairman Cartwright, Democrat, Oklahoma, of the House Roads Committee, reiterating his demand for curtailment of Federal road appropriations.

Another was an appeal by Secretary Wallace for farmer-support of wage-hour legislation in return for farm support of the farm bill.

Officials arranging for the Senate's unemployment investigation beginning January 4 intimated, meanwhile, it would develop into a broad analysis of the extent of the business recession.

Governmental and industrial leaders will be called, they said, to testify on present industrial activity and prospects for the next few months.

Some informed persons forecast that the inquiry, under the direction of Senator Byrnes, Democrat, South Carolina, would be one of the most significant events of the coming congressional session.

Other developments: The Justice Department disclosed (Continued on Page Four.)

FURTHER DECLINES IN COTTON MARKET

Lower Cables and Foreign and Hedge Selling Turn Trends Slightly Downward

New York, Dec. 23 (AP)—Cotton futures opened six to nine points off on lower cables and foreign and hedge selling. March was selling at 8.31 short ly after the first half hour, when the list was five to seven points net lower. March at midday was 8.36, when prices were about three points net lower.

Insurgents Smash Into Siege Area

Franco Is Preparing Counter - Offensive Against Loyalists At Teruel

Hendaye, Franco-Spanish Frontier, Dec. 23.—(AP)—A column of insurgent artillery and troops today smashed through the government siege of the military garrison at Teruel, a radio dispatch reported adding a counter-offensive was being prepared.

The message from the Teruel radio station received at insurgent headquarters at Irun said the garrison and some of the civil population still were resisting the government assaults.

Barricaded in a seminary overlooking the ancient Aragon city, insurgent troops had made their stand after a surprise government attack drove them out of the city in a blitzard. The defenders mounted machine guns in the huge structure's twin towers. Government forces rolled field guns into the city and shelled the citadel, which insurgents hoped would become another Alcazar. The government's newly organized fast tank army which had played a major role in the Teruel offensive, joined in the assault.

"The Teruel garrison is resisting heroically," declared an insurgent communique issued at Salamanca. Insurgents announced relief columns pushing toward the beleaguered die-hards were shattering enemy resistance five miles southeast of Teruel.