

ATTACKS ON BUSINESS AIMED AT MINORITY

1938 To Bring Resumption Of Upward Business Trends As Congress Offers Relief

BABSON FORECASTS PRICE GAINS WITH FIRM WAGE LEVELS

First Quarter To Be About on Present Basis, With Momentum Gaining Steadily

FEDERAL SPENDING TO BE CONTINUED

Balanced Budget Unlikely in Two Years; Farm Outlook Fair and Prospect Is for Less Labor Disturbances; More Jobs By Fall; Realty Active

BY ROGER W. BABSON, Copyright 1937, Publishers Financial Bureau, Inc. Babson Park, Mass., Dec. 31.—We are not entering a major depression; 1938 will see a resumption of the upward trend which began in 1933. The first quarter may be poor—much worse than the early months of 1937; but later in the year I look for a substantial revival. Do not confuse this current sharp recession with a major depression! Payrolls, prices, stocks real estate, and jobs should all be on their way to new highs by the end of 1938.

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STATE REVENUE IS UP VERY SLIGHTLY

\$60,000 Gain First Six Months of Fiscal Year; Sales Tax Way Up

Raleigh, Dec. 31.—(AP)—State revenue collections for North Carolina in the six months ending yesterday totaled \$32,007,381.82, as compared with \$31,940,982.46 in the same period a year ago, Revenue Commissioner A. J. Maxwell announced today. Sales tax receipts for November, payable during December, ran to \$1,012,837.63, a gain over the \$983,479.89 a year ago, though basic foods are now exempted, and were not then. December receipts ran 22.16 percent, or \$1,124,609.34 ahead of December, 1936. For the six months each division of the revenue showed an increase over last year, except inheritance and franchise tax receipts. Gasoline taxes totaled \$12,215,937.22, compared with \$11,397,938.82 in the corresponding six months a year ago.

Dunlap Says Neal Charge Lacks Facts

Intimations of Politics in Prison Doctor Changes Are Declared False

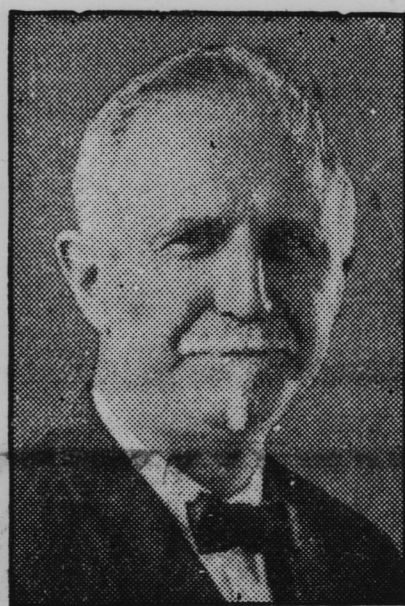
Raleigh, Dec. 31 (AP)—Chairman Frank Dunlap said today to the best of his information any "intimations or suggestions" that "personal or political motives" had led the State Highway and Public Works Commission to changes in the medical set-up at Central Prison are "simply false and without foundations in fact." Dr. Kemp Neal, Raleigh surgeon, and member of the medical firm of Neal Thompson & Neal, recently dis-

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Roger W. Babson's Business Pattern for 1938

BUSINESS: Big Gain Over Current Levels. TREND: Strong Uptrend; Average Below 1937. CONGRESS: Will Give Business Needed Relief. PRICES: 5% Gain Over Present Level At Wholesale. FARMS: Income Down; Profits Slightly Lower. LABOR: Few Wage Changes; More Jobs in Fall. STRIKES: Big Drop in Strikes Feature of Year. RETAIL TRADE: Sales Below 1937; Price Tags Lower. LIVING COSTS: Clothing, Food to Lead Minor Decline. BUILDING: Good Pickup To Begin By Midyear. REAL ESTATE: Values, Activity to Improve; Rents Firm. STOCKS: Strong Rise As Business Picks Up. BONDS: Substantial Advance in Medium Grades. FOREIGN: Trade To Slow Down; No European War. SUMMARY: 1938 To See Resumption Of Recovery

Sees Bright 1938



Roger W. Babson

BUSINESS TRENDS MIXED OVER SOUTH AS OLD YEAR ENDS

Merchants Say Holiday Purchases Will Help Smooth Out Mid-Fall Lull for Them

UNIT SALES BIGGER, CASH OUTLAY LESS

Several Southeastern States Report Higher Tax Collections; Christmas Mailings Heavier; Unemployment Drain To Be Heavy in North Carolina

(By The Associated Press) Mixed trends marked reports of retail trade, industry and agriculture in the South, today as 1937 books were closed. Many retail merchants expressed belief holiday purchases would help overcome the effects of a mid-fall lull. Others said unit sales equalled or surpassed the 1936 Christmas volume, but the cash outlay was somewhat less because of a slight decrease in prices. Birmingham steel operations were about the national average and 1937 production about ten percent greater than in 1936. Several southeastern states reported higher tax collections. In most of them, farm income was generally larger than in 1936, although producers in many cases spent more money than ordinarily to grow and harvest the bumper yields. Likewise, there were observations that general trade had slackened at times during the last half of the year, and industrial unemployment increased in some areas. Newspapers have recorded a pro-

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Murder, Piracy On High Seas Related In Yacht's Crimes

Los Angeles, Cal., Dec. 31 (AP)—Murder, piracy and retribution on the high seas—a stranger than fiction story written with the blood of two men—was unfolded to government agents early today by six haggard survivors of a cruise on the schooner yacht Aafje.

Dwight Faulding, 49, Santa Barbara hotel man, and the Aafje's owner, is dead, his bullet-riddled body dumped overboard somewhere off the southern California coast.

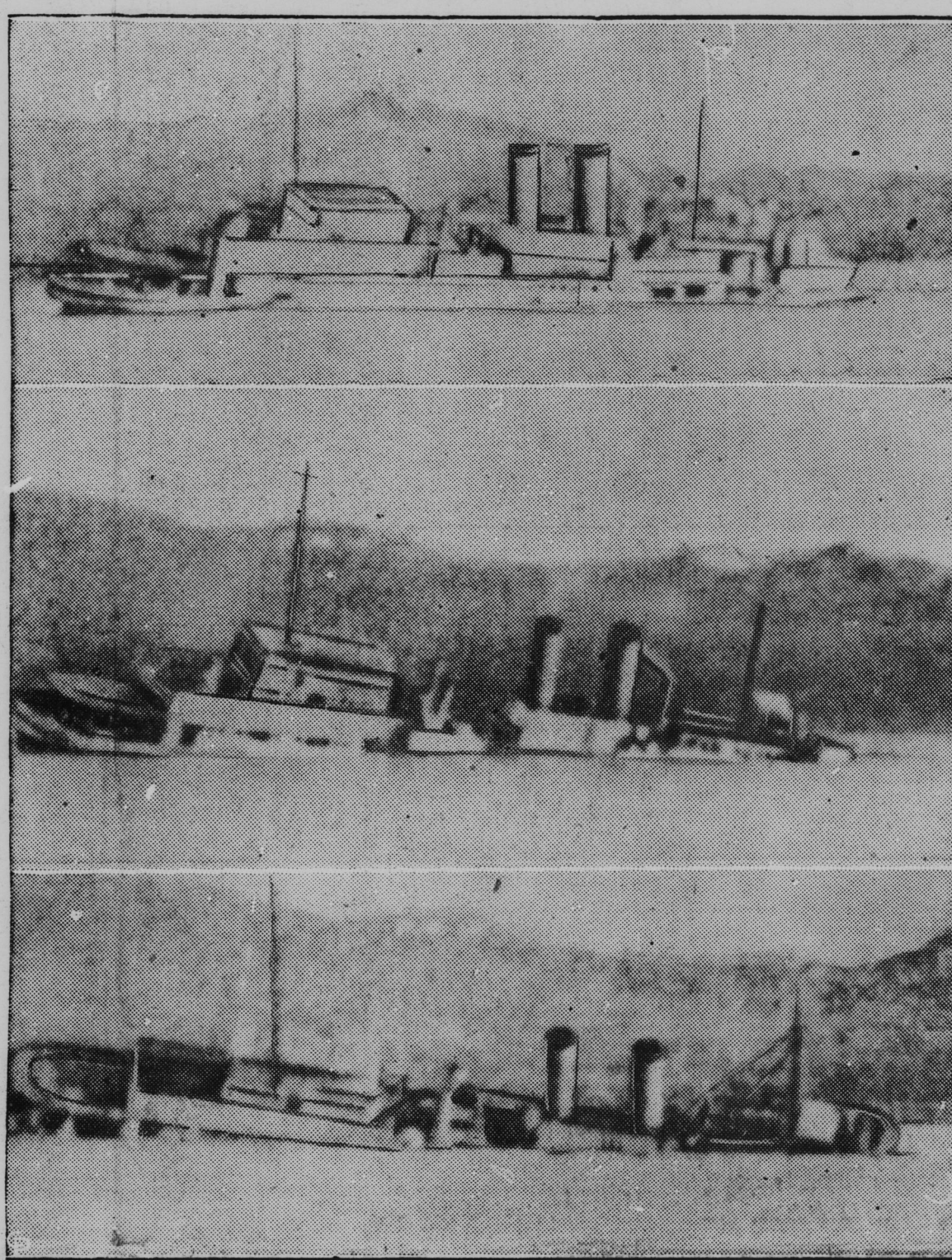
Jack Morgan, the man accused of his slaying by the Federal Bureau of Investigation, also is dead. Two youths told Chief FBI Agent John Hanson they threw Morgan into the sea after five terror-stricken days under his made rule.

The ill-fated cruise was marked by death on the very afternoon the ill-fated Aafje sailed out of San Pedro December 20 for Catalina Island, 20 miles away.

WEATHER FOR NORTH CAROLINA. Increasing cloudiness and slightly warmer tonight; Saturday cloudy, scattered showers in east portion.

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Sinking of U. S. Gunboat Panay by Japanese Airplanes



Action photos of the sinking of the U. S. gunboat Panay in Yangtse river 25 miles above Nanking. Photo by Eric Mayell, "News of the Day" and "Fox Movietone News" supplied by International News Photos and Central Press Association.

Japanese Peace Offers Sent To China Through German Intermediaries

Chinese Devastation Squads March Out of Tsingtao After Destroying Japanese Property There; Dozen New Fires Are Started by Departing Chinese

Shanghai, Dec. 31.—(AP)—Reports that Japanese peace overtures were being conveyed to the Chinese government through German channels gained ground in foreign official circles today. The reports were Germany's ambassador to China, Oskar Trautmann, will present the proposals to the Chinese government. The German ambassador to Tokyo was said to have received them from the Japanese government for dispatch to Trautmann. Meanwhile, Chinese devastation squads marched out of Tsingtao, leaving undefended the once-rich North China seaport, marked for conquest by advancing Japanese armies. A corps of foreign volunteers, armed with clubs, tried to maintain order in the city, from which an exodus of Americans and other foreigners was under way. When Chinese police started leaving, however, looters ran into the Japanese business section. They ransacked what Japanese property had not been destroyed in nearly two weeks of systematic dynamiting. Chief aim of the foreign vigilantes was to prevent damage to foreign property. The departing Chinese units started a dozen new fires. A Japanese silk factory and a Japanese tobacco company building were among the structures in flames. Arrival of Japanese forces was expected momentarily. On the Chekiang province front, several of Shanghai, other armies at several places checked, temporarily at least, the Japanese advance into the interior.

TERUEL BATTLE IS GREATEST OF WAR

200,000 Troops Locked In Death Grip, With Tanks and Airplanes

Madrid, Dec. 31.—(AP)—More than 200,000 insurgents and government troops and 200 airplanes today were thrown into the greatest battle of the civil war, outside Teruel. The bitterness of the fight developed from a powerful insurgent counter offensive to take that city. More tanks, airplanes, artillery and men than in any single previous battle were thrown together in the conflict, which began on Wednesday. Government lines on the right and center of the front were reported holding under terrific pressure. The government gave ground on the left.

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ROUMANIA STIRRED IN ANTI-JEW DRIVE

Troops Patrol Cities To Keep Order Under Drastic Government Edict

Bucharest, Roumania, Dec. 31.—(AP)—Roumanian blue shirt squadrons patrolled sections of three cities today to keep order under a drastic government program semi-official sources said would stop employment of many of Roumania's 1,200,000 Jews. Many Jewish store-keepers and business men were trying to find means of selling their enterprises and leaving the country. Foreign diplomats were being asked by their home governments as to how the expected Jewish emigration would affect their countries. Equivalent of Nazi brown shirts

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Old Mexico Faces Fight In Oil Wage

Nation's \$400,000,000 Foreign-Controlled Industry Defies Government

Mexico City, Dec. 31 (AP)—Mexico's \$400,000,000 foreign-controlled oil industry called for a showdown with the government today by refusing a wage arbitration award, which it declared "imposed terms impossible of fulfillment." The 16 British and American companies notified their 18,000 employees wage increases decreed by government arbitration boards to become effective tomorrow would not be paid. The next move was up to President Cardenas' government. Some oil men predicted government intervention, possibly expropriation of their properties. Increases granted in the award.

GIRL BELIEVED PAL OF PAYNE ARRESTED

Taken By Federal Agents in West Virginia and Will Be Returned to Rock Hill

Charlotte, Dec. 31.—(AP)—Federal agents said today a girl arrested in Hartland, W. Va., as the campaign of Robert S. Smith, slayer of a Lancaster policeman, would be brought to Rock Hill, S. C., for trial in March. Edward Scheidt, agent in charge of the Charlotte office of the Federal Bureau of Investigation, said the girl, taken into custody yesterday, is Juda Ellison, alias Joan Murphy. She is charged with violation of the motor theft act. Arrested with her Scheidt said, was a girl booked as Nita Bloodworth. He said both the women were known associates of Bill Payne, notorious North Carolina desperado and members of his gang. Scheidt said the Ellison girl was the "red-haired" companion with Smith, an escaped convict the morning of July 4, when he shot down the police officer, Frank Sowell, near Lancaster, S. C. Smith tried recently and sentenced to life imprisonment.

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ROOSEVELT SEEKS TO CUSHION WORDS OF TWO OFFICIALS

Democratic Chairman O'Connor, Of House Committee, Denounces Jackson Speeches

SAYS THEY AREN'T ROOSEVELT'S VIEW

President Parries Specific Request at Press Conference for Comment on Jackson and Ickes; O'Connor Ignores Ickes as not Even Being a Democrat

Washington, Dec. 31.—(AP)—President Roosevelt indicated with a parable today anti-monopoly attacks on business by administration officials were directed at only a small minority in the business world. The President held a press conference a few minutes before a Democratic House leader, Chairman O'Connor, Democrat, New York, of the rules committee, said, the words of one of these officials, Assistant Attorney General Robert Jackson, were "puerile and extravagant and do not reflect the views of the Democratic party in the nation nor in Congress." O'Connor said in a statement he could not make him believe Jackson "is reflecting the views of the President" in his attacks on business. He added he was passing by for the moment the speech in which Secretary Ickes charged sixty wealthy families with instituting a strike by capital in order to confine his remarks to Jackson, "because I understand he is a Democrat." The President was asked at his press conference to comment specifically on two speeches by Jackson and one by Ickes. The President recalled a speech by Theodore Roosevelt in which he spoke of some individuals as malefactors of great wealth. The President emphasized the word "individuals." He then added a certain element of people charged his distant relative with calling all wealthy people malefactors. He said this was not the case. President Roosevelt said the whole

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Ford Cited In Order Of Labor Board

Buffalo, N. Y., Dec. 31 (AP)—Henry Winters, regional director of the National Labor Relations Board, announced today a complaint had been issued against Edsel Ford and the local Ford Motor Company charging three violations of the Wagner labor relations act.

A hearing on the charges has been set for January 11 here, Winters said. The Ford company was given five days which to file an answer. Officials of the local Ford plant could not be reached for comment.

FORD DETROIT OFFICES PROFESS THEIR IGNORANCE

Detroit, Mich., Dec. 31 (AP)—In the absence of Louis Colombo, senior

Defiance By Labor Hurlled Upon France

Government Accused of Leaning Toward Employers in Wage Disputes

Paris, Dec. 31 (AP)—The central executive committee of all Paris labor unions today stiffly informed the people's front government that workers looked to it for "a more energetic attitude" against "provocation and misconduct" by employers. "The government's task, instead of directing its energy against workers, is to act against employers who violate laws, and make them renounce their provocation and misconduct," the committee declared formally. The statement, adopted last night, also condemned tactics of Premier

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