

Jap Attacks Upon 2 British Officers Cause Of Protest

Major - General Commanding at Shanghai Warns Invaders of Seriousness of Act

CABLE LINES ARE WATCHED BY JAPS

Communications Services at Shanghai Censored by Invaders; Japanese Planes Make Raids on Chinese Airport; Chinese Retaliation Is Failure

Shanghai, Jan. 8.—(Saturday)—Shigeru Kawagoe, Japanese ambassador to China, declared today peace negotiations were "out of the question for the present."

He said Japan should "repudiate" the Nanking government as the central government for China. "A new regime is needed," Kawagoe declared. "It must be one relying absolutely on the support and guidance of Japan."

Shanghai, Jan. 7 (AP)—Major General A. P. D. Kelfer-Smollett, commanding British troops at Shanghai, protested today an attack by Japanese forces on two British officers of the Shanghai municipal police.

The general accused Japanese army forces of invading the British defense zone in the international settlement, and was reported to have warned the Japanese military that repetition "might result in the gravest consequences."

A Japanese Embassy spokesman, questioned about the attack, said: "We have no information."

Inspector F. G. West, one of the officers, said he and Sergeant A. R. Turner, were watching Japanese soldiers search Chinese peddlers near the zone between the British defense zone and the Japanese-occupied area, and remarked that the peddlers were receiving unnecessarily rough treatment. Twenty Japanese censors and com-

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Eight Safe When Large Air Liner Falls at Newark

Newark, N. J., Jan. 7.—(AP)—A transport air liner carrying five men passengers and a crew of three squashed down in the mud and water of a treacherous swamp today when its pilot undershot Newark airport during the storm-swept early morning hours.

The plane came down shortly after 3 a. m., eastern standard time. Until dawn the passengers stayed in the protecting cabin waiting for help. Pilot Usher Rousch, of Chicago, plowed through the marsh to the airport three miles away and led a party back to return the passengers to safety.

Rousch suffered a cut over the left eye in the bump landing but none of the others, the airline said was hurt.

Insurgents Have Edge In Struggle

Hendaye, Franco-Spanish Frontier, Jan. 7 (AP)—The Spanish government appeared today to have gained a winning margin in the most intensive fighting of the 17-day Teruel campaign.

The battle centered about Concedu to

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Chemical Industry Picked As The "Industry Of 1938"

Chemicals Mean Diversification, Every Industry Is Customer, Labor-Proof and Politics-Proof, and Hedge Against Inflation - War, Babson Says

BY ROGER W. BABSON, Copyright 1938, Publishers Financial Bureau, Inc.

Babson Park, Fla., Jan. 7.—The chemical industry is my nomination for the "Industry of 1938." Each January first I like to select an industry which will be a leader during the new year. In 1936, Building had my vote. Last year I picked Aviation. Now, for the year 1938 my choice is Chemicals. Its research progress, its all-inclusive diversification, its conservative management, and its protection against war, inflation, politics and labor quality fit it for such a nomination.

The making of this selection is not based primarily on the market performance of stocks representing com-

G-MAN HEAD TELLS ABOUT CONFESSION BY PAYNE, TURNER

Bank Robberies Admitted In State Netted Two Desperadoes \$12,000 \$to \$14,000

DEAD PATROLMAN'S PISTOL TURNED UP

Turner Leads Officers to Lonely Biltmore Forest Where They Find Weapon of State Officer Payne and Turner Are Accused of Slaying

Washington, Jan. 7 (AP)—J. Edgar Hoover said today William Payne and John Washington Turner, North Carolina desperadoes, captured last Monday, had confessed to robbing several banks, burglarizing a steam laundry at Florence, S. C., committing a hold-up and several safe burglaries, and to stealing between 20 and 25 automobiles.

Federal charges against Payne and Turner would be held in abeyance, however, the director of the Federal Bureau of Investigation said, pending outcome of trial of the pair at Asheville, N. C., on State murder charges.

Payne told Federal agents, Hoover said, that he, Turner and Robert Smith, who is now serving a life sentence for the slaying of a South Carolina policeman, obtained between \$12,000 and \$14,000 between February 15, when they escaped from the Caladoina Prison Farm near Halifax, N. C., and January 3, when they were captured at Sanford, N. C.

At the time of their capture, however, Payne had only \$40 and Turner \$53. Payne confessed to participating in

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GERTRUDE BENNETT AND 'HUBBY' FOUND

Daughter of Ford Personnel Chief and Schoolboy Husband Located In Tampa

Tampa, Fla., Jan. 7.—(AP)—Police Chief C. J. Woodruff said 17-year-old Gertrude Bennett Hughes, missing daughter of Harry Bennett, Ford Motor Company personnel director, and her college boy husband, were located here today, honeymooning in a modest apartment.

Location of the eloping couple ended a four-day search that began Tuesday when Bennett reported his daughter had been missing 12 hours from the Bennett home near Ypsilanti, Mich., where Miss Bennett was a student in Michigan Normal College.

TRIO NEGROES HELD IN SUNDAY HOLD-UP

Aged Couple Beaten and Robbed of \$27 at Filling Station Near Town of Laurinburg

Laurinburg, Jan. 7 (AP)—Three Negroes were held in jail here today charged with robbing and beating an aged couple who run a filling station in western Scotland county.

The men, arrested yesterday, were booked as Elliot H. Hoston, 21; Fred Douglas, 17, and Boyd McLaurin. They were arrested in South Carolina, near the State line.

Four men held up the filling station of D. Broome Sunday, beat Broome and his wife, and escaped with \$27.

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House and Senate Farm Leaders Confer



Members of the House and Senate Agricultural Committees are shown in conference on the administration's farm bill with a view to achieving a long-range farm program from the measures approved in the special session of Congress. Left to right, Senator James P. Pope, Idaho; Representative Marvin Jones, Texas, chairman of the House Agricultural Committee; Senator John H. Bankhead, Alabama, and Senator Ellison D. Smith, South Carolina, chairman of the Senate Agricultural Committee. (Central Press)

Vast Naval Arming Program Announced By Italian Chief

Mussolini Determined To Have Topnotch Navy Among Continental European Powers

CONSTRUCTION WILL BE BEGUN AT ONCE

Two Giant Dreadnaughts Included, With 12 Destroyers and Number of Submarines; Roosevelt's Arming Program Referred To; Peace Is Talked Also

(By The Associated Press.) Italy today announced enlargement of her ambitious naval re-arming program, to a world plagued by warfare on two continents and arming for possibly more to come.

In the announcement, Italy disclosed a determination to have continental Europe's topnotch fleet.

This construction program, to be started immediately, was announced in Rome: Two 35,000-ton battleships to be named Roma and Imperial, giving Premier Mussolini four first-class fighting vessels of the same tonnage; 12 destroyers, making a destroyer fleet of 56 in all; an "important" number of submarines, the specific number undisclosed.

But a plan for economic peace was calling for Europe's attention.

Paul Van Zeeland, former Belgian premier, was in London consulting Prime Minister Chamberlain on a scheme to stimulate world trade.

Some sources said the Belgian economist had proposed a pact to bring

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ALEX S. WATKINS IS BUILDERS' OFFICIAL

Elected Second Vice-President of Carolinas Association in Columbia, S. C.

Columbia, S. C., Jan. 7.—(AP)—The annual convention of the Carolinas Retail Lumber and Supply Builders Association gathered up odds and ends of its business here today after electing new officers for the year.

Robin S. Kirby, of Charlotte, was elected president, and among the other officers was Alex S. Watkins, of Henderson, N. C., second vice-president.

DISTRICT HOSPITAL HOMES ARE TALKED

Mrs. Bost Offers Plan As Solution for Caring for State's Insane

Daily Dispatch Bureau, in the Sir Walter Hotel.

Raleigh, Jan. 7.—A system of district "hospital homes" is seen by Mrs. W. T. Bost, commissioner of public welfare and charities, as the longrange solution of the chronic problem of caring for North Carolina's feeble-minded and insane.

Such a system, she believes, can be worked out as the result of the Federal and State Social Security program, which provides funds for the care of aged people, dependent children and the blind. It would, in time, do away with all county homes and substitute for them the district hospital homes.

Mrs. Bost discussed the problem in connection with the current acute crisis presented by disclosure of the "terrible" condition under which insane

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"Spend Billion—Beat Slump"



Marriner S. Eccles, governor of the Federal Reserve Board, is shown as he appeared before the special Senate committee investigating unemployment. He said that restoration of the consumers' buying power is vitally important if the current recession is to be curbed, and urged expenditure of a billion dollars as the necessary stimulus.

FORD WILL RESIST ANY UNIONIZATION

Motor Magnate To Defy Unions and Government Alike in His Fight

By CHARLES P. STEWART Central Press Columnist

Washington, Jan. 7.—Laborites (C. I. O.'s and A. F. of L.'s alike) seem unable to believe that Henry Ford will have the nerve to defy federal law, economic trends, the pressure of public opinion and everything else in his policy of resistance to the independent unionization of his plants. Evidently they do not know Henry Ford.

He may not succeed in preventing his outfit's unionization, but he has the nerve to try it. He not only has nerve he also has what he calls "faith".

Stewart's Contact.

As I have recounted heretofore, I once spent a couple of weeks in close contact with Ford, as a correspondent, on board his celebrated peace ship, the Oscar II (recently broken up to provide scrap metal, for today's military purposes.)

I became quite well acquainted with him, too, until finally he scratched me off his list, because my pacifistic "faith" was not as implicit as his own.

But I am speaking of the initial 10 days of the cruise, while he still considered me friendly to the expedition—which I was, on the theory (concerning which I was very skeptical) that it could do any good.

To Neutral Lands. Anyway, those peace crusaders set

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3 Children Victims In Dynamiting

Mother Also Badly Injured When Home Is Blasted In Elizabethtown, Tenn.

Elizabethtown, Tenn., Jan. 7.—(AP)—Three children were killed and their mother seriously injured early today when dynamite wrecked their home near here.

Deputy Sheriff Roy Asher said officers were working on the theory the blast was the outgrowth of a slaying in 1936. A woman and three men were held for investigation.

The dead: Sonia Gouge, 9; Luena Gouge, 7; and Roma Jean Gouge, 5. Mrs. Harmon Gouge, 34, was injured.

Asher said Sonia and Roma Jean were killed instantly, and that Luena died enroute to the hospital.

Harmon Gouge, 35, father and husband of the victims, was at Johnston City at the time of the blast.

"There must have been a case of dynamite in the basement of the house just below the bedroom where the mother and children were sleeping," Asher said. "The explosion shattered the house and caved in the foundations."

Officers found a burned fuse stretching from the house 30 feet across a road.

"The fuse had been set on the road across from the house," the deputy said; "the children and mother apparently all were asleep."

SLIGHT GAINS FOR COTTON AT MIDDAY

Higher Liverpool Cables Partly Offset by Hedge Selling and Liquidation Here

New York, Jan. 7.—(AP)—Cotton futures opened one to three points up. High Liverpool cables were partly offset by hedge selling and liquidation. March reacted from 8.52 to 8.49 leaving quotations net unchanged to one point higher at the end of the first hour. By midday March recovered from 8.47 to 8.50, leaving prices to three points net higher.

NEW LEGISLATION AFFECTING CITIES

Healey Shows Results of Laws Enacted by 1937 General Assembly

Daily Dispatch Bureau, in the Sir Walter Hotel.

Raleigh, Jan. 7.—The course of municipal affairs in North Carolina during 1937 was greatly affected by legislation passed by the 1937 General Assembly, Patrick Healey, Jr., executive secretary of the North Carolina League of Municipalities, points out in

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WEATHER FOR NORTH CAROLINA.

Partly cloudy and much colder tonight; cold wave in interior; Saturday fair and colder.

ROOSEVELT TO TALK TO BUSINESS MEN ON PRODUCTION EXCESS

TAR HEEL RIVERS, HARBORS AWARDED \$2,500,000 WORK

Money Included in Appropriation Bill for Waterways Improvements In State

MAINTENANCE AND NEW WORK PUT IN

Inland Waterway from Norfolk to Beaufort Gets Major Portion, With \$436,000; Other Projects Include Harbors, Rivers and Creeks in Area

Washington, Jan. 7.—(AP)—The chief of the army engineers recommended to Congress today expenditure of nearly \$2,500,000 on rivers and harbors projects in North Carolina for maintenance and new work during the 1939 fiscal year.

Largest single undertaking recommended was use of an unexpended balance of \$436,000 and an additional appropriation of \$221,000 for maintenance and new work on the inland waterway from Norfolk, Va., to Beaufort Inlet, N. C.

Other expenditures recommended included: Cashie river, \$7,500 for maintenance and dredging and \$27,000 for a turning basin at Windsor, and three cut-off channels below Windsor.

Roanoke river, \$7,500 for maintenance and dredging and \$15,000 for new work on the river between its mouth and Falmora.

Waterway connecting Swan Quarter bay with Deep river, \$3,000 for maintenance.

Belhaven Harbor, \$15,000 for maintenance.

Pamlico and Tar rivers, \$17,000 for maintenance and operation of government derrick boat Contentnea.

Silver Lake harbor, \$2,000 for dredging.

Contentnea creek, \$1,000 for maintenance and \$1,000 for new work between its mouth and Snow Hill.

Tar river flood control recommended allotment of \$90,000 made in August, 1937, be applied to completion of project calling for clearing the natural channel between Tarboro and Rocky Mount of obstructions to reduce flood heights.

Neuse river, \$12,500 for maintenance and \$12,500 for maintaining channel at and below New Bern.

Beaufort harbor, \$20,000 for maintenance and \$17,500 for new work.

Waterway connecting Pamlico Sound and Beaufort harbor, \$11,900 for maintenance and \$11,000 for new work.

Morehead City harbor, \$28,900 for maintenance and \$50,000 for new dredging.

MEASLES LEADS IN STATE CONTAGIONS

538 Cases Reported Last Week; Chickenpox and Whooping Cough Also Run High

Raleigh, Jan. 7.—(AP)—Measles shot up in frequency of occurrence in North Carolina as 1937 ended, the State of Health reported today as 538 cases were reported for the week ended January 1, as compared with 243 the week before.

The board also reported increased incidence was shown last week by chickenpox, with 190 cases; diphtheria with 35; and pellagra, with 14; scarlet fever, with 53; syphilis with 109 typhoid fever, with 8; and whooping cough, with 132.

Sampson county reported 224 of the measles cases.

Elimination of "High Pressure Salesmanship" One Method of Approach Planned

LABOR CHIEF GIVES 7-POINT PROGRAM

Green Declared Economic Situation "Gloomy," But Mail Order Head Professes Optimism; Kennedy Nominated as Ambassador to Great Britain

Washington, Jan. 7.—(AP)—President Roosevelt disclosed today, while a congressional committee wrestled with causes and cures of the present slump, that he proposed a series of conferences with business leaders on how to eliminate over-production and glutted markets.

The main point of discussion in the talks, the President revealed at his press conference, will be attacking the market's over-production problem through ridding business of what administration spokesmen call "evil" practices, such as high pressure salesmanship.

Mr. Roosevelt talked with William Knudsen, president of General Motors, yesterday after Knudsen had told the Senate unemployment committee a sudden drop in sales in November and December had caused his company to lay off 30,000 men January 1.

The unemployment committee received from William Green, president of the American Federation of Labor, suggestions for seven moves to end the depression. Green found the economic situation "gloomy," but Robert E. Wood, president of Sears, Roebuck & Company, saw cause for optimism in declining inventories.

Meantime, the President acted to switch one of his closest economic advisers, Joseph Kennedy, from the domestic to the international field. He nominated Kennedy to be ambassador to Great Britain. Kennedy is chairman of the Maritime Commission.

Other diplomatic moves he announced today included the transfer of Joseph Davies from Moscow to be ambassador to Belgium. He sent to the Senate the nomination of Hugh Wilson, assistant secretary of state, to be ambassador to Germany, replacing William E. Dodd, resigned.

The WPA came forward with its

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GERMAN SHIPPING MAGNATE IN JAIL

Hamburg, Germany, Jan. 7.—(AP)—Arnold Bernstein, Jewish head of the Red Star and Arnold Bernstein Shipping Lines who had been in jail eleven months, was sentenced today to eleven months in prison and a fine of 1,000,00 marks (\$400,000) on charges of violating Germany's rigid foreign exchange laws.

U. S. Asking Rubens Data Of Soviets

Moscow, Jan. 7 (AP)—The United States Embassy today presented a formal note to the Soviet foreign office asking whether Ruth Marie Rubens of New York, was under arrest in Russia, and if so on what charges.

The note, delivered on instructions from Washington, demanded full information about the disappearance from a Moscow hotel December 9, of Mrs. Rubens, who had been known here as "Mrs. Donald L. Robinson."

She had arrived in Moscow November 6, with "Donald L. Robinson," who disappeared December 2.

The request for information was bas

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300 Planes, 24 Warships Search West Coast Seas For Missing Big Bomber

San Pedro, Cal., Jan. 7 (AP)—Three hundred navy planes and 24 warships searched the seas between Santa Barbara and San Diego today for a giant service patrol bomber, missing since Wednesday with seven men aboard.

Meantime, naval officials disclosed Seth Hawkins, cadet attached to the cruiser Chicago, fell from the rear cockpit seat of a light plane yesterday and disappeared into the Pacific 100 miles off shore. The plane was engaged in a "routine flight."

Confidence the missing patrol bomber would be found was expressed by Captain Alva Bernhard, chief of staff, to Rear Admiral Ernest King, commander of the aircraft scouting force.

Aboard the 38,000-pound seaplane, officers said, were emergency rations and a small still for converting ocean water into drinking water.

Fog hampered the search by battleships, cruisers, destroyers and two Coast Guard cutters last night, and partly cloudy weather was forecast for today.