

Fighting the Battle of the Budget will be discussed by Maxine Buren, Statesman women's editor, in her weekly radio talk at 11 o'clock this morning over KSLM.

SAN FRANCISCO, Jan. 22—(AP)—Tokyo radio broadcast: Japan reports: "Our undisclosed division advanced to undisclosed position on undisclosed river."

Japs Mass 200,000 Men Against MacArthur

Australians Fear Invasion

Nippon Capture Of New Britain Believed Soon

Final Radio From Capital Says Huge Convoy Sighted Near Shore; Docks Blasted

MELBOURNE, Australia, Jan. 23—(Friday)—(AP) Japanese marines, in their first invasion of Australian territory, were believed today to have landed on New Britain island 800 miles off the northern mainland after a withdrawing garrison fired and dynamited dock installations at Rabaul, its capital.

A radio flash from Rabaul at 4 p. m. yesterday (10 p. m. PST, Wednesday) said that 11 Japanese vessels including warships had been sighted 45 miles offshore bearing down on the island.

That was the last word from Rabaul which had undergone two heavy Japanese air attacks during the day.

An Australian army bulletin issued Thursday night said: "It is considered that the stations were demolished by our forces and it is probable that the town has been evacuated. It is not known presently whether Japanese forces have attempted to land."

The communique said the 11 Japanese ships were seen 30 miles off Watom island, which is 15 miles northwest of Rabaul in St. George's channel between New Britain and New Ireland, both Australian mandates in the Bismarck archipelago.

The London radio also reported that three Japanese aircraft carriers had been sighted off New Guinea, the British and Dutch mandated island lying west of New Britain on the road to the Netherlands East Indies.

For two days officials had warned that heavy Japanese air raids on both New Britain and New Guinea were the prelude to invasion, but Thursday night's announcement electrified Australia.

While newspapers cried out for allied air reinforcements, defense officials planned to blackout all cities on the mainland, and also began accepting enlistments from resident aliens—Germans, Austrians, Danes, Italians and Czechs. These aliens, eager to fight the axis, flocked to join the defense militia units and recruiting sergeants smiled grimly as they wrote down such birthplaces as Berlin, Hamburg, Rome and Prague.

Rabaul was the main defense point for all of New Britain, a volcanic island still not entirely explored. Australian air units apparently based there have been attacking Japanese invasion bases in the Caroline islands far to the north.

The press reflected the growing alarm on this big, sparsely settled continent, both because of the New Britain developments and the situation in Malaya above Singapore.

The Melbourne Sun in a typical editorial said: "We sent troops from this country and poured equipment into other theaters of war on the strength of assurances that Singapore guaranteed Australia's safety."

"Singapore, we were informed by an impressive array of experts, was impregnable. "Admittedly it has not fallen yet, but we are entitled to ask that an adequate proportion of the vast resources commanded by our vital allies should be concentrated in protecting this vital fortress."

"We have given our best toward the common cause and now that we are in the vanguard of battle we ask the allies to divert to the Pacific the men and machines, and above all, the air strength which alone can avert an Asiatic (Japanese) triumph."

Wednesday's Weather

Forecasts withheld and temperature data delayed by army request. River Thursday, 2.3 feet. Max. Temp. Wednesday, 50, Min., 28.

Their Views Clash in Parley



Just when everything was running smoothly at the Rio de Janeiro hemispheric anti-axis conference, Argentina, through its acting president has again deadlocked negotiations. Here is shown Sumner Welles, head of the US delegation and Dr. Enrique Ruiz-Gulman, chief of the Argentina delegation, talking the situation over after a formal dinner.

Argentina Balks Again On Rupture With Axis

Acting President Castillo Fears Actual War; Remarks of Sen. Connally Are Quoted; Chile Firm on New Pact

RIO DE JANEIRO, Jan. 22—(AP)—Argentina deadlocked the Pan-American conference again Thursday night with efforts to weaken still more the already revised resolution calling for an eventual diplomatic rupture with the axis, and some observers attributed these new difficulties to Argentine resentment over Senator Connally's remarks Wednesday in Washington.

Political leaders here said that Argentina apparently had swung into line Wednesday night about the time the US senate foreign relations committee head declared "we are trusting that Castillo (acting president of Argentina) will change his mind, or that the Argentine people will change their president."

Connally's statement had followed one by Castillo in which the acting president in Buenos Aires declared that, "right or wrong," Argentina would not modify her opposition to the rupture resolution.

In Buenos Aires Thursday night, Castillo, in another published interview—a method by which he is making himself heard over his own delegates at Rio De Janeiro—declared that Argentina was "in solidarity with the American nations, but we do not agree that an attack on one of the nations of America signifies a rupture with the axis."

Limited to one hour, the association's representatives will contend, it is understood, that the legislature has no authority to restrict the referendum by placing on the statutes a law requiring filing of expense accounts, that the association's expense statement in its referendum.

Raver Offers State Power

Bonneville Service To Salem Institutions Proposed as Savings

PORTLAND, Jan. 22 (AP)—Bonneville service to state buildings and institutions at Salem was proposed Thursday by Administrator Paul J. Raver in a letter to the state board of control.

He said savings would range from \$19,090 to \$31,640 annually, in answering the board's request for information on the economy of buying Columbia river power.

Two plans were proposed, one providing service to the capitol building, library, office building, blind school, agricultural building, printing department.

Arguments on Cigarette Tax Start Today

Arguments in the state retail grocers association's suit to secure a referendum of the new state cigarette tax law at the next November elections are to be heard at 10 o'clock this morning, the state supreme court announced Thursday.

Limited to one hour, the association's representatives will contend, it is understood, that the legislature has no authority to restrict the referendum by placing on the statutes a law requiring filing of expense accounts, that the association's expense statement in its referendum.

Epic Mutiny Tale Revealed When Ship Reaches US Port

SEATTLE, Jan. 22—(AP)—An epic story of mutiny on the high seas by a polyglot crew, determined to keep a Japanese-chartered ship from reaching Yokohama, came Thursday from Seattle's waterfront.

The crew seized the ship after Japan's attack on Hawaii, steered for a friendly Pacific port and turned over the Japanese officers to the American authorities. (Identification of either the ship or port would be a violation of naval regulations.)

The dramatic story was authenticated by reliable authorities as follows: The vessel, loaded with 4,000 tons of coal, was 20 miles off the Japanese coast on December 7, when the air waves crackled with accounts of the attack on Pearl Harbor.

The Russian radio operator took the report to his fellow countrymen aboard the ship, instead of to the Japanese officers. The Russians immediately conspired with the Dutch and Chinese among the crew of the

former Dutch freighter.

Moving swiftly, the crew overpowered the officers and put them in the brig. Then the vessel was steered for an American port.

Provisions were running low but the ship plowed forward through oft-times heavy seas for an undisclosed time. Once it was overhauled by an American patrol, which allowed it to proceed after an inspection of the uniformed cargo in the brig.

Inhabitants of the port flocked to the ship with clothing after learning some of the Chinese crewmen had suffered discomfort on the voyage.

It was a clear case of mutiny, but one for which the mutineers probably never will have to face a court.

Box Factory Planned Here

Spaulding Mill Site For New Structure To Be Built Soon

Construction of a three-floor, 70 by 90 foot box factory as an addition to the former Charles K. Spaulding Logging company mill in Salem is to commence on or about February 1, E. A. Linden announced Thursday.

Manager in Salem for the lumber division of the Oregon Pulp & Paper company, which recently purchased the Spaulding properties, Linden said the first two floors of the new structure would be used as a box factory, and the third floor would serve as an extension of the cabinet department of the present sash and door factory.

Between 20 and 50 men will be added to the payroll of the plant, which now employs approximately 25 workers, it was indicated.

Should the sawmill on the properties be returned to use, another 50 men would be employed, Linden said, pointing out that disposition of the mill had not been determined.

Opening of the mill, it was intimated, probably would depend on government orders, which it is anticipated will call for construction at the new box factory of ammunition boxes and incendiary bomb cases.

The building is to face State street, standing at the northwest corner of the present sash and door plant, approximately 80 feet from State street. It is to be of heavy timber construction, cost of which Linden declined to reveal.

Two Men Charged With 'Jaywalking' Thursday

Only two persons were charged with "jaywalking" Thursday by the city police, under the new city ordinance which went into effect Tuesday.

Both cited into court, they were Fred B. Clark, 215 South Winter street, and Dick Drinnon, 1340 Laurel avenue.

Status Of US Effort Reported

Bureau Reveals Production to Outstrip Axis

WASHINGTON, Jan. 22 (AP)—In a "report to the nation" on America's armament effort in the last 18 months, the office of facts and figures said Thursday that "good strong foundations" had been laid for the greatest war program in history and that the United States and Britain would soon outstrip the axis in plane output.

"More important," said the over-all review prepared at President Roosevelt's request, "we shall have the plane capacity to increase our production to the point where we can seize control of the air in all areas of the world struggle."

The 20,000-word report listed great strides in output of ships, tanks, guns and ammunition, and placed the army's ultimate goal in enlisted strength at 7,000,000 men.

(The office of facts and figures was established several months ago by the president to supervise the issuance of defense information releases by all government agencies. It is headed by Archibald MacLish, librarian of congress.)

The report said the navy had 346 combat ships under construction when Japan struck at Pearl Harbor to add to the 345 already built, that preparations were under way to meet any axis push eastward by construction of bases in the western Pacific area, and that the army ferrying command, with \$50,000,000 of lend-lease funds for servicing and delivery costs, had already delivered more than 1,000 planes purchased by the British.

Here are some of the production gains and forecasts outlined in the report covering the period from the fall of France to Pearl Harbor:

1.—Nearly three times as many weapons and supplies of war will be produced this year as in the last 18 months. (Actual figures were withheld.)

2.—Production of planes and tanks this year will equal that of Hitler in all the years before 1939 "when he was preparing to conquer the world," and "we are already on our way to outbuilding the world."

3.—Output of tanks and other combat vehicles is now more than three times as large as a year ago; guns of all types almost five times as large.

4.—Army plane production not only has been stepped up to a point where, with Britain's, it will soon exceed that of the combined axis, but the American army now has four types of combat planes (Turn to Page 2, Col. 3)

Top-Citizen



GEORGE M. McLEOD

First Junior Citizen Named

George M. McLeod, In Army, Selected by City Junior Chamber

George M. McLeod, 26, one of Salem's most recent enlistees in armed service, was the city's junior first citizen for 1941, the junior chamber of commerce announced Thursday night at its annual banquet. The young attorney was not present, and the awards were given to his parents, Mr. and Mrs. L. C. McLeod.

McLeod resigned more than a week ago as dean of Willamette university college of law, to enter the army as a private and has been assigned to Hamilton Field, Calif.

Gov. Charles A. Sprague presented the award, an engraved plaque and the US junior chamber of commerce distinguished service key.

McLeod was graduated from Willamette and its law school in 1937 and took graduate study at Harvard university. His mother was given a bouquet of roses, a new presentation this year.

In the principal address, Philip H. Parrish, editor of the editorial page of the Portland Oregonian, declared the world crisis is (Turn to Page 2, Col. 6)

Chute Failure Kills Former Salem Pilot

PORTLAND, Ore., Jan. 22—(AP)—First Lieut. James O. Reed, killed Thursday at Chanute field, Ill., when he jumped from a plane and his parachute failed to open, was a University of Oregon swimming star in 1934-35-36 and a Salem high school graduate.

He held the national collegiate individual medley record from 1935 until last year and was Pacific coast intercollegiate 100 yard backstroke champion.

Once before he had been forced to jump from a plane. In October, 1939, flying to a homecoming celebration at Eugene, Ore., his fuel line clogged and he bailed out and landed safely in rugged, heavily timbered country east of Eugene.

He was the son of Mrs. Floyd L. Lewis, Raymond, Wash.; and the late Charles W. Reed of Honolulu.

Batan Defense Hammered By Ten Divisions

Heavy Fighting Develops in Jungles; Reinforcements for Enemy Landing; Cebu Bombed

WASHINGTON, Jan. 22—(AP)—The Japanese, with 200,000 troops on Luzon and reinforcements still arriving, Thursday directed hammer blows at Gen. Douglas MacArthur's army in an apparent attempt to crush it by sheer numbers.

Reporting that enemy attacks were being intensified all along the narrow front on Batan peninsula, the war department said that the entire Japanese 14th army and other units had now been massed on the island of Luzon.

Commanded by bulky, English-speaking Lieut. Gen. Masaharu Homma, the force included possibly ten divisions and auxiliary troops numbering altogether 200,000 or more men. Only in the drive on Singapore are larger enemy forces being employed, observers believed.

A raid by 17 bombers on Cebu, the Philippines' second city, which was reported at the same time, suggested enemy intent to occupy other island areas which thus far have escaped invasion.

Cebu, about 150 miles south of Luzon on the island of Cebu, has been a major link in communications between the United States and unoccupied sections of the Philippines. Whether radio facilities there were damaged or put out of commission by the raid, which took place Sunday, was not disclosed by the war department.

The sombre picture in the China sea area was lightened somewhat by a report from a high government official that since Dec. 7 a stream of reinforcements had been started to the southwest Pacific, while, meantime, defenses on Hawaii and the United States Pacific coast had been made stronger than ever before.

The temporary advantage in naval strength that Japan gained by treachery was declared to have been largely offset by the mounting production and use of American long range bombers. Whether the reinforcements were other than aerial was left unsaid.

In the morning communique, the war department said particularly heavy fighting had developed along the left flank and center of General MacArthur's line, now believed to be about 25 miles north of the fortress of Corregidor. Enemy reinforcements were said to be landing both at nearby Subic bay and farther north on Lingayen gulf.

Repulsed in earlier attempts to turn the right flank of the little American-Philippine army and batter it southward along the single highway leading to Corregidor, the Japanese are making their new efforts to advance in exceptionally rugged jungle country.

British Launch Drive in Orient

Singapore Base Used For First Strong Counter-Offensive

SINGAPORE, Jan. 22—(AP)—The British imperial line northwest of Singapore lunged out Thursday in what appeared to be the first strong counter-offensive yet launched by the defenders, and reinforcements of Hurricane fighters went into action to shorten the ratio of the enemy's aerial superiority.

British, Australian and Indian troops, covered in their initial advances by heavy artillery fire, were engaged in a great and perhaps decisive struggle with the bulk of the invading forces in the rough Bukit Payong hill area above Batu Pahat in western Malaya—a wild battle ground 70 miles above Singapore itself.

This strong counter-thrust was intended to solidify the western British anchor in northern Johore state and to rescue the survivors of two Australian battalions and (Turn to Page 2, Col. 7)

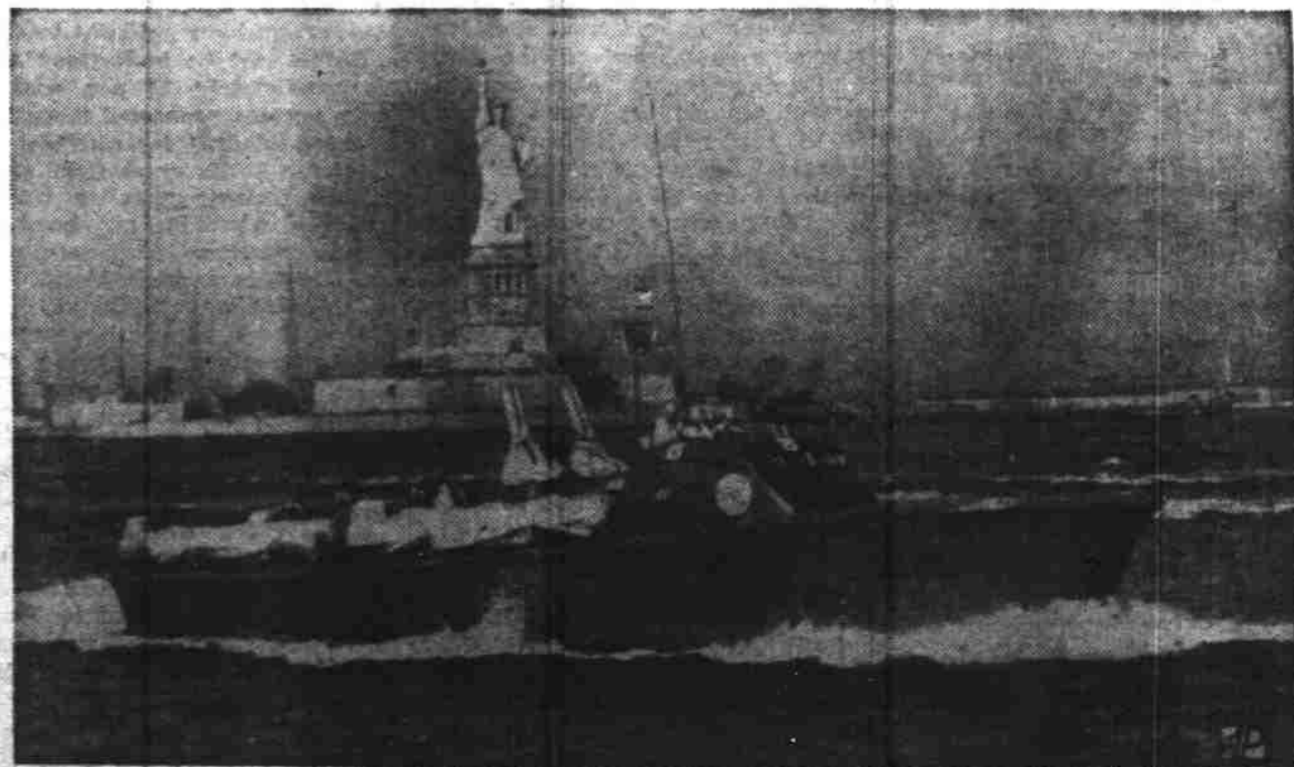
Nazi Desert Forces Are Turned Back

CAIRO, Jan. 22—(AP)—The German desert army has been turned back after a sudden ten-mile thrust in the red mist of a furious sandstorm, reports from the Gulf of Sirte battleground said Thursday night.

This sudden lashing out by the army of General Erwin Rommel, after it had been pursued more than 300 miles across Libya, was described by the British middle-east command as a "reconnaissance in force."

Three strong columns supported by most of the Germans' (Turn to Page 2, Col. 3)

Type of Boat Which Torpedoed Jap Ship



The United States navy in New York released this official photograph, describing it as that of the flagship of the mosquito boat fleet, commanded by Lieut. John Bulkeley, made in New York harbor three days before he left on his Far East assignment. In a boat like this he and a crew of eight darted into Binanga bay in the Philippines and sank a Japanese vessel.