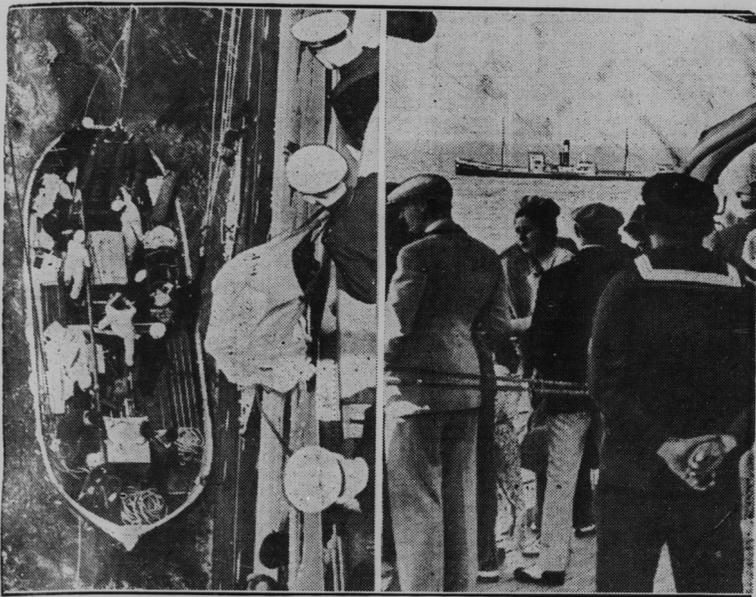


U. S. DEFICIT FOR THE YEAR IS \$1,459,000,000

New Ship Acts as a Vessel of Mercy



The new Dutch liner Nieuw Amsterdam changed her course in mid-Atlantic in response to a radio for medical assistance from the British freighter Canford Chaney, on which Seaman Feliks Kusekoff fell from aloft to the deck and was seriously injured. At left, a lifeboat from the Nieuw Amsterdam is shown as the injured seaman was brought aboard. At right, passengers line the rail of the liner, with the freighter shown in the background. (Central Press)

France Fast Cooling Off On Japanese

Paris Suspends Importation of Japanese Merchandise on Her Quota List

Paris, July 2.—(AP)—Growing coolness between France and Japan over the war in China has resulted in an abrupt French order suspending importation of Japanese merchandise on the quota list.

The drastic move, coupled with the relatively small volume of foreign trade involved, caused observers to link the commercial break with diplomatic incidents growing out of the Far Eastern conflict.

Foreign traders said France never before had taken so severe a commercial action against any country. Yet the quotas involved about a fourth to one-half of one percent of total Japanese exports and slightly less than that percentage of French imports.

JAMES A. WOODARD, OF EDENTON, DIES

One of City's Outstanding Citizens; Was Wealthy and Philanthropist as Well

Elizabeth City, July 2 (AP)—James A. Woodard, 72, one of Edenton's outstanding citizens, reputedly worth a quarter of a million dollars, passed away this morning at his home here where he had been confined since last November with a severe heart ailment.

He was a director of the Bank of Edenton and one of its founders. For years he was chairman of the town board of works.

Besides being a business man, he was also a philanthropist. A short while ago he built a large cabin for the Boy Scouts at an estimated cost of \$6,000.

Funeral services will be Sunday afternoon at 3:30 o'clock.

No Paper On Monday

In a departure from custom, the Daily Dispatch on Monday will not publish a paper. The day will be taken off to give all employees a full holiday. Publication will be resumed as usual on Tuesday.

Little Chance Of Accord Over Plan To Cut China In Five Separate Units

Education System Is To Be Studied

Raleigh, July 2 (AP)—Governor Hoey today appointed a nine-member commission to study thoroughly the State's public education system and report its findings to the 1939 General Assembly.

The body will study the school system's "practical workings, its organization and direction," the governor commented.

Named to the commission were Junius H. Rose, superintendent of Greenville city schools; H. E. Stacy, of Lumberton, representing school board, and others.

MOTORISTS PAYING HALF N. C. REVENUE

45.9 Percent, or \$31,948,299 Comes from Them; Gas Tax Is Heavy

Daily Dispatch Bureau, In the Sir Walter Hotel.

Raleigh, July 2.—Standing out in the report of North Carolina's tax collections for the fiscal year 1937-8 was the fact that nearly half of the record receipts were derived from taxes on motor vehicle owners and operators.

The exact percentage was 45.9 per cent on motor vehicle receipts reaching \$31,948,299.04 out of a total of \$69,575,589.50 collected by the State.

One single item, the State six cents per gallon tax on gasoline, produced more revenue than the combined sales and income taxes of the State of North Carolina. The gas tax averaged nearly two million dollars a month, with a grand total of \$23,388,743.07, almost a million dollars below the gasoline tax collections.

Added to the State tax on motor vehicle operators, there also was the Federal tax of one cent per gallon on gasoline, which, on the basis of one-sixth the State collections, amounted to \$3,886,07.37; making a total gasoline tax of \$27,203,351.60 paid by North Carolinians during the twelve months ended June 30.

Also outstanding from the Revenue Department's report of tax collections is the fact that gasoline taxes are almost the only item which has continued to exceed figures for the corresponding month of 1937 despite the undisputed fact there has been a business recession in North Carolina as well as elsewhere.

Chinese Peiping Government Working With Japanese Advisors on Division Plan

EUROPE POWERS WOULD GET OFFERS

Spheres of Influence Would Be Given Them In Exchange for Their Support of Japanese Plans; 400 Casualties in Bombing of Swatow Port

Peiping, China, July 2.—(AP)—A plan for ending the Chinese-Japanese war by carving China into at least five autonomous units was being drafted today, it was reported, by Chinese members of the Peiping provisional government and their Japanese advisors.

It was admitted the plan had little chance of early acceptance, by the Chinese government of General Chiang Kai-Shek, but it was believed to be an indication of the terms on which Japan would be glad to terminate the conflict, now only five days from its first anniversary.

BUYING OF STOCKS CONTINUES STRONG

Exceptionally Large Overnight Purchasing Orders Jam Board Rooms at the Start

New York, July 2.—(AP)—Fresh buying fuel, steamed up the stock market today in one of the broadest Saturday sprints for many months, and, despite heavy profit-selling, leading industrials climbed to four points. Exceptionally large overnight purchasing orders jammed the board rooms at the start. The pace slowed later, and prices gave way moderately. Transactions totaled 1,472,420 shares.

Table listing stock market activity with columns for stock names and prices. Includes American Radiator, American Telephone, American Tob, Anaconda, Atlantic Coast Line, etc.

Helen Wills Again Beats Miss Jacobs

Wimbledon, England, July 2.—(AP)—In another dramatic episode of their long tennis rivalry, Helen Wills Moody trounced Miss Jacobs 6-1, 6-0 to win the Wimbledon singles crown for the eighth time today, but Miss Jacobs, apparently handicapped by an injured ankle, offered no resistance worthy of the name in the final set.

After the two bitter California rivals had fought through ten fiercely contested games in the opening set before Mrs. Moody could win the second set was a walk-away after Mrs. Moody had won the first two games.

Miss Jacobs appeared to be having trouble with her right ankle. She stopped running entirely and covered almost no court at all. So one-sided was the battle that Miss Jacobs won only three points in the final set.

ROOSEVELT BEGINS POLITICAL TRIP TO THE WEST JULY 7

Will Speak from Platforms, Converse With People and Look Country Over Generally

TO FISH TWO WEEKS IN PACIFIC OCEAN

Spends Last Day at Home Entertaining Swedish Royalty; Roosevelt To Speak Briefly Tomorrow at the Gettysburg Battlefield Celebration

Hyde Park, N. Y., July 2.—(AP)—President Roosevelt's trip to the Pacific congealed today into a man-sized campaign and sight-seeing tour. Starting from Washington July 7, the President will speak from platforms, converse with people and look over the country all the way to San Diego. At that California port, he will leave behind the activity of this year's congressional campaigns on July 16 for a two weeks cruise on the Pacific and a trip through the Panama Canal to a southeastern harbor.

The schedule was announced as the President spent his last day at home entertaining royalty. Crown Princess (Continued on Page Eight)

ANALYZES PLAN TO AID THE RAILROADS

Shipstead Would Have Government Take Old Cars On Pay for New

By CHARLES P. STEWART Central Press Columnist

Washington, July 2.—Senator Henrik Shipstead's plan for railroad rehabilitation has been referred to as a form of pump-priming—not by the senator but by commentators on his suggestion. Not that these commentators necessarily are adverse critics; some of them believe in pump-priming and speak in excellent way of doing it. But they do call it pump-priming.

It does not seem to me a bit like pump-priming. In pump-priming there is not the least bit of nutrient. It is more like a stimulant. It has approximately the same relation to the Shipstead scheme that a "shot of licker" has to a series of doses of cod liver oil. A little "licker" may be all right in an emergency, but after all, it is an artificiality, and sometimes it has a nasty reaction. Cod liver oil legitimately (Continued on Page Five)

WEATHER

FOR NORTH CAROLINA. Cloudy and occasional showers Sunday and in north portion tonight; Monday mostly cloudy, probably an occasional shower.

WEEKLY WEATHER. South Atlantic States: Occasional showers entire week over north portion of district; generally fair over south at beginning of week, with afternoon showers, becoming somewhat more frequent middle of week; rather warm most of week in Georgia and extreme north Florida, with temperatures becoming above normal by Tuesday over Carolinas.

GOVERNOR FAVORS ELECTROCUTION AS EXECUTION METHOD

Hoey Says General Assembly Will Be Justified In Return of Electricity At Once

THINKS THAT MODE MUCH MORE HUMANE

Bases His Opinion Largely on Testimony of Newspaper Men Whose Business It Is To Watch; Electrocution Is Unquestionably Instantaneous

Raleigh, July 2 (AP)—Governor Hoey said today he thought the General Assembly would be "justified" if it returned to electricity as a mode of execution in North Carolina. Under a 1935 law, lethal gas replaced the electric chair.

"From reports I have of the electrocutions and asphyxiations, I am definitely of the opinion that electrocution is the more human method of enforcing the death penalty, and that electrocution is unquestionably instantaneous," Hoey commented.

"I feel that the legislature would be justified in restoring the electric chair. This seems to be the uniform opinion of newspaper men who witness these executions."

At his press conference, he had questioned newspaper men who saw one electrocution and two gassings yesterday at Central Prison.

Thirty-five men have died by gas since the 1935 law took effect, and 172 men have been executed by electricity since the death chamber was installed here in 1910.

6th Death Occurs At Mine Shaft

Birmingham, Ala., July 2.—(AP)—Rescuers today brought out the last of nine men entombed in Praeco coal mine by a rock fall, but he died as he reached the surface. Five others died in the cave-in, and three were in hospitals with injuries.

J. D. Painter, the last man brought out, had been pinned by rock 18 hours. He talked with rescue crew for hours, begging them to "blast" me out. Painter was still alive when pulled out and mumbled a few words as he was carried up a passage from the chamber, 3,000 feet underground.

Earlier, members of the rescue squad who came to the surface for rest reported they had talked easily to him. "I think my arm is broken," Painter was quoted. "I am bleeding, but take your time and come on."

Election Returns

Returns from today's primary for sheriff will be announced from the Dispatch office tonight as rapidly as they are received, and the public is invited to gather on Young street in front of the office to get the results of the runoff election.

Shortage In Year Only Half Of That Likely In 1938-39

Heads Kiwanis



H. G. Hatfield elevated by Kiwanis club. H. G. Hatfield, of Oklahoma City, is the new president of Kiwanis International, elected in San Francisco. He was national Kiwanis treasurer for five years. (Central Press)

Government To Go In Hole This Fiscal Year by \$3 Billions and Probably More

FINAL FIGURES ARE MADE BY TREASURY

Expenditures for Year Ending June 30 Were \$7,766,374,277 and Income Only \$6,241,661,226; Deterioration of Gold Reduces Shortage

Washington, July 2.—(AP)—The government overspent its income by \$1,459,000,000 in the fiscal year which ended Thursday night.

The deficit was the smallest of eight consecutive shortages, but the new year will bring a deficit of about \$3,000,000,000 because of the new spending program.

The Treasury made public today final figures on operations for the fiscal year. They showed the Treasury income was \$6,241,661,226.99 and its expenditures \$7,766,374,277.27.

The expenditures total included \$65,464,950 for debt retirement, making the gross deficit \$1,524,713,000.50, compared with \$2,811,218,310 in the previous year.

Public Debt. Because of the use of de-stabilized gold, the year's increase in the public debt was held to \$740,126,583, bringing the direct obligations of the Treasury \$37,164,740,315.45. This was an average of \$285.70 per person. When the public debt was at its post-war low of about \$15,700,000,000 on December 31, 1930, the per capita share was \$129.66.

The monopoly investigation committee, divided into six sub-groups to hasten action, began a preliminary study of what to include in its general inquiry into concentrations of economic power, meanwhile.

Air Force's Unit May Be Sent Inland

Directing Headquarters May Leave Langley Field for Scott Field

Washington, June 2.—(AP)—Secretary Woodring has recommended to President Roosevelt immediate removal of the directing unit of the army's general headquarters air force from Langley Field, Va., to Scott Field, Ill.

Woodring wrote the President the change would be in the interest of national defense because of the more central location of Scott Field.

Recommending that the shift of headquarters be undertaken as soon as possible, Woodring noted a \$5,500,000 PWA allotment announced this week for Scott Field, which he said would suffice for all construction needs for the G. Haouk unit and other air corps units there.

MOORESVILLE MAN IS CRASH VICTIM

Jimmy Caldwell Dies In Charlotte Hospital; Car Overturns On Curve Near City

Charlotte, July 2.—(AP)—Jimmy Caldwell, of Mooresville, died in a Charlotte hospital of injuries received when the automobile in which he was riding overturned on the Statesville highway near the city limits early today.

Officers Jake Culp and Joe White of the Mecklenburg county rural police, said they were holding Orain Natz, also of Mooresville, as the driver. Natz was uninjured.

Witnesses reported, the officers said Natz apparently lost control of the machine when it approached a sharp curve at a rapid speed.

Federal Revenues In State Hit New Record Past Year

Greensboro, July 2.—(AP)—Federal and more than \$28,000,000 above the revenue collections in North Carolina for the fiscal year which ended June 30, will establish a new all-time high on the basis of total collections of \$297,877,761.31 for the first eleven months of the past fiscal year, and the estimate of Internal Revenue Collector Charles H. Robertson that collections for June of this year would be only slightly lower than for June last year.

Total revenue collections for 1936-37 were \$310,996,340.52, an all-time high.

55 PCT. MARK-UP ON LIQUOR DECIDED

State Liquor Board Members Hold Lively Meeting In Raleigh Friday

Daily Dispatch Bureau, In the Sir Walter Hotel.

Raleigh, July 2.—State and county boards talked liquor for a couple of hours at the Carolina Hotel here yesterday and wound up by deciding that all liquor sold in the State from now on shall be "marked up" by 55 per cent from its cost price.

It was also determined that no "current" or new liquor shall be sold in the stores of the 27 ABC counties—the State board decided that for all, with some of the counties entering a vigorous, but futile, dissent.

Some few of the county boards wanted cheaper liquor—to be given by a 50 per cent mark-up, but those who favored this were decidedly in the minority.

When the talking ended, after adoption of motions and such, the net result was that the new price list issued by the State Liquor Board, to be effective July 1 remained as issued with the exception of about half a dozen items, termed "specials," to do with the 55 per cent had not been applied in order that the boards might sell a few cheap brands.

The only other change brought about is in the proffage of whisky which may be put in stock. Included in the plan adopted was the approval of whisky of as low as 80 proof. The State board had provided that no liquor of less than 90 proof might be sold.

The whole affair went off without the fireworks which many anticipated in discussion of such an inflammable subject.

Summing up, J. H. Harris, chairman of the Durham county board, said:

"Nobody can cuss the State board for what's been done this afternoon, you did it yourselves. It seems that we're about the only ones who favor a 50 per cent mark-up; so let's shut up and go home and sell liquor."

Prior to final action, however, there were abundant proofs that there are almost as many opinions of the correct method of pricing and classing liquors as there are county and State board members.

Mr. Harris favored very cheap whisky and a 50 per cent mark-up. He said lowest estimates are that bootleggers are selling 1,000 gallons of whisky a week in Durham. He also favored "current" or un-aged liquor.

A Nash county representative said the State board should not prescribe (Continued on Page Five.)