TWENTY-FIFTH YEAR

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U. S. Arms Embargo To Spain Will Remain

NYE'S RESOLUTION VIRTUALLY KILLED BY SENATE GROUP

Secretary Hull's Opposition Results in 17 to One Vote Against Lifting Embargo

STATE DEPARTMENT CHIEF IS FEARFUL

Circumstances Now Prevailing Do Not Warrant Permitting Shipments to Spanish Government Forces, Hull Asserts; Nye To Be Heard Next Week

Washington, May 13.-(AP)- The Senate Foreign Relations Committee voted 17 to one today to table the Nye resolution which would lift the embargo on United States shipments of arms to the Spanish government. It acted after Secretary Hall opposed action at this time.

Chairman Pittman, Democrat, Nev. of the foreign relations committee, said the committee's action meant ac tion on the Nye resolution had been "postponed indefinitely." This usually is tantamount to killing a resolution It was not immediately disclosed which member of the group had vot-

ed against delaying action.
Pittman said he had arranged to permit Senator Nye, Republican, North Dakota, who now is out of the city, to appear before the committee next week to make any statement he wishes on behalf of the resolution. The Nevada senator asserted, how-

ever, it was highly unlikely the committee would reconsider its action. Secretary Hull had told the Se committee in a communication today that "from the standpoint of the best interests of the United States in the circumstances which now prevail, would not feel justified in recommending affirmative action on the resolution under consideration."

BELGIAN CABINET QUITS ITS OFFICE

Differences Over Budget **Balancing Cause Crisis** In Government

Brussels, Belgium, May 13.—(AP)-The Belgian cabinet headed by Premier Paul Janson resigned today after five and a half months in office. The cabinet was formed November 24, 1937, succeeding that of Paul Van Zeeland. The resignation was due to differences over the government's tax proposals, designed to balance the budget. (The cabinet was a coalition of Jauson's own liberal party, socialists and

the Catholic party.)

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Where Brazil President Held Off Rebels



The presidential palace in Rio De Janeiro and inset, President Getulio Vargas

Attacked by Fascist rebel revolters who attempted to seize the government, President Getulio Vargas of Brazil, revolver in hand, defended himself and his family in the presidential palace at Rio De Ja-

neiro until government forces came to his assistance. The revolt was staged by Green Shirt Fascists of the outlawed Integralista party. Photos

Scores Killed, 150 Wounded In Air Raids Upon Barcelona Churchmen Approve Plan

Four Talked By Baptists As President

Dr. Turner, Of Greensboro, One; Richmond Convention Opposes Union

Richmond, Va., May 13.--(AP) --Four men were prominently mentioned for the presidency of the Southern Baptist Convention today as delegates met for election of officers and se ection of the 1939 convention city. Names frequently heard as possible successors to Dr. John R. Sampey, president of the Southern Baptist Seminary, at Louisville, as leader of more than 5,000,000 Southern Bap-The present crisis, threatening for tists, include: Dr. Lee R. Scarborough came to a head when president of the Southwestern South-Catholic ministers refused to parti- ern Baptist Seminary, Dallas, Texas;

(Continued on Page Four.)

Idle Capital Must Have Some Incentive To Work CAMPAIGN IS COLD

Babson Backs Roosevelt Proposal To Tax Government Bonds, But Says Capital Gains Levy Must Be Sharply Curtailed; Says Natio n Needs New Industries

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

help which Congress could give the May. country now. It would aid in bringing an end to the strike of capital which inscent bonds and easing the levy on capital gains should force billions

and restrictive. The framers of the

their utlimate effect would be. They did not realize, for instance, that a higher levy on personal holding com Babson Park, Mass., May 13.—Cut- panies, couple I with John L. Lewis' ing out tax-exemption on new public activities, would be largely responbonds and softening the capital gains sible for throwing 4,000,000 people out tax would be the biggest immediate of work between last August and this

What Higher Tax Did. Personal holding companies former

started 'ast August. Taxing new gov- ly held a tax advantage for wealthy individuals. Dividends and interest from investments could accumulate of dollars into new enterprises. These in these holding company treasuries two steps are more important to recovery than the appropriation of the new \$5,000,000,000 spending program.

Basically taxos should be limited. Basically, taxes should be limited to be put through the owner's per-to raising money to pay public expensions are trained at a return at rates up to as described as sommolent, quiet, indifses. The soundest way to do this is to high as 75 per cent. For several years ferent, lethargic, inert, pulseless, narabandon all present federal levies ex- Treasury experts had tried to stop cotic, exhausted, worn out, motionless, cept estate taxes and a broad income this "leak", but up until 1937 it was dull, dreary, and, in short, dead. tax and to rely thereon. Present rev-sill cheaper to use the holding comstill cheaper to use the holding compary device. Finally, last August, a bill was pushed through Congress certainty what the outcome will be. enue measures are like a Chinese puzzle to figure out. They are unwise newer tax statutes had no idea what

(Continued on Page Eight.)

Hoey Pitching



Gov. Clyde R. Hoey throws across first strike

Ecclesiastical dignitaries and state officials in North Carolina participate in a ball game, and Gov. Clyde R. Hoey takes the mound to pitch the first ball. Score, church 27, state 17. -Central Press

Interest In It Next To Dead, With No Excitement Stirred So Far

Daily Dispatch Bureau. In The Sir Walter Party. Raleigh, May 13.—Senator Robert

R. Reynolds may inject an issue into the U. S. Senate race when he makes his first campaign speech next week but unless he does his contest with Frank Hancock is going down in history as unique, in being the first in which neither candidate assigned a reason for preference except that he is "the better man."

It has already proved the most aggravating on record to news men and political commentators by reason of

(Continued on Page Six.)

Capital of Government Spain Attacked Twice in 19 Hours by Insurgent Planes

PLANES SWEEP IN FROM EASTERN SEA

Many Bombs Fall Into Mediterramean, but Cause Casualties There as Well; Franco's Two Wings Linked in East As Lovalists Retreat Slowly

Barcelona, Spain, May 13.—(AP)—Bombed twice in 19 hours, this capital of government Spain today counted 60 dead and about 150 wounded as the cost of a new wave of insurgent

A dozen persons were killed and 40 injured this morning when six big Junkers swept in from the Mediterranean at about 16,000 feet, split into two groups and bombed the southern part of the city.

Many bombs fell into the sea, but caused casualties even there. About 20 men and women gathering mus sels were wounded. The small craters left in Barcelona

(Continued on Page Four.)

Churches, Lodges and Others To Resist Levies on Their Holdings

Daily Dispatch Burean, In the Sir Walter Hotel. Raleigh, May 13—A definite and determined effort will be made in the ext General Assembly to make mandatory the taxing of revenue-producing property owned by religious, charitable and fraternal organizations; but prospects for success of such a drive are none too bright.

Reasons for the skepticism lies in the organized and always-effective op position sure to develop from the organizations which would be

In the 1937 General Assembly an amendment was introduced to the (Continued on Page Eight.)

WEATHER

FOR NORTH CAROLINA. Cloudy, occasional rain in north and not so cool on the north coast tonight; Saturday partly cloudy and warmer and occasional showers in extreme north portion.

Japanese To Cut China's Lifeline Railroad Route Senate Passes Conference

Vanguard of Army Only Few Miles from Vital Chinese Supply Artery

Shanghai, Saturday, May 14 (AP)— A Japanese army spokesman predicted early today the east-west Lunghai railroad, China's "lifeline" on the central front, would be cut before

said a vanguard was striking swiftly through the darkness within a few miles of the Lunghai to win the months-long bloody race to cut the railroad and close Japan's net around China's armies.

Shock troops attacking north through Honan province were said to have crossed the border into Klangsu and to have reached a point 13 miles from a station on the Lunghai, 31 miles west of Suchow, the goal of Japan's campaign.

Japanese war planes loosed many tons of explosives yesterday (Friday) on the central China front in an effort to speed the advance of a dozen Japanese columns boring steadily toward the vital Lunghai railway from the north and south. Hardest hit by the bombardments

was a point 45 miles south of Suchow, Tientsin-Pukow railway, where the Japanese made three smashing

Farther to the west, Japanese war (Continued on Page Six.)

U. S. Aide at Amoy

Leland C. Altaffer . . . aídes Americans

Leland C. Altaffer of West Unity, O., is the U. S. consul at Amoy, China, southern port which was bombed for hours by Japanese naval and aerial forces. Amoy, a city of 250,000 population, is a strategic port for further attacks on south China. The city has a foreign population of 250, including 28 Americans.

For World Church Union

Most Far-Reaching Propos al Since Luther's Reformation Emerges from Utrecht Conference; Jesus Christ As God and Savior Is Heart of Plan

of Christian churches since the Re- spoke also as the elected representaformation emerged today from a tives of 130 Protestant bodies. world conference of churchmen representing 130 Protestant denomina-

The document is the draft of a conctitation approved unanimously by 5 delegates from 20 nations, includ world council of churches in history. It will be submitted at once to all An accompanying letter will ask the churches to unite in the organization for "the fellowship of churches as God and Savior", and send dele- dent.

Utrecht, The Netherlands, May 13.- | gates to the proposed council meeting (AF)-An historic church document Delegates here represented directly aimed at the most far-reaching union about 32 denominations, but they

A council meeting every five years and an annual meeting of a central committee would be open to all Chris

tian churches. The Roman Catholic Church, how ever, has taken no steps to participate ing the United States, for the first in the movement. The council assembly would consist of 450 members There would be 90 delegates to the participating churches by the Arch- central committee, including 18 from bishop of York, who presided at the five-day conference adjourning today. whom five would be lay delegates. Because of his long work toward formation of the council, the Arch bishop of York was considered almost which accept our Lord Jesus Christ certain to be elected its first presi-

WASHINGTON PLANS SAYS WHITEHURST LAVISH BUILDINGS

Government Demands for Room Appear To Be Well-Nigh Insatiable

By CHARLES P. STEWART Central Press Columnist Washington, May 13.-Washington shortly is to start on another spree

of government building.

Funds for this program hardly can be provided at the current session of Congress but already it is agreed that more federal construction is ur gently needed and the cash undoubtedly will be forthcoming at the next

The idea is that more office room for Uncle Sam not only is required but that the program will furnish a deal of employment. To be sure, the actual building will be concentrated in the capital but it is pointed out that the raw materials for it will have to come from here, there and nearly everywhere throughout the country, creating jobs in all directions.

Growing!

This reasoning may be perfectly al division director, and Oscar Pitts, superintendent of prisons, announced the appointment of Socks today to to the fact that Uncle Samuel's demands for his government's accommodation appear to be well-nigh in-

(Continued on Page Six.)

Auditor Testifies Pitt Sheriff Got \$254 from County Unlawfully

Greenville, May 13 (AP)-L. R. Ausbon, a public accountant, testified to-day in ouster proceedings against Sheriff S. A. Whiteheurst that the of-ficer as jailor allegedly over-charged Pitt county \$254.05 for the boarding

red to prison camps.

Counsel for Whitehurst objected to the testimony on grounds the ouster (Continued on Page Eight.)

of prisoners who had been transfer-

CATAWBA MAN JOINS N. C. PRISON FORCES

J. Loy Sox, 43, To Become Penal Division Education Director as of June First

Raleigh, May 13 (AP)-J. Loy Sox, 43 of Catawba county, will become the penal division education director June 1. Ropert Frady Johnson, pensucceed J. A. Capps, also of Catawba county, who resigned. Socks was endorsed, Johnson said, by Clyde Erwin, superintendent of public instruc-

BE PROVIDED FOR

Compromise Measure Which Has Already Passed In House

KING WILL DEMAND WPA INVESTIGATION

Utah Senator Wants Inquiry Into Activities of Harry Hopkins As World's No. 1 Spender of Public's Money; Slattery Given Under Secretaryship

Washington, May 13 (AP)-The Senate passed and sent to the White House today the administration's bil-

lion-dollar naval expansion bill. The measure, pending in Congress since February, authorizes construction of 46 new fighting ships, 26 auxi-naries and 950 airplanes. Funds to carry out the program will be appropriated later.

Separate bills originally were passed by both chambers. A joint committee worked out a compromise, carrying authorization estimated ac \$1,090,000,000 and this was approved in the House by a 67 to 31 vote Wed-

nesday. Three new battleships and two 20 000-ton aircraft carriers are provided

by the compromise bill. President Roosevelt expressed the nope, meanwhile, that Congress, in its coming anti-monopoly study, would cover methods of preventing future depressions through avoidance of unorbed inventories and unwarranted high prices in some commodities. He made this remark in denving that his administration's original lending and spending program was a failure. Asked at a press conference whether he had any definite program to combat surplus inventories and high prices, the President said he had not but this was part of the anti-trust

study he recommended to Congress.
Other developments:
Senator King, Democrat, Utah, told the Senate he would ask shortly a congressional investigation of the administration of relief under Harry Hopkins, WPA administrator. King made this statement after Senator

McCarran, Democrat, Nevada, said (Continued on Page Six.)

Hungary Cabinet Resigns In Face Of Nazi Demands

Budapest, Hungary, May 13 — (AP)—The cabinet of Premier K. Daranyi, confronted by an expanding Nazi movement, resigned tonight. Admiral Horthy, regent of Hungary, immediately sum-moned Bela Imredi, minister of economics. After the audience, Imredi announced he had been asked to form a government. The cabinet met immediately for a final session, after which Daranyi visited the regent and submitted the resignation, which Horthy ac-

Previously, it was understood Daranyi would recommend Ire-di as head of a stronger govern-ment capable of combatting the rise of Naziism in Hungary.

Brazil May Accuse Her **Foreigners**

Suspicion Points To Germans as Backers of Abortive Rebellion Tuesday

Rio de Janeiro, Brazil, May 13.— (AP)—A high police official said today investigation was being continued to determine whether there was any link between foreign political factions and the Greenshirt integralists whose rebellion was put down quickly on Wednesday.

"Nothing yet has developed in the inquiry that might indicate a foreign connection," the official said. He disclosed, however, that Harry Schaffer and F. Voight, two of five employes of a German bank who are under arrest were German citizens, not Brazilians, as first thought.

"Till now proof indicating their participation in the revolt only show in-

(Continued on Page Sir