

CASUALTIES HIGH IN CIVIL WAR AIR RAID

NEW WATERWAYS TREATY IS SUBMITTED 1,000 Believed Dead Or Wounded In Rain Of Death

REVISED U.S. PLAN TABLED IN COMMONS

Joint Commission Proposed To Develop Plans And Advise Governments.

(By R. K. Carney) (Canadian Press Staff Writer) OTTAWA, May 30—A broad plan for future utilization of the Great Lakes-St. Lawrence basin, envisioning provision for a 27 foot deep seaway from the ocean to the head of the lakes by the end of 1949, contained in a new draft waterways treaty submitted by the United States to Canada and made public here tonight.

It combines in a somewhat altered form the St. Lawrence Treaty of 1922 and the Niagara convention of 1929, both rejected by the United States Senate. Designed to meet the objections of Ontario to develop power to the detriment of the treaty, it had a market to abandon it, the treaty would provide for delay until the end of 1949. In addition, the proposed treaty would provide for:

An international commission to develop plans and advise the two governments in the most advantageous use of the entire Great Lakes-St. Lawrence basin. Remedial works to preserve the beauty of Niagara. Permission to Ontario to divert water from the Albany River basin into the Great Lakes and utilize it at Niagara.

The Niagara Convention some of the features of which are embodied in the draft treaty was rejected by the United States Senate in 1930 after it had been approved by the Canadian Parliament. The new waterway treaty failed to get a sufficient majority in the U. S. Senate in 1934. The Canadian Parliament withheld action on it until its late in Washington was known.

PROVISIONS SIMILAR The new draft treaty, tabled in the House of Commons tonight, follows the general outline of the previous treaty, with certain important changes.

Under the old waterways treaty the development of the international section of the St. Lawrence River, which extends approximately from Prescott, Ont., to below Cornwall, was to be carried out by a joint commission, which would apportion the costs between the two countries.

Under the new treaty there would be a joint commission of not more than 10 members, an equal number appointed by each government, which would prepare plans for the section. The development would be done by each gov.

(Continued on page 7, Col 4)

Air Battle Waged Over Hankow

Both Sides Claim Victory In Large-scale Fight. Ground Forces Deadlocked.

(By LLOYD LEHRAS Associated Press Foreign Staff) SHANGHAI, June 1—(Wednesday)—Both Chinese and Japanese claimed victory today in one of the greatest air battles of the war, in which more than 100 planes fought high over Hankow.

A Japanese naval communique declared 30 Japanese planes raided General Chiang Kai-Shek's provisional capital and shot down 20 Chinese planes while one of their own failed to return. China's aviation headquarters, however, declared 54 Japanese planes attempted to make the raid but were beaten off with a loss of 15 planes. Disputing Japanese reports that the Hankow Airfield was heavily bombed, Chinese declared the Japanese were prevented from carrying out their raid.

While Japanese planes struck at Hankow and Canton, ground forces of both armies apparently were deadlocked again in the vicinity of Lanfeng, along the Lunghai Railroad in Central China.

Severe fighting was reported among the mud-walled villages between the Lunghai and the Yellow River with Chinese troops till counter-attacking to break the Japanese drive westward toward Hankow. For the fourth successive day Japanese air raiders attacked Canton, metropolis of South China through which most of China's munitions come from abroad.

A survey of the damages of the first three raids indicated a probable death toll of 600. But the fourth raid yesterday failed, Chinese said, because the arrival of 40 planes overnight "from somewhere in the north" caught the Japanese by surprise.

Other legislation of a similar character would be introduced this session, the Minister said, and it was assumed he referred to the proposed bill to assist the construction of low-cost, low-rental housing.

General Approval The bill, which Mr. Dunning said marked a new departure in Federal legislation, was received with general approval by all parties in the House. It was Conservative Leader Bennett who suggested that the bill be passed throughout the provincial governments might not be able to give guarantees and municipalities in some provinces might not be able to borrow without special legislation.

Mr. Dunning said the laws of the provinces varied so widely with regard to municipal financing and guarantees it had been found impossible to draft a bill which would be effective in all of them. It was hoped the scheme would be so attractive to the municipalities that they would call together for a few days to enact legislation necessary to permit the requirements of the measure to be met before a loan can be made.

1. The municipality must demonstrate to the satisfaction of the Minister that it is in a position to meet out of the proceeds of the loan a self-liquidating debt, that is that when completed it will result in an increase in municipal revenue sufficient to pay the annual charges for interest on and amortization of the loan.

2. The construction of the project must be financed out of the proceeds of the loan and the municipality must agree to guarantee payments of principal and interest.

3. The application for a loan and the project to be financed out of the proceeds must be approved by the province in which the municipality is situated.

4. The province must agree to guarantee payments of principal and interest.

As security for the loan the Dominion will take the debentures of the municipality and principal instalments and interest must be paid semi-annually.

Name Candidates For By-election STAFFORD, England, May 31—(CP Cable)—G. E. P. Thornycroft, young lawyer was nominated today as Conservative candidate in the June 9 Stafford by-election to fill the House of Commons vacancy created by the succession of William Ormsby-Gore.

Frank Lloyd of Manchester, who in the 1935 general election was defeated by Mr. Ormsby-Gore, now Lord Fitzbush, is today being nominated as Labor candidate.

Roosevelt Scraps Reorganization Bill WASHINGTON, May 31—(AP)—With President Roosevelt's consent, his legislative lieutenants pigeon-holed the United States Government Reorganization Bill today until the next congressional session.

Chairman Byrnes (Dem.-South Carolina) and acting chairman Warren (Dem.-North Carolina) of the Senate and House of Representatives reorganization committees said in a joint statement: "No further effort will be made to pass the Reorganization Bill at this session."

NEW BUILDING LEGISLATION AT OTTAWA

Finance Minister Dunning Introduces Municipal Improvements Assistance Act.

OTTAWA, May 31—Special sessions of the provincial legislatures may be called during the summer to enable provinces and municipalities to fulfil requirements of new federal legislation designed to revive the building industry, Finance Minister Dunning told the House of Commons today.

"The Municipal Improvements Assistance Act, 1938." The bill would authorize the Federal Government to make loans up to an aggregate of \$30,000,000 to municipalities for the construction of self-liquidating works at an interest rate of two per cent per annum, provided that the provincial governments approve the projects and guarantee repayment of principal and interest by the municipalities.

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Moncton Board Of Trade Opposes Rail Unification Plan

CHAMBERLAIN RETICENT RE CONSCRIPTION

MONCTON, N. B., May 31—(CP)—As a special meeting of the Moncton Board of Trade tonight a committee of nine was named to study proposed unification of Canada's railway systems, prepare protests in the form of resolutions and seek aid of the Saint John, Halifax, Truro and Sydney Boards of Trade in opposing the plan.

Adoption of the proposal would mean abandonment of about half the Canadian National Railways lines in New Brunswick, said Ambrrose Wheeler president of the local board. "In preference to amalgamation," suggested Dr. O. B. Price, "we might ask the Government to remove if necessary the old intercolonial Railway from the C. N. R. system."

C. H. Blakely, M.L.A., recommended that plans be made for a united Maritime front in opposition to the proposal.

Rand Matheson, manager of the Transportation Commission of the Maritime Board of Trade said the matter could be placed before the Commission at its meeting here June 17.

FATHER PAYS \$10,000 FOR SON'S RANSOM

Fears Held For Safety Of Lad — Federal Agents Investigate.

(A. P. by Guardian's Special Wire) PRINCETON, N. J., May 31—The parents of a five-year-old boy, James Bailey, Jr., waited anxiously for news of the child tonight, after the delivery of a \$10,000 ransom at a rural rendezvous.

Ho— to make another contact with the abductors, the father, a merchant, secluded himself in his home with shades drawn while agents of the Federal Bureau of Investigation and all local authorities withdrew.

Cash had defied a death threat against his son by notifying federal officers soon after the boy was snatched from his bed last Saturday night. Fears grew the threat might have been carried out.

There were many supporters, including W. P. Cash, the lad's uncle, for a theory the kidnapers were local residents. The child was crowded into a car with his mother, helping her husband close the grocery for the night, heard no outcry when he was taken.

In accordance with instructions given by the kidnapers, the senior Cash made a solitary drive in the morning, and returned in high headlights gave a signal. There he tossed a bundle of small bills, making up the \$10,000 ransom to the man, who returned in high spirits, reporting he expected word by noon as to where he could find his boy.

Police Captain Patrick Hayes reported the man, who he said he guessed I must have been out of my head.

Young Heist was charged with murder.

Strongly Opposed To British Plan

Crew Of Digby Vessel Rescued

(A. P. by Guardian's Special Wire) MOSCOW, May 31—The semi-official newspaper, Journal de Moscou, hinted today that Soviet Russia might withdraw from the London Non-Intervention Convention if it adopts the British proposal to close the French-Spanish frontier to arms.

The plan is intended to strangle Republican Spain by virtual blockade of the peninsula, asserted the Soviet Union could not under any conditions join in such measures.

DIGBY, N. S., May 31—(CP)—The Digby scallop dragger "Edith and Shirley" sank late today near Snow Bank eight miles off Digby when the vessel, after fouling a submerged log.

The crew of two was rescued, although Captain Roy Snow, Digby, was taken to hospital here suffering from cuts suffered when he fell across the engine.

CHAMBERLAIN RETICENT RE CONSCRIPTION

May Make Statement Today On Plans For Compulsory Service.

(C. P. by Guardian's Special Wire) LONDON, May 31—Prime Minister Chamberlain, it was believed tonight, would make a statement to the House of Commons tomorrow on the Government's plans for compulsory service in the event of war.

The Prime Minister today declined to discuss or add anything to the announcement Monday by Sir Thomas Inskip, Minister for Defence Coordination, that "there is certain to be in the event of war a competent authority who will allocate according to the age and capacity of each individual person a suitable position for that person to occupy."

The Labor opposition, which called for a full explanation of the statement, declared they will request a full day's debate on the issue should the Prime Minister not clarify Sir Thomas' words to their satisfaction.

Will Make Reply The Prime Minister in reply to insistent questioning merely indicated that when suitable, opportunity arose the Government would make its position clear. It was believed he would seize that opportunity tomorrow with possibly a debate on the question before the House adjourns before the Whit Monday weekend.

Mr. Chamberlain, it was reported, asked the Government to publish a white paper detailing measures contemplated for organization of wartime services. Mr. Chamberlain rejected the request, declaring: "Any plans for dealing with the situation which will arise in the event of war will be debated before Parliament if and when the occasion should arise."

Government benches cheered but Mr. Attlee went on to ask: "Does not the Prime Minister consider it unfortunate in that case that statements should have been made by a responsible minister in the course of debate last night which will be liable to arouse grave misapprehension in the country?"

Mr. Chamberlain said the Minister would be glad to answer any question on the subject.

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(Continued on page 7, Col 4)

Pontiff Celebrates Birthday Quietly

CASTEL GANDOLFO, May 31—(AP)—The Papal Court gathered in a parish church tonight for a solemn Te Deum to render thanks to God for preserving for another year the health of Pope Pius XI, who celebrated his 81st birthday today.

The Pope did not attend the service which was held outside his summer villa.

The gathering included most of the dignitaries who accompanied him here as well as the Podesta, Mayor of Castel Gandolfo, the chief of the local Carabinieri and local Fascist leaders.

Pope Pius took advantage of one of the first warm clear days of the season and strolled on his terrace, pausing to gaze across the countryside at distant Rome.

Later, the Pope, who said he wanted the day to pass almost as any other, returned to his tasks as usual.

The anniversary found him in comparatively good health. Persons near him said he appeared as strong, perhaps stronger, than he was a year ago.

Record Number Of Candidates For Saskatchewan Election

(By The Canadian Press) REGINA, May 31—Candidates totaling 171 are expected to file nomination papers tomorrow for the Saskatchewan election June 8 to fill 52 seats in the provincial legislature.

It will be a record number of candidates, more than the 1934 election when 109 were entered. Last minute changes may include another Conservative and possibly one or two Social Crediters dropping out.

The names of 41 Social Credit candidates were announced today. Hon. E. C. Manning, Alberta provincial secretary and organizer for the Western Canada Social Credit Association, issued a list and said there would be eight more.

Present lineup follows: Liberals 53; Social Credit 41; C.C.F. 31; Conservatives 26; Independent 7.

1,000 Believed Dead Or Wounded In Rain Of Death

Authorities Claim Military Objectives Were Not Object Of "Deadliest Raid."

(By MARCEL GULLORIT Copyright 1938 By The Havas News Agency) GRANOLLERS, Spain, May 31—(CP-Havas)—The killed and wounded total in the Spanish war's deadliest air raid rose toward the 1,000 mark tonight. This refugee-crammed town continued to dig for the bodies of men, women and children buried in wreckage after five insurgent planes dropped 20 bombs into it today.

By 2 p.m. 430 dead had been laid out in the streets, piled in morgues, or heaped in cemeteries awaiting burial. It was believed the dead would reach 500. A far larger number of wounded had been sped to hospitals in Granollers, neighboring villages and Barcelona, 16 miles south. But the work of the rescue squads was far from completed.

The hunt for casualties continued in the market-place—where 100 women and children were killed or mangled by one bomb—in City Hall Square, in 18 private homes which were completely destroyed and in several other buildings.

SWIFT ATTACK The insurgent planes came over at 9 a.m. Wheeling suddenly overhead, they sent bomb after bomb down almost every one into crowded sections of the town. They were gone before any of the terrified civilians could reach the shelters.

Neither the railway to France nor any other military objective was aimed at in this raid, angry authorities stated. In addition to the human casualties in the market and square, 10 children were maimed by a bomb which wrecked their school building.

Almost simultaneous with the Granollers bombardment the British freighter Pentames was bombed and sunk in an insurgent air raid on Valencia Harbor and inmates of three Madrid hospitals were endangered in an intensive insurgent shelling of the southwestern part of that city.

Barcelona had three bombing alarms during the day but was not bombed.

In Madrid, shells fell near a maternity hospital and near the Red Cross and at Juan de Dios Hospital.

Insurgent planes also bombed Sagunto, 15 miles northeast of Valencia, killing several persons and wounding 10.

PUSH OFFENSIVE HENDAYE, France, May 31—Spanish insurgent forces sent infantry, artillery and aviation against Government defenders of the Teruel-Valencia highway today to sustain the advance to the sea started with the capture of Mora de Rubielos.

Occupation of Mora de Rubielos by General Jose Varela's Castilian division yesterday broke the next to the last line of Government defenses guarding the Mediterranean and was the furthest south insurgents have reached toward the coast.

The action suddenly shifted from the Mora de Rubielos sector to a bitterly contested area around Puñonrostre, about 14 miles southeast of Teruel on the main highway to the coast.

Insurgents said nine Government planes were shot down there in a sky battle in which 14 insurgent planes battled 38 Government craft and lost none themselves. They said five other Government planes were believed also to have been disabled.

Waiting continued in separated sectors along the entire 60 mile front from Teruel due east to Albocacer, near the coast.

BOMB PALMA MADRID, May 31—Spanish Government airplanes today bombed Palma, principal city on the insurgent-held island of Mallorca. For the first time in four months, settings afire three insurgent ships. It was reported in an official communique.

METEOROLOGICAL SERVICE Toronto, May 31—Minimum and maximum temperatures:

Table with 2 columns: Location, Temperature. Rows include Dawson, Victoria, Edmonton, Regina, Winnipeg, Toronto, Ottawa, Montreal, Quebec, Saint John, Halifax, Charlottetown.

FORECASTS Maritime Provinces: Moderate-southwesterly winds; fair and mostly warm.

High tide this morning at 12.54 and tonight at 12.11. Sun sets this evening at 7.30 and rises tomorrow morning at 4.16. First quarter moon June 8, 12.30 a.m.

Summer tide eighteen minutes later than Charlottetown. THE CAR FERRY SAILINGS Leave Borden 8.45 a.m. 1 p.m. and 4.45 p.m. Tormentine 11 a.m. 3.05 p.m. and 6.50 p.m.

MRS. WYAND & GOVERNMENT COME TO TERMS

The Campbell Government has made a settlement with Mrs. Catherine Wyand for compensation and indemnity with regard to her land at Cavendish which she desires to be enclosed in the new National Park.

At a conference between Mrs. Wyand and the Campbell Government, at which the Dominion Government was represented by Senator John E. Sinclair, it was agreed that the Campbell Government would allow Mrs. Wyand two acres in the Park area directly behind the 1 1/2 acre she owns on the shore front, permit her to remove her buildings to the new location, and give her the right of way to the shore front, the vacated property to be left unincumbered by any permanent buildings.

In compensation the Government will also pay Mrs. Wyand \$3,000. She receives a 21 years' lease of her new premises at a nominal rental, with the right of renewal.

Under the new treaty there would be a joint commission of not more than 10 members, an equal number appointed by each government, which would prepare plans for the section. The development would be done by each gov.

(Continued on page 7, Col 4)

Presbyterians Prepare To Elect New Moderator

TORONTO, May 31—Election of a moderator to succeed Rev. Dr. Hugh Murray of New Glasgow will be one of the first duties of the commissioners when the 64th annual general assembly of the Presbyterian Church opens in Calvin church here Wednesday evening.

Many prominent ministers have been nominated for the honor by the presbytery throughout the Dominion but the appointment rests entirely with the assembly and the new moderator must rank as a commissioner of that body.

Ministers nominated and eligible as commissioners include Rev. Dr. Alexander Esler, Vancouver; Rev. Dr. Stuart G. Parker, Toronto; Rev. Dr. S. Banks Nelson, Hamilton; Rev. W. P. MacKay, Weston Ont.; Rev. Peter Reith, Tara, Ont. and Rev. Dr. D. MacOdrum, Brockville, Ont.

\$40,000 Granted Halifax Airport

OTTAWA, May 31—Mayor Walter Mitchell of Halifax announced today the Government has agreed to spend \$40,000 improving Halifax airport.

The expenditure will come out of this year's estimates. The airport, built by the city without assistance will be on a feeder line of the Trans-Canada Air Lines when the service is extended to the Maritimes.

Assisted by Gordon Isnor (Lib. H-114), Mr. Mitchell conferred with Transport Minister Howe in Ottawa last night and the agreement resulted from the meeting.

Today Mr. Mitchell attended a meeting of the Executive Council of the Dominion Federation of Mayors and left for Halifax on the afternoon train.

Will Administer Confirmation Rite

Right Reverend John Hackett, D.D., Lord Bishop of Nova Scotia, arrived in Charlottetown last night and will be the guest of Rev. Canon E. M. Malone during his stay here. His Lordship will administer the apostolic rite of confirmation in St. Peter's Cathedral tonight.

Last night in St. Paul's Church the Bishop conferred the rite of confirmation on 11 candidates. Rev. Dr. Haslam of Toronto who is relieving in St. Paul's owing to the illness of the rector, Rev. H. D. Raymond, conducted the service.

Rev. Canon Malone also took part. Mrs. F. M. Nash rendered a vocal solo during the service. Miss Lilian Earle was organist.

Enthroned As Bishop Of Prince Albert

PRINCE ALBERT, May 31—(CP)—An amid colorful surroundings Rev. Reginald Duprat was elevated to the office of Roman Catholic Bishop of Prince Albert today by His Excellency Archbishop P. J. Monahan of Regina. It was the first ceremony of his kind in the Province of Saskatchewan.

An undisciplined number of technical specialists mobilized with other troops, when Nazi-Czechoslovak troubles flared May 21, have been recalled. The right of way to the shore front, the vacated property to be left unincumbered by any permanent buildings.

By the time the third of a series of municipal elections is completed June 12, it is hoped that both the international situation and relations between Czechoslovaks and the Sudeten German minority will have been improved to the point where normal garrisons in frontier regions will be sufficient.

At present there are no plans to extend to ground troops the six-mile border neutral zone the Czechoslovak Government applied to the military planes.

Further conversations between Premier Milan Hodza and German minority representatives did not materialize today. It was said in several quarters they might be resumed tomorrow.

With the May 22 to the May 29 municipal elections, in which the Sudeten German (Nazi) Party received an overwhelming majority of German votes cast, altered materially the questions involved in negotiations. However, they strengthen Nazi Leader Konrad Hainlein's position as spokesman for the German minority.

