

Art Appreciation
Hundreds of sets of the famous paintings offered by the National Committee for Art Appreciation are being purchased by Statesman readers.

The Oregon Statesman

FOUNDED 1851

Salem, Oregon, Friday Morning, December 31, 1937

Price 3c; Newsstands 5c

No. 239

Weather
Partly cloudy today, Saturday unsettled, probably rain. Max. Temp. Thursday 50, Min. 42, river 21.4 feet, rain 2.20 inches, S-SW wind.

BIGHTY-SEVENTH YEAR

River 1.4 Feet Above Flood Stage, Rising

Ickes Attacks 'Big Business' In Radio Talk

'Irreconcilable Conflict' Is Seen Between Nation and Money Power

Alleges Strike Plot Made Against Government's Recovery Efforts

WASHINGTON, Dec. 30.—(AP)—Secretary Harold L. Ickes, continuing the administration's attack upon "big business," asserted tonight the power of concentrated wealth "must be compelled to conform to our laws" at the coming session of congress.

An "irreconcilable conflict" between "the power of money and the power of the democratic instinct" has reached such an intensity in recent months, he said, that it is "clear that it must be fought through to a finish—until plutocracy, or democracy—until America's 60 families, or America's 120 million people—win."

The secretary of the interior spoke by radio, over a nationwide hookup. His speech was the third assault upon "big business" to come from within the inner administration circle within a week. Two such addresses were delivered previously by Robert H. Jackson, assistant attorney general. All are regarded as a prelude to President Roosevelt's message to congress and a drive for anti-monopoly legislation.

Like Jackson, Ickes accused concentrated economic power of going on a strike against the administration, or threatening to do so, unless government restraints upon business are removed. Referring throughout to capital as "America's 60 families," a phrase "borrowed" from a book by Ferdinand Lundberg, he said:

"To the 120 million people of the United States, they have made the threat that unless they are free to speculate free of regulations to protect the people's money; unless they are free to accumulate through legal tricks, by means of corporations, without paying their shares of taxes; unless they are free to dominate the rest of us without restrictions on their financial or economic power; unless they are once more free to do all these things, then the United States is to have its first general sit-down strike—not of labor—not of the American people—but of the 60 families and of the capital created by the whole American people, or which the 60 families have obtained control. "If the American people call this bluff, then the America that is to be will be a democratic America, a free America. If the American people yield to this bluff, then the America that is to be will be a big-business fascist America—an enslaved America."

In addition, he denounced Henry Ford as having sought to "defy constituted authority," and called upon business to purge itself of "its Gilders and its Rands," before, "it presume to tell people what they should, or should not, do about troubles caused by labor laws."

Asserting that the "60 families" brought on the depression which began in 1930, he said the people called upon the government to intervene and the latter was successful in restoring prosperity.

"And last spring," he continued, "government had the business of the country turning over so well that it thought it could safely head the pleas of private enterprise, to government to abandon the economic initiative. Recovery Nipped in Bud Last Spring.

Pursuant to these pleas, government cut down public expenditures to keep up purchasing (Turn to page 2, col. 1)

Spaulding's Labor Dispute Is Brief

A dispute over a driver's wages and over alleged non-union lumber yesterday resulted in a one-day shutdown of the Charles K. Spaulding Logging company's operations here. The unionized employees, including drivers and 23 saw and door workers, did not pass a picket line established by Salem local No. 324 of the teamsters' union.

A. N. Banks, teamster business agent, announced at 4 p. m. that the dispute had been settled and the picket withdrawn so that regular business at the plant might be resumed at once. He asserted the teamsters obtained a promise from the mill management not to buy more lumber from the Mill City mill.

Farouk Ousts Nahas Pasha; Riots Follow

CAIRO, Dec. 30.—(AP)—Egypt's 18-year-old King Farouk today summarily ousted a set of Nationalist Premier Mustapha Nahas Pasha and installed a government of his own liking that included several pro-Italian members.

Angry supporters of Nahas and his dominant Wafd party swarmed outside the royal palace, shrieking "down with Farouk!"

Police broke up the demonstration, arresting 20 persons, just before Mohammed Mahmoud, the king's new choice for the premiership, took the oath of office with his cabinet.

A large section of the capital was plunged into darkness tonight when rioting broke out in several districts and demonstrators smashed street lamps. Police arrested the ringleaders.

While the British embassy was reported displeased with Mahmoud's ministerial selections because of the pro-Italians included, Britain was understood to have decided against sending army reinforcements unless the emergency became more grave.

Miners Involved In French Strike

1000 out at Anzin; Next Move of Government Closely Watched

PARIS, Dec. 30.—(AP)—The wave of strikes threatening the stability of the people's front government spread today to the rich coal mining region of northern France. One thousand miners at Anzin, near Valenciennes, walked out in protest against discharge of three workers. Officials expressed fear all 16,000 miners of the Anzin company would join in a sympathy strike.

Political circles wondered whether the government would meet this threat to one of the nation's chief industries with the tactics it employed last night to end a walkout of 120,000 Paris municipal employees, a threat to call strikers to army service and put them back at their own jobs under military discipline.

Although that threat sent the capital's public service workers— (Turn to page 3, col. 7)

Convicts' Dreams Not True to Form

INDIANAPOLIS, Dec. 30.—(AP)—Convicts don't dream the way Freud's theories of suppressed wishes indicate they should.

The dreams of 50 convicts, analyzed for the American Association for the Advancement of Science here today by Dr. L. M. Hanks of the University of Illinois, failed, he said, to show that they were mainly interested in escaping as would be expected.

Twenty of the 50 had the escape dreams. Other convicts' dreams were about killing persons, falling, seeing old friends, going home, making parole, getting pardons, smoking cigarettes, eating good food and rescuing female relatives.

Gains Made by Insurgents in Fuel Attack

Loyalists' Losses Heavy Is Report; Over 1000, Is Enemy's Claim

Two Rebel Strongholds in City Are Blown up, Reported There

HENDAYE, Franco-Spanish Frontier, Dec. 30.—(AP)—Insurgent dispatches tonight said their troops, supported by a heavy artillery and aerial bombardment, had smashed through government lines northwest of Teruel and captured a number of positions.

The insurgent general offensive, described as "the most extensive operation" of the 17-month-old war, insurgent reports from Salamanca said, occupied the village of Campillo and had closed in on Conced. Adjacent government positions also were taken.

The communique asserted that retreating government troops had left more than 1,000 dead.

Government advices from Barcelona admitted, "we have lost several positions" in the western sector.

Insurgents at Salamanca asserted that government forces had lost more than 6,000 men since General Miguel Aranda began his drive to relieve insurgent troops besieged in three improvised citadels within Teruel.

(It was reported from Teruel that two of the insurgent strongholds, the seminary and the Bank of Spain, had been blown up by government mining crews. Hundreds of persons were believed buried under the heavy debris.)

Insurgent headquarters at Salamanca announced over the radio that the drive to retake Teruel had "broken the enemy's desperate resistance."

Tragedies Occur On Yacht Cruise

Owner Slain by J. Morgan, Lessee, Who Is Later 'Lost' After Row

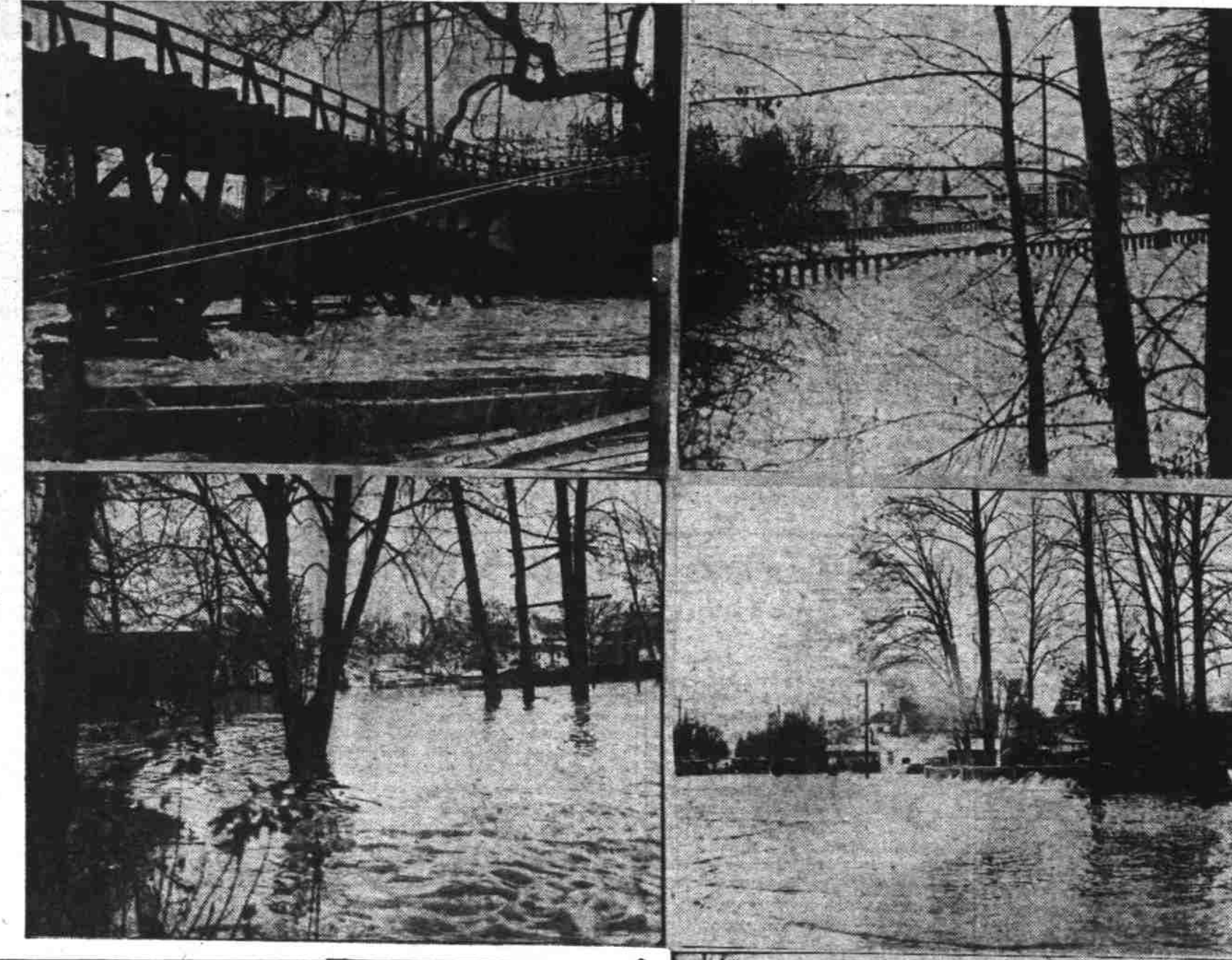
LOS ANGELES, Dec. 30.—(AP)—A slaying and disappearance wiped out two members of a party of eight which sailed from here aboard the yacht *Asafie* December 29 on what was to have been a two-day pleasure cruise, the survivors said here tonight.

John Hanson, federal bureau of investigation agent, announced Dwight Faulding, 49, Santa Barbara hotel man and owner of the 55-foot yacht, was shot and killed by Jack Morgan, who had leased the craft, a few hours after the party sailed.

Morgan took command of the *Asafie*, Hanson said, "and at a point estimated at about 500 miles from San Pedro, Morgan again became involved in an encounter, as a result of which he was lost at sea."

Faulding was buried at sea off (Turn to page 3, col. 6)

RECORD VOLUME OF WATER PLAYS HAVOC WITH SALEM



McNary Deplores War on Business

Administration's Attacks Heighten Prospect of Recession, View

WASHINGTON, Dec. 30.—(AP)—The economic recession may be made much worse by the administration's current attacks upon big business, Republican Leader McNary said today.

The Oregon senator declared that a psychology of fear was the cause of the present business slump, as much as anything else. Business people, he told reporters, were afraid to invest and to go ahead with business because they didn't know what to expect in legislation—"They (Turn to page 3, col. 8)

Japan's Mills at Tsingtao Wrecked

Exodus of Americans now Rapid; Vigilante Body Organized in City

SHANGHAI, Dec. 31.—(Friday)—(AP)—Wholesale destruction of Japan's rich stake in Shantung province continued today as Chinese worked with torch and dynamite to wreck mills and other properties before Japanese armies could reach Tsingtao.

From that Shantung port an exodus of Americans and other foreigners is in progress. Fearing disorders and possible spread of destruction to non-Japanese property, a foreign vigilante corps was organized in Tsingtao.

Japanese seizure of Tsingtao was considered inevitable, although latest military reports indicated no Japanese land forces were nearer than 100 miles. A Japanese army driving eastward from Tsinan, the captured provincial capital, was reported heavily engaged at Changlo, near the halfway point on the 245-mile Tsinan-Tsingtao railway.

Americans reaching Shanghai from Tsingtao described conditions in interior Shantung as chaotic. Dr. Philip Price of Baltimore, Md., who made the rail journey from Tsinan to the port, said a wave of Chinese refugees and troops fleeing eastward from Tsinan was meeting a similar (Turn to page 2, col. 2)

Liquor Control in Crater Lake Park Made Court Issue

PORTLAND, Dec. 30.—(AP)—The question of control of alcoholic beverages in Crater Lake national park was put to the federal court here today.

The park company filed a complaint against the Oregon liquor commission, Arthur K. McMahon, James D. Burns, Stanley S. Jewett, all commission members, and I. H. Van Winkle, state attorney general. The company requested an injunction restraining the commission from interference with the park's liquor business or with the importation of liquor from points outside of Oregon to the park.

Multnomah Beats Idaho College, Overtime Game

PORTLAND, Dec. 30.—(AP)—The Multnomah college basketball team defeated Gooding college of Idaho, 42 to 40, last night. Two overtime periods were played.

Late Sports

LOS ANGELES, Dec. 30.—(AP)—Southern Oregon Normal dropped a closely contested basketball game to Loyola university here tonight, 39 to 32. Loyola led at halftime 25 to 16.

Headway Made in Restaurant Issue

The arbitration board delving into the Salem restaurant labor situation may complete its task at its third meeting, to be held at the chamber of commerce here next Wednesday, Joseph Randall, one of the three arbiters, reported yesterday.

"We are making headway," Randall added, "but that is about all I can tell at this time."

Rev. Francis P. Leipzig of Eugene is acting as chairman of the three-man board. Randall represents the Associated Restaurants of Salem, Inc., and Carl Fredericks, Portland cook, is arbitrator named by the Salem Culinary alliance local.

The board's duties are confined to determinations of wage scales and working conditions and investigation of the employer-union difficulties which resulted in picketing of two association restaurants and placing of 23 others on the unfair list last fall.

Dynamite Proves Unpalatable; 100 Sheep Are Killed

KLAMATH FALLS, Dec. 30.—(AP)—Dynamite which failed to explode when excess powder was detonated at a state highway quarry by R. I. Stewart, Medford contractor, was blamed by State Police Sergeant O. A. MacKinnon today for the death of 100 sheep.

Earl B. Brown, Bonanza, and George S. Lewis of Dairy, owners, said the sheep ate the dynamite, frisked, leaped into the air and died.

Loss of city lands, cut away by Shelton ditch, appeared likely to prove one of the greatest damage (Turn to page 2, col. 2)

State Relief Committee Gets \$27,244 WPA Grant

WASHINGTON, Dec. 30.—(AP)—Representative Nan Wood Honeycutt of Portland said today the president had approved a \$27,244 WPA allotment for the Oregon relief committee to assist those who package and distribute commodities and articles to state-wide public agencies.

Chaffee Death Due to Blow, Conclusion of Inquest Jury

The coroner's jury yesterday returned a unanimous verdict finding that George D. Chaffee, 52, Silverton mill foreman, met his death as a result of being struck by an unknown object in December 15 in the city jail where police had placed him on a charge of being drunk. Autopsy surgeons said death was due to skull fracture.

District Attorney Lyle J. Page did not announce when the case would be considered by the grand jury although it was considered certain the matter would reach that body's attention soon.

Closing witnesses yesterday at the inquest included Charles "Chuck" Thompson, Roy Fortune, Edward Gottfried, George Belton, Ross B. Clark, W. D. Dorman and Dr. Verden E. Hockett, county physician, who also was on the stand Wednesday.

Thompson testified he had warned Chaffee, whom he had observed talking with McCollam, to "lay off that bird" because he was a "hay smoker," referring to users of marijuana. McCollam and other witnesses had told the jury earlier that he and one Chester A. "Sailor" Rogers had been drinking with Chaffee the night Chaffee and McCollam were arrested.

"I do not use marijuana now," McCollam testified Wednesday after admitting he had done six months' time at Kelly's Butte, Portland hard labor institution, for selling marijuana.

Crest Over 22 Feet Believed Probable now

Santiam and Luckiamute Sending Large Volume Into Main Stream

Water Recedes in Salem; Lee Street Bridge Is Principal Damage

The Willamette river last night threatened to exceed the 22-foot crest predicted by the weather bureau as it climbed at the rate of approximately .12 foot an hour, or little less rapidly than it did Wednesday night.

At midnight the river sped along at the 21.4 foot level, 1.4 feet above Salem flood stage. It had risen eight-tenths foot since 5 p. m. and 1.9 since 7 a. m.

Heavy outpourings from the Santiam and Luckiamute rivers apparently were the cause of the Willamette's continued rise. At Albany the main river was reported falling.

At yesterday's rate of rise the Willamette would reach the 22-foot mark early today and approach 23 feet this afternoon. During a freshet last April it reached 23.4 feet.

Flood Recedes in Salem Streets

Cessation of the past week's downpours brought a halt in the small stream flooding of city residential areas and rural areas yesterday and in nearly all sections of Salem the mopping up stage had been reached. Two and two-tenths inches of precipitation was recorded in the 24-hour period ending at 7 a. m. and only .03 inch was reported in the next 10 hours.

Partly cloudy conditions with a possibility of more rain Saturday were foreseen by the weather bureau.

From Robert Stewart, master of the army engineers' survey boat, Rickreall, came reports on downstream conditions. The outline of Horseshoe lake, near St. Paul, ordinarily far back from the river, was obliterated by encroaching flood waters. Much of Grand Island was inundated and the river-couring around a partly completed reclamation project, was to mope there for the night.

Salem officials yesterday counted by the guess method a substantial loss from the ravages of stampeding Shelton ditch. The Lee street concrete bridge, built in 1930 at a cost of \$3264.95, sank almost from sight at about 5:30 a. m. as the ditch waters undercut its abutments. All other bridges including the large, modern concrete ones on South 12th, South Winter and South Church streets probably will require footing repairs. The South 21st street timber bridge, which replaced a concrete structure that collapsed last February, was found intact after fears for its safety had been expressed Wednesday. All bridges excepting a few wooden structures were reopened to travel yesterday.

Loss of city lands, cut away by Shelton ditch, appeared likely to prove one of the greatest damage (Turn to page 2, col. 2)

MacArthur Stays With Island Army

MANILA, Dec. 31.—(Friday)—(AP)—Major General Douglas MacArthur and Commonwealth President Manuel L. Quezon, in a joint statement issued on the eve of MacArthur's retirement from the United States army, said MacArthur would remain in the Philippines to continue direction of the commonwealth's national defense program.

MacArthur, former chief of staff of the United States army, will be retired today with the rank of full general. He was assigned as military adviser to President Quezon in 1935 and since then has been engaged in the reorganization of the Philippine defense forces.

"This is a call of duty I cannot overlook," the general said today in announcing his decision to remain here.

BALLADE Today

When business is booming the credit belongs to the current administration; but when there's recession the dissonant songs blame some external integration

NOT VENICE, BUT TUALATIN INUNDATED



Upper picture, J. F. Hanegan family of Tualatin takes to boats as flood water from the Tualatin river covers lowland country from two to ten feet. More than 50 homes were flooded. Lower picture, the town of Tualatin turned into a "Venice" by the flood.—Associated Press photo.