

Cold Wave Breaks; Ice Jams River Here

The Weather
National snow today and night, heavy higher to coast; Max Temp. Friday 26, Min. 7.4 river -2.5 feet.

FDR Promises Balancing of Budget by '39

Declares Relief Cost to Be Held to Billion and Half Dollars

Urges Employers to Aid by Providing Jobs; Income Rising

WASHINGTON, Jan. 8.—(AP)—President Roosevelt today promised the nation a balanced budget, perhaps next year and certainly the year after if business clings to its present upward spiral.

To achieve that objective in the coming fiscal year, he said in his annual budget message to congress, relief costs must be held to \$1,500,000,000 through the co-operation of business, and the "balance" will take no account of payments to retire the national debt.

Sharp Cut in Relief Necessary
Inquiry revealed that such a reduction in relief expenditures would involve slashing the rate of outgo for this purpose from its present level of \$1,800,000,000 monthly to about \$1,300,000,000, a reduction of one-third.

"It is my conviction that if every employer or potential employer will undertake during the next six months to give employment to persons now receiving government help the national budget can thereafter be kept definitely in balance," he said.

The budget which Mr. Roosevelt presented for the fiscal year beginning next July was, in its details a picture of rapidly increasing revenues and dwindling expenditures.

Forecast receipts of \$7,292,607,197, or about \$1,500,000,000 more than is now estimated for the current year and \$3,000,000,000 greater than those actually paid into the treasury in the fiscal year which ended last June.

He forecasts expenditures of \$6,157,999,254, with relief costs still to be added. It held out the hope that there would be no deficit, while the deficit is estimated at \$2,652,683,774 and last year's (with more than a billion and a half of bonus payments included) was \$4,763,841,642.

It consequently foresees no increase in the public debt, beyond what will be needed to pay a total debt figure at the close of this year of \$35,926,543,493, as compared with \$33,778,543,493 last June and \$28,700,892,824 in June, 1935.

Four recommendations were listed:
That "cessante taxes" on amusements, chewing gum, toilet preparations, sporting goods and a long list of items scheduled to expire next June be continued.

Recommendation Retention of 3-Cent Postage
That the three-cent rate for first class out-of-town postage, also scheduled to expire, be continued.

That the civilian conservation corps, which, he said, has demonstrated its usefulness and has met with general public approval, be made "a permanent agency."

Bon-Bon Burglar Makes Good Haul

The "bon-bon burglar," sweet-loving prowler who has been stealing a one-man crime-wave in Salem, made off with a haul of jewelry, money and other articles at the four homes he entered Thursday night.

At the home of Robert Kelly, 1065 Garnett, after entering by forcing a rear window, he took two Elgin wrist watches and \$2 or \$2.50 in old coins.

Old coins, some of them rare and dating back to 1700, was part of his loot also at the E. Phillips residence, 650 D street. Here the burglar cut a screen on a bedroom window to effect entrance.

The burglar passed up several watches and rings, one of them a diamond valued at \$150.

Seventy cents in nickels was his haul at the home of Mrs. Ruth E. Will, 1025 North Summer, where he entered by jimmying a window with a pair of pruning shears.

Nothing was missing at the fourth house entered, that of Mrs. Harold C. Carver, 928 North Summer but the house was thoroughly ransacked.

Late Sports

Late basketball scores:
Jefferson high 59, Astoria 36
University high 59, Eugene 36
Albany 25.
Corvallis 34, Commerce high (Portland) 12.

Bomb British Embassy

Two Occupants Injured, Night Insurgent Raid

Windows of U. S. Embassy Rattled; Fires Start But Are Put Out

France Warns Presence of German Soldiers Will Not Be Tolerated

MADRID, Jan. 8.—(AP)—Fascist war planes bombed the British embassy building, its annex and the British consulate tonight in the first night air raid on Madrid in nearly two months.

Capt. E. C. Lance, attache of the embassy and Mrs. Angela Norris were slightly injured by flying glass in the annex. They were taken to the British-American hospital.

Incendiary Bombs
Hardie Down
Two incendiary bombs penetrated the roof of the embassy building on Fernando El Santo street, setting it afire, but guards quickly extinguished the blaze.

Windows of the United States embassy building were rattled by the explosions as at least 20 small projectiles landed around the British embassy. Several fires broke out in the vicinity.

On the front west of Madrid, meanwhile, government forces were reported to have checked an advance by four fascist columns from Aravaia and El Plantio, in a bitter struggle.

PARIS, Jan. 8.—(AP)—France warned Spanish insurgents tonight that the British nation would not be tolerated, and backed up the warning with her fighting forces.

One hundred thousand troops already are in French Morocco, government sources said. The French Atlantic fleet is at Casablanca.

Direct Action
Rumored Powdered
France acted, official sources said, in complete accord with Great Britain. That nation was believed considering direct action following reports German engineers were supervising construction of a "second Gibraltar" at Cuesca—14 miles across the straits from the British naval base.

Twenty-three German in the African territory endangers "the whole French empire," foreign office circles said.

Sailors, Owners Virtually Agreed

SAN FRANCISCO, Jan. 8.—(AP)—Strikers and shipowners perfected another tentative agreement today and reported "virtual accord" in two other moves designed to bring peace quickly to the long tied-up west coast maritime industry.

In Santa Rosa, R. J. McClain acting president of the associated farmers of Sonoma county, said poultry producers were considering plans to "march" on San Francisco's waterfront and unload corn in strike-bound vessels. He said many producers faced bankruptcy through soaring feed prices.

30-Minute Parking Favored; Survey Will Be Made Today

After making no decisions but agreeing that there should be a trial, at least, of 30 minute downtown parking the special traffic committee of the city council adjourned its open meeting last night with plans to make a survey of the downtown area today here drawing up a traffic reform ordinance.

Nothing definite on the proposed ordinance was formulated but the tone of the meeting was that the recommendations of the state highway department, which this summer made a special study of Salem's traffic problem, should be followed.

Two Citizens Express Opinions
Although a considerable group of business men were expected to appear and give their views on 30 minute parking only two citizens took advantage of the open nature of the meeting. They were E. W. Rutherford, a barber, who raised the sole objection to the 30-minute scheme, and Frank Doelittle, service station owner.



William Nesbit, top, of Slous City, Ia., and Harry H. Reeves, below, Iowa ex-convict, are sought by police for questioning on the suspicion that they blasted a companion to bits on New Year's eve with five tons of explosives because they feared he would "sneak."

Moser Is Fatally Injured at Dallas

Dies After Being Struck by Lumber Carrier; Ex-Silverton Man

SILVERTON, Jan. 8.—Stone-wall J. Moser, 63, native of Silverton, was killed in a sawmill accident at Dallas today, according to word received here. The body was being brought to the Ekman mortuary here.

Mr. Moser was the son of John Moser, Silverton pioneer. He had been employed at the mill in Dallas for some time.

He is survived by his son, Jack Moser of Silverton; six daughters, Mrs. Marvey Lincoln and Mrs. L. Conaghan and Mrs. James Bonner of Silverton, Mrs. Sander Johnson of Scio, Mrs. Donald Gwinn of Clyde, Calif., and Mrs. Avert Dungan of Portland; and two sisters, Mrs. Hiram Hartley and Mrs. Mary Davenport, both of Silverton.

Funeral arrangements had not been made tonight.

Old Stationery Shows Hall Once Pride of Salem

City Treasurer Paul H. Hauser was looking for a City of Salem ledger yesterday and found one—but not just the kind he wanted.

The one he found stuck away in a drawer in the city treasury was dated 1901 and proudly bore a picture, in purple ink, of the city hall, then only six years old.

The name of C. P. Bishop an mayor headed the list of city officers at the top of the sheet. Other city officers listed on the letterhead were D. W. Gibson, marshal; N. J. Judah, recorder; J. P. Friswell, street commissioner, and T. M. Eckhart, chief of the fire department.

Aldermen were Thomas Burrows, A. B. Buren, Thomas Sima, J. J. Larsen, E. P. Walker, S. A. Riggs, J. R. Krause and George Griswold.

Warrant Issued in 1931 Is Served Friday; Flinn As Result Sent to Jail

Issued in 1931, a warrant for defrauding an innkeeper, was not served on Stanley Flinn until yesterday when sheriff's deputies found the man in town. Complaint against Flinn was signed by E. Overgard. It was stated that he had been out of the state much of the time since the warrant was issued.

Water Board's New Members Assume Office

Give No Inking of Policy Changes; Grabenhorst Temporary Head

Hiring of Salem Labor Queried; Rental Issue Scheme Weighed

Two new members of the Salem water commission, Dr. O. A. Olson and E. B. Grabenhorst, took office at the meeting of the commission Friday night and another, I. M. Doughton, began his new term following re-election. There were no formalities in connection with the change in administration aside from the election of Mr. Grabenhorst as temporary chairman and a decision on the election of a permanent chairman until the next meeting, January 15. Edward Rostein, retiring chairman, opened the meeting. He and William Gahlsdorf have completed their terms.

No Hints as to Policy Changes
There was no indication that the new members took office with any major changes in water department policy in mind. (Turn to Page 3, Col. 2)

G.O.P. to Assist Budget Balancing

McNary, Other Leaders of Minority Pledge Aid; Democrats Praise

WASHINGTON, Jan. 8.—(AP)—President Roosevelt's republican opponents today pledged their help in achieving a balanced budget, after the chief executive, submitting his annual budget message, had held out a prospect of reaching that objective in a year or two.

McNary Pledges
G.O.P. Cooperation
"Republican members of the senate will cooperate to the limit to help the president balance the budget in 1938, or as soon as he may want to," was the immediate comment of Senator McNary of Oregon, republican floor leader.

Representative Taber, ranking republican member of the house appropriations committee, said the chief executive "has given us a third promise of a balanced budget, and we are determined to do everything possible to hold the president to that promise."

From Mr. Roosevelt's democratic followers, came enthusiastic statements of approval of the message, tempered by a few doubts that relief spending could be trimmed enough to permit a balance.

Union Man Takes Plan to Governor

Martin's Errand Believed to Contain Basis, Auto Strike Peace

DETROIT, Jan. 8.—(Saturday)—Homer Martin, president of the United Automobile Workers of America went to the hotel room of Governor Frank Murphy early today with a paper believed to outline the union's position on negotiations to settle its strikes in General Motors plants.

(By the Associated Press)
The nation counted more than 150,000 idle workers in the strike centers yesterday (Friday). The number mounted rapidly to a new high when more factories affected by the conflict between labor leaders and industrial chief-tains closed their doors.

The dispute between the huge General Motors corporation and the United Automobile Workers union left \$9,249 without work in 26 of its units. Approximately 40,000 remained off the payroll in the maritime strike and 14,300 in the controversy involving unionists and the Pittsburgh Plate and Libby-Owens-Ford Glass companies. More than 6,000 others were out in other scattered controversies.

Syndicalism Law Change Bill Due

One of the first bills to be introduced in the house at the 1937 legislative session will seek repeal of the state criminal syndicalism law. Three previous attempts to repeal the law failed.

Revival of efforts to repeal the law followed the recent decision of the United States supreme court reversing the conviction of Dirk DeJonge of Portland.

DeJonge was sentenced to serve a seven-year term in the Oregon state penitentiary for violation of the syndicalism act.

Sylvan Grocer Slain, Store; Money Missing

Officials Uncertain if Motive Robbery or Murder, Declare

Storekeeper Had Averred He Wouldn't Submit to Holdup, Recall

PORTLAND, Jan. 8.—(AP)—Patrick J. Kelly, 46, was shot to death at his grocery and feed store at Sylvan, four miles west of Portland, tonight. His body was found by his sister, Mrs. Mary Roth, partner in Kelly's business. A bullet had pierced his brain. Investigators said \$200 in cash and \$300 in checks was taken.

A small "coin sack" lay on the floor near the dead man. About \$11 in small change was strewn about.

Woman Partner Finds Body
Mrs. Roth said she had left the store shortly before 6 p. m., and found the body when she returned little more than an hour later. So far as was ascertained, no one saw the intruder.

Officers said a gun had been placed against the brim of Kelly's hat and that the bullet pierced the brim and crown, ranging upward and lodging in Kelly's head.

Mrs. Roth told officers Kelly often had said he would not submit to hold-up men. Deputy Sheriff Christofferson said the storekeeper had trapped burglars by means of an alarm system connected with his residence.

Deputy District Attorney John Collier said "it is a question in my mind whether the killer entered this store with the intention of robbery or murder." It was pointed out that men caught at America went to had been sent to the penitentiary.

Deputies patrolled surrounding highways far into the night.

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Smokers Feel Brunt of Strike; No Free Matches

Smokers who depend upon free book matches, distributed with cigarettes and tobacco at many stores, have felt the effects of the maritime strike. Unable to renew their supplies of book matches because of the strike, many tobacco dealers are now passing out two or three ordinary matches with each package of cigarettes.

Second Local Ice Pack in 72 Years Damages Houseboats, Small Craft; May Dam Stream

Thermometer Readings Rise Here Friday Eve

Change Starts at 9 P. M., Continues Steadily With Warmer Weather Forecast for Today; Gales Along Coast, Rain, Are Predicted

THE Willamette valley's cold snap began breaking rapidly last night after a day that saw the mercury again drop within a fraction of a point of the seven-degree mark.

In direct contrast to conditions Wednesday and Thursday nights, the mercury after falling but eight degrees from the day's maximum of 28, started rising at 9 o'clock last night. By 9:41 p. m. it read 23, by 10:41, 23, and by 11:41, 24.

While warnings of strong southerly gales and of rain were forecast for the coast, higher temperatures and possibly snow were predicted by the weather bureau for the inland today and Sunday.

PORTLAND, Jan. 8.—(AP)—Winter found its grip on the Pacific northwest slipping tonight in the face of new forecasts for "occasional snow" rain on the coast and slightly higher temperatures Saturday.

In Portland, where the mercury slumped to 14 on two successive days, the temperature tonight was two degrees higher than at the same time yesterday. A three-degree difference was reported from Eugene, 125 miles south.

Lack of new snow and wind, as well as an absence of reports of unusual stiffening or illnesses, led to the belief the coldest weather in years would leave but little havoc in its wake.

Mystery Follows G-Men's Journey

Unexplained Movement in Kidnap Case Is Kept Deep Secret

TACOMA, Jan. 8.—(AP)—Federal agents, striking hard at a hidden mark, kept secret tonight the success or failure of their blow probably aimed at Charles Mattson's kidnaper.

A rush by 20 men of the federal bureau of investigation before dawn, coupled with publication of the fifth of a series of "Mable—Ann" advertisements, left observers mystified.

Informed sources said the 10-year-old boy had not been returned to his home, despite strengthening rumors his father, Dr. W. W. Mattson had paid \$25,000 demanded ransom.

Swift action by the agents followed closely Mattson's requests that all peace officers and newspapers refrain from anything that might interfere with Charles' safe return.

The new advertisement in the classified columns of the Seattle Times said: "Mable—We are still waiting. All arrangements have been carried out in accordance with instructions contained in notes received. Be certain to give me information so that I may guard against imposters and hijackers, and be more specific in your instructions.—Ann."

Fresh rumors cropped up tonight, among them that Dr. Mattson had expected to make his contact in the early morning hours with Charles' captor and had failed because of interference, possibly by "imposters" or "hi-jackers" mentioned in the latest advertisement.

Scotts Mills Man Taken On Game Charge Has Coon

A state policeman who hiked through snow into the Crook Finger district above Scotts Mills on other business yesterday arrested James Culley of Scotts Mills on a charge of hunting without a license and directed him to appear in Silverton justice court at 3 p. m. today. Culley, the officer declared, had shot a coon.

Marion Legislators Assert Plans Not Yet Formulated

By JOHN D. MINTO
Marion county legislators are going into the 1937 session with few predetermined ideas on legislation and with few prepared bills, but with their eyes open for the interests of Marion county and their individual legislative aims. Such is the conclusion from statements made during the last several days.

County Bridge Believed Safe From Pressure

Trucks Drag Boats From Crunching Ice; Hain Boathouse Tipped

Possibility Seen Ice Dam May Back Up Water to Uncertain Height

An ice jam, declared to be only the second here in the last 72 years, formed in the Willamette river just above the Marion county bridge Friday, and was still piling up late Friday night. Although the jam was directly above the bridge, extending up river for half a mile or more, there apparently was no pressure against the massive concrete footings and the span itself was in no danger; but considerable havoc was created on Salem's waterfront.

Early Friday there was no evidence of trouble although the river was frozen over, but during the day the ice, forming in the stream above, began piling up. Twice on Friday the ice suddenly broke loose and went jamming downstream, only to be jammed again. On these occasions, the smothering mass of ice made a dramatic picture.

Spring Boathouse Partly Submerged
The boathouse belonging to Walter L. Hain, but better known as Spongs' boathouse, in which were stored most of the canoes which the Willamette river men each summer, was tipped up on edge and partly submerged as the ice crowded toward the shore crushed it against the bank; and the same was true of four other floating structures at the foot of Chemeketa street, three of them used as dwellings.

Most of the other power boats and rowboats were pulled out of the ice with trucks, on cables strung from the street level, but two rowboats were still jammed in the ice late Friday afternoon, presumably being the property of persons who had not learned what was going on.

Three Houseboats Are Damaged
Tragic to the occupants at least was the damage to the three modest houseboats. One of these, improved and newly painted last summer, was the dwelling of Frank and Goshue, much better known as "Chub," one of Salem's waterfront characters from time immemorial. Tipped up just below the boathouse, it entered the same fate.

Of the two other such craft, one belongs to Captain J. M. Spong but was occupied by "Mac" Maxfield, and the other was reported to be the residence of a Francis Welch, who is a Willamette river fisherman.

Substitute Plan For Prison Given

Reform System in Place of New Cell Block Is Recommended

PORTLAND, Ore., Jan. 8.—(AP)—A prison survey designed to eliminate the need of a new cell block at the Oregon penitentiary by establishing an adequate reform system was reported to the first annual state planning conference at its closing sessions today by Dr. Philip A. Parsons, University of Oregon sociologist.

The survey said it would cost from \$150,000 to \$200,000 to re-arrange "inhuman crowding" while the same result can be accomplished by installing the "best reformatory program" at no greater expense. In addition, the proposed system would be directed toward permanent rehabilitation of higher type prisoners.

Report Not Yet Before Parsons
Dr. Parsons said the report had not yet been presented to Governor Martin.

Three hundred delegates from all over the state heard ten speakers explore Oregon's vast resources, discovering that here and there overlapping conditions which must be reduced by predetermined economies.

Dr. Parsons, a member of the State Planning Commission, said (Turn to Page 2, Col. 3)

Ballade of Today

O beautiful Willamette where canoes in summer glide — it's now a scolding mass of ice with shipwreck on the side; the weather takes a havoc with the folk who're quartered there and the old familiar boathouse is smashed beyond repair.

But the wind is changing to the south, the cold spell is on the wane, we yet may greet the sun with some glorious Oregon rain; and we'll turn to other worries like the crowding at the pen and how to catch those thieving, hon-bon-chewing burglar men.

The British embassy is bombed in raid from Madrid; F. H. would stop the arrest by clamping on the lid; the morning only half a verse will do for sports review, the Spanish loss to Ashland's Son and red hot fans are blue.