EIGHTY-SEVENTH YEAR

Salem, Oregon, Saturday Morning, March 19, 1938

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## No. 306

# Mexico Expropriates Foreign Oil Holdings

## Amity and Baker Attain Tourney Finals

THEY PISS TONIGHT FOR THIRD PLACE

#### **B** School Gets To Last Round Twice in Row

Giesy Is Hero of Upset; Mac High Edged out by 27-24 Score

East Oregon's Bulldogs Beat Saints 26-10, Defensive Duel

YESTERDAY'S SCORES Woodburn 32, Thurston 27. K. Falls 31, Eugene 28. Amity 27, Mac Hi 24. University 49, Chiloquin 25. Medford 35. Sandy 28. Baker 26, St. Helens 10.

TODAY'S GAMES 9:30 a. m. Woodburn vs. Klamath Falls.

(For 5th and 8th place) 10:30 a. m. University vs. Med-(For 4th and 7th place)

7:30 p. m. Mac Hi vs. St. (For 3rd and 6th place)

8:30 p. m. Amity vs. Baker. (For state OSHSAA title)

By RON GEMMELL Amity, as a word, means harmony and friendliness, but to the whole Willamette valley in general, and the 400 inhabitants of the town and 140 students in the school in particular, it means hope for a valley-bred state high school basketball championship. For, by virtue of their 27-24 lanket finish victory over Mc-Loughlin high of Milton-Free-water last night, the Amitys

plummeted into the championship final tonight against the Bakers, who "out-precisioned" the Saints of St. Helens by a 26-10 score. It is the second successive year that the "B" champion has gone into the finals, little Bellfountain

having accomplished not only that feat last year, but winning of the title as well. Fans Wondering

Can History Repeat

Can it be done again? That was the question that hovered on the lips of the capacity crowd last night after it had watched the Amitys come from behind in the final three minutes to whip the Pioneers, and the Bulldogs open their scoring bag in the final half of their game to soundly thresh

Is it possible, they wondered, for a little, out-of-the-way "B" school to come through for the second successive year to hang up (Turn to page 7, col. 8)

## . . . in the News

HUSTLE, Va., March 18-(AP)-Smithsonian institution paleonmammal found on a farm near hereas those of a cetothere, a pre-Dr. C. W. Gilmore and a Dr.

Kellogg, Smithsonian representatives who came here to view the ones, said the cetothere was apold and quite rare. The eight-foot long head was nearthed yesterday by diggers employed by Barbee Spindle, jr.,

Hustle postmaster, KANSAS CITY, March 18-P)-Leroy Printz, Hollywood director who at one time inci-dentally produced floor shows for Al Capone, can tell a lot about what a girl has stored in

brain by looking at her The motion picture director, topping here on his way back west after a visit to St. Joseph, Mo., said, "Intelligent girls lift their feet high when walking. Self-conscious girls walk timidly with mincing, uncertain steps, A slow graceful walk usually means a refined, cultured

He recalled staging big re-yues in Chicago in prohibition days for Al Capone's personal

COPPEYVILLE, Kas., March fact it was engaged in a heavy construction program and its been drinking salt water all week bond interest charges were \$21.

supplies along the Verdigris river





bove, the Saints of St. Helens. From left, front row, Lampa, Daggett, Harper, Coach Eddie Frantz, Ketel and Tusten. Back row, I. Hamilton, E. Hamilton and Hiatt. Below, Mac-Hi of Milton-Freewater. Front row, Caldwell, Vause, Nelson, Duggan, Yantis and Coach Rufus L. Fox. Back row, Manager Russ Rasmussen, Patterson, Fox, Eiffert, Owings and Overturf. These teams play at 7:30 tonight with third and sixth place honors at stake.

#### Morgan Is Under White House Fire

Sends in Details Backing up "Bad Faith" Claim in Case of Berry

WASHINGTON, March 18-(P)-President Roosevelt brusquely gave Chairman Arthur E. Morgan of the TVA 72 hours today to decide whether he would answer questions in a presidential investigation of the bitter charges that have reduced mighty TVA

to two quarreling camps. The chief executive delivered this ultimatum at the conclusion of the second session of a heartologists today described the ver- ing on the accusations. During tebrae and skull of a prehistoric the session Morgan clung to his position that only a congressional investigation could reach all the facts.

While he modified his atti-While he modified his atti-tude to the extent of presenting Boards Will Talk a bill of particulars to support his accusation that Vice Chairproximately three million years man Harcourt A. Morgan and Director David E. Lilienthal had knowledge of "bad faith" in the Berry marble claims case, he otherwise declared himself not a participant in the inquiry.

The president's j-ritation this attitude showed plainly in the mimeographed transcript of the proceedings which the White House distributed to the press. "On the face of the record as asserted, "the charges of the other directors that Chairman Morgan has obstructed and sabotaged the work of the Tennessee (Turn to page 2, col. 4)

#### \$97,000 in City Refunding Bonds Called in Early

Notable improvement in the rate of payment of street assessments has enabled the city of Salem to call in \$97,000 worth of refunding bonds well ahead of schedule and will result in a great saving in interest, City Treasurer Paul H. Hauser said Friday.

These refunding bonds were issued in 1935 because of delinquency on the part of many property owners in paying their street assessments. The bonds to be retired are numbered 34 to 130, inclusive, and will be redeemed on or after April 15. Interest stops on that date.

The bonds were scheduled to be retired on dates extending from April 15, 1939, to the same

## **Power Plant Deal**

Three Salem water commissioners, Dr. O. A. Olson, E. B. Grab-Tuesday night to discuss a proposal that the school system take over the water department's hydroelectric plant on the mill stream. The commission decided t stands today," Mr. Roosevelt to delay action on a suggested lease agreement with the Portpending a possible arrangement with the school directors. (Turn to page 2, col. 3)

#### Water System Earns Profit Of \$32,211, Report Reveals

211.94 during 1937 despite the bond interest charges were \$21,-

that has impaired all city water \$2,307,872.83 and its total surnet operating profit before deplus over liabilities at \$88,103.29. ducting depreciation was \$131,

Salem's municipal water sys-|commercial sales brought in \$39, tem earned a net profit of \$32,- 333.88, metered industrial sales \$12,731.50 and new services \$4436.61.

Deduction of \$87,997.41 in op construction program and its erating expenses for the year left a net operating profit of \$110,-834.17 higher than in 1936, Man- 185.08. These expenses included on March 21 the city offi-joined by Kansas state to the water commission last distribution, \$26,446.19 for pumpboard of health representatives, night.

The annual balance statement ply, \$4936.44 for source of supply tour nearby oil fields to find the source of chloride pollution evaluated the system's assets at \$20,065.48 for general items. The

**Grand Jury Hears** 

**Relief Complaints** Constable Adams, L. Sweet Believed Witnesses in

new Probe

The Marion county grand jury spent three hours yesterday afternoon listening to complaints of witnesses concerning the manner in which relief is handled at the county relief offices, then adjourney until 10 a. m. Monday. C. A. Sprague, who was to have been among Friday's witnesses in the relief probe, was called out of the city but will appear before the grand jury when it resumes

Following several witnesses be-

its investigation.

lieved to be recipients of or applicants for relief, Lloyd M. Sweet, former SERA engineer, was the last person to enter the jury room in connection with the relief query, it was believed. Sweet through leadership in organizations operating here a few years ago with the avowed purpose of assisting relief "clients" in making their needs known and through personal contacts of the same nature since that time, was believed to have told the jurors of injustices he claims he has found to exist in the relief setup. The last witness of the day be fore the grand jury apparently was Earl Adams, constable for the (Turn to page 2, col. 2)

#### Youth Wanted in **Portland Caught**

Alford Dumbar, 19, wanted in the Salem police early this morning. After trailing two youths last night, Overgard found Dumbar hiding in an automobile at Shrock's used car lot. The nature of the Portland

charge was not known, but ball was set at \$2000, Salem police were advised. Dumbar will be held here for investigation of his activities in Salem before being turned over to Portland authorities, it

announced.

### Roads Blocked On Coast With More Rain Due

Corvallis-Newport Route Polish Troops Threaten Is Cleared; Coquille Stretch Is Closed

Shipping Hampered, but Benefit to Farmers' Prospects Seen

(By the Associated Press) Rivers swept upward, traffic was hampered and precipitation marks rose above normal throughout Oregon today as winter answered a curtain call with wind, rain and snow.

The coast highway between Coquille and Bandon remained closed for a third day with four feet of water over the road. The coast highway was blocked

also by a 100-yard slide 20 miles south of Gold Beach, and several slides to the north made one-way traffic necessary. Side roads were nearly all blocked. Rainfall in the area was estimated at more than (Turn to page 2, col. 2)

#### **Demurrer Upheld** In Case of Henry

Indictment Is Dismissed. Matter Resubmitted to Polk's Grand Jury

DALLAS, March 18-(AP)-Circuit Judge Arlie G. Walker to-"Slim" Henry, Salem Building | ulation. Trades council business agent with attempting to coerce a person to join a labor union, after red to the charge. The court ordered the matter resubmitted to the grand jury.

The attorneys, Roy R. Hewitt and Edwin C. Goodenough of Salem, based their demurrer, which the court sustained, on assertions that the indictment did not contain facts sufficient to constitute a crime and that the Friesen, proprietor of the Salem Box company, and not to one of his employes.

"There has been no indication that any direct threat has ever been made to employes or ever any intention of it," Hewitt

Dist. Atty. Bruce Spaulding said he would submit the dismissed indictment to his special assistant prosecutor, Oscar Hayter, before a decision would be made as to an effort to reindict Henry.

The grand jury itself last withdrew an indictment charging Henry with arson. The atter was reindicted on the coercion charge and subsequently released on \$1000 bail in lieu of the \$50,000 sum previously set.

#### Quest of Russian Fliers Abandoned

8-(AP)-M. B. Heliakov, Russian government representative, today announced abandonment of the search for Sigismund Levaneffsky and five companions, missing since August 13 on a transpolar flight to the US.

He said Sir Hubert Wilkins, employed for aerial searches, had left his Aklavik, NWT base for Edmonton en route to the US, and the extensive wireless and weather reporting system inaugurated for the long but fruitless hunt was abandoned. Beliakov said he will Portland on a felony charge, was go to his embassy at Washington arrested by Officer Overgard of to report, and that any further searches will be outside the Ales-

#### Late Sports

PORTLAND, March 18 .- (AP) lohnny Shumway, 161, Powell Butte, Ore., won a 10-round de-cision over Jack Hibbard, 165, Klamath Falls, in a main event fight here tonight.

Other results: Johnny Pasco, 143, Los Angeles, and Eddy Halligan, 136, Oakland, 10-round draw; Johnny Hall, 141, Seattle, between 2 p. m. and midnight. were beseiged all day long with

#### Czech-German **Tension Eased By Concession**

Self-Rule for Districts With Nazi Majorities Believed Answer

Lithuania; Hitler's Policy Announced WARSAW, March 19 - (AP) -

Newspaper reports today said the Polish fleet had left Gydnia, Poland's Baltic port, and sailed northeastward toward the Lith-The widely-read Illustrowany

Kurjerek of Krakow said a number of units of the fleet, which consists of 22 vessels including four speedy destroyers and five torpedo boats, left last night.

Polish cavalry, infantry, artillery and motor units meanwhile moved into the Wilno district on the Lithuanian border, and a majority of Polish newspapers appeared this morning with streaming headlines which declared:

"The day will decide whether we have peace or war."

PARAHA, Szecholsovakia. March 19- (Saturday) -(AP)-Fullest autonomy for Germans in Czechoslovakia came nearer realization today when the cabinet council decided German districts are to be administered by German nationals. (Pro-Nazi Czech-Germans have

demanded self rule for Czechodescent. Last night Reichsfuehrer Adolf Hitler of Germany in a speech to the reichstag held up Austria's fate as a warning to

The cabinet council's step was taken as a sequel to an earlier government order granting Germans 22 per cent of administraday dismissed the indictment tive posts, that being the proporrecently issued charging Leslie tion of Germans to the total pop-

LONDON, March 18-(AP)-Polsh troops massed menacingly to-Henry's attorneys had demur- night on the frontier of little (Turn to page 2, col. 1)

#### PGE's President **Pledges Dam Aid**

threat charged was made to John Griffith Asks 'Reasonable Zoning' and Hopes to See Power Soon

> PORTLAND, March 18-(AP)-Franklin T. Griffith, president of the Portland Electric Power\_company, pledged cooperation today in the development of Columbia river power and said he hoped to see the Bonneville project in production as soon as possible.

He favored a "reasonable zoning" in the establishment of rates in testimony at a hearing conducted by J. D. Ross, Bonneville dam administrator.

Formation of an Oregon, Washingten and Idaho organization to protect the beauties of the Columbit River Gorge against industrialization was recommended by Samuel Lancaster, a civil engin- which required treatment by the eer identified with the construc- first aid car crew, but did not tion of the Columbia River high-

Representatives of a proposed seven-county public power district fire station for treatment by in Oregon favored a blanket rate Roy Hutchings whose car struck for Bonneville energy. Another FAIRBANKS, Alaska, March witness urged distribution through at Church and Chemeketa, She public districts over existing transmission systems. The hearing ended a series of

> rate structure for the project, to 740 Highland, and the first aid be submitted to the federal power car answered a call to dress Creeks Rise, Damage Along

# Seizure Announced After "Suspension"

Nationalization of Huge Industry Is Planned; Indemnification to Be

#### Foreign Exchange Operations Halted at Same Time; Recent Award of **Arbitrators Dispute Basis**

At the same time, the \$400,000,000 industry was hit by a "suspension of operations" called by the oil workers' union a few hours before the president's drastic move was announced.

This "suspension" went into effect one minute past midnight.

announcement by the Bank of Mexico that operations in foreign exchange were suspended. There was much specuclation as to the potential effect on the peso, currently quoted at

#### Ledford Defense **Testimony Given**

Minister Was Called in to Pray for Ill Children; **Spray Gets Mention** 

(AP)-Mrs. Agnes Joan Ledford, the juage's chambers today at her trial for the poison death of her stepdaughter, heard Ed Suckow, Yankton WPA worker, testify a cloud of spray from a potato field made him "feel bum."

The defense has contended workers had apparently reached Ruth Ledford, 13, for whose death Mrs. Ledford is on trial, and Dorothy, 15, died from eating blackberries over which the spray

Suckow testified he passed the berry patch where the girls were alleged to have been poisoned on August 11. while Clyde Watson was spraying his potato field. Another neighbor, David Sorber, testified he saw Watson spray the field again on August 27, the day the girls were alleged to have become ill from eating the

The Rev. Gordon F. McKean, Columbia City, testified George Ledford, father of the girls, asked him and his wife to pray for the girls because they were ill. On August 28, he said they were at (Turn to page 2, col. 4)

#### **Auto Runs Amok** As Driver Faints

When Mrs. J. S. Sawyer of Timber, Ore., fainted while driving her automobile near Marion and Winter streets Friday night. the machine crashed into three parked cars before it stopped. Mrs. Sawyer suffered bruises

go to a hospital. Margaret Reinauldt, 2009 South Church street, was taken to the about 9 o'clock last night was later treated by a physician for cuts on the forehead. Ruse Rushell, aged 1, suffer eight held by Ross in the north- ed burns on the hand when she west preliminary to setting up a fell against a stove at her nome

# the wound.

day and probably Sunday last further serious erosion appeared night gave threat of property damage along Shelton ditch for the second time this winter and of a continued rise in the Willamette river.

The river at midnight stood at a. m. The weather bureau forecast a crest of 17 feet for tonight. Water at the confluence of Shelton ditch and Pringle creek the Ankeny Bottom district, ac

Predicted additional rains to- | diate threat of flooding there but likely to occur along the banks

Shelton Ditch Is Possible

Thursday night's downpours, reaching almost cloudburst proportions after 4 a. m. yesterday, added 1.54 inches of rain to the 5.9 feet, a gain of .8 foot from | March total to put it well over p. m. and of 1.9 feet from 7 the 3.75-inch average for the

Rainfall was even heavier in the Pringle creek watershed and in the old municipal auto camp cording to reports received by the grounds rose nearly three feet county court. The commissioners

# Called by Workers

Made, Mexican Law Provides

MEXICO CITY, March 19—(Saturday)—(AP)—The Mexican government today expropriated foreign oil holdings under decree of President Lazaro Cardenas.

One of the first major results of the expropriation was

#### 3.60 to the dollar. The president's office, immediately following Cardenas' unan-

nounced and unexpected broadcast, said the government would proceed to issue a decree setting forth the terms for nationalization of the industry and new bases for its operation. No announcement was made as

to the amount the companies would be paid as indemnification for their properties. Under Mexi-35, ill and confined to a cot in can law, such indemnification the judge's chambers today at her must be made within 10 years. Cardenas' decision was made

after a three-hour meeting of the hastily summoned cabinet. The two-year conflict between the foreign companies and their

a stalemate. The 18,000 members of the syndicate, following a decision of the labor board dissolving existing contracts, decided to "suspend operations.' Arbitration Board

Award Disputed The bone of contention was a federal arbitration board ruling (Turn to page 2, col. 1)

#### War Isn't Likely Soon Says Hoover \*

LONDON, March 18-(AP)-Former President Herbert Hoover, completing a long European survey, said today "I do not believe a widespread war is at all probable in the near future." He admitted, however, "there more combustible material

about than in 1914. "From discussions with leading men in 15 nations," he said, "I have a deep consciousness of many menaces present in the European situation . . .

"But there are a good many reasons why a conflagration is not likely now . . .

'None of the principal nations will be ready with their war preparations for two or three years . . . Most statesmen and soldiers recognize that nobedy wins in a great modern war."

#### **Highway Fund Is** To Come Through **President Admits**

WASHINGTON, March 18-(AP)-The administration abandoned hope today of getting congress to cancel an allocation of \$200,-000,000 among the states for highway construction work dur-ing the fiscal year beginning July 1.

This was made known in a etter to Secretary Wallace sent to governors of the various states, asking them to submit projects for approval so they might obtain their shares of the money. The secretary's letter said President Roosevelt "now feels that you should not be asked to further delay the submission the road - building projects our state."

German Steamer Strikes Mine and Sinks; all Men **But Captain Are Rescued** 

COPENHAGEN, March 19-(AP) Rott only has the water here tasted salty in recent days but the excessive hardness jeopardized bollers of industries and caused a hait in operations in certain processes at the Ozark Emelting company plant

Bonds sold to finance purchase and construction of the system accounted for \$2,200,000 of the liabilities and necessitated payment of \$76,631.98 in interest.

In a supplementary statement reported that at the close of the year the department carried only \$233.44 in bad debts and \$478.55 in delines of the main Winter street bridge.

County Engineer N. C. Hubbs to water across the deck on the water accounts on its books. The bad debt total for 1937 alone dential sales of water. Metered