

Season's Greetings
The Oregon Statesman wishes each of its readers a Merry Christmas and confidence of blessings enjoyed during the past year.

Weather
Snow or rain today, clearing Sunday; no change in temperature. Max. Temp. Friday 39, Min. 23; rain .63 inch, river 4.6 feet, cloudy, southwest wind.

EIGHTY-SEVENTH YEAR

Salem, Oregon, Saturday Morning, December 25, 1937

Price 3c; Newsstands 5c

No. 234

Japan Blamed in Formal U.S. Navy Report

Light Snow Whitens Salem Hilltops

Trade Reports Lend Cheer to Christmas Eve

New York Survey Shows Last Year's Record Nearly Equaled

President Sets Spiritual Note; Attention to Needy Notable

(By The Associated Press)
A Christmas eve address by President Roosevelt, broadcast from Washington, set a spiritual note for the nation as it celebrated the beginning of a holiday week that was ushered in with reports of material business cheer.

The president repeated a story written by Heywood Brown, a newspaper columnist, which ended with an admonition that "Peace on earth means peace to Pilate, peace to the thieves on the cross and peace to poor Iscariot."

The marts and shops were closed for the holiday, cash registers ringing up purchases which approached last year's record sum for six years.

A survey of the New York metropolitan area indicated the trend. It showed a total only seven-tenths of one percent under the 1936 figure.

Airlines and railroads reported traffic had been heavy.

Four Generations United at White House
A four-generation reunion filled the White house, but for the second year in a row the president's wife was absent, visiting.

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Tots' Letter to Santa Sent, Tree

Canadian Children's Note Placed in Tree Lands in Pennsylvania

WILKES-BARRE, Pa., Dec. 24 (AP)—A letter written by two small Canadian girls to Santa Claus at the "North Pole," but posted in an evergreen tree was delivered today, with the tree, to the home of Joseph Mirmak.

Mirmak, who purchased the tree for his children, found the letter in a waterproof covering tied to a branch.

The letter read:
"Dear Santa Claus: How are you today. We are fine. How is Mrs. Santa Claus, hope she is fine. Are you going to bring your reindeers this year, or your airplane, because the snow will be too deep for your car. Please, Santa Claus, don't forget to fill our stockings because we are good girls. We are orphan girls. Dolly is four years old and I am 11 years old. I will be 12 years old on February 22.

"Please Santa Claus, we help our mamma work. Please Santa Claus bring Dolly a big doll that cries and goes to sleep, and a teddy bear, and top and mouth organ and a dress size 6 years, and

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County Jail Has 16 on Christmas

Ten fewer prisoners will spend Christmas day in the county jail today than a year ago, Sheriff A. C. Burk announced yesterday.

The 16 inmates, all men, will receive a special roast pork dinner with mashed potatoes, "trimmings," pie and candy.

Loyalists Hail 'Final Drive' to End Spain's Insurrection

HENDAYE, Franco-Spanish Frontier, Dec. 24 (AP)—The Spanish government has declared tonight its forces had destroyed the last insurgent defenders of Teruel and hailed the victory as the first in a "final drive" to crush insurrection throughout Spain.

But the insurgents, flatly denying the few hundred of their comrades remaining in Teruel had been annihilated, massed reinforcements to recapture the strategic city at the southernmost tip of the Aragon front.

An army of 40,000 men commanded by Gen. Miguel Aranda, insurgent chief in southern Aragon, was concentrated northwest of Teruel ready to participate in an encircling movement already started against government troops holding the city, the in-

SENIOR HIGH STUDENTS FILL CHEER BASKETS



Foodstuffs contributed through the home rooms of the senior high school in cooperation with the three Hi-Y chapters which turned the entire donation over to the Red Cross and Salvation Army for their joint Christmas cheer baskets, more than a hundred of which were distributed to needy families here Friday. Hi-Y boys in the picture, from left: Eugene Jarvis of Able Gregg chapter; Tom Hill of Arthur Cotton chapter; John Goffrier and Martin Nelson, also of Abel Gregg chapter. Gus Moore is Hi-Y adviser.—Photo by Kennell-Ellis.

New Terror Wave Sweeps Palestine

Troops Watch Marauders as Pilgrims March, Holy Land's Shrines

(By The Associated Press)
BETHLEHEM, Palestine, Dec. 25 (Saturday)—A new wave of bloody terror sweeping the holy land today gave a hollow echo to the softly-chiming bells of Bethlehem announcing to Christ's birthplace the anniversary of his nativity.

Vainly they tolled forth peace and good will over Moab and Judean hills, for nearly 4000 troops patrolled those hills and country beyond in a tense Christmas vigil for marauding terrorists.

Those terrorists were reported to have staged a second battle in two days in the Tiberias region, where 18 men died Thursday in fighting between Arabs and a British airforce plane and trans-Jordan frontier police. Unconfirmed reports said 15 more were killed yesterday.

Heavy police reinforcements guarded the 10-mile road from Jerusalem during the traditional procession of His Beatitude, the Latin patriarch, to the 1600-year-old Church of the Nativity here for the midnight Pontifical mass. The patriarch is the representative of the pope in Jerusalem.

Hundreds of Christians of many sects marched in the procession, but there were only 75 foreign pilgrims, of whom 20 were Americans.

Postoffice Clears Last Yule Parcel

Pleasure in a tremendous task successfully completed on time was enjoyed by weary clerks and carriers of the Salem postoffice as they delivered the last of the incoming Christmas mail late on Christmas eve.

"Except for the possibility of a few mis-addressed packages there is no mail here," Postmaster Henry R. Crawford said early Friday night.

The peak of the Christmas mail probably occurred on Wednesday when 200,000 outgoing and incoming letters were handled, not counting those that went through meter machines of state offices and the larger business houses and not including packages. The outgoing mail totaled 95,600 that day, exceeding the Tuesday mark which up to then was the largest on record.

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Many Roads Snow Covered; Santiam Closed

Christmas Eve Accidents Are Minor; Warnings Given Small Craft

Snow or Rain Predicted Here Today; County's Snow Plow Arrives

Icy streets and highways and snow-covered hill sections in and around Salem heralded Christmas' advent last night but motor traffic at a late hour had escaped worse than minor mishaps.

Children's hopes for a white Christmas appeared likely to be met in the hill districts at least, where a light snowfall beginning around 11 p.m. remained on the ground. The weather bureau forecast snow or rain today and clearing conditions Sunday without change in temperature.

(By The Associated Press)
Small craft warnings flew on the Oregon coast today as a snow storm, reaching biblical proportions in many sections, blocked major highways.

Meteor Flash Startles Eugene Folk
J. H. Pruet, University of Oregon astronomer, investigated reports of a meteor which startled Eugene and Grants Pass residents during the storm. They said they saw a flash like lightning and heard a rumble of thunder, both unusual when snow is falling.

C. E. Wanless, Portland truck driver, was killed on the Washington bank of the Columbia river (Turn to page 2, col. 3)

No Known Needy Families Skipped

City Agencies Spreading Cheer With Over 100 Christmas Baskets

Every possible effort has been exerted by all local charity agencies, by many individuals, and by church and club groups to be sure that needy families of Salem are provided with an adequate Christmas dinner today, and with foodstuffs to last for several days.

Through the combined resources of the Salvation Army and the Red Cross, more than 100 well-laden Christmas baskets were distributed over the city and outlying territory yesterday, many others were called for at the Army headquarters and it is estimated further that nearly 200 additional families received baskets through individuals and organizations.

Names on the list of families to which the Red Cross-Salvation Army baskets were delivered were cleared through careful checking with the Catholic Charities, the county relief office and their own

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Poetic Shanghai Cop Sends Verse To Leon Jenkins

PORTLAND, Dec. 24 (AP)—Acting Police Chief Leon V. Jenkins knows how Shanghai feels about Christmas. He had a card from Police Lieut. J. Mills of Shanghai:

"To Portland, from Shanghai,
"Comes greetings of the year
"Although the places differ
"As water does to beer
"For you will hear the bells ring out
"To remind one of the season
"But we will hear the bombs drop out
"And no one knows the reason,
"With nations clashing in our midst
"From August to December
"We think of those we left behind
"Always to remember."

Frost Weds Snow, Portland License

PORTLAND, Dec. 25 (AP)—Lealand T. Frost of Ephraim, Wash., was licensed to marry Ruth Snow, Payson, Utah, today as the first major snowstorm of the season swept Oregon.

The license bureau's advice that they let Circuit Judge John P. Winter perform the ceremony was rejected by Frost and Miss Snow.

Hundreds of Christians of many sects marched in the procession, but there were only 75 foreign pilgrims, of whom 20 were Americans.

Oddities ... in the News

BLOOMINGTON, Ind., Dec. 24 (AP)—Santa Claus and the stork travel together in visiting the Ralph Strain home here.

Two sons, Robert, 10, and Raymond, five, and a daughter, Nevo, born last Christmas, will celebrate their birthdays tomorrow. Neva's twin sister, Treva, died shortly after birth. Only Edward, 12, was not a Christmas arrival.

ALBANY, N. Y., Dec. 24 (AP) Donald Goose went home for Christmas—the firemen of Engine Three didn't have the heart to kill him.

Donald and a companion turkey arrived at the firehouse as Thanksgiving gifts. The turkey was eaten. The firemen declined to keep Donald for Christmas, and made a pet of him in the process.

He left in a crate yesterday for his home farm at Kingston, N. Y.

"The boys figure he will be happier there," explained Fire Capt. William J. Clear.

MADISON, Wis., Dec. 24 (AP)—Archib Skibrek entered into the spirit of Christmas in a big way so that he might spread cheer among his neighbors.

He trimmed the fir trees on his lawn with colored lights, set up a plastic sleigh, a Santa Claus and four reindeer in his front yard, and rigged up a loudspeaker which broadcast Christmas carols he played inside his home.

After Skibrek had been playing carols for 15 minutes a policeman called at his door. The officer said the neighbors were complaining and the carol playing would have to stop.

POPULAR BLUFF, Mo., Dec. 24 (AP)—The American Republic published no news of crime or tragedies on page 1 today, a practice started by the newspaper in 1926 on the day before Christmas.

Japanese Note To US Studied By Roosevelt

Adequacy of Apology and Assurances by Japan Being Considered

Observance of American Rights Promised in Tokyo Apology

WASHINGTON, Dec. 24 (AP)—President Roosevelt considered carefully tonight whether Japan's latest assurances were adequate in the light of naval reports that Japanese planes which bombed the gunboat Panay within a few hundred feet of its huge American markings.

He and Secretary Hull refrained from any immediate comment on a Japanese note saying rigid orders had been issued against future infringement of American rights and interests in China.

The new apologies and assurances from Koki Hirota, the Japanese foreign minister, arrived while the navy was publishing official reports on the Panay incident.

Hull Gives "No Comment" Order
Secretary Hull gave orders that the state department was to issue no comment on the Japanese note, official or otherwise.

(By The Associated Press)
TOKYO, Dec. 24—The Japanese government tonight placed upon the Japanese navy the brunt of blame for sinking of the United States gunboat Panay but did not mention the army's share in the incident.

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Japanese Vessel Disabled, Pacific

SAN PEDRO, Calif., Dec. 24 (AP)—The Japanese motor freighter Awobasan Maru, 350 miles out of San Pedro with 12,000 tons of cotton, metals and airplane fuel for Yokohama, was reported partially disabled today with a damaged propeller.

The information came from John Swigart, Los Angeles architect and yachtman and one of the two passengers aboard the ship. He said that the vessel, under orders from Yokohama, continued her course toward Japan at half speed.

The message said the ship lost one of three blades of its single propeller.

Samoan Clipper Lands, Pago Pago

PAGO PAGO, American Samoa, Dec. 24 (Via Pan American Airways Radio)—(AP)—The eight Americans flying southward to launch a new Transpacific air service landed at Pago Pago, American Samoa, at 4:10 p.m. (7:40 p.m. PST) today after an uneventful trip of slightly more than 11 hours.

Headwinds during the latter part of the trip delayed the landing time slightly.

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Full Responsibility Laid to Nipponese

Japanese Airplanes Machine-Gunned Small Boat Carrying Wounded Ashore, Report Asserts

24 Direct Hits Made by Nine Planes During 56-Minute Attack; Data Is Forwarded to Tokyo

WASHINGTON, Dec. 24 (AP)—Two official navy reports threw the blame today squarely on the Japanese for "an unprecedented and unlooked for attack of great violence" on the gunboat Panay and three American tankers.

Simple, straightforward language told for the first time a complete government story of the navy men's fight against Japanese planes which flew low over the plainly-marked American ships.

The reports (one the findings of the naval board of inquiry, the other the account of Lt. Commander James J. Hughes, commander of the Panay) said a plane machine-gunned a small boat bearing wounded ashore and that a Japanese surface craft machine-gunned the sinking Panay.

The reports have been transmitted to Ambassador Grew in Tokyo for presentation to the Japanese government in support of American demands for apology, indemnification and, above all, adequate guarantees against future interference with American rights in China.

Flags Definitely Identified Gunboat
The reports, taken together, presented this account:

The Panay was identifiable by two American flags painted on the forward top deck and the after top deck, each flag 18 by 14 feet—a total of 504 square feet.

Nearly four hours before the bombing began the Panay was stopped on the Yangtze River by a Japanese armed tender carrying 90 Japanese, "most of whom were armed with machine-guns." A Japanese army lieutenant, "accompanied by his sword bearer and two privates with fixed bayonets," boarded the Panay, asked Lt. Comdr. Hughes where the ship was going and sought to obtain information of Chinese troop activities.

Three bi-motored planes and six single-motored planes, plainly identified as Japanese, bombed the Panay for 56 minutes, making 24 direct hits.

"During the entire attack the weather was clear with high visibility and little if any wind."

Later the planes came much closer and machine-gunned the Panay from heights of 100 to 200 feet.

The planes "concentrated all their efforts on the Panay during at least the first half hour."

Panay's Guns Futile Against Aircraft
The Panay crew manned machine-guns against the planes but could not use the 3-inch guns because of their firing angle.

Attacking airmen "machine-gunned the Panay from heights of 100 to 200 feet."

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Shantung State Conquest Started

Punitive Action Against Chinese Who Destroyed Jap Mail Objective

SHANGHAI, Dec. 25 (Saturday)—(AP)—Japanese columns today crossed the Yellow river for a new drive into Shantung province, while in Shanghai the Japanese command announced the fall of Hangchow, capital of Chekiang province, and one of China's most prosperous cities.

For China Christmas brought no peace on earth as the Japanese legions added rapidly to the thousands of square miles already conquered, carrying out their own concept of assuring the peace of the far east.

For Hangchow, however, there apparently was release from the terrors of siege. The Japanese announced their troops entered the city, for centuries famed as a beauty spot and religious center.

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Spokane Bank Is Held up, \$4000

SPOKANE, Wash., Dec. 24 (AP)—A lone "Christmas eve" gunman held up the security branch of the Seattle First National bank here after 2 p.m. today and escaped with an estimated \$4000 to \$4500 in currency after warning:

"The first one who sticks his head through this door won't see Santa Claus!"

It was the second holdup of the year for the small outlying bank, known as the Security State before becoming a Seattle First National branch last month. Three youths now are under sentence of death for killing a customer ruthlessly in a holdup of the bank last February 15.

Three customers were in the bank as the unshaven robber-enk-packet.

Bank Manager A. D. Davis said he rushed to the door with a revolver after the gunman left, but the latter had disappeared. Officer said he might have had an accomplice in the get-away car, which was parked in an adjacent alley.

State Store at Portland Looted

PORTLAND, Dec. 24 (AP)—Burglars bored through the floor of an Oregon state liquor store, stealing \$478 and several bottles of liquor.

At the Oregon Beverage company, \$50, a case of wine and a revolver were taken. In addition, two new truck engines were battered, a \$1000 bottling plant shattered, a typewriter and desk ruined and barrels of beverages were sprayed on the floor.

Joseph Pearson said a burglar took a strong box and \$720 in cash and checks from his home.

Ray Wilson said his store safe was opened and a large amount of money taken.

But John D. Isaacs felt the worst. He went to police headquarters to report an accident. His wallet and \$30 were taken from a writing counter. He reported that, too.

Teamster Drive Curbed by Court

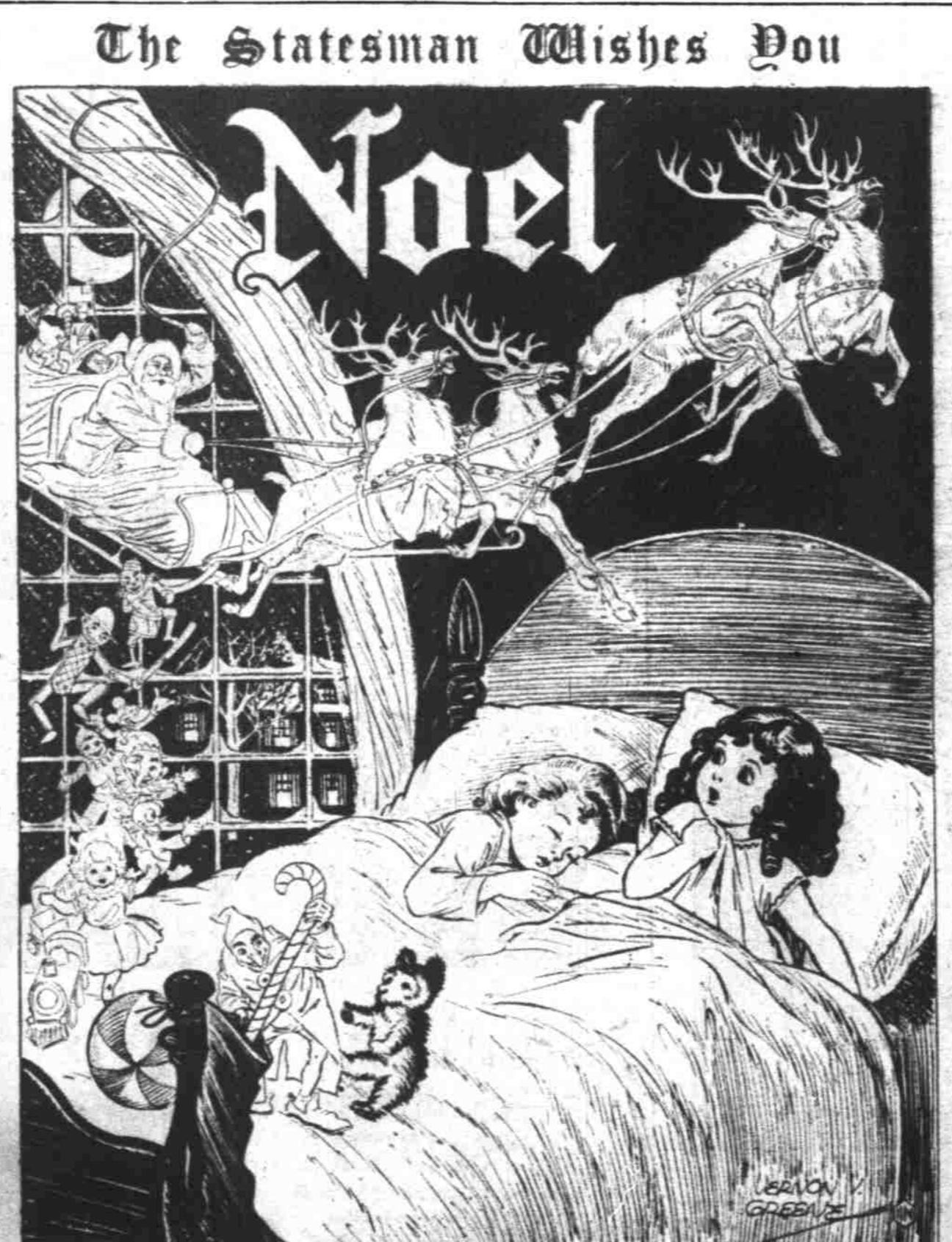
LOS ANGELES, Dec. 24 (AP)—Efforts of Dave Beck's International Brotherhood of Teamsters to organize brewery drivers received a legal blow here today.

Federal Judge William P. James signed an order instructing Beck, the brotherhood, William P. Baker, president of the Royal Amber Brewing Co., and the California state brewers' institute to show cause next January 4 why they should not be held in contempt for violation of a restraining order issued last July 6.

The order forbade them to enter negotiations concerning working conditions for brewery workers of California.

Attorney Saul S. Skellin, lawyer for the International Union of United Brewers, Flour, Cereal and Soft Drink Workers of America, charged Beck had made "an attempted raid on the membership of the brewery workers' union, the proper bargaining agency."

Klein contended the court order was a victory for his union. Both are AFL affiliates.



A Merry Christmas. This wish is shared by the editorial, news and business staffs, the printers, pressmen and your Statesman carrier. A Merry Christmas!

BALLADE
of TODAY
By R. C.

A child was born in Bethlehem almost two thousand years ago; he changed the course of history; today we celebrate and though the day's too much devoted, some men say, to earthly things, it yet renews the hope raised then. "Peace and good will," the herald sings.