

FDR Prepares Spending List

Another Billion Deficit Is Due in 1938, Prophecy of Well-Informed

WASHINGTON, Jan. 4.—(AP)—President Roosevelt completed today a tentative chart of federal spending in the 1938-39 fiscal year, and well-informed officials predicted it would indicate a \$1,600,000,000 deficit.

The budget will go to congress tomorrow. Mr. Roosevelt told the legislators yesterday it would not be balanced but that the deficit would be less than the present fiscal year ending next June 30.

The last official estimate of the prospective deficit for the current year was \$255,245,000. Officials indicated, however, the message tomorrow would revise this figure up to about \$1,250,000,000. This would be slightly less than twice the \$645,068,770 deficit for the first half of the year, reported by the treasury today.

Relief, Navy Additions Seen
The budget is expected to give only tentative recommendations for relief and naval expenditures. The final totals to be determined later in the light of what the president may deem necessary because of the business recession and world rearmament.

Under these circumstances, observers generally concluded any estimate deficit could be called only a preliminary guess, subject to wide revision according to developments in business—affecting both relief expenditures and tax receipts—and in international affairs.

Last year Mr. Roosevelt delayed his estimates of relief appropriations until April to receive beforehand reports of the spring business and employment outlook.

7 Billion Minimum Set
The probability of some "supplementary" recommendations for naval construction was advanced by the president recently in letter to Chairman Taylor (D-Colo) of the house appropriations committee.

Mr. Roosevelt indicated to congress yesterday he believed regular federal expenditures could not be reduced below \$7,000,000,000 a year. At the same time he expressed a desire for all possible economies.

In view of his previous requests, observers generally believed his budget would call for a sharp reduction in highway expenditures, currently more than \$200,000,000 a year.

A strong bloc in the house and senate is opposed to such limitation of expenditures for roads.

Seasonal Worker Rule Pointed out

(Continued from Page 1)

employment compensation law is an insurance plan designed to insure workers against unexpected unemployment. Since workers who have been working solely in canneries and other highly seasonal employments do not expect employment during the off-season when such industries cannot operate due to seasonal conditions, the law makes it necessary that benefits be paid to such worker only for unemployment which occurs during the period of the year that such industries can operate.

"It is further pointed out that workers who have been employed in such industries should not file claims for benefits at this time, but if they are not able to find employment during the periods of the year that such plants normally operate, they then should register for employment at the state employment office and make claim for benefits. If within a two-week period the commission cannot secure for them through the employment service suitable employment, then such workers would be entitled to draw benefits if their past earnings were sufficient to entitle them to benefits."

Shanghai Trouble Threatened Again

(Continued from Page 1)

the Japanese demands; therefore, the latter may be forced to take steps to ferret out anti-Japanese elements, thereby rendering the settlement a safer place in which to live and also protecting the safety of Japanese forces, which is of paramount importance.

The spokesman added the Japanese had asked the settlement government to employ more Japanese and increase their authority.

Purse Containing \$31 Is Snatched, Reported

Margaret Weissensfels, 492 North Cottage street, lost a purse containing \$31 in cash to a purse snatcher in the 400 block on North Cottage street, she reported to Salem police shortly after 10 o'clock last night.

She reported the man fled immediately.

Big Plane Forced Down in Bay, All On Board Rescued

RICHMOND, Calif., Jan. 4.—(AP)—Five army fliers, including the commanding officer of Hamilton field, were rescued by boats early tonight after their twin-motored transport plane was forced down on San Francisco bay.

The plane, headed for Hamilton field from Rockwell field, San Diego, came down easily about a mile off the Richmond breakwater, in an area where the water is not very deep.

Aboard the plane were Col. Davenport Johnson, commandant of the field; Lieut. Col. Calvin E. Giffin, Lieut. A. L. Moore, Sergeant Parker and Private McCullum.

For several minutes after the plane was forced down by motor trouble, Radioman McCullum was able to communicate with Hamilton field, enabling the almost immediate dispatch of rescue boats from Richmond.

City Folk Attend Thurston Funeral

A group of Salem friends attended the funeral services of Mrs. C. G. Thurston of Milwaukie, Ore., Monday.

In the group were Mr. and Mrs. O. W. Russell, Mr. and Mrs. Henry Gortmaker, Mrs. Leo Lepley, Mrs. W. Smith, Mr. and Mrs. John Hendrickson, Mr. and Mrs. Emory Hendrickson, and Mrs. Charley Ray of Thurston.

Mr. and Mrs. C. G. Thurston were returning home after attending a birthday party in Salem at the home of M. J. Hendrickson, honoring him on his 73rd birthday. They met with a serious motor accident, resulting in the death of Mrs. Thurston some hours later. Mr. Thurston, who was badly injured is recovering nicely at Oregon City hospital. Mrs. Thurston was the sister of Mrs. Jack Gortmaker of Grand Ronde, Ore., and she also was the mother of four small children, one being a pupil at Salem school for the blind.

License Arrests Refused, Medford

MEDFORD, Jan. 4.—(AP)—District Attorney Frank J. Newman refused today to issue complaints against three persons given tickets by the state police for failure to procure 1938 automobile licenses.

Newman asserted that in his opinion "more time should be given . . . to procure licenses," and that no complaint would be filed when motorists appear "with a temporary sticker in one hand and a ticket in the other."

He suggested Jan. 10 as a reasonable end of the period. Captain Lee M. Brown of the state police said tickets were issued only in "extreme cases, such as when the autoist announces he will get a license when he gets ready."

Forester to Take Grant Lands Job

WASHINGTON, Jan. 4.—(AP)—Representative Pierce (D-Ore) said tonight the interior department had advised him it would place a "trained forester" in charge of former grant lands in western Oregon.

The lands, once held by the old Oregon and California Railroad company and the Coos Bay Wagon Road company, were placed under a permanent administration last year by congress. Rules and timber conservation practices are being drafted by a special committee.

Pierce said the department had said it had not yet selected a director for the 2,500,000 acres of rich timber lands, but indicated that it "had their man pretty well in mind."

Loomis to Speak At Press Session

EUGENE, Jan. 4.—(AP)—W. W. Loomis, president of the national editorial association, will discuss business problems besetting newspapers at the annual Oregon press conference here January 20-22.

Arne G. Rae, field manager for the Oregon Newspaper Publishers' association, announced today. Loomis is publisher of the Chicago Tribune, Ill., Citizen, and owns and directs four other weeklies in the state.

Portland Slot Machine Destruction Is Ordered

PORTLAND, Jan. 4.—(AP)—Acting Chief of Police L. V. Jenkins ordered the demolition of 146 confiscated slot machines by melting today.

The city will collect for the melted lead. Previously, the machines were destroyed with sledgehammers.

Heflin Beaten By Lister Hill

Winner to Be Appointed by Graves, Avoiding General Election

(Continued from page 1)
Black—Connelly wages and hours bill. Both Heflin and Williams opposed the measure in campaign speeches.

Heflin's stump campaign was interrupted two weeks ago by an illness diagnosed as lobar pneumonia and the colorful former senator was unable to cast a ballot today.

Hill promised to "stand by the new deal" and his supporters urged his election as a "vote of confidence" for the president.

State liquor stores were closed today and no disorders were reported. Balloting apparently was light.

Gov. Bib Graves has announced he would appoint the democratic nominee to a seat in the senate "as soon as he is officially known." Mrs. Dixie Graves, the governor's wife, will resign the post to which she was named temporarily when Black was appointed to the supreme court.

The governor's appointment of the party nominee will avoid the formality of a general election.

Reed Divorce Is Finally Settled

(Continued from page 1)

the past year. He said he did not know what his gross income had been. His business at present, developments such as Wilson beach, Devil's Lake Rod and Gun club, and the Salem diesel converter have brought him no substantial returns though they give prospect of improvement over a period of years, Reed told the court.

Questioned regarding a Cadillac automobile, a new piano bought for his house, refurbishing the house and maintenance of a secretary at \$50 a month and a gardener and housekeeper part he had borrowed money from his sister for the car but no longer of the time, Reed answered that had the machine. He averred it became necessary to refurbish his house because, he alleged, Mrs. Reed had taken \$4000 worth of furniture to Portland. He said he had hoped she would return him but had finally given up such hopes.

Stock Bidding Is Active, Armaments

NEW YORK, Jan. 4.—(AP)—Hopeful of an augmented federal armament program, stock market traders today bid up shares of companies that might be expected to benefit. Leading issues were boosted \$1 to \$4 a share and in some cases more.

Steel, aircraft, copper and other heavy industry stocks were favored in the rally, which, accomplished on moderate volume, lasted throughout the day. In the last half hour the pace increased and most shares finished close to the best levels.

Church Will Stop German Services

At the January 1 meeting of the congregation, Bethany Evangelical and Reformed church voted unanimously to discontinue German services. For some time it has been felt that the interests of the congregation would be served best through the exclusive use of the English language in all departments of the church. The congregation had a good year with a 20 per cent increase in membership. For a long period of years the benevolent apportionment has been paid in full. The church is debt free, states Rev. E. Horstman, the pastor.

The Call Board

CAPITOL
Today—Double bill, Joe E. Brown in "Fit for a King" and Gary Cooper in "Lives of a Bengal Lancer."

STATE
Today—Sonja Henie and Tyrone Power in "Thin Ice" and Disney "Silly Symphony."

Thursday—Eastern Circuit Vaudeville acts and Conrad Victor and Vivian Leigh in "Dark Journey."
Saturday morning Kiddies Matinee and Saturday night preview show "Big City."

HOLLYWOOD
Today—"It's All Yours" with Madeline Carroll and Frances Lederer.
Friday—Double bill, "See Racketeers" with Weldon Heyburn and Jean Madden and Buck Jones in "Boss of Lonely Valley."

GRAND
Today—Claire Trevor in "Big Town Girl."
Saturday—Jackie Cooper in "Boy of the Streets."

ELSINORE
Today—Double bill, Clandette Colbert and Charles Boyer in "Tovarich" and Mickey Rooney and Judy Garland in "Thoroughbreds Don't Cry" and Charlie McCarthy comedy.
Thursday—Double bill, Irene Dunn and Randolph Scott in "High Wide and Handsome" and Wallace Ford in "Exiled in Shanghai."

Art Center Topic Of Meet Tonight

Ways and means of financing the proposed federal art center for Salem will be discussed at a meeting of all persons interested in the project at the YMCA building tonight. The meeting has been called for 8 o'clock by C. A. Kells, member of the art center project's finance committee.

The city's requirement for the art center would be \$2500 raised locally to meet operating expenses, with \$3000 to be furnished by the federal government in WPA funds. The project would include maintenance of class, work shop and gallery rooms, program of classes of fine and applied arts for adults and children, and lectures and exhibitions.

Ralph Morrison Is Called Beyond

Funeral Service Is Slated Today for Well-Known Dallas Man

DALLAS—Ralph York Morrison died at his home Sunday night, following an illness of 18 months. He was born March 26, 1878, at Orestville, N. Y., the oldest child of Frank H. and Sarah E. Morrison. With his family he moved to Oregon in 1888, residing at Salem at first and moving to Dallas three months later.

In 1904 he married Miss Jessie Eugenia Dempsey who survives him. He is also survived by a daughter, Mrs. Helen Petre and a son, Eugene Morrison, all of Dallas, and by two sisters, Mrs. C. L. Starr and Mrs. Edna Callahan of Portland.

He attended La Creole Academy and Columbia university. He was connected with the Dallas Machine and Locomotive Works in Dallas until he became ill a year and a half ago.

Served on City Council
He was a member of the Marmon lodge No. 96 K of P since 1914 and was chancellor commander in 1917. He was a member of Dallas city council from 1917-1935.

Funeral services will be held at 2 p. m. Wednesday with Rev. C. P. Gates of Portland officiating. Interment will be at the IOOF cemetery, Dallas.

Three Are Killed In Triangle Case

ST. MARIES, Idaho, Jan. 4.—(AP)—Three persons were shot to death here tonight in what Sheriff L. E. Horne says was a double slaying and a suicide.

The victims were Mr. and Mrs. Fritz McCullay, of St. Maries, and Henry Youngblood, of Thompson Falls, Mont.

Sheriff Horne said Youngblood shot the couple in their apartment, then turned the gun on himself.

The sheriff said a note left by Youngblood said he had "gone with Mrs. McCullay before her marriage, and had nothing left to live for."

Claim Damage by Floods Extensive

PORTLAND, Jan. 4.—(AP)—Willamette valley floods occurring since the recent board of army engineers hearing on the proposed Willamette valley project at \$2,000,000, R. H. Kipp, executive secretary of the project committee, said today.

The committee will meet Friday at Albany to consider plans for a final hearing in Washington.

Congress Opens Without Honeyman; Daughter Ill

PORTLAND, Jan. 4.—(AP)—Representative Nan Wood Honeyman was absent when congress opened yesterday in Washington. She remained here to care for a daughter, suffering from an infected wisdom tooth.

Portland Shipping Man Is Claimed by Death

PORTLAND, Jan. 4.—(AP)—James W. Crichton, 37, pier superintendent for Swaine & Hoyt, Ltd., and former district agent for the United States shipping board, died today.

Oregon Man Convicted
SPOKANE, Jan. 4.—(AP)—Worthen E. James, fox breeder of Chemult, Ore., pleaded guilty today to a charge of stealing foxes from a farm on which he formerly worked here, and drew a prison sentence of not more than 15 years. A superior court jury disagreed at a previous trial.

High School Recreational Heads to Convene Here

Regular spring meeting of the Oregon State High School Recreational heads will be held in Salem April 29 and 30, according to Prof. Leslie Sparks, executive head of the body. Glen Grant, western representative of the National Recreational association, is scheduled to address the assembly.

HOLLYWOOD
FAMILY NIGHT 40c
Tonight and Thursday
SWELEANT ROMANCE!
A Comedy
MILVINE CARROLL
FRANKS LEDERER
It's All Yours
Also Three Stooges Comedy News and Cartoon

President Has Industry Plan

Eliminating Valleys and Peaks of Production Latest Proposal

(Continued from page 1)
ing assumption of such responsibility by labor. He said the decision of the garment workers' union to make public its receipts and expenditures was a distinct gain.

Mentions Lumber Strike in Northwest
The president mentioned the lumber strike in the northwest after asserting there was a definite need for ending labor's jurisdictional war.

He said millworkers had organized an American Federation of Labor carpenters' union, but that the Committee for Industrial Organization had won an election to represent a majority.

When the minority refused to accept the election it tied up everything, the president said.

He added this sort of thing also existed on the east coast, where carpenters were told they could not build a house with lumber shipped out of Portland.

Eccles Proposes Depression Cure

WASHINGTON, Jan. 4.—(AP)—Chairman Eccles of the federal reserve board told a senate committee today increased government spending and a compact between government, industry and labor for lower costs in the construction industry would go far toward ending the present depression.

"If the government put a billion dollars into circulation, it would in my opinion stop the recession," he said, but he later emphasized he was making no definite recommendation to this effect, only answering questions as to what would be the result.

He testified before a special senate committee, under the chairmanship of Senator Byrnes of South Carolina, which started today a long search for the causes of unemployment and remedies which congress might apply to business ills.

Primarily, Eccles said, the recession was the result of prices rising faster than the purchasing power of most of the people.

Joseph P. Kennedy Coming to State

PORTLAND, Jan. 4.—(AP)—Joseph P. Kennedy, mentioned as a probable appointee as ambassador to Great Britain, accepted an invitation to speak at the annual dinner of the Columbia Empire Industries, Inc., and the Oregon Manufacturers' association here this month.

George L. Baker, manager of the two organizations, said the date would be set after Kennedy had advised where he could be in Portland. He will be in San Francisco Friday on a western tour to investigate shipping conditions.

Area Council Is To Meet Monday

The 19th annual conference of the Cascade area council Boy Scouts of America will be held Monday, January 10. The purpose of this conference is to formulate plans for the council for 1938. Election of officers and new executive board members will be elected at this session.

Registration will take place at 2:30 o'clock in the chamber of commerce and the conference will commence at 3 p. m. The annual banquet will be held at the Knott Memorial church social hall at 6:45 p. m. The guest speaker will be Dr. H. A. Scullen, 25 year old veteran scout and scout commissioner of Wallamet council, Corvallis. A special guest at the session will be Robert H. Hayes of Portland, deputy regional executive, Dr. A. S. Jensen, Monmouth, retiring president, will preside at the conference sessions.

Pinball Injunction Actions Dismissed

Two more pinball injunction suits against Sheriff A. C. Burk and others were dismissed in circuit court yesterday by order of Judge L. G. Lowelling. The respective plaintiffs were J. H. Campbell and N. J. Arnold. Their suits were filed the same day last summer shortly before the general election of 1936.

The suits were filed in Marion county, stated by Special Prosecutor Ralph E. Moody.

Spelling Tests to Start January 18

Marion county school children had best be on their spelling mettle and brush up on those elusive diphthongs because, it was announced at County Superintendent Fulkerson's office yesterday, the first 1938 quarterly spelling tests will be given January 18.

Lists of the words to be spelled had been printed yesterday and preparations for mailing them to the more than 120 elementary schools in the county were under way.

The results of each pupil's efforts in the tests, as to how many words each spelled correctly, will be returned to Mrs. Fulkerson's office for summarizing to establish the standing of each school.

THE OREGON STATESMAN
Salem, Ore.
Dear sir:
I am enclosing \$_____ to cover my subscription by mail to The Oregon Statesman for _____ months.
Name _____
Address _____ Rt. _____ Box _____
Age _____ Occupation _____
Please find \$_____ for Accident Policy
Beneficiary's Name _____ Relationship _____
[] RENEWAL POLICY [] NEW POLICY

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Port of Astoria Dredge Is Sunk

Natoma Snaps Its Cable, Lies in Deep Water; Cause Unknown

ASTORIA, Jan. 4.—(AP)—The \$100,000 Port of Astoria dredge Natoma snapped its mooring cables and sank in 40 feet of water 200 feet from Pier 1 here early today.

Roy Briggs, night watchman, leaped to safety.

Cause of the accident was undetermined.

John Ten Brook, Astoria mayor and dredge captain, said water entering through a detached suction line caused it to sink in 1918, but that similar circumstances were not possible.

Dock authorities said the Natoma, recently leased by the Tacoma Dredging company for use on the government's Brownsmead dike project, might have a value of \$181,000 in view of recent improvements. It was built in 1912.

The firm reported 20 days would be required to raise and overhaul the equipment.

Oregon Setup for Jobless Approved

WASHINGTON, Jan. 4.—(AP)—today 51 approved state unemployment compensation laws, enacted in all states, the District of Columbia and the territories.

The certification of the 51 approved plans, the board said, will enable employers to deduct from their federal unemployment compensation tax returns an amount equal to 90 per cent of the federal tax. This 90 per cent will be paid to the state funds. The remaining 10 per cent will be collected by the government and used for paying administrative costs of state unemployment insurance laws.

State given grants for administrative expenses of unemployment compensation included Oregon, \$37,538. All the grants were for the period from January 1 to March 31.

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Public Urged to Join WPA Class

Tuition-Free Activities in Sports Outlined; Wide Variety Available

Anxious for the general public to know of the tuition-free recreational classes that are being held daily at Oldhi, WPA Recreational Supervisor Coter Gould presents an outline of activities available there, and extends a cordial invitation to the public to take part.

A special class for pre-school children, held 7 to 9:30 on Monday, Wednesday and Thursday nights, has proved especially popular, and there is room for additional enrollment, Gould states.

The music groups—elementary and advanced harmonica, elementary and advanced orchestra and tap dancing, meet from 4 to 7 p. m. daily.

Basketball and gymnasium games are available to the general public 5:30 to 7 p. m. Mondays and 5:30 to 8 p. m. Wednesdays, with a special women's class scheduled for 7 to 8 Wednesdays.

The public is free to attend the city and church league basketball games at no charge. These games are played on Tuesday, Thursday and Friday nights of each week.

Dispute on Bank Night Ends Here

(Continued from page 1)

the bank night corporation that the dismissal of the proceedings would not open the door for the continuation of the operation of "bank night" in Marion county.

At his insistence, the assistant attorney general added, the "bank night" attorneys also assured him "that they would take the matter up with their clients of having a discontinuance of the operation of 'bank night' throughout the state."

A written motion and formal order are expected to be filed today to close the matter as far as the local court is concerned.

Timberline Lodge Will Open Jan. 15

PORTLAND, Jan. 4.—(AP)—Timberline Lodge, million dollar structure on Mount Hood built with federal funds, will be open to the public about January 15, it was announced today.

Articles of incorporation for Timberline Lodge, Inc., capitalized at \$7,250,000, were mailed to the corporation commission at Salem to night, Herbert L. Swett, R. R. Morris and Frank C. McCulloch were listed as incorporators.

Capitol Starts Tonight 2 Features

THE ROYAL HIGHNESS OF ROARS AND MILARITY!
JOE E. BROWN
FIT FOR A KING
HELEN MACK
PAUL KELLY
—And Second Feature—
The LIVES of a BENGAL LANCER
GARY COOPER
FRANK C. COOPER
FRANK C. COOPER

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