



EIGHTY-THIRD YEAR

LIQUOR LAW IS UPHOLD; STATE HELD SUPREME

Judge Lewelling Refuses Injunction Against New Knox Law Board

Police Power Not Abrogated by Home Rule Clause; Appeal Impending

The constitutionality of the Knox liquor control act passed by the second special session of the 1933 Oregon legislature was upheld in all particulars by Judge L. G. Lewelling in a memorandum opinion handed down here Wednesday morning.

Without passing on the most question of whether or not the liquor control provisions of the so-called home rule amendment to the constitution had been repealed, the judge declared that all city enactments on liquor must be considered subservient to the sovereign police power of the state. Judge Lewelling declared the Knox act a clear exercise of the police power of the state and thus an act of sovereignty not to be overruled by any city.

No city can declare lawful any measure regarding the sale of liquor which the Knox act declares unlawful, the decision holds. The court declared cities and towns may pass "regulatory measures pertaining to intoxicating liquor which are more stringent than the provisions of the control act and may even prohibit the sale of intoxicating liquor within such municipalities." The control act recognizes this and provides that no liquor store shall be established in any municipality in which there is a local prohibitory law in effect.

High Court Ready to Hear Case Immediately

Immediate appeal to the supreme court of the decision is expected from the City of Klamath Falls, plaintiff in the action. The decision of Judge Lewelling sustained a demurrer as the southern Oregon city's complaint which sought an injunction against the state liquor commission, preventing it from operating under the Knox act. The supreme court is (Turn to page 7, col. 3)

Store Site Here Not Known Until Next Week, Word

PORTLAND, Ore., Jan. 24.—(AP)—Selection of sites for the Eugene and Salem state liquor stores probably will not be made before next week, Administrator George L. Sammis said tonight.

Personnel for the state stores may be all announced at one time, Sammis said, but probably not for another week.

Another Portland store site was selected tonight, between 37th and 38th streets on Sady boulevard in east Portland. A west side location announced this morning will be on 11th and Alder streets.

A number of locations for Eugene and Salem stores were submitted and recommendations have been before the administrator, but he has had no time to act on them yet, he said.

LEARN what marriage taught a modern girl in this great new novel



I take this woman

BY ALLENE CORLISS
Starting Today on Page 10

Child Patients at Warm Springs Eager to Help in Presidential Party Next Tuesday, January 30th



Picture above shows kiddies gathered around birthday cake at Warm Springs, Ga. To them President Roosevelt is philanthropist and friend whose efforts have done much to provide proper treatment for victims of childhood's most dreaded disease. Local plans for the birthday ball next Tuesday will be completed at a meeting of the local committee tonight.

DEBATE SCATHING ON GOLD MEASURE

Expansion of Currency on New Gold Base Sought by Westerners

WASHINGTON, Jan. 24.—(AP)—Emerging from a day of scathing denunciation in which senate conservatives of both parties joined, the Roosevelt monetary bill to-night found itself threatened with the addition of a provision, backed by western independents to make some expansion of the currency a certainty.

Administration leaders, assured of the bill's passage in a form otherwise acceptable to the White House, immediately began maneuvering to meet the offensive of the outright inflationists and counting upon republican conservative assistance, were confident of holding their ground.

Bobstons Key in Close Touch With White House
The banking committee, dominated by critics of the bill, added amendments, placing the stabilization fund in the hands of a board of five and putting a limitation of three years upon the operations of the fund and upon the president's authority to reallocate the American monetary unit. Robinson after a White House visit, today declared that the board idea should be eliminated but said he would not oppose the time limitation.

Glass declared the measure was "dishonest," would result in the dollar's going to its post civil war value, "when we called them shin plasters," opposed seizing the gold of the reserve banks, and pleaded (Turn to page 9, col. 2)

Mill's Profits Up In 1933; Meeting Of Owners Today

A net profit of \$129,000 was made by the Oregon Pulp & Paper company here in 1933, a preliminary report made in Portland this week revealed. A more detailed account will be given stockholders at the annual meeting of the company here this morning at 10 o'clock at the company's plant on South Commercial street. Directors will be chosen for 1934.

In 1932 the mill lost \$187,000 after depreciation reserves were set up. Depreciation reserves of \$210,000 were set up in 1933, earnings being figured after that deduction. Better prices the last six months of the year and a greater volume of orders accounted for the increase.

Dynamite Sticks Mailed Re-employment Men Here

Relief and re-employment officials were put on their guard and postal officials into an investigation yesterday when mailed packages were received at the re-employment office, 250 Court street, and the CWA office, 248 1/2 North Commercial, containing sticks of dynamite.

The first package was delivered by postman to the re-employment office and there opened by Manager E. T. Barnes. Upon discovering the menacing contents of the package, one dynamite stick, Barnes notified postal officials and warned CWA office employees.

Meanwhile a package, addressed to E. C. Churchill, CWA complaint clerk, was received at his office. As Churchill was not there, the package was turned over to Administrator Glenn C. Niles who at about the same time received the warning by telephone from Mr. Barnes.

Six sticks of dynamite, the second package was returned to the postoffice and upon being opened found to contain three sticks of dynamite and a piece of

The Washington Spotlight

(By the Associated Press)
Senate independents threatened amendment of the Roosevelt monetary bill to compel expansion of the currency.

The house voted \$284,747,000 for naval expenses, including \$33,619,000 for ship-building.

Secretary Morgenthau opened federal mints to Russian gold.

Word came from the White House that President Roosevelt expects the present congress to regulate stock exchanges.

The president prepared to ask congress for full guarantee of home loan bonds and financing for home modernization.

The senate voted \$20,000 to continue and broaden its ocean and air mail investigation.

Hugh S. Johnson and senator Nye agreed upon creation of a citizens committee to hear NRA complaints from small businesses.

The public works administration allotted \$2,287,000 for projects in 17 states.

Expenses of the postoffice and treasury departments for the next fiscal year were placed at \$820,682,000 in a bill before the house.

President Roosevelt signed a bill permitting sale of liquor by the drink in licensed restaurants, hotels and clubs of the capital.

51 Millions Going Out at Refunds; Large Ones Less

WASHINGTON, Jan. 24.—(AP)—Congress was told today that the treasury made tax refunds of \$51,484,000 last year.

Included in the hundreds of closely typed pages sent to the house expenditures committee were the names of many prominent in American social and political life. The treasury is required to report all cases of more than \$500 in which it has found taxpayers have been overcharged.

The refunds have been decreasing in recent years, and last year was no exception. Instead of there being several returns of a million dollars, one of \$774,251 to the Northern Pacific Railway company of St. Paul topped them all.

The salt pork such as is being distributed to families on the relief. Neither package, according to Assistant Postmaster Arthur E. Gibbard, contained fuses, caps or other devices to set off the explosive. Both were wrapped in butcher paper similar to that used at the relief office in packaging the salt pork provided by the federal government.

Preliminary investigation revealed that the packages had been picked up in Salem through the regular delivery system, Gibbard said, but he did not indicate whether or not he knew exactly where they had come into the hands of the postal service. He said a postal inspector would be here probably today to begin an investigation of the affair. The contents of the packages were being kept in the basement of the postoffice building.

Because neither package was fitted up to explode the dynamite, the officials to whom they were sent were inclined to believe the senders' intention was to frighten them into meeting complaints re-

(Turn to page 9, col. 1)

FREE USE OF LAND FOR DOCK IS ASKED

City Fathers Hear Value of River Transport; Matter Up to Council

A recommendation probably will be made at the next city council meeting, February 5, as to whether or not the Salem Navigation company should be permitted to continue use of the city property on which its dock stands without payment of rent. This statement was made by members of the council utilities committee last night at the city hall after they had listened to the boat company's plea of inability to pay rent and to businessmen's claims regarding value of river freight service here.

Alderman H. H. Vandevort, who recently demanded to know why the boat company was allowed not to pay the city rent, declared that "we'll suggest a rent figure to the council if I have anything to say about it."

Truck Competition Said

A. S. Johnson, manager of the navigation company, which now gives river freight service three days each week between Salem and Portland, as well as trucking service, told the committee the company because of truck competition was forced to cut its rates so low that it was barely breaking even. In response to committee queries he asserted the company could not raise its rates enough to pay the rent and still retain the heavy volume of business necessary in operating steamers.

Attention of farmers was diverted more toward fears of freezing weather but last night was warmer than the previous night. At midnight the thermometer read 40 degrees, a rise of one point from a few hours earlier. The weather bureau continued to predict rain for today.

Holiday For School Kids Here Today

More than 5000 Salem boys and girls will be free today, for there is no school. Tomorrow afternoon they will call at their classrooms for semester report cards and Monday the regular school grind will commence again with the opening of the second semester.

Friday all school buses will deliver students from out-of-town districts to their schools at 1 p. m., and call for them at the regular closing hour, giving opportunity for changing of programs during the afternoon.

At Salem high school semester grade reports will be available at 1:30 o'clock, at other public schools cards will be given out at 1 p. m. and at the high school students will hold an assembly which is scheduled to convene at 1 or shortly before the hour.

All Salem schools with the possible exception of Leslie, will operate on a full time basis Monday. Short class periods throughout the morning only will probably be the order at Leslie it was said yesterday at the office of Superintendent George W. Hug.

\$1500 Damage Won From F. N. Woody

General damages of \$1000 and punitive damages of \$500 were won by Esther Sheridan in district court here Wednesday afternoon against F. N. Woody, Guy D. Buntin was foreman of the jury which received the case for consideration shortly after noon. Plaintiff sued on charges of alleged assault and battery.

ASKS THIEVES TO QUIT
An aged woman, sick and alone, residing on the west side between Grove and Pine streets, asks the Statesman to broadcast her appeal for cessation of thievery activities at her home. She says for the past two weeks several stealthy trips have been made to take boards and shingles from her place.

HUG OUT WHEN YEAR ENDS IS BOARD DICTUM

School Superintendent Says Group Gave Word After Secret Meeting

Contract Expires Sept. 1; Business Men Rally to Urge His Retention

Report was current yesterday that the Salem school board followed a secret meeting had advised Superintendent George W. Hug that it would not renew the contract with him which terminates September 1. Superintendent Hug confirmed the report to the effect that a member of the board had told him that the board had made such a determination.

Members of the school board declined to talk for publication, referring inquirers to the superintendent. Friends of the superintendent, who is now serving his 14th year as head of the system of schools, have become active already in seeking his retention. Mr. Hug underwent a major operation in the fall and has been recuperating slowly for the past few months.

"Mandate of People" Given as Reason for Move
"The mandate of the people" was the only explanation advanced, said Mr. Hug, who said that individual members of the board had all been assured that they were satisfied with his work and told him not to worry so far as his position here was concerned. At the last election two new members went on the board, Walter Minier and E. A. Bradmont. There has been a great increase in school elections for some years with the avowed purpose of (Turn to page 7, col. 3)

185 MEN TO GO OFF ROLL WORD OF GERLINGER

One 30-Hour Shift by End of Week, Dallas Mill Setup; Appeal Indefinite

PORTLAND, Jan. 24.—(AP)—Married men and older employees will be given preference for positions on the single shift allotted the Willamette Valley lumber mill at Dallas, Superintendent George T. Gerlinger said tonight following the federal court ruling here today upholding the NRA lumber code authority order to restrict future reduction.

He estimated about 185 would be laid off.

Reorganization will be completed this week and operation continued on a one-shift basis, he said. No penalty will be imposed on the mill for the extra production allotment under the temporary restraining order of last November. The court today vacated its temporary order denying the code authority the right to interfere with the mill's operation.

Gerlinger says many men will be laid off.

Gerlinger said the mill was "in sympathy with the spirit of the court's decision, and with the code authority in making the original order. Our greatest regret is that so many people will be thrown out of work. We think the court did what it believed best."

A conference with the west coast lumber authority officials will be held before decision is made concerning a supreme court appeal, Gerlinger said. At present, time some of the code officials are in Washington, D. C.

In event of a supreme court appeal the mill would continue to operate on a one-shift basis pending outcome of the appeal.

"We are hoping for some compromise to permit re-employment of a number who must be temporarily laid off," he said. However, he said there was no particular basis for such hope, except the arguments submitted in the case just completed.

RIVER DOWN BIT; RAIN TODAY, WORD

The Willamette river clung tenaciously above the 16 foot level last night but its crest for the present is believed to have passed yesterday morning when it reached 16.8 feet.

At midnight the river stood at the 16.2 foot level, 0.4 foot below its stage at noon and 4 p. m. Below Salem hundreds of acres of land were flooded by the muddy stream but apparently no marked damage was done, Captain David Smith reported yesterday when he brought the steamer Northwestern to the Salem Navigation company dock here. He said he expected the locks at Oregon City to be temporarily closed because of the high water but only for a few hours.

GROCCERS' AUTHORITY TO BE FORMED SOON

A local NRA code authority for the grocery business will be organized here in the near future, Theodore Roth, president of the Willamette Grocery company, announced yesterday. Roth recently was named to represent independent wholesalers on the food and grocery distributors' code authority for Oregon and has been elected secretary-treasurer of that authority. He also is vice president of the Oregon Wholesale Grocers' association.

The Salem authority will be composed of one representative each chosen by the wholesalers, independent retailers, voluntary chains and chains.

Other members of the state authority, Roth has been notified, are E. Frank Douglas of Portland, president, representing the independent retailers; Henry Meyer of Portland, chain store; H. E. Carr, retail-owned wholesaler, and S. E. Durkheim, voluntary chain groups.

BANK HEAD NAMED
SAN FRANCISCO, Jan. 24.—(AP)—Appointment of George H. Greenwood of Seattle as director of the Seattle branch of the Federal Reserve bank of San Francisco was announced at the bank today. He will fill the unexpired term of M. A. Arnold, who resigned to become a member of the federal advisory council.

Winsome Guest, War Debt or No!

Miss Catherine Paul-Boncour, daughter of the former premier of France, pictured as she arrived at New York on the S. S. Champlain for a short vacation. She will visit friends in this country and Canada. Her father now holds the post of minister of foreign affairs in the French cabinet.

MURDER BLOODY, WANTON

Kentucky Mob Takes Negro, 20 Years Old, Shoot 40 Times, Hang Youth to Tree, Then Run Away

Lynching is First in 1934; Black Man Accused of Slugging Coal Miner; Posse is Ineffective

HAZARD, Ky., Jan. 24.—(AP)—The body of Rex Scott, 20, negro, shot approximately 40 times, was found hanging from a tree two miles south of Vico tonight about two hours after he was removed by a mob from the Perry county jail.

The body was found by a posse led by Sheriff Filmore McIntosh. Circuit Judge Sam Ward and Commonwealth's Attorney J. A. Smith. The posse arrived just in time to see a crowd of several hundred people scatter and run to nearby coal camps.

Three men were arrested, but their names were not learned here. Officers who phoned here said the three were strangers who were captured after the main body of lynchers had scattered.

It was the nation's first lynching in 1934.

The mob of 30 to 40 men, armed and masked, forcibly removed Scott, from the jail.

The removal occurred while about 300 spectators were gathered about the jail.

Spectators Follow Mob From Town to Town
Many of the spectators entered their automobiles and followed the men who had the prisoner as they drove away from town.

About 100 shots were fired into the air by the jail raiders as they left the city limits.

The negro was charged with slugging Alex Johnson, coal miner, on a side street here Saturday night. Johnson is in a critical condition in a hospital, never having regained consciousness.

The men who entered the jail forced Deputy Jailer W. C. Knuckles to surrender his keys. Sheriff Gilmore McIntosh, who said he believed the men intended to hang the negro, hastily organized a posse of 50 men and started in pursuit.

No Advance Rumors of Lynch Attempt
The jail raid occurred about 7:45 o'clock. Sheriff McIntosh and Jailer Troy P. Combs said there had been no advance rumors of an attempted lynching.

Jailer Combs said he was threatened with death if he did not surrender his keys, but managed to escape.

4 Million Acres Sought by U. S. In Fraud Cases

SPOKANE, Wash., Jan. 24.—(AP)—Twelve days of argument by attorneys concluded, Federal Judge J. Stanley Webster today took under advisement the Northern Pacific railway land-grant case, involving hundreds of millions of dollars.

The government seeks to obtain title to 4,000,000 acres of land, alleging fraud by the railway in obtaining the grants, and the company seeks return of the land or its money value.

The hearing here was on objections filed by the company and the government to a report by Frank Graves, master in chancery, appointed by Judge Webster. Graves was two years in gathering evidence involved in his report.

\$1,800,000 in Farm Loans Sought in Seven Counties

Applications for loans totaling more than \$1,800,000 have been made by Marion and Polk county farmers the past seven months to the National Farm Loan association, according to word from the office of E. K. Piasecki, secretary-treasurer. Since the first of the year, 24 applications, representing in excess of \$1,000,000, have been received. In a single day recently, farmers sought \$13,800 in loans.

The association covers seven counties, Polk, Marion, Linn, Lane, Benton, Lincoln and Yamhill and receives application for loans up to \$50,000. The average loan sought is between two and three thousand dollars. Applications are acted upon by the Federal Land bank at Spokane, and money distributed through the Salem office. About \$15,000 a week comes in, going directly to mortgage holders to wipe out debts so farmers may gain a fresh start. The mortgage company representative estimated this

LARGE FLAX OUTLAY HELD AS IMMINENT

Devers Says Lipman Deal Has PWA Nod; 3 1/2 Millions Involved

The \$3,500,000 flax growing and processing project which broke into public view a few weeks ago and since then has been quiescent, is not dead but has excellent chances to become reality, J. M. Devers, recently back from Washington, D. C., revealed here yesterday. While at the capital Devers had opportunity to consult several times with Will Lipman, who is the sponsor of the big project.

Devers said he had been assured by sources apart from Lipman, first, that the project had received the approval of the legal department of PWA, and second, that pending its acceptance or rejection, funds for the project had been "earmarked" in PWA. The latter came about through the recommendation of PWA's chief engineer, Roosevelt who has for some time been an ardent supporter of flax development in the Willamette valley.

The president is represented as holding the view that growth of flax and making of linen is a pioneer field into which American growers can well progress, there (Turn to page 9, col. 1)

World News at a Glance

By the Associated Press Domestic:

WASHINGTON—Senate independents threaten to place currency expansion provision in monetary bill.

NEW YORK—Commissioner takes narcotics, guns in welfare island prison raid.

WASHINGTON—House approves \$284,747,000 for navy; bill includes \$33,619,000 for ship building.

NEW ORLEANS—Senator Long's mayoral candidate says he will not force runoff primary.

WASHINGTON—Roosevelt expects congress to regulate stock exchanges.

OKLAHOMA CITY—Governor Murray takes steps to oust state supreme court chief justice and reorganize tribunal.

ST. PAUL—Attempts by auditors of bank president to communicate with family disclosed.

WASHINGTON—Congressional survey of national defense system proposed.

FOREIGN:

PARIS—Naval minister advocates French fleet stronger than those of Germany and Italy together.

ATHENS—Supreme state council and minister of interior agree Samuel Inouli must leave country before February 1.

BERLIN—Reichsbank president leaves unexpectedly as representatives of foreign securities holders prepare protest against interest reductions.