

CIRCULATION  
Daily average distribution for the  
Month of May, 1933  
**9,673**  
Average daily net paid 9,250  
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# Capital Journal

CITY EDITION  
Oregon: Partly cloudy tonight and  
Wednesday, with fogs on the coast;  
temperature above normal in in-  
terior; changeable winds.  
Local: Max. 88; Min. 49; rain 0;  
river 9.8.

45th YEAR, No. 140 Entered as second class matter at Salem, Oregon SALEM, OREGON, TUESDAY, JUNE 13, 1933 PRICE THREE CENTS ON TRAINS AND NEWS STANDS—FIVE CENTS

## WOTE ON STATE DRY LAW REPEAL

### ROOSEVELT TO STAND PAT ON VETS' SLASHES

President Throws Down Gauntlet To Congress Threatening Veto

Washington, June 13 (AP)—The senate late today finished congressional action on the industrial recovery bill by adopting the conference report. The measure now goes to the White House for signature.

Washington, June 13 (AP)—President Roosevelt threw down the gauntlet to congress today on the vets' issue, sending word he would not yield from the compromise he made with the house on payments made to ex-soldiers.

After a conference between the president and democratic leaders at the White House, word spread through the senate the president would not give an inch and would veto the appropriation bill if congress went further than the compromise to which he has agreed.

The president's unyielding attitude was understood to have been expressed to Vice-President Charles C. McNary, democratic leader, and Senator Byrnes, (D., S. C.), in charge of the independent

### LADIEU TRIAL NEARING CLOSE

Medford, June 13 (AP)—The defense in the trial of J. Arthur Ladieu, former newspaper business manager charged with ballot theft, will be concluded this afternoon with the testimony of the sheriff of Coos county. Court recessed this morning because of delay in his arrival.

Two witnesses were called by the defense this morning. They were Donald Fryer, who testified that on the afternoon of the recount decision he was invited by C. Jean Connors to aid in slitting the ballot pouches, and throw the recount. Fryer testified he refused.

The secretary of the county judge Felt was recalled to testify relative to a meeting held in the county courtroom to arrange bonds for L. A. Banks, on a criminal syndicalism charge. The state contends that at this meeting the ballot stealing conspiracy was hatched.

Counsel for the defendant, said in court, he would not be called to the witness stand in his own behalf.

### GERMANY SEEKS REDUCED INTERST

London, June 13 (AP)—Germany today opened a campaign for further reductions in the interest rates on her "frozen" short term foreign credits covered by the so-called standstill agreement. The credits are outstanding to the amount of about \$3,600,000,000.

Pressure was brought at an emergency meeting of the "standstill" committee at Martins bank. The meeting originally was scheduled for July 1.

Although the "standstill" credits are not included in the moratorium on foreign debt service recently declared by the reich to be effective July 1, it was obvious Germany was using that proclamation as a club over her creditors' heads in demanding further curtailment of interest charges.

### Good Evening!

Sips for Supper  
By DON URJOHN

It still looks as though the government may pass a bill guaranteeing bank deposits. The next question then will be, who will guarantee the government?

With the kind of weather we're now having it begins to look as though the town was in the well known position of being between hell and high water.

If this boycott on stores that sell beer becomes general, we wonder where the boycotters will eat if the mail order houses start selling beer?

Dan Fry is the latest to come forward with the claim he was responsible for the recent rains. He says he's dried out about 280,000 pounds of coast water from chittam bark and that this ascending to the skies created the moist condition.

Now that puts our head all in a muddle. Three claimants to responsibility for the rains—Hedda Swart, and Table Rock, chittam bark and spittle bugs.

Anyway there may be something attractive about Dan's theory. No doubt the old skies need a good clearing out as well as anybody.

Doc Gerald Smith of Woodburn has the honor of being the first Marion county visitor to return from the Chicago fair. Doc says it costs 50 cents to get into the grounds but the main exhibits were free. We bet Doc could tell anybody a lot about the main exhibits. Doc also says he saw some strawberries from Washington "processed in glycerin and formalin and they looked like home to him." Aha, those good old Woodburn berries.

A well known local business man approached us on the street today in regard to our comment last night on economic conferences in the home. "Who's been telling you the secrets of our household?" he asked. "Yes, we've been having some economic conferences at home. She wants more armament, while I'm in favor of paying the debts in full. The conference always ends by me being in favor of peace at any price."

Looks like congress may be de-deckled for the summer. O. K., means sell more beer and more money for hops.

The city manager plan is coming up again. O. well, it couldn't be any worse than it has been.

Matterson got away from Omek and Tobolski all right, and has been warning his way over the Ohtok sea headed for Petropavovsk. Now he's headed for home. What a relief it will be to land in Nome with a string of towns ahead of him he can spell.

### PROBE OF BANKS TO BE RENEWED JUNE 26

Washington, June 13 (AP)—Senate stock market investigators today ordered the inquiry into commercial and private bankers to be resumed at 10 a. m. June 26.

By unanimous vote of the investigating committee it was agreed that Ferdinand Pecora, committee counsel, could begin on June 26 examination of representatives of any one of three banks—Dillon, Reed and Co., Kuhn Loeb and Co. or the Chase National bank.

### City Council Shaken Over Move To Employ Engineer J. G. Kelly

Controversy broke out in the city council last night over the employment of J. G. Kelly, veteran Portland engineer, to take charge of the city's preliminary power surveys on the Santiam river and arion lake. An argument that was tinged with considerable bitterness was participated in by Aldermen Vandevort, Hughes and Townsend, and by Mr. Kelly himself, and the upshot was that Kelly is not yet employed and there is a possibility he may not be. It is admitted however, that he is a highly competent engineer with a mass of valuable data already in hand that the city will need in its operations in the mountains.

At the council meeting a week ago a motion was passed authorizing the utilities committee, if it saw fit, to employ Mr. Kelly at a salary of \$300 a month. At last night's

### 10 PERCENT AS TOKEN OFFER ON BRITISH DEBTS

Roosevelt Willing To Accept for Himself But Can't Pledge Congress

London, June 13 (AP)—A satisfactory Anglo-American settlement on the war debt installment due Thursday was forecast tonight by Neville Chamberlain, chancellor of the exchequer, in a three minute speech before the house of commons.

London, June 13 (AP)—Great Britain has decided to make a 10 percent "token" payment of the \$75,950,000 war debt installment due Thursday upon President Roosevelt's assurance that he will accept for himself alone although he cannot pledge the acceptance of congress, it was learned tonight on high authority.

Delay in the chancellor's announcement, originally set for several hours earlier, was explained as being the result of the British wish for clarification of just what the president meant in saying he was willing to accept in his own name but could not bind congress. When the British cabinet met last night, highest sources asserted, they had word from Mr. Roosevelt that "token" payment was acceptable on those terms, but they felt they had to know more definitely just what he meant. Today was spent in straightening out the in-

### BANKING BILL SENT PRESIDENT

Washington, June 13 (AP)—The senate today accepted the conference report on the long pending Glass-Steagall banking bill providing for the insurance of bank deposits and sent the measure to President Roosevelt for signature. There was no record vote.

Washington, June 13 (AP)—The house this afternoon adopted the compromise Glass-Steagall bank reform-insurance deposit bill, sending it to the senate where quick acceptance of the conference agreement also was expected by the leaders.

That President Roosevelt will accept the revised measure is being conceded, in view of the interest he took in formulation of the compromise after weeks of deadlock between conferees of the two congressional branches.

Final acceptance of the bill in such a ready manner was expected in the house, but the outlook was uncertain in the senate until midday at which time proponents of more changes apparently gave in. In the extreme effort to get adjournment last Saturday, friends of the legislation feared it would be crowded out but in the several days since, it was found possible to get together in a way to satisfy both sides of the arguments.

The house vote was 191 to 8 to accept the conference report.

### LOAN MADE

Shanghai, June 13 (AP)—Chinese bankers understood today that T. V. Soong, finance minister, had concluded a British loan of 20,000,000 pounds in London.

### Flier Forced To Return To Khabarovsk

Moscow, June 13 (AP)—James J. Mattem, the aviator, tonight has returned to Khabarovsk, Siberia, after nine hours of flying in fog, rain and cold in an attempt to continue his around-the-world flight from Asia to Alaska.

Moscow, June 13 (AP)—Jimmy Mattem started for home today, braving headwinds on his takeoff from Khabarovsk, Siberia, for Nome, Alaska, one of the most arduous laps of his flight around the globe. He started for American soil just nine days, six hours and 54 minutes after leaving New York on the first solo attempt to circle the world. He left at 10:15 p. m. Monday, Moscow time (2:15 p. m. E.S.T., Monday).

He landed at the latter place at 3:20 a. m. Sunday, Moscow time (Concluded on page 11, column 8)

### FAKES INSANITY FLEES ASYLUM

By a clever fake perpetrated on authorities at the state hospital for the insane, John J. Johnson, who was transferred from the state penitentiary recently and who once served a term for murder in the Texas penitentiary at Huntsville, made his escape from the hospital last night. No trace of his whereabouts had been discovered today. Johnson is 37 years old.

Johnson was received at the Oregon penitentiary September 25, 1931, to serve six years for larceny. Some time prior to his trouble in Oregon, according to prison records, he had been sentenced to a life term in Texas for murder. How his Texas sentence happened to be cut short is not definitely known here.

Some weeks ago at the Oregon penitentiary Johnson became afflicted with an ailment resembling epilepsy and other physical troubles and was transferred to the hospital for the insane. Upon arrival there he claimed to be unable to walk, and since then has been practically all the time either in a wheel chair or in bed. That he was faking wasn't known until it was discovered last night that he had risen from his bed and walked—not only that but he had taken a lock off a first floor window, clambered over with him. The escape was about 10:45 o'clock.

Hospital authorities describe Johnson as non-violent.

### PAROLES GIVEN I. W. W. GROUP

Seattle, June 13 (AP)—Confirming an announcement of the civil liberties union in New York, Governor Clarence D. Martin today said Bert Eland, one of the I. W. W. group sentenced to long prison terms following the Centralia, Wash., Armistice day riot in 1919, had been paroled from the state penitentiary.

The governor, who was reached by telephone at the state reformatory at Monroe, also revealed that John Lamb, another of the group active in the riot in which several World war veterans were killed, had been released from prison in April.

With the release of Lamb and Bland, only two of the seven imprisoned for the riot and slayings, remain in the penitentiary. They are Britt Smith and Ray Becker. Smith, the governor said, joined Bland in applying for a release.

The governor said he had not formally acted on either application, although Bland was permitted to leave the prison in custody of his brother, O. C. Bland, who was paroled by former Governor Hartley in 1931.

### AMTORG TO SEEK R.F.C. COTTON LOAN

Washington, June 13 (AP)—The Amtorg Trading corporation, Soviet Russian business representative in the United States, is investigating the possibility of securing a credit through the reconstruction corporation for purchase of American cotton.

Boris E. Skvirsky, unofficial Soviet representative in Washington, said today an investigation of the possibility of obtaining a credit is being made.

### LOAN TO BUILD WATER SYSTEM TO BE SOUGHT

Council Gives Approval But Court Decision On Bonds Holds Deal

\$2,000,000 Sought From R. F. C. To Bring In North Fork Water

Approval of the city's application to the reconstruction finance corporation for a \$2,000,000 loan for acquisition of a municipal water system was given by the city council last night. Mailing of the application to Washington now awaits only a decision of the state supreme court on the validity of the water bonds. An opinion from the state court was expected today, but failed to come.

Actual operation on a project that would release a large amount of money in this vicinity and give employment to hundreds of men seems much nearer, with the council's approval, than it has prior to this. No opposition to the approval was made at the council meeting, though some pertinent questions were asked from the gallery, particularly by Fred H. Paulus, member of the city water board.

The application includes financial coverage for a supply system from the Little North Fork of the Santiam river and a reservoir of 20,000.

### FLOOD MENACE COLUMBIA EBBS

Portland, June 13 (AP)—The flood menace on the Columbia and Willamette rivers began to ebb today as cooler weather in eastern Oregon and at the headwaters of the two streams slowed the snow run-off.

"The flood situation does not look as serious today as on Monday," said Edward L. Wells, government meteorologist here. He was awaiting complete reports from the upper Columbia and Snake rivers. At The Dalles the Columbia dropped six inches overnight, temporarily ending the danger to the Old Oregon Trail highway. The Columbia and Willamette near Portland continued to spread slowly over the waterfront lands but no serious trouble was reported overnight.

The weather bureau said the Columbia was falling slightly between Umatilla and Vancouver; the Snake was falling at Lewiston, and the Willamette at Portland was up only four-tenths of a foot during the night.

For the next three days, Wells said, no change is expected in the present local stage of either the Columbia or the Willamette. High temperatures in the Idaho mountain section may send higher water at the end of this week or next, he said.

### CHURCH BOYCOTT ON BEER SELLERS

Recommendation that members of the congregation keep their children out of all business houses that sell 3.2 percent beer was made by the official board of the First Christian church of Salem last night.

The board further recommended that "adults set them the example by confining their transactions, so far as it is reasonably possible to do, to such business houses as do not countenance the sale of alcoholics."

### REMOVE SMITH AS POWER BOARD CHIEF

Washington, June 13 (AP)—Congressional leaders have been informed that President Roosevelt plans to ask George Otis Smith for his resignation as chairman of the federal power commission.

Smith, former head of the geological survey, was appointed to the post by commission by former President Hoover.

### NORTH SANTIAM ON FIRST PROGRAM OF FOREST ROAD JOBS

Sixty Five Thousand Dollars for Grading and Clearing Last Unit Agreed On; County To Add \$50,000; Oregon To Get \$15,000,000 When President Signs Public Works Bill

By HARRY N. CRAIN

In addition to completion of widening operations on the Pacific highway between Portland and Salem this portion of the state will also receive sufficient money out of the first of the federal money available to Oregon under the public works bill as approved by the senate today and sent to the president for his signature to clear and grade the last section of the North Santiam highway and open that road to traffic.

Meeting in conference in Portland this morning members of the state highway commission and district engineers of the forest service and federal bureau of public roads tentatively agreed to allot \$50,000 of the first forest road money available to grading and clearing the last unit of this road. Marion county will contribute \$50,000 toward the cost of the project, bringing the total of \$115,000.

Agreement on the allocation of the \$50,000 of federal money to the project was reached today.

### WHITE HOUSE MUM ON DEBTS

Washington, June 13 (AP)—A studied silence was maintained on war debts today by both the White House and state department as President Roosevelt and his fiscal advisers continued their review of last minute informal suggestions from abroad.

With the time for squaring of accounts less than two days distant the feeling grew in unofficial quarters that Great Britain would make a part payment of its \$75,950,000 installment, that Hay would do likewise and that France, in all probability, would default as she did last December.

Sir Ronald Lindsay, British ambassador, was a state department caller today, discussing debts with Under-Secretary Phillips.

It was generally believed that Britain's full intentions would be known later in the day in a formal communication to Washington. So far as the injection of the debt situation into the world economic conference by European powers was concerned, it was understood in well informed sources that no move in that direction would be made by the United States.

### MITCHELL TRIAL NEARING A CLOSE

New York, June 13 (AP)—Trial of Charles E. Mitchell entered its final phases today when defense counsel opened a determined effort to clear the former banker of charges of evading \$850,000 in income taxes.

Joseph P. Reid, brother of Mrs. Charles E. Mitchell, suffering a severe heart attack, was unable to resume his testimony in defense of Mitchell and in his absence Harry P. Mayer, a vice-president of the National City company, was called.

Mayer testified that late in 1929 he checked over the status of the company's management fund, from which Mitchell had drawn \$666,000.667 the previous July, and decided that the participants in the fund must consider their shares as "overpayments."

### Beer Sales in Salem Delayed Until Thursday States City Attorney

Thirsty Salemites who had prepared to drink long and deep Wednesday of the 3.2 beverage that satisfies took another pucker in their parched lips today and resigned themselves to the fact that they will have to wait another day before they can legally quaff beer purchased in Salem when Chris Kowitz, city attorney, hastened to correct his announcement of yesterday that the sale of beer in Salem would become legal Wednesday.

This morning Kowitz confessed that through failure to consult the calendar he had made the announcement on the assumption that Wednesday would be June 15, the date when the ordinance exempting non-intoxicating beverages from the city's prohibition enforcement act, passed by the council and signed by the mayor June 5, goes into effect.

"My mistake; you'll have to wait until Thursday to sell beer," the city attorney told inquiring dealers who had been sent on a frantic search for beer by the previous announcement. Wholesale distributors had been promising their retail customers supplies for the opening Thursday and arrangements had been made for deliveries on that day.

### COURT ORDERS INITIATIVE BILL PUT ON BALLOT

Repeal of Oregon Prohibition Laws To Be Voted On In July

Liberal Construction Given Legislative Act Permit Plebiscite

Expressing the belief that "election laws should be liberally construed to the end that the people may have the opportunity of expressing opinion concerning matters of vital interest to their welfare," and waiving technical deficiencies in the legislative act calling a special election for July 21 the supreme court today ruled that the initiative proposal for repeal of the two prohibition sections of the state constitution shall go on the special election ballot.

In an opinion written by Justice Belt and concurred in by Justices Bean, Rossman, Kelly and Bulley, the latter as to the finding alone, the court ordered a peremptory writ of mandamus directing the secretary of state to place the repeal proposal on the ballot, and overruled the demurrer of the state.

A dissenting opinion by Justice Campbell sustains the demurrer. The case grew out of the refusal of the secretary of state, acting upon the advice of the attorney general, to place the repeal proposal on the ballot, and overruled the demurrer of the state.

### MACON'S RUDDER SAID DISABLED

Chicago, June 13 (AP)—The Illinois naval reserve station here received a radio message from the dirigible Macon this afternoon that it was over Kansas, Wis., headed for Chicago where it is expected to arrive at 7 p. m.

The station said the ship was having no difficulty navigating.

Frankfort, Mich., June 13 (AP)—The coast guard station here reported today that the dirigible Macon, flying in this vicinity, reported by wireless that its rudder had been disabled and it was heading toward Sault Ste. Marie, Mich.

At 2:10 p. m. coast guard officials reported the Macon sent out another wireless message which they were unable to decipher.

Members of the coast guard said the huge dirigible passed over here and disappeared to the north, in the face of a 35-mile headwind.

The dirigible, they said, was near the Lake Michigan shoreline when sighted.

### COX APPOINTMENT HELD UNCERTAIN

London, June 13 (AP)—British feeling against the American war debt attitude is threatening to deprive the United States of the chairmanship of one of the major world economic conference committees, authoritative American sources said today.

It was disclosed that James M. Cox had been scheduled to head the monetary group, but the attitude of Prime Minister Ramsay MacDonald, chairman of the conference, changed in the light of the debt developments.

### SALEM FORESTERS NEAR PRINEVILLE

A large number of the more than a hundred Marion county men who were recently enlisted for government work in the forests have been sent to Maury camp near Prineville, Crook county, according to word received at the local Red Cross office. The group was sent from Salem to Vancouver, Wash., where they were held but a short time and then transferred direct to Maury camp.

The men are expected to work in the Ochoco forests during the summer and fall months. According to information received here Maury camp is well situated and although the country is quite different from the Willamette valley, the men are quite well pleased with their surroundings.