

News That's New
Morning newspaper readers receive benefit of many major news breaks. Subscribe to The Oregon Statesman today—keep posted on your capital city.

Weather
Unsettled with rain today and Saturday, no change in temperature; Max. Temp. Thursday 63, Min. 50.5, rain .55 inch, river 2.1 feet, southwest wind.

EIGHTY-SEVENTH YEAR

5000 See New Capitol Cornerstone Placed

WHERE THOUSANDS GATHERED TO WITNESS CAPITOL CORNERSTONE LAYING



On the left, a view of the crowd conservatively estimated at 5000 which viewed the cornerstone laying. Picture taken on north side of the capitol, showing the speaker's stand and a portion of the concrete skeleton of the new structure. Inset shows Associate Justice George Rossman, master of ceremonies. On right, Grand Master Peters of the Oregon grand lodge of Masons conducts the actual cornerstone laying. Inset, Governor Charles H. Martin who delivered the principal address at the cornerstone exercise.

Basque Heads Of Government Leave Capital

Seat of Government Kept Secret; People Urged to Be Calm

Bilbao Defense Stiffens, Say Reports; Saving of City Pledged

BAYONNE, France, June 17.—(AP)—The official Basque delegation announced tonight the government of the Basque republic had left Bilbao, its besieged capital, "for another point in Basque territory."

The delegation said the location of the new capital of the autonomous region was being kept secret for military reasons.

Previously the Basque government, under Pres. Jose Antonio Aguirre, had declared its determination to fight to the finish against the insurgent armies which have been hammering at Bilbao for 11 weeks.

New Defense Junta Takes Over City

Official dispatches from Bilbao said Basque resistance had stiffened under leadership of a new defense junta of four men which took over control of the city when the government departed.

The Basque reports declared five desperate insurgent attacks on Mount Archanda, called the key to Bilbao, had been thrown back with heavy insurgent losses.

The battlefields are strewn with dead and dying, said one dispatch. "The cries of the wounded, the laments of the dying can be heard over the rattle of machine guns and the roar of cannon."

The new defense junta is composed of Gen. Gamir Uribarri, chief defense commander; Jesus Leizaola, minister of justice; Santiago Arnan, minister of industry, and Juan de Astigarrabia, minister of public works.

The junta immediately posted an appeal to the city's population urging calmness. It promised to "save Bilbao" with cooperation of the citizens.

Pursuit Planes Machine Gun Streets

The delegation published a telegram it said it had received from the Bilbao junta declaring the insurgent shelling of Bilbao continued into the night. It said pursuit planes flying 200 feet above the streets and machine gunning everything within range.

"One hundred fifty thousand persons have been evacuated from Bilbao to Santander by land and sea within the past 48 hours," the telegram read.

"Some of the (refugee) ships have been stopped by rebel (insurgent) warships and at least one has been sunk with the loss of many lives."

The junta admitted that "Italian troops" had captured Las Arenas, vital town at the mouth of the Nervion river, Bilbao's outlet to the sea.

Fiddlers Contest Planned by Legion

An old time fiddler's contest will be a new feature added to the Fourth of July celebration sponsored by the American Legion at the fairgrounds, it was decided by the legion celebration committee Thursday night.

Those men in the Salem vicinity who used to "hide by ear" at country dances are asked by the committee to register their names with Herman Lafky in the New Bligh building, and receive further information about the contest. A preliminary elimination will be held prior to the program on the Fourth.

The fiddlers' contest will replace the public wedding which was previously planned. The contest will be held between 7 and 8 o'clock during the program in front of the grandstand, and Ray J. Stumbo, general chairman of the celebration committee, is confident that it will be an outstanding feature.

Parker Receives Fracture of Leg

Kenneth Parker, 530 Center street, suffered a fractured leg late last night when his car ran off the Salem-Dallas highway near Brunk's corner. State police who investigated found his machine had struck a cow straying on the road, and the impact caused Parker to lose control and sent the car into a ditch.

Parker was brought to Salem by ambulance and is at the General hospital.

Foreign Nation Tax Aid Hinted

Governments Obstructing U. S. Checkup, Said; Names out Today

WASHINGTON, June 17.—(AP)—The congressional inquiry into charges of tax dodging became international in character tonight after the treasury declared foreign governments have hampered its investigators.

Roswell Magill, undersecretary of the treasury who appeared before the joint congressional committee of inquiry today, said internal revenue agents sent to Newfoundland and the Bahamas to check on wealthy Americans have experienced great difficulties.

The foreign governments themselves have interposed obstacles, he said, and in some cases diplomatic channels have had to be used.

High authorities indicated tonight that Elmer Fry, chief investigator of the internal revenue bureau, would go before the congressional committee tomorrow prepared to tell how wealthy citizens have escaped tax payments by forming foreign corporations.

It was added that he also would begin disclosing the names of persons accused of tax dodging, the point of the investigation for which Washington has waited a fortnight with unexpressed curiosity.

Salesman Exonerated

LOS ANGELES, June 17.—(AP)—The county grand jury today declined to indict David Ross, Chicago film salesman, accused by Patricia Douglas, 21 film extra, of beating and attacking her at a screen salesman's party the night of last May 5.

Highlights Surrounding Ceremony of Laying Capitol Cornerstone

THE dark, energetic chap who supervised the broadcasting work was Eddie King of KGW, Portland. A few minutes before 2 p. m. he instructed the audience that the program was to be on a network, told how applause should be handled and warned against censors. He won ready friendship with the large audience which followed his "instructions" on applause as the program developed.

Jupiter Pluvius was a welcome absentee. He hovered about but didn't descend as he had earlier in the day. At the dedication exercises in '33 he was omniscient and forced the assemblage to go to the Willamette chapel where Secretary of State Chadwick delivered an historic oration.

Many listeners found a vantage point on the second and third floors of the concrete skeleton and took life easily as the long program unfolded. A few lads climbed trees in the park; most of the crowd stood, quiet and attentive, through the 120 minutes of program.

Sentenced one Minute, Weds Next — to Pen

PROSSER, Wash., June 17.—(AP)—It was a race between Cupid and the big house here this afternoon for Frank Lantz, 30-year-old Pasco laborer.

Immediately after being sentenced to not more than 20 years in the state prison at Walla Walla, he was married to Miss Ethel Hannel of Kennewick.

Vows were exchanged in the sheriff's office while the traveling guard was warming his motor to take Lantz to prison. Lantz pleaded guilty to robbing a man of \$2.

Margett Denies Townsend Charge

In Answer to Suit, Avers He Did not Take any Money for Leader

SAN FRANCISCO, June 17.—(AP)—Edward J. Margett, former state director of Old Age Revolving Pensions, Ltd., denied today he "held out" \$100,000 on Dr. F. E. Townsend, founder of the prosperity plan.

Margett filed an answer in federal district court here today to Dr. Townsend's cross-complaint to Margett's \$450,000 libel suits now pending. The doctor had charged Margett failed to turn certain funds over to him.

The former state director's answer asserted he collected money for the pension organizations, but not for Dr. Townsend. He denied also that he garnered "fees, quotas and contributions in excess of \$100,000, or in any sum, which he has only partially accounted for."

Democrats Split Over Relief Bill

WASHINGTON, June 17.—(AP)—Democratic ranks in the senate split today over a proposal by Majority Leader Robinson (D-Ark.) that more of the federal relief load be shifted to state and local governments.

Advanced as a compromise in the three-day fight over the administration's \$1,500,000,000 relief bill, Robinson's amendment to require 25 per cent local contributions toward WPA work projects fed new flames of controversy.

Senator Schwelmbach (D-Wash.) quickly criticized it as a republican system. Other senators, favoring a continued free relief to the president in making relief expenditures, joined in the attack.

Robinson, contending the "time has come to safeguard the credit of the treasury," submitted the amendment as a substitute for a controverted proposal by Senator Byrnes (D-Sc.) to require 40 per cent contributions.

Other permits were issued to F. O. Bradshaw, to alter a two-story house located at 1530 Chemeketa, at a cost of \$750; to Frank Hughes, to alter a two-story hotel at 161 South High, at a cost of \$125; to Don Young, to alter the one-story State theatre at 255 Church, at a cost of \$100; to the Andrews estate, to alter a one-story private garage at 1440 State, at a cost of \$50; and to Harold W. Pearce, to alter a one-story dwelling and garage at 968 Saginaw, at a cost of \$25.

'Murder,' Says Lewis, Chicago

Factions Non-Committal on President's Plan for Arbitration

CHICAGO, June 17.—(AP)—A charge by John L. Lewis that the nine victims of the Memorial day strike riot "were deliberately murdered in cold blood by the Chicago police department as a friendly favor to the Republic Steel company" evoked a volley of cheers from a mass meeting of his followers in Chicago stadium tonight.

(By The Associated Press) CLEVELAND, June 17.—(AP)—Warring factions in the multi-million dollar "battle of steel" sat tight tonight—pledging "cooperation" but otherwise non-committal on intervention by the federal government with the appointment of a three-man board to arbitrate the strike deadlock.

(Turn to Page 11, Col. 6.)

Robinson Urges Change to 25 per Cent Share for Local Agencies

WASHINGTON, June 17.—(AP)—Democratic ranks in the senate split today over a proposal by Majority Leader Robinson (D-Ark.) that more of the federal relief load be shifted to state and local governments.

Advanced as a compromise in the three-day fight over the administration's \$1,500,000,000 relief bill, Robinson's amendment to require 25 per cent local contributions toward WPA work projects fed new flames of controversy.

Senator Schwelmbach (D-Wash.) quickly criticized it as a republican system. Other senators, favoring a continued free relief to the president in making relief expenditures, joined in the attack.

Robinson, contending the "time has come to safeguard the credit of the treasury," submitted the amendment as a substitute for a controverted proposal by Senator Byrnes (D-Sc.) to require 40 per cent contributions.

Other permits were issued to F. O. Bradshaw, to alter a two-story house located at 1530 Chemeketa, at a cost of \$750; to Frank Hughes, to alter a two-story hotel at 161 South High, at a cost of \$125; to Don Young, to alter the one-story State theatre at 255 Church, at a cost of \$100; to the Andrews estate, to alter a one-story private garage at 1440 State, at a cost of \$50; and to Harold W. Pearce, to alter a one-story dwelling and garage at 968 Saginaw, at a cost of \$25.

Clear Lake Game Area Suit Filed

PORTLAND, June 17.—(AP)—Carl O. Donoghue, United States district attorney, filed a petition today for condemnation of 301.76 acres of land adjacent to Clear Lake in Marion county for use in connection with the establishment of the Willamette migratory water fowl refuge.

Clear lake is located in the bottom lands north of Salem a short distance from the Willamette river's east bank.

Late Sports

W-I League Spokane, 0; Yakima, 4. Vancouver, 5; Wenatchee, 2.

Mayor Joe "De-Louses" California Delegation

Visiting Nevada, Golden State Kiwanians Greeted at Portland Station by Spray Gun Brigade and Receive Attar of Roses Anointment

PORTLAND, Ore., June 17.—(AP)—Mayor Joseph K. Carson, arch-foe of California's bug inspection at the interstate line, got even today when 160 California and Nevada Kiwanians arrived by special train en route to the international convention at Indianapolis.

The visitors found the Union depot turned into a temporary "de-lousing" station, with members of the reception committee, including the mayor, wielding spray guns filled with attar of roses.

The travelers insisted that the crawling things resembling Oregon crawfish, which were much in evidence, had been "planted" on them.

18 Sailors Killed By Ship Explosion

VALENCIA, Spain, June 17.—(AP)—The ministry of defense announced tonight 18 sailors were killed and more than 100 wounded by an internal explosion aboard the Spanish government's battleship Jaime I in drydock at Cartagena.

The cause of the explosion, at 3:30 p. m., has not been determined, the ministry stated. Indalecio Prieto, minister of defense, flew from Valencia to Cartagena, about 150 miles to the southwest. He visited wounded in hospitals and ordered an immediate investigation.

Since the Espana was sunk April 30 in the Bay of Biscay the Jaime I had been the only battleship in the civil war.

Deity's Blessing Bespoken For New House of State

The construction and future use of Oregon's new capitol received the blessings of two representatives of the church in memorable terms at yesterday's cornerstone ceremony. The invocation and benediction, by high prelates, respectively, of the Episcopal and the Roman Catholic denominations, were as follows:

Invocation by Bishop Benjamin D. Dagwell O Lord, our Governor, whose glory is in all the world; we commend this state to thy merciful care; that being guided by thy providence, we may dwell secure in thy peace. Grant to the governor of this state, and to all in authority, wisdom and strength to know and to do thy will.

Fill them with truth and righteousness; and make them ever mindful of their calling to serve this people in thy fear.

We beseech thee so to guide and bless the legislature of this state, that it may ordain for our governance only such things as please thee, to the glory of thy Name and the welfare of the people.

We humbly beseech thee to bless the courts of justice and the magistrates in all this state; and

(Turn to Page 11, Col. 4.)

Zone Changing Move Decried

Capitol Commission Asks City to Keep Business From State Area

A resolution urging the city of Salem not to permit the construction of business buildings within the capitol group area was passed at a brief meeting of the state capitol reconstruction commission Thursday afternoon following the cornerstone laying exercises. The resolution will be sent to the city council for consideration.

In voicing its belief that any change in the Salem zoning ordinance which would permit such construction close to the capitol site would be a serious mistake, the commission had in mind the proposal of Wallace Bonesteel to erect a garage at Court and 12th streets, a short distance east of the state office building.

The resolution set out that the new capitol building now under construction was only one of several structures which probably would be erected by the state during the next few years.

A suggestion that Francis Keally, New York, designer of the new capitol building, be retained as consulting architect in connection with the construction of other state buildings, was made at Thursday's meeting. Although no definite action was taken the suggestion appeared to have been received favorably.

Keally, when called before the commission, said he would be pleased to serve in such a capacity provided outstanding architects were employed to design the structures. Keally said there were several outstanding architectural concerns in Oregon, and that it would not be necessary to go elsewhere for designs.

The cornerstones, four feet high by six feet long, bears the single inscription "1937" and a design etched in concave effect in the marble. J. S. Horner, B. T. Creighton and H. Boud, all of the National Stone company of Nashville, Tennessee, lowered the Vermont marble block into square and plumbed the cornerstone for the centuries.

Then the grand lodge master supervised the historic rites of the lodge. Alexander G. Bennett, grand chaplain, invoked the blessings of deity on R. Edward Piney, grand treasurer of the lodge, certified that the casing in the stone had been duly sealed and D. Rufus Cheney, grand secretary, recited the list of articles placed in the sealed casing.

Then the grand lodge master squared the stone. Franklin C. Howell, grand warden, testified that the stone was duly leveled and Leif S. Finseth, junior grand warden, plumbed the stone and found it straight. In turn these

(Turn to Page 11, Col. 1.)

Benediction by Archbishop Edward D. Howard

Almighty Father, who dost guide our destiny and hold the universe in Thy hand, look down upon us this day and hear our prayer.

Bless and protect our beloved country which has been for countless thousands a haven of refuge and a shelter in adversity; keep it ever the land of the brave, as it is now the home of the free; bless this nation which Thou has formed from the flesh and blood of many nations and tribes and peoples; make us ever worthy of the blessings Thou hast showered upon us; keep us loyal to our flag, devoted to our country and our country's cause, mindful of those ideals of freedom and democracy on which our fathers have built this republic and for which America's best blood has been

(Turn to Page 11, Col. 5.)

History Made In Dedication Of Statehouse

"Significant Milestone," Says Governor Martin in Radio Address

State's Individualism Expressed in Design, Architect States

By SHELDON F. SACKETT
A cornerstone for Oregon's new capitol, symbol and center of the strength and progress of the commonwealth, was laid here Thursday at 2:43 p. m. as notables of the state assembled to give official dedication to the \$2,500,000 classic structure which will replace the statehouse destroyed by fire April 25, 1935.

A June sky was veiled with gray clouds as the two-hour exercises proceeded but not once did rain obtrude on the exercises as it did October 8, 1873, when once before the grand lodge of Oregon masonry performed the ceremonies of cornerstone placement.

All of Nation Hears Exercises
Five to six thousand citizens gathered at the northeast corner of the new structure, now one-third completed, to hear and witness the rites of cornerstone laying. Significant of the progress of the times, the ceremonies were carried to the entire state and nation on a network of broadcasting facilities.

"Never daunted by calamity and ever able to project our ideals and traditions into the future after they are forged on the anvils of the present, Oregon will continue its march of progress," said Governor Charles H. Martin in the major address of the cornerstone laying services.

"Construction of this building which will so magnificently depict the mastery and dignity of our government, is a significant milestone in the history of Oregon's capitol buildings," the governor declared. "In turn it is also a reflection of the growth and development of this great state from that day in 1841 when a group of pioneers met at Champego to form a government for the Oregon country."

Oregon Masons Direct Marble Block's Placing
To Judge R. Frank Peters of Hillsboro, grand master of the grand lodge of Ancient, Free and Accepted Masons, was entrusted the honor of directing the cornerstone placement. Assisted by the grand lodge and flanked by 500 Masons who had come by special train and by auto caravan from all sections of the state to participate in the ceremony, the sealed casing with the two score mementoes of the day was placed in the white marble cornerstone while officials of the grand lodge performed the symbolic rites attending such a ceremony.

The cornerstones, four feet high by six feet long, bears the single inscription "1937" and a design etched in concave effect in the marble. J. S. Horner, B. T. Creighton and H. Boud, all of the National Stone company of Nashville, Tennessee, lowered the Vermont marble block into square and plumbed the cornerstone for the centuries.

Then the grand lodge master supervised the historic rites of the lodge. Alexander G. Bennett, grand chaplain, invoked the blessings of deity on R. Edward Piney, grand treasurer of the lodge, certified that the casing in the stone had been duly sealed and D. Rufus Cheney, grand secretary, recited the list of articles placed in the sealed casing.

Then the grand lodge master squared the stone. Franklin C. Howell, grand warden, testified that the stone was duly leveled and Leif S. Finseth, junior grand warden, plumbed the stone and found it straight. In turn these

(Turn to Page 11, Col. 1.)

(Turn to Page 11, Col. 3.)

(Turn to Page 11, Col. 3.)

(Turn to Page 11, Col. 3.)

(Turn to Page 11, Col. 3.)

(Turn to Page 11, Col. 3.)

(Turn to Page 11, Col. 3.)

(Turn to Page 11, Col. 3.)

(Turn to Page 11, Col. 3.)

(Turn to Page 11, Col. 3.)

(Turn to Page 11, Col. 3.)