

TOWNSEND PENSION BILL BEATEN IN HOUSE

Justice Department Tightens Watch On West Coast Spies

More Espionage Work Going on There Than Ever Before, Murphy Declares; Vandenberg Warns of Ever Expanding Public Debt

Washington, June 1.—(AP)—Attorney General Murphy announced today the Justice Department was tightening its counter espionage activities on the west coast, where the number of military, naval and aviation bases "make special vigilance" necessary.

Asked why this activity had been quickened, Murphy said: "Because we think it ought to be done. We are taking adequate measures."

He added "there is a great deal" more espionage on the west coast than ever before. Wherever necessary, he said, efforts will be made to deal with espionage on the east coast.

Other developments: Senator Vandenberg, Republican, Michigan, asserted in the Senate that Congress would merely be "postponing the evil day" of a \$45,000,000 debt by approving legislation to lift present restrictions on the issuance of government bonds.

Herbert E. Gaston, of Oregon and New York, was nominated by President Roosevelt to be an assistant secretary of the Treasury. Gaston, who has been serving as special assistant to Secretary Morgenthau, would succeed Wayne Taylor, fiscal assistant secretary, who resigned about six months ago.

MANTON DENIES HE SOLD HIS RULINGS New York City, June 1.—(AP)—Martin T. Manton, former senior judge United States Circuit Court, denied today from the witness stand he had been guilty of selling his judicial favors for litigants' cash.

New Submarine Of British Navy Fails To Rise After Dive London, June 1.—(AP)—The new British submarine Dhetis, on test trials off Birkenhead, was reported "a few hours overdue" and the British Admiralty immediately began a search.

The submarine built by Campbell, Laird & Company at Birkenhead, carried members of the firm as she proceeded on acceptance trials. She carried out surface tests, but after diving was not seen again.

Diversion Unnecessary As State Income Soars

Revenue for Fiscal Year Well Above Original Budget Estimates; Some Items Decline, But Sales Tax and Other Revenue Are Up

Daily Dispatch Bureau, Raleigh, June 1.—All necessity for or chances of diversion of highway funds at the end of the current fiscal year vanished with release of the May revenue report showing that North Carolina's tax collections have gone soaring far beyond original budget estimates and even something beyond the last estimates made by Commissioner of Revenue Allen J. Maxwell during the General Assembly session.

His Palace Seized



Bishop Sigismund Waitz Acting Bishop Sigismund Waitz was forced to seek sanctuary in a seminary when he found himself locked out of his palace at Salzburg. The eviction, carried out by Nazi Storm Troopers, marks new high in the tense Nazi-Vatican relations.

Three Near Death From School Gas

Blast in Ohio Structure Injures 57, With 31 in Hospitals; Four Are Serious Besides Three Near Death

Barberton, Ohio, June 1.—(AP)—Two small children and a janitor were given scarcely a fighting chance today to survive injuries received when an explosion, apparently caused by gas, demolished a makeshift frame school building.

Doctors described as serious the condition of four others, including a teacher. Thirty-one of the 57 injured were confined to hospitals. The blast occurred at mid-afternoon yesterday, blowing out walls and buckling the floors of the two-story eight-room structure, a residence converted last fall into a temporary school for first to fifth grade pupils.

Those near death were first graders, both injured about the head and body, and P. S. White, 59, janitor, critically burned. The State department of industrial (Continued on Page Five)

Bishop's Palace Taken by Nazis



Here is the Salzburg palace of Acting Bishop Sigismund Waitz, Catholic primate of Germany and Bishop of Innsbruck, which has been occupied by black-shirted Nazi Storm Troopers as climax to dispute over legality of the religious leader's appointment. German government had declared Bishop Waitz was given his high church post without Berlin's consent.

Government Will Do No Borrowing Now, Morgenthau Asserts

Washington, June 1.—(AP)—Secretary Morgenthau announced today the Treasury will borrow no new money this summer, but will refund a note issue coming due in September. The Treasury head said the \$2,464,760,293 cash working balance in the Treasury was sufficient to meet the differences between expenditures and income at least until the next regular financing date, which is September 15.

On Monday, Morgenthau said, he will announce an offer of a new five-year note to the holders of \$426,554,600 worth of 1 3/8 percent Treasury notes, which mature September 15. The interest rate on the new notes will not be disclosed until Monday morning, but Morgenthau said it would be the lowest for a comparable security ever offered by the Treasury.

Discussing the reasons why additional cash would not be borrowed this month to pay governmental operating expenses, the Treasury secretary said the word "ample" in his description of the Treasury's present cash resources should be underlined.

East Finds Relief From Heat Spell (By The Associated Press.) Cloudy skies along the Atlantic seaboard brought relief today from the season's first widespread heat wave, while rain dispelled threats of drought in other sections of the country.

The hottest weather of the year was reported in several cities, including Baltimore, where the mercury reached 94; New York City, 92; Newark, 96; Detroit, 90, and Chicago 88. It was 100 degrees at Phoenix, the nation's hot spot. In Washington Congress sweltered under a temperature of 95.

Two heat deaths accompanied the (Continued on Page Five)

Two Naval Fliers Plunge to Death At Pensacola, Fla. Pensacola, Fla., June 1.—(AP)—Two fliers from the naval air station here were killed today when their training plane plunged into Pensacola bay. Navy officials identified the men as Joseph S. Fox, 34, Seattle, Wash., lieutenant junior grade naval reserve, flight instructor; Alfred Peter Ivey, 23, Norfolk, Va., aviation machinist's mate, student at the air station's training school.

The pilot of another plane aloft at the time alighted and made futile attempts to rescue them. Fox was married last Friday to Miss Norma Cook.

Weather FOR NORTH CAROLINA. Mostly cloudy tonight and Friday; scattered showers in west and north portions.

Britain Confident Russia Eventually Will Enter Accord

London Admits, However, Insistence on Guarantees for Baltic States Is Difficult Problem; Poland Takes Calm View; Berlin Silent

London, June 1.—(AP)—British official sources expressed belief today that Soviet Russia eventually would be brought into the British-French front, but said Russian insistence on guarantees for the Baltic states on her borders presented a "difficult problem."

There was no official comment on the speech by Soviet Premier and Foreign Commissar Molotoff, rejecting the latest British-French proposals, but one spokesman pointed out that Molotoff himself said the negotiations still were under way.

The foreign office awaited a formal note from Moscow before determining the specific points at variance. Molotoff's speech indicated the main point was how the proposed British-French-Soviet mutual assistance pact would apply to other European states. Molotoff said it must guarantee all countries on Russia's western borders — Finland, Latvia, Poland, Roumania and others.

The British-French proposals have provided for Russian military aid in event Britain and France were involved in war, carrying out guarantees to Poland, Roumania, Greece and Turkey, but no mention was made of the Baltic nations. The proposal did provide, however, that sig-

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Concessions Made Danes by Germany In Mutual Treaty

Berlin, June 1.—(AP)—Publication of the Danish-German treaty today showed that both parties had been left a free hand with other nations in commercial relations in case of war. The treaty, to last ten years, was signed yesterday at the foreign office by German Foreign Minister von Ribbentrop, and Danish Minister to Berlin Zolli.

Freedom in wartime trade was interpreted generally as a concession to Denmark, and as a departure from Nazidom's previous tendency to insist that any country with which Germany concluded a mutual non-aggression accord must not trade with states in conflict with her.

Murphy Declares Third Term More And More Talked

Charlotte, June 1.—(AP)—Attorney General Frank Murphy said last night in an interview persons over the country were talking increasingly about a possible third term for President Roosevelt. The attorney general and J. Edgar Hoover, Federal Bureau of Investigation director, were aboard a plane enroute from Atlanta, Ga., to Washington.

"I'm not saying that there is a demand that the President run for a third term," Murphy said, "but I have found that people all over the country are discussing the matter. They are thinking about it and discussing it more than they have ever done before, in my opinion."

U. S. Revenues Drop Sharply In The State

Greensboro, June 1.—(AP)—With one month still to go before the end of the fiscal year, it became apparent today with the release of the report of May collections that internal revenue in North Carolina this year will fall far short of the all-time high of \$326,946,571.78 for the year 1937-38. May collections announced by Collector Charles H. Robertson amounted to \$26,463,277.83, a decrease from collections of \$27,143,397 in May of the 1937-38 period.

The May collections brought the total for the first eleven months of this fiscal year to \$279,188,494, a decrease from the \$297,857,768 collected during the first eleven months of the previous fiscal period.

High Court Portia



Helen Goodner Helen Goodner has been granted permission to practice before the United States Supreme Court, becoming one of youngest, and certainly the prettiest, ever to be given this honor. She had already made a name for herself in the capital's legal field.

German Jews May Suicide If Returned

Havana, Cuba, June 1.—(AP)—Police in launches and aboard the German liner Saint Luis kept a close guard today at the request of the captain, who feared a series of suicide attempts among 917 German Jewish passengers denied entrance to Cuba. The passenger refugees were to start back to Germany this afternoon unless a last-minute decision permitted their immigration here.

The ship's representative was instructed to deliver a memorandum signed by women and children aboard the Saint Luis to the wife of President Bru requesting her aid in seeking permission for all to land. One refugee slashed his wrist (Continued on Page Five)

Women and Children Denied Admission To Cuba Take Desperate View of Plight At Havana

Buffalo, N. Y., June 1.—(AP)—Former Governor Alfred M. Landon of Kansas, predicted today a Republican victory in 1940, but declined to discuss Republican presidential candidacies.

"If we once started discussing candidacies," he said during a brief stop over here, "we should have to call the whole roll. Every one can see there is a definite Republican trend, which will bring victory in 1940, and under those circumstances you never have much difficulty in getting a good candidate."

Landon said he intended to attend an informal conference of New England governors in Vermont in June, but did not expect to discuss with Vermont's Governor Aiken any plan for consolidating liberal forces within the Republican party.

Every Money Grab Now Tied Up With "Defense"

By CHARLES P. STEWART Central Press Columnist Washington, June 1.—"Everything is done now," remarks Senator Arthur Capper, "in the name of defense."

It certainly is a fact. Practically every other proposed governmental expenditure is more or less criticized as extravagant, but scarcely a peep is raised against any request for money that's described as intended for national defensive purposes. The Kansas senator himself doesn't oppose spending, within reason, for honest-to-goodness protection against

Roll Call Is 302-97 Vote For Defeat

Both Friend and Foe Expected Result and Both Predict It Will Bob Up Again In Election and in Congress

Washington, June 1.—(AP)—The House defeated the Townsend old age pension bill today on a 302 to 97 roll call vote, which the bill's backers declared would be remembered "when the next election rolls around."

That the long-discussed proposal would bob up again in political campaigns and in Congress was deemed sure by proponents and critics alike. They also had agreed in advance it had no chance of passing today.

In the last few minutes of debate, Representative Dirksen, speaking to "members with faint hearts and flinching feet," shouted that the bill was "more absurd than painted on the floor of this House."

He asserted that a Townsend leader had told him the Townsend group did not expect the bill to pass, believed it would take a year to draft a "proper bill," and thought the Constitutional amendment route was a better way. Dirksen said this man told him, "We do not want this bill to pass."

Representative Hendricks, Democrat, Florida, who sponsored the bill, demanded to know who the man was. Amid applause, Dirksen said it was a Mr. Jeffrey, whom he (Continued on Page Five)

WAKE FARMER KILLS SELF ACCIDENTALLY

Raleigh, June 1.—(AP)—Wade Boyette, 28, Wake county farmer, accidentally shot and killed himself this morning, Coroner Roy Banks said after an investigation. Banks said Boyette was watching for rabbits that had been eating his cabbage when his gun accidentally discharged.

Landon Sees 1940 Win By Republicans

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possible foreign aggression upon Uncle Sam's sides of the two big oceans. There isn't a better pacifist on Capitol Hill. Still, he doesn't argue that Uncle Samuel shouldn't be prepared for emergencies—not with the rest of the world behaving as quarrel-some as in the last two or three years.

What he does find fault with is the contention that every imaginable demand for federal funds has defensive merits. For example, proponents of the Florida ship canal maintained that that project was defensive. Army and navy experts (who ought to know) spoke of it scoffingly as of military value. Nevertheless, its advocates insisted that it would be wonderfully useful for our warships to scoot through, from the Atlantic to the Gulf of Mexico and vice versa. Objectors, of course, asserted that (Continued on Page Four)