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# Capital Journal

Weather  
Unsettled tonight and Tuesday, with local showers. Continued cold. Moderate changeable wind. Sunday: Max. 44. Min. 31. Rain .13 in. River 18.6 ft. South wind. Cloudy.

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Price Three Cents

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## Billion Dollar Naval Bill Passed by House

### Baltic War Scare Subsides

#### State Grange Officials Reply To R. W. Perry

Gill and Tompkins Deny Charges—Friesen Repeats Boycott Threat

Reports to Salem police by R. W. Perry, of Hood River, and a candidate for master of the state grange, that his room in a local hotel had been ransacked and that money and papers dealing with his candidacy had been stolen, today brought formal statements from Ray W. Gill and Morton Tompkins, incumbent grange officials, concerning Perry's reported allegations.

To Perry's report that one of the papers stolen was a statement of his policy as a candidate for grange master, which, he declared, had been refused publication in the Oregon Grange Bulletin by Gill, the latter replied that his refusal to accept the Perry statement for publication had been based on Grange law forbidding the application in the bulletin of statements by candidates dealing in "personalities," and that Perry had been given a chance to appeal to the grange executive committee but had declined the offer.

**Denies Boycott Threat**  
Tompkins' statement today was a denial of the contents of an affidavit reportedly made by John S. Friesen, proprietor of the burned S. Salem Box company plant, in which Tompkins was charged with threatening the box company with a boycott by grange members unless its employees joined the union.

Perry had listed the Friesen affidavit as one of the papers stolen from his room.  
Commenting upon Friesen's alleged charge that Tompkins had advised him during the time prior to the fire when the box factory was being picketed by the union to "line up with the union," and that if he (Concluded on page 9, column 7)

#### Morgan Defies Ultimatum By Roosevelt

TVA Head Refuses to Resign and Challenges Attempt to Remove

Washington, March 21 (AP)—Dr. Arthur E. Morgan refused today to resign as chairman of the Tennessee Valley Authority and bluntly challenged President Roosevelt's power to remove him from office.

Senator Norris said the president's right to discharge Chairman Morgan was in dispute and that there was a legal question involved.

Senator Bridges (R-N.H.) said that if Morgan were removed by the president he would introduce a resolution to remove the other two TVA directors.

**Given Ultimatum**  
Washington, March 21 (AP)—President Roosevelt gave Chairman Arthur E. Morgan of the Tennessee Valley Authority today the alternative of withdrawing his charges against his TVA colleagues or tendering his resignation.

The president, at the third White House hearing on TVA internal controversies, gave Morgan until 2:30 p.m. tomorrow to state any reason he thought the president should not take executive action.

(Some congressmen have contended the president is without power to remove the directors of the Tennessee valley authority, contending this right is reserved by the act of congress.)

**Threatens Ousting**  
The president, White House officials said, told Morgan that if he failed to comply with his request he would move for his immediate suspension, or removal by executive order.

Secretary Marvin H. McIntyre, who attended today's hearing in the president's office in the absence of Stephen Early, press secretary, made the announcement of the president's blunt orders to Chairman Morgan when the official transcript of the hearing was being prepared for the press.

Chairman Morgan, who, the president says, has charged his colleagues with dishonesty, malfeasance and bad faith and who has insisted upon a congressional investigation, left the White House at 2:40 p.m., but refused to say what took place at the third meeting with the president.

#### Coos County Coal Of Good Quality

Coquille, Ore., March 21 (AP)—Earl K. Nixon, director of the state mining and geology bureau, described Coos county coal as one of the most important mineral resources of Oregon.

Nixon, who left for the Rogue river country to inspect the effect of placer mining of fishing conditions, said the southwestern Oregon coal was equal in quality to the Rocky mountain production.

**Most a Candidate**  
Washington, March 21 (AP)—Representative Mott (R-Ore.) announced today his candidacy for a fourth term.

#### Mexico Tries to Operate Oil Fields

Mexico City, March 21 (AP)—A petroleum board jointly representing the Cardenas government and labor ventured today into operation of Mexico's nationalized oil industry.

The board assumed responsibility for producing gasoline and other crude oil products to supply the country's needs on the same scale as when the oil industry was controlled by 17 British and American companies.

The problem of maintaining foreign markets loomed large on the changing Mexican economic horizon as President Lázaro Cárdenas' socialist government and its union allies undertook operation of the industry.

The petroleum board was organized with representatives of the treasury department, secretary of national economy and the oil workers' syndicate.



Poland's War Chief—Marshal Edward Smigly-Rydz (above), 52, inspector general of the Polish army, had his forces poised at the Lithuanian border, ready to invade had Lithuania rejected Poland's ultimatum. His title does not express the immense authority vested in him under Poland's governmental form. —Associated Press Photo.

#### Lithuanians Resign Office

Kaunas, Lithuania, March 21 (AP)—Foreign Minister Stasys Lazoras and Minister of Justice Stasys Siliingas have tendered their resignations to President Antanas Smetona but it could not be learned today whether they were accepted.

There were reports that Lazoras offered his resignation five days ago—before a show of Polish arms forced Lithuania to bow to demands for "normalization" of Polish-Lithuanian commercial and diplomatic relations, but that the president would not accept it. Throughout last week's tension Lazoras favored reconciliation.

Saturday's compliance with Poland's army-backed ultimatum, however, affected the foreign minister's political position and caused country-wide bitterness.

Lithuanian student associations today declared a ten-day period of mourning to protest the nation's capitulation to Poland.

The association members decided to wear black crepe on their caps until March 31, the date when Lithuania agreed to exchange diplomatic envoys with Poland, as demanded in the Polish note of last week.

There was a brief flurry last night at the state opera when a leftist newspaperman tried to read a statement demanding the government resign. Police hustled him off, but the audience cheered him wildly.

#### Colonel Lee to Succeed Robins

Washington, March 21 (AP)—The army engineers announced today appointment of Lieut. Colonel John C. H. Lee as district engineer at Portland, Ore.

Lee, district engineer at Philadelphia, will succeed Colonel T. M. Robins, who will assume command of the engineer school and post at Fort Belvoir, Va.

Officials said Major Charles W. Burrell, assigned to the Philadelphia office, would become acting district engineer.

#### Peace Justices Not Non-Partisan

Portland, March 21 (AP)—Justices of the peace, under an opinion from State Attorney General I. H. Van Winkle, have no place on the non-partisan judicial ballot.

The non-partisan judicial act, the opinion said, provides for listing of candidates for the supreme court, circuit courts and district courts only.

Circuit Judge James W. Crawford of Multnomah county announced he would seek re-election.

#### Plan to Fixup Railroad Line To Kaunas

Poland and Lithuania Resume Friendly Communications, Relations

Warsaw, Poland, March 21 (AP)—Poland and Lithuania, deciding not to go to war, made plans today to fix up an old railway line so they could resume friendly communication.

The Polish railways ordered work begun at once on repairing the right-of-way of the Wilno-Kaunas line.

The turn from war to peace was accomplished on Saturday with Lithuania's acceptance of Polish demands that communications be resumed and that the two countries exchange diplomatic envoys.

**War Scare Over**  
An exposition of the tasks ahead was expected from Foreign Minister Joseph Beck when he addresses the Polish parliament on Wednesday.

Meanwhile, Polish newspapers reported that Marian Kosciakowski, Polish minister of social welfare, would be named minister to Kaunas, Lithuania, as part of the friendship agreement. He is a Lithuanian by birth.

The war scare over, most newspaper comment centered around Jews, who were blamed for rioting on Saturday because they assertedly started a run on banks.

**After the Jews**  
The students' association of Warsaw by resolution demanded that all persons who withdrew their savings should be deprived of citizenship and that the frontier should be closed to Jewish refugees from Austria.

The association's youthful chairman, Boleslaw Jablonski, and 28 other students were taken into custody Sunday for inciting anti-Semitic feelings.

Two persons were killed and more than 100 injured during disorders Saturday.

#### Bombs Rain on Spanish Towns

Hanchung, on the southern border of Shantung province where the Tientsin-Pukow line crosses the canal, fell into Japanese hands. Japanese were assaulting Talerchwang, 25 miles to the east.

Both sides admitted heavy losses. The fighting has been going on incessantly since the Japanese started their new drive down the Tientsin-Pukow railway more than a week ago.

A Japanese flanking force swung to the east and occupied Yihshen in the push on Talerchwang. Three American women missionaries were reported to be at Yihshen.

The Chinese said they had pushed back the Japanese at all points along the Yellow river on the western border of Shansi province, removing danger of invasion of Shensi province.

#### 3 of Crew Washed Overboard at Sea

London, March 21 (AP)—Three members of the crew of the American steamer Aquarius were washed overboard during an Atlantic storm. Lloyds was advised today when the vessel docked at Cobh, Ireland.

The Aquarius, a 6094-ton ship listed by Lloyds as owned by the Lykes Brothers Ripley Steamship company and registered from Houston, Texas, reported her talkabout coupling bolts were broken in the storm.

The Aquarius, carrying a general cargo from New Orleans to Liverpool, was off the Grand Banks when a freak storm caught her.

A mountainous wave swept her bowsprit and three seamen from the forward deck, but the boatwain seized a rope and hauled himself back aboard.

#### Threatens to Stop Columbia Hatchery Work

No Money from Government Until Fishing Above Bonneville Stopped

Washington, March 21 (AP)—Frank T. Bell, fisheries commissioner, accused the Oregon fishing industry today of balking the government's salmon conservation program on the Columbia river above Bonneville dam.

Until commercial fishermen in that area agreed to curtail operations, Bell said he could "see no earthly good" in spending more money for salmon propagation on the Uppen Columbia.

Washington fishermen, he added were prohibited by law from operating commercially above Bonneville.

**Not to Aid Cannery**  
"The government," he said, "did not spend between \$3,000,000 and \$4,000,000 for fish ladders at Bonneville dam merely to accommodate one salmon cannery above the dam. We built those ladders to help the salmon reach spawning grounds and to perpetuate the runs on the Columbia for the entire fishing industry. Unrestricted operations of Oregon fishermen in the pool above Bonneville is defeating this purpose."

**Up to Oregon**  
"If this is the case with the hatchery, there can be no doubt but what natural spawning is being severely damaged by the wholesale operations of Oregon fishermen," Bell said.

He added if Oregon did not wish to prohibit commercial fishing above the dam, the state should use its own resources to propagate fish rather than look to the federal government.

#### Chinese Block Japanese Push

Shanghai, March 21 (AP)—Japanese shock troops failed to crack Chinese defenses today in a bloody battle along the ancient Grand Canal.

Despite terrific artillery shelling, the Chinese clung to their trench lines on the south bank of the canal 18 miles north of Suchow.

An advance guard of Japanese cavalry which swam the river was driven back by Chinese machine gun and rifle fire.

The Japanese were fighting desperately to effect a crossing and continue their advance down the Tientsin-Pukow railway line to Suchow, where the line crosses the east-west Lungai railway.

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#### War Profits Fought By Mr. Doherty

Portland, March 21 (AP)—Daniel J. Doherty, national commander of the American Legion, said today the legion is advocating "equal service for all" in time of war to take private profit out of international armed conflicts.

Doherty arrived enroute to Los Angeles where he will aid in the formation of plans for the 1938 American Legion convention. He will be honored by Oregon Legionnaires with a full program today.

The commander said the legion was also concerned with the trend in industry to "shelve men who have attained 40."

"We plan to sit down with the industrial and commercial leaders and see if we can bring to them a better understanding, in the practical terms of dollars and cents, of the fallacy of jacking a man in the prime of his life."

#### War Clouds Over Europe Lighten

Powerful Forces Working to Prolong Peace Unless Another Sarajevo Creates Crisis—Governments Don't Want Conflict at Present Time

Paris, March 21 (AP)—Patches of silver lining are visible today through war clouds that have darkened Europe for the last week and caused more fright than at any time since the World War. Europe enters a new week with powerful forces working to prolong peace. Unless there is another sarajevo, another spark like the one that started the 1914 holocaust, war can be averted for months, even years.

The important fact today is that governments are calmer than their peoples. Among civilian populations in England and on the continent there is panic. Many of my English friends have withdrawn their sons from continental schools and are preparing to send them to America. Hoarding of canned goods has started. Austrian Jews have the choice of fleeing or submitting to the persecution of the swastika. Czechs wonder whether the nazis are preparing for another thrust to the east and if so when. Lithuanians grumble over their government's capitulation to Poland.

**No One Wants It**  
But governments, not peoples, declare wars and nowhere in Europe is there a government that wants war now.

England does not want it until her rearmament program, particularly the expansion of her air force, is completed.

France, seeking to stabilize an uncertain internal situation, does not want it.

Soviet Russia, busy consolidating the Stalin regime through liquidation of many old-time Bolsheviks, does not want it.

None of those three great powers seeks territory. What they do seek, and seek desperately, is preservation of the status quo. To keep peace, England, France and Russia are willing to endure almost any provocation except direct attack.

**Hitler to Rest**  
For example, the best information is that Soviet Russia would not have resorted to military intervention if Poland had invaded Lithuania. It is uncertain whether France would attack Germany if Adolf Hitler should attempt to absorb 3,500,000 Germans in Czechoslovakia.

But informed persons believe Hitler probably will refrain from further Balkan adventures until he consolidates his position in Austria. The bite that Germany took out of middle Europe when she absorbed Austria seems to have appeased temporarily the Nazi hunger for land.

#### School Boy Patrol Starts

First appearance of the school boy patrol sponsored by the police department in cooperation with the Hi-Y club was made at the Parrish junior high school this morning under the supervision of Louis Burgess, city traffic officer. Members of the patrol at present belong to the club and these alternate during various periods. On duty this morning were Ralph Yocum, Stewart Charprich, Reed Nelson, James Smith, Dick Gahlsdorf and Cameron McDonald.

The patrol is on duty prior to the start of school in the morning, during the noon intermission and immediately after school closes in the afternoon. Complete equipment has not yet been received but the boys are wearing the easily recognized hats used by members of the state highway department in similar work and loaned by the department, together with two caution signs. Belts and badges will be added in the near future. To serve on the patrol a boy must first obtain the written consent of his parents.

It is planned by Officer Burgess to extend the patrol system to other schools where such is deemed necessary. The McKinley grade school at the south end of High street has had its own patrol for some time.

#### Want Loop Opened

Hood River, March 21 (AP)—The chamber of commerce petitioned the highway commission today to open the Mount Hood loop highway between Government Camp and Cooper Spur. The stretch is blocked by snow.

#### River Starts to Fall From 18.7 Foot Crest

Checked by lowered temperatures and only .16 inches of rain over the entire week-end, the predicted 21-foot flood stage of the Willamette river failed to materialize Sunday, the best depth being reached at 18.7 feet Sunday morning at 7 o'clock.

The river has remained practically stationary since Saturday night, dropping to 18.5 feet by 5 o'clock Sunday night and rising to 18.6 feet at 7:30 o'clock this morning.

Rainfall over Sunday was recorded at 13 inches with 93 inches being added for the previous 24-hour period ending at 7 o'clock yesterday morning, giving .16 inches for the week-end. Added to the 5.25 inches since the previous Saturday when the current rainy period started, the precipitation to date adds up to 5.41.

Because water had cut in back of abutments, three city bridges were ordered closed Saturday. Several feet of fill were washed out back of the South Winter street bridge when Sheldon ditch was running strong Friday and Saturday. The other bridges ordered closed as a precautionary move were the Ford and South 23rd street structures. Beyond a slight settling little damage occurred to the bridges and the pavement was cut to permit dumping gravel and boulders into the breach.

Just above the South Winter street bridge the water cut out a clump of five cottonwood trees. The municipal street crew dragged these from the stream to prevent possible damming and consequent damage.

#### Construction Of 46 Warships Authorized

3 Battleships, 2 Carriers, 9 Cruisers, 23 Destroyers, 9 Subs Provided for

Washington, March 21 (AP)—The house approved overwhelmingly today by a vote of 292 to 100 the administration's billion-dollar naval expansion bill.

Final passage came after defeat of a republican attempt to send the bill back to the House Naval committee with instructions to eliminate the provision for three new battleships. The bill now goes to the senate.

The measure authorizes construction of 46 new warships, 22 auxiliary vessels and 950 airplanes which President Roosevelt said were needed "specifically and solely because of the piling up of additional land and sea armaments in other countries."

The recommitment, offered by Representative Church (R-Ill.), a member of the naval committee who has opposed the program since its introduction, was defeated by a vote announced by Speaker Bankhead as 276 to 114.

The new warships, estimated to cost \$731,095,000, include three battleships, two aircraft carriers, nine cruisers, 23 destroyers and nine submarines.

The 22 auxiliary vessels, include five destroyer tenders, three submarine tenders, 11 seaplane tenders and three repair ships. They would cost approximately \$246,451,000.

Officials estimated the 950 airplanes, which would give the navy a minimum of 3000 planes, would cost \$106,000,000.

The bill also authorizes the navy to spend \$30,000,000 on experimentation with small, swift "mystery" ships, aircraft, bombs, torpedoes and other devices of war. A fund of \$3,000,000 was earmarked for construction of an airship to replace the Los Angeles and with which the navy would be able to experiment with dirigibles as aircraft carriers.

#### \$150,000 Fire In Fairbanks

Fairbanks, Alaska, March 21 (AP)—Firemen, steepled in ice after the temperature fell 22 degrees to 20 below zero, early today controlled a fire which started after midnight in the McIntosh block, heart of the business district, and spread to the adjoining structures.

Three firemen were taken to a hospital. About a dozen persons, living in upper floor apartments, escaped the flames in scant attire and were given refuge from the intense cold. They lost all their belongings.

Preliminary fire department estimates put the half block loss at \$150,000 with the probability several of the damaged structures would have to be razed. Several merchants saved most of their stocks of goods.

The McIntosh building, the Comet barber shop owned by Max Behlke, and the Hollywood shop building, occupied by Lipman Sampson, were fire swept inside. The Nevada bar building and Mcintosh Kubon drug store were badly damaged.

The First National bank, a concrete structure also housing the Medical & Dental clinic; the old Fairbanks Newsmen and the Bredie shoe shop buildings, in the same block, were saved.

#### Jury Convicts Joe Mazurosky

Medford, March 21 (AP)—A jury at a special term of the United States district court convicted Joe Mazurosky, Portland pawnbroker, Saturday of one count charging use of the mails to defraud and two counts charging conspiracy to use the mails to defraud.

Judge James A. Fee sentenced him to five years in a federal prison and fined him \$1000 on the fraud charge. He received two-year terms and fines of \$5000 on each of the other counts, the sentences to run concurrently, thus imposing a total sentence of seven years and an \$11,000 fine.

The pawnbroker was accused in connection with an alleged fake eye cure for aged persons in Oregon, Washington and Colorado.