

Start Right

Start your New Year right: Renew your Statesman subscription and tell your friends about Salem's morning newspaper...

The Oregon Statesman

FOUNDED 1851

Salem, Oregon, Saturday Morning, January 3, 1942

Price 3c. Newsstands 5c

No. 242

Weather

Maximum temperature Friday, 33. Minimum, 19. River 3.5 feet. All further weather information withheld by government order.

US Troops Fight On After Fall Of Manila

Auto Lack In Nation Seen Near

Salem Salesmen Hit; FDR Tells Work Program

WASHINGTON, Jan. 2—(AP)—Automobile owners who have no vital need for a car received warning Friday that they may have to surrender their machines to the government...

Price Administrator Leon Henderson told a press conference that this was the "gloomy prospect" for the future...

He gave this outline of the situation: The automobile industry will be permitted to produce about 200,000 more passenger automobiles this month...

These 200,000 units, plus 450,000 cars now held by dealers, will be insufficient to fill the needs of consumers described as essential under the tire rationing program.

This means, he said, that there will not be enough new cars to meet demands of physicians and surgeons, police, fire departments, and other protective agencies of the need for ambulances.

All this added up, he made clear, to eventual government requisitioning of private cars, though he commented that in Germany and England commandeering even now remained a "hot" and unanswered question.

Earlier in the day, President Roosevelt told his press conference that the stoppage of passenger car production would create a temporary unemployment problem...

Year's Postal Receipts Top Mark for '40

Postal receipts for 1941 totaled \$393,648,36, an increase of \$19,438 over the same period last year, according to Postmaster H. R. Crawford...

"When one stops to think that the election in 1940 was responsible for considerable revenue that year, the increase for 1941 takes on added significance," Crawford said.

Holiday mailing, the greatest this season in the history of the postoffice, brought the receipts last month to \$52,637.05 an increase of \$5,199.21 over December, 1940.

Red Cross Day Is Designated

WASHINGTON, Jan. 2—(AP)—January 11 Friday was designated Red Cross Sunday.

Chairman Norman H. Davis said it was hoped religious leaders would bespeak support for the Red Cross war fund campaign and interpret from the pulpit "those eternal verities—compassion, pity and aid—essentially exemplified by the Red Cross."

Air Raid Retaliation Routes



Distance factors in the problem of aerial attacks on Japan and Japanese-held areas in the far east are shown on this map. Speaking of the Japanese bombing of Manila, Gen. Douglas MacArthur said: "I bespeak due retaliatory measures."

British Capture Bardia In Bayonet, Tank Fight

Kill or Take Prisoner 5000 Axis Troops In Fierce Battle; Gen. Rommel Hemmed In at Agedabia; RAF Rains Bombs

CAIRO, Egypt, Jan. 2—(AP)—South African troops with fixed bayonets, rushing into battle behind powerful British tanks, have occupied the Libyan port of Bardia and killed or captured all of the 5,000 axis defenders, it was announced Friday night.

The high command announced also that 1,000 imperial soldiers imprisoned there were liberated. The defenders numbered about 4,000 Italians and 1,000 Germans.

The fall of the stronghold 15 miles from the Egyptian border removed a serious rear-line threat, and released British reinforcements for the major contest more than 300 miles to the west where Gen. Edwin Rommel's remaining nazis armies are holding out at Agedabia.

Official reports indicated the axis was rushing reinforcements to aid Rommel who is almost surrounded by imperial desert troops.

The final storming of Bardia's inner defenses came after terrific artillery and air bombardments. Apparently the royal navy also participated by shelling the Germans and Italians who had tried to make another Tobruk out of Bardia.

"Our casualties are reported to be light," the special British communique said. When the British took Bardia a year ago they captured 40,000 prisoners in a five-day assault. That was before nazis reinforcement. (Turn to Page 2, Col. 6)

Snow Again Hits Salem

A light snowfall Friday afternoon and night, which covered Salem streets and rooftops with a thin coat of "frosting" combined with a weather bureau prediction that Oregon would be warmer Friday night in the west portion, to give some promise of a let-up in Salem's spell of cold weather.

Both minimum and maximum temperatures for Friday, 33 and 19 were one degree higher than for Thursday's readings of 32 and 18.

War Pact Signed By 26 Allies

Pledge All Aid And No Separate Peace With Axis

WASHINGTON, Jan. 2—(AP)—The United States, Great Britain, Russia and China formally agreed with 22 other nations Friday to use their full military and economic might against those axis powers with which each is at war and further pledged not to make a separate peace with the enemy.

Climaxing lengthy conferences among President Roosevelt, Prime Minister Churchill and diplomatic representatives of the associated nations, the joint declaration implements the eight-point Atlantic charter agreed upon by the British and American leaders last August. It also makes the charter a multilateral one by bringing in the 24 other countries.

Signing of the formal declaration began Thursday. It was completed Friday at the state department when several Latin American diplomats affixed names for their countries. Announcement of the agreement was made simultaneously at 12 noon (PST) in the capitals of the 26 signatories.

Secretary of State Hull said that the joining of 26 free nations "in the greatest common war effort in history" represented "the overwhelming majority of the inhabitants of all six continents."

"This is a living proof that law abiding and peace loving nations can unite in using the sword when necessary to preserve liberty and justice and the fundamental values of mankind," said Hull's statement.

"Against this host, we can be sure that the forces of barbaric savagery and organized wickedness cannot and will not prevail."

The declaration said that the signers subscribed to the "common" (Turn to Page 2, Col. 1)

Plant Shift Fight Pushed

McNary Encouraged After Parleys With Government Chiefs

WASHINGTON, Jan. 2—(AP)—Senator Charles L. McNary (R-Ore.) conferred at length Friday night with Federal Loan Administrator Jesse Jones and said afterward he felt encouraged in his effort to prevent changing the location of a contemplated \$20,000,000 aluminum fabricating plant from Fairview, Oregon, to somewhere farther inland.

McNary said Jones had expressed the opinion that the army might be acting hastily if it ordered the sites of all new Pacific coast defense plants changed to inland areas.

Jones' administration will finance the huge aluminum plant. McNary said Jones had told him during the conference he was keeping in mind the fact the government had paid \$75,000 for the land for an aluminum plant near Fairview, and did not believe the plant should be moved without careful consideration of all defense facts involved.

McNary said Jones showed sympathetic interest in his objection. (Turn to Page 2, Col. 2)

Allied Chief



GEN. A. P. WAVELL

Wavell Named Pacific Chief

Australia Reports British General to Command All Forces

CANBERRA, Australia, Jan. 2—(AP)—Gen. Sir Archibald P. Wavell, British commander for India and Burma, and the first military leader to score a smashing success against the axis, will head the land, sea and air forces in the Pacific, the Australian Associated Press said Friday night.

(The dispatch apparently referred to command of all allied forces since a Reuters dispatch from Canberra said Australian Prime Minister John Curtin had "confirmed indirectly" that Wavell was being considered for such a post.)

The press service said it had learned authoritatively that the 58-year-old general who laid the groundwork for the conquest of most of Premier Mussolini's African empire as to be the new Pacific commander in chief.

Earlier, Prime Minister Curtin had said he was mystified by a London forecast to that effect.

As commander in chief of the Pacific, Gen. Wavell presumably would take precedence over Gen. Douglas MacArthur, head of the hard-pressed Philippine forces, Admiral Thomas C. Hart, commander of the US Asiatic fleet, Gen. Sir Henry R. Pownall, the new British far-eastern commander at Singapore, Gen. Hein Ter Poorten, Dutch commander at Batavia, Chinese and other chiefs.

General Wavell's headquarters at present are at Simla, India, where he was shifted last July, changing places with Sir Claude Auchinleck, present British middle eastern commander.

A few days ago an ABC military council was created in Chungking, China. It was composed of General Wavell, Chiang Kai-Shek, Chinese generalissimo, and Maj.-Gen. George A. Brett, chief of the US army air corps.

After a three-day strategy conference, General Wavell left for Rangoon, Burma, enroute back to his headquarters.

Bonds Funds Stolen

PORTLAND, Jan. 2—(AP)—Sam Grim, Portland, told police Friday that he had saved \$1000 to buy war bonds for his infant. He withdrew the funds from the bank in preparation for the purchase, but a burglar beat him to it. The money was stolen from his southeast Portland apartment Thursday night.

Road to Island Capital Left Open as Army Move Allows Entry by Nippon

US Warships, Planes Help Dutch Fleet

East Indies Defenders Prepare for Attacks In Force by Japs

BATAVIA, NEI, Jan. 2—(AP)—United States warships and planes already are helping the small but modern Netherlands fleet defend the Dutch East Indies, the Netherlands command disclosed Friday in a communique which reported attacks on one US warship and two planes.

The attacks occurred in the northern part of the archipelago, the communique said. No serious damage was done to any of the US or Netherlands warships. It was stated, and no damage at all was sustained by the two US planes which were attacked in force by enemy aircraft in the same area.

The announcement coincided with statements of a competent military informant in London to the effect that Japan's main task now was to seize the Dutch East Indies and their rubber and oil, and that the Dutch defenders for the present must bear the brunt of the attack.

(The spokesman said that the Indies' defense powers were very strong and that the waters between the hundreds of islands had been turned into death traps for Japanese transports and warships. Already Dutch fliers and submarines have taken a heavy toll of both categories of enemy ships in offensive actions.)

The Dutch communique again stressed the Japanese campaign of systematic terrorization of the natives. (Turn to Page 2, Col. 2)

Japs Arrested For Hissing Allied Chiefs

LOS ANGELES, Jan. 2—(AP)—Two American born Japanese youths, accused by Mrs. Winifred Stephens of spitting in her face when she upbraided them for actions in a theatre, were turned over by police Friday to the FBI for investigation.

Mrs. Stephens told Police Officer E. C. Russell that the youths, Shigeo Kayama, 21, and Tomio Ambo, 19, hissed pictures showing President Roosevelt and Prime Minister Churchill, applauded others of Japanese / ambassador Nomura and Envoy Kurusu and laughed at others of the Japanese bombing Pearl Harbor.

The youths denied this and Police Capt. Vernon Rasmussen said Kayama declared, "She spat at me first."

Rasmussen said he decided to turn the youths over to the FBI after Kayama admitted he had gone to school four years in Japan.

Bulletins Cavite Emptied As MacArthur Shifts Lines

LONDON, Jan. 3—(AP)—The admiralty announced Friday night that the 7,175-ton British cruiser Neptune had been sunk by a mine in the Mediterranean.

TOKYO, (Official Broadcast Recorded by AP)—Jan. 2.—A Japanese dispatch dated Hankow quoted military quarters as saying the Japanese "may not occupy Changsha permanently as it was the purpose to crush Chinese resistance" in driving on the Hunan capital.

WASHINGTON, Jan. 2—(AP)—With the fall of Manila, Philippine circles here believe that the provisional capital might have been transferred to Malolos, 25 miles to the north.

Malolos was the capital of General Emilio Aguinaldo's insurgent government in 1899, when the Filipinos refused to accept American sovereignty following expulsion of the Spaniards.

There appeared little doubt that military headquarters was at Fort Mills, on fortified Corregidor island at the entrance to Manila bay.

Cavite, too, was empty of all weapons and military equipment; all not destroyed by Japanese bombers had been removed. No American warship, no naval stores, fell into the assailant's hands.

The war department's late afternoon communique thus briefly told the story of a gallant continued defense:

"American and Philippine troops north and northwest of Manila are continuing to resist stubbornly attacks which are being pressed with increasing intensity."

The invader, reporting that MacArthur's men had withdrawn to Corregidor island and to the mountains of the Batan peninsula above it, indulged himself in unrestrained exultation—but yet his news and propaganda agency spoke thoughtfully of Corregidor and its mighty batteries and its anti-aircraft defenses.

It was plain that by any view the conquest of Luzon stood yet in an uncertain and bloody future. Manila had been doomed from the start; but Manila was not Luzon.

The war and navy department's announcements on the Luzon fighting were bald and blunt and spare of detail, but they contained clues which led military observers here to reconstruct the situation in this fashion:

It was evident that with Japanese forces approaching Manila from two directions, over a terrain little adapted to defensive fighting, MacArthur decided to yield the city and continue the battle on ground of his own choosing.

So, despite enemy harassment, he ordered a daring maneuver. The defending forces to the south withdrew and joined the American and Filipino troops which had been resisting the attack from the north. This left the southern approach to Manila wide open and the enemy marched in unopposed.

But, to the north it gave MacArthur a compact, one-unit fighting force with the advantage of shorter lines, closely coordinated command, and a broad battlefield of farm land, jungle and mountain country in which to make a determined stand.

As his back was Manila bay, the South China sea, and the long ruggedly mountainous Batan peninsula which forms the western enclosure of the bay. Just off the end of the peninsula lies Corregidor, the rocky island fortress, and nearby / (Turn to Page 2, Col. 5)

December Most Expensive Month in History of United States

WASHINGTON, Jan. 2—(AP)—The treasury chafed up Friday the most expensive month in its history at the same time that President Roosevelt was putting the finishing touches on the greatest war budget of all time. The treasury revealed that it spent \$2,557,103,354 in December, the first month of the war. This was about \$500,000,000 more than was spent in any month of the World War era. The president and Budget Director Harold D. Smith sent to the printer some of the last portions of the first war budget, which the president has indicated may exceed \$50,000,000,000 for the fiscal year beginning next July 1.

Exact contents of the budget were a virtual military secret, pending their presentation to congress, expected about Wednesday or Thursday of next week, but the president said the proposed expenditures for war purposes alone would be about \$50,000,000,000. With about \$5,000,000,000 for non-defense costs, the budget total may reach \$55,000,000,000 or more than twice as much as the figure for the current fiscal year. Revenues in sight for the next fiscal year, as estimated by the treasury, are about \$16,000,000,000, but may be supplemented by large new levies which treasury and congressional experts are now drafting. The federal debt is already close to \$58,000,000,000, and the deficits in the rest of this fiscal year and next year may bring it to around \$100,000,000,000, officials said. While these preparations were being made, the treasury disclosed that direct defense spending reached a new high of \$1,446,554,311 in December. The effect of war upon the defense program was shown by the fact that this figure was \$400,000,000 more than was spent in November, and was about four times the size of defense spending in December, 1940. The December total brought defense costs in the first half of the current fiscal year to \$8,214,184,367, compared with \$1,767,668,623 in the similar

portion of the preceding fiscal year. In the past six months, total expenditures of the federal government were \$11,552,159,863. Revenues were \$4,155,910,974, leaving a deficit of \$7,396,248,889. One reason for the rapid rise of the federal debt to the record level of \$87,935,123,000 on Dec. 31 was the spurt in sales of defense savings bonds, which set a monthly record of \$836,285,664 in December.