

## OWI Reveals War Output Lag, Says 'We Could Lose This War'

WASHINGTON, Aug. 7.—(AP)—The office of war information, warning that "we could lose this war," declared Friday night that production of fighting planes, tanks, most types of artillery, and naval vessels fell behind schedule in June and that increasing sacrifices must be made by civilians if the war program is to be successful.

Presenting a gloomy and critical review of the military and production situation at the present time, OWI asserted that individual Americans had made great sacrifices but "as a nation we are not yet more than ankle deep in the war."

Referring by indirection to demands for the opening of a second front in Europe, the OWI declared that "popular pressure for action on this front or that of the many possible fronts can serve no useful purpose."

American military forces are being disposed "as and where the military commanders believe they get the maximum of results," and "when we can not be strong and hit hard everywhere, we must be able to hit hard where it counts most even at the price of leaving other areas inactive," OWI said.

"We always knew that, for us, 1942 would be largely a year of preparation, and that our allies would have to do most of the fighting during most of the year. Before we can do much of the fighting we must move great numbers of men and vast masses of material over enormous distances."

"This job, so far, has been done with entire success; but we are going to have to keep on doing it, in increasing volume, until the war is won."

The review declared that our allies thus far have carried most of the load "and we have not given them as much help as we had led them to expect." This was due partly to enemy victories, the review added, but "by and large, we have not been producing war material to the maximum of available capacity and have not been getting that

material to the fronts in the time and in the volume that will be needed to win.

"We are deep in what may be the decisive year of the war," the review continued. "But 1942 will be the decisive year only if our enemies do not succeed in inflicting crippling blows on our allies before the year is out."

"Even if they fail in that they will still take a lot of licking. "But, if they should paralyze the striking power of Russia or wear down the endurance of China, or break the British power in the middle east, the war will be decided in some later year not now foreseen, and victory will be far more costly."

Asserting that the military forces had done "pretty well but not well enough," OWI said "we held the central Pacific and reinforced Australia; but he (the enemy) still holds the Philippines, and the Dutch islands and the rubber that we need."

The situation at home likewise is a job done 'pretty well but not well enough,' OWI asserted.

"Our production, measured by our standards of a couple of years ago is amazing; measured against what we need to win, it is not yet enough. In June we fell slightly below schedule in total military planes, in total combat planes, and in most of the individual types; we made more planes than any other country in the world, but we did not make as many as we said we were going to make. The same is true of tanks, of most types of artillery and of naval vessels—particularly the small craft needed to fight submarines."

In July, the review said, the curve of submarine sinkings throughout the world started downward and, while it was hoped this trend would continue, "production of small vessels for the anti-submarine campaign is still lagging and in June was less than half of schedule."

"Even if shipbuilding continued to rise and sinkings to decrease, we shall probably be well into 1943 before we again have as much merchant shipping as we had on December 7, 1941," the review said. (Turn to Page 2, Col. 1)

## Oregon Tops Bonds Quota

PORTLAND, Aug. 7.—(AP)—Oregon exceeded its July war savings bonds quota while the nation as a whole lagged, Ray Conway, acting state administrator, was advised from Washington Friday.

Oregon purchased \$9,823,000 worth of the securities during the month, or 10.5 per cent more than the quota. July also won the state's biggest month in sales, Conway said.

The quota for the nation was a billion dollars. Sales were \$990,000,000.

## More Railway Stock Needed For War Load

### New Transport Corps Head Says Demand Grows Steadily

WASHINGTON, Aug. 7.—(AP)—A warning that without additional locomotives, cars and other equipment the railroads might be unable to carry the mounting American war load came Friday from the chief of the new army transportation corps.

Brig. Gen. Charles P. Gross said the carriers were approaching "a rather serious and even critical condition," and that next year would bring even heavier demands than 1942.

"The railroads already have about used up their reserves or surplus equipment," he told reporters. "Right now because of ship sinkings they are obliged to use some 1200 locomotives to haul oil which were available last year for other traffic movements."

"Since 1939, car loadings have increased 27 per cent, ton miles of freight 80 per cent and passenger travel has nearly doubled. This year will see 34 per cent more ton miles of freight moved than in 1939 and 48 per cent more than

(Turn to Page 2, Col. 2)

## Tacoma Feels Clerk Strike

### Retail Walkout Shuts Four Stores, Maybe All This Morning

TACOMA, Aug. 7.—(AP)—Almost every department and variety store in this booming defense city of 135,000 population may be closed by Saturday morning because of a wage dispute between operators and the AFL retail clerks union, spokesmen for both sides of the controversy said Friday night.

Four stores were closed and picketed Friday, including Rhodes Brothers department store, one of the city's largest. The union said groups of clerks walked out of other stores from time to time Friday and that all would be out by Saturday.

The Tacoma Industrial Conference Board, Inc., representing the management of most Tacoma stores, said no important stores would be opened Saturday unless pickets were removed Friday. The pickets who went on duty shortly before store opening time Friday, (Turn to Page 2, Col. 4)

## Uprising Is Asked Of India

### Gandhi Sees Jap Threat, Declares Against Violence

By PRESTON GROVER

BOMBAY, Aug. 7.—(AP)—In the bazaar setting of a canvas pavilion fitted with electric fans and a public address system, Mohandas K. Gandhi called on his nationalist followers Friday to rise with him in an unprecedented mass campaign of civil disobedience aimed at driving the British out of power in all India.

"Our movements for freedom in the past will become insignificant compared with the forthcoming movement," the frail little ascetic orator declared as he sat motionless, bare above the waist, his bare legs crossed on a couch before which a microphone had been adjusted.

"Now is the occasion when we will have to rise."

Yet with this dramatic summons to action he coupled warnings that the campaign must be passive, that he would not tolerate violence, and that Japanese invasion would be "a dangerous thing — you must remove it from your minds."

Ten thousand spectators heard him in a hush so deep that the hum of the electric fans was clearly audible throughout his address.

The occasion was the opening of an all-India congress party session called to sanction a resolution which will make Gandhi the non-violent generalissimo of the independence drive. Approval, perhaps Saturday, is regarded as a foregone conclusion.

The committee adjourned until Saturday without any action on the resolution.

NEW DELHI, India, Aug. 7.—(AP) The British government Friday night prohibited the closing of shops and restaurants in India during a Harijal (days of mourning), a weapon of civil disobedience used by the all-India congress party in the past.

(With this decree the British apparently were taking steps against a civil disobedience campaign projected in an independence resolution now before the full committee of the all India congress party.)

The order, intended to maintain supplies and essential commodities, empowered district magistrates to staff shops when operators refused to open and to sell a number of products, including grain, sugar, milk, vegetables and meat at fixed prices.

## Gets Tickets, but—No Auto, No Gasoline

TORONTO, Aug. 7.—(AP)—Martin Bruto inquired of the police Friday why they keep sending him summonses for such things as speeding and ignoring stop signs. He said his car has been dismantled, he has no gasoline ration book, and he has been able to navigate only on crutches since he broke his hip in February, 1941.

## Senators' Hold on Prison Pitcher in Doubt Now

The Salem Senators baseball club created a sensation in the sports field Thursday night when it announced the signing of Keith "Luke" Crosswhite, state penitentiary inmate and legendary "miracle pitcher," but the management was not so certain Friday night that it had acquired a much-needed extra moundman to bolster a draft and war industry-drained team.

Warden George Alexander indicated he was dubious about letting Crosswhite out to play in non-benefit games, and Judge W. G. Bramham, minor league baseball commissioner, wired for an explanation.

Members of the state board of control were not available Friday for comment on a report that they might call a meeting to inquire about Warden Alexander's plans for Crosswhite.

Telegraphic requests for pictures of the penitentiary ballplayer were received from as far away as New York city, Alexander reported. Outside newspaper photographers "were after me all day to take pictures of him," he said.

Original motive behind the move to sign Crosswhite was to feature him in two benefit games, one for navy relief at Silverton

# Nazis 60 Miles From Maikop's Supply of Oil

## Stalingrad Nearing in New Drive; Allied Leaders in 'Save Russia' Session

German troops stood Saturday within 60 miles of the Maikop oil fields in the Caucasus after a swift advance to the Armarvir region, and drove perilously closer to Stalingrad in an advance north of Kotelnikovskii.

Kotelnikovskii lies only 95 miles south of the great Volga industrial city on the railway crossing the Caucasus. A furious tank battle had raged there throughout Friday and the Russian communique made it apparent that the German steel monsters had forced back the reinforced Russian lines. The extent of the retreat was not given in the midnight communique.

Armarvir lies almost due east of Maikop and is 160 miles south of Rostov. It was the driving German tank masses that had shattered the Russian defenses around Belaya Glina that rolled deeper and deeper into the vital Caucasus—a treasure house of oil, minerals, industrial plants and fertile farm lands. Armarvir is across the Kuban river.

Even as the Russians fought valiantly against overpowering superiority of German machines and men, hints came from the Tokyo radio that the hour of another Japanese stab in the back—in Soviet Siberia might be imminent. (See story in adjacent column.)

In the Don elbow 75 miles northwest of Stalingrad the first Russian defenses still held and hit back with such fury that 108 tanks and over 850 Germans were destroyed, the communique said. Guardsmen were credited with repulsing 17 Nazi tank charges in the last few days.

The southern arm of the German envelopment drive against Stalingrad was spearheaded by enemy tanks and automatic rifles which wedged into the red lines, the accounts said.

The battles were fought in oppressive mid-summer heat. One bright spot in the Russian communique was the announcement that Russian troops had forced a Don river crossing south of Voronezh and that "fighting is going on for several other populated places."

"Defensive battles" were fought in the Belaya Glina region, which lies to the north of Armarvir, and the Russian communique said a new retreat there came only in the face of superior German numbers. Forty tanks and 1000 of the enemy were reported destroyed.

The Germans claimed they were within 30 miles of the oil derricks at the foot of the great Caucasus mountains. Moreover, they said they were approaching Krasnodar on the Kuban river 150 miles southwest of Rostov.

The urgency of the soviet position was highlighted by a reported Moscow conference of allied strategists and diplomats seeking means to save Russia and win the war.

Among those talking with ranking Russian military leaders were Admiral William H. Standley, US ambassador Maj. Gen. Follett Bradley, US air forces Sir Archibald Clark Kerr, British ambassador Roger Garreau, of the fighting French; and Maj. Gen. William Steffens, of Norway. German radio reports have insisted that Prime Minister Churchill, and William C. Bullitt, special envoy from President Roosevelt, were in the Kremlin.

The conference apparently was preoccupied with supplies, for Stalin has insisted steadfastly that Russia's vast reservoir of manpower obviate the necessity of any expeditionary force of Britons, American or Chinese fighting on Russian soil. He wants tanks, planes, cannons, shells. He also wants a second front in western Europe to divert Hitler's strength.

The vast Russian manpower potential was being felt on the crucial fronts, where soviet lines everywhere except in the Belaya Glina sector 100 miles southeast of Rostov were reported holding and inflicting enormous casualties.

## Kaiser Gets Order For Aerial Fleet; Navy Balks Nelson

### RAF Bombs Ruhr Valley

Duisburg Raid Goal; Germans Loose Incendiaries

LONDON, Aug. 7.—(AP)—The RAF sent a strong force of bombers through thick weather to the Ruhr valley for the third successive night Thursday night, blasting the big industrial center and inland river port of Duisburg and other points.

The air ministry acknowledged that six planes were missing after these attacks and other raids on Nazi airfields in the low countries, but did not disclose the number of participating planes. However, a British source said that in the days before the 1000-bomber raids Thursday night's force would have been regarded as "a whopper."

The German high command admitted there had been material damage to buildings and said the raids had caused some casualties in residential quarters in several towns. It claimed seven British bombers were shot down.

The Luftwaffe sent only a small force against Britain in attacks on Scotland and East Anglia on Thursday night, and Friday afternoon a few raiders dropped bombs in three places in the southeast of England, causing a small number of casualties.

Thursday night's Nazi raiders dropped high explosives and incendiaries, including a new type of phosphorus fire bomb for which the public had been prepared by a home security ministry bulletin. This gave explicit instructions for dealing with the incendiaries and as a result fires they started were extinguished with a minimum of damage.

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## East Asks West Type of Ration

NEW YORK, Aug. 7.—(AP)—The executive committee of the eastern states gasoline dealers conference Friday condemned the coupon-rationing system being used in the east and urged a return to the dealer-rationing system "as it is now being successfully applied in Oregon and Washington."

The committee, with members representing retailers from 11 eastern states, held that the allotment to dealers — to be distributed at their discretion — need not be reduced by more than 30 per cent.

## Dutch Queen Honors Five US Officers

WASHINGTON, Aug. 7.—(AP) Wilhelmina of the House of Orange-Nassau, queen of the Netherlands, Friday honored five American naval officers upon whom she conferred high Dutch decorations for distinguished service in the Pacific campaign against the Japanese.

The decoration ceremony was the high point of the last day of her official three-day visit in the nation's capital. She was sped on her way by President Roosevelt, Secretary of State Hull and Mrs. Hull, who bade the 61-year-old monarch "God-speed."

One of the naval men honored was Adm. Thomas C. Hart, former commander-in-chief of the United Nations fleet in the southwest Pacific. The others were Rear Adm. William A. Glassford, American chief of staff of the combined fleet, Com. T. H. Binford, Com. H. E. Eccles and Lieut. Com. H. P. Smith.

The ceremony took place in a private residence—that of the Netherlands ambassador, A. Loudon, and Mrs. Loudon. Her Majesty had wanted to stand on Dutch soil, which diplomatic protocol accords her at the embassy. But she also wanted to pay a little visit to the home of her representative in the United States, so it was decided to hold the ceremony there.

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## Three Vessels Sunk, Atlantic

Captain Is Prisoner; Craft Attacked While Halted

Loss of a Uruguayan ship, a Norwegian freighter and a Panamanian merchant vessel, disclosed Friday, increased the Associated Press tabulation of announced sinkings in the western Atlantic since Pearl Harbor to 418.

Thirteen crewmen of the Uruguayan craft revealed the torpedoing of their vessel when they were landed at Hamilton, Bermuda, by a United States warship which had picked up their lifeboat. Three other lifeboats which put out from the sinking vessel were not accounted for.

The men said their captain was taken prisoner by the submarine. This was the second such incident reported in the last eight days, the crew of a medium-sized American ship having disclosed July 30 that their skipper was seized by a German submarine commander after the ship was sunk July 9.

A U-boat sank the Panamanian ship in the Gulf of Mexico June 6. One sailor was killed but 51 survivors were picked up by a rescue vessel within 15 minutes.

Johannes Hammerman, an Estonian seaman aboard the freighter, said two submarines lurked in the vicinity and he saw them exchange light signals. Two torpedoes ripped into the vessel.

Four seamen were lost when the Norwegian craft went down. Thirty-nine survivors, adrift in three lifeboats, were picked up by a British warcraft soon after the vessel went down.

They related that their ship, halted because of engine trouble, was attacked without warning June 27. Captain Alf Amundsen ordered the vessel abandoned but remained aboard with eight others waiting for a chance to open fire on the raider as soon as it surfaced.

An hour later another torpedo struck and set the craft ablaze. Two seamen were lost in the explosion. Captain Amundsen and the others and second officer died soon after being landed.

Survivors said the submarine surfaced and that an officer, Italian in appearance, queried them regarding the ship's name and destination.

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## Work Clothes To Get Less Cloth, Metal

WASHINGTON, Aug. 7.—(AP) The war production board decreed styles for men's work clothes Friday — fewer pockets, fewer buttons and buckles, and no unnecessary yardage.

Unlike previous clothing orders, this one contained a minimum as well as a maximum yardage regulation for each type of garment.

"The minimum yardage restriction was provided," the WPB explained, "to prevent skimping which would interfere with a worker's freedom of action and defeat the conservation purpose of the order by making it necessary for a worker to buy a larger size or wear out in a short time a tight-fitting garment."

The WPB estimated the order would result in an annual saving of 21,000,000 yards of cloth, enough to provide 7,000,000 additional garments; 125,000,000 yards of thread, through the elimination of triple stitching; 150,000,000 buttons and 12,000,000 buckles; and 29 per cent of the normal shipping space involved in the shipping of work shirts, since the order prohibits the shipping of these in boxes.

WASHINGTON, Aug. 7.—(AP) —Although American workers have made a creditable record, outlaw stoppages of work have been on the increase recently and "they must stop," Dean Wayne L. More, public member of the war labor board, declared Friday.

"Although they have not reached any serious proportions, they nevertheless are shocking to the national morale and thoroughly in conflict with the country's war efforts," Dean Morse said.

"Understandable as they may be to the workers involved, they are not understandable to the American people. They are going to become even less understandable in the days to come as our people face unflinchingly the realities of the war. They must stop. The most effective way to stop them is by the way of the voluntary action of the individual worker himself."

Dean Morse's remarks were made as WLB ordered a wage increase of 2 1/2 cents an hour for 550

(Turn to Page 2, Col. 3)

## Morse Warns On Stoppages

Says Outlaw Labor Moves Direct War Conflict

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## Allied Bombers Hit Enemy Base

GENERAL MACARTHUR'S HEADQUARTERS, Australia, Saturday, Aug. 8.—(AP)—Allied bombers carrying out a heavy raid on the Japanese invasion base at Rabaul, New Britain, dropped 15 tons of bombs on the main Japanese air-drome there, it was announced Saturday.

An allied command communique reported that allied planes shot down seven Japanese fighters in Friday's operations.

It also declared that the runway of the air-drome at Lae, New Guinea, was bombed.

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## More Essential Jobs Listed

Twelve industrial employment classifications ruled by selective service officials to be "essential" to the war effort and considered as exempting a family man from military service if he is considered not replaceable in such a job, are listed in today's Statesman, on page five, supplementing a list of 22 such occupational fields published in Friday's paper. Turn to page five.

## Our Senators Lost 114

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## Japan's Radio Hints Second Front in East

### May Attack Siberia; Magnuson Says Jap-Soviet War Begun

NEW YORK, Aug. 7.—(AP)—The Tokyo radio Friday night broadcast Japanese editorial comment containing the first hints from there that Japan herself might open a second front with an attack on Russia in Siberia.

The broadcast noted reports of the arrival in Moscow of allied representatives and said the moves in the Russian capital were "indicative of further Anglo-American machinations aimed to open up a second front to save the soviet union from collapse."

The Japanese press, the radio added, pointed out that formation of a second front was not necessarily restricted to Europe or western Asia or Africa.

The radio quoted the newspaper Chugai as warning that this point should be borne in mind by Japan "and that with the approach of the decisive struggle between Germany and the soviet union, Japan too should be prepared even more fully for ultimate victory."

There have been various reports (Turn to Page 2, Col. 5)

NEW DELHI, India, Aug. 7.—(AP) The British government Friday night prohibited the closing of shops and restaurants in India during a Harijal (days of mourning), a weapon of civil disobedience used by the all-India congress party in the past.

(With this decree the British apparently were taking steps against a civil disobedience campaign projected in an independence resolution now before the full committee of the all India congress party.)

The order, intended to maintain supplies and essential commodities, empowered district magistrates to staff shops when operators refused to open and to sell a number of products, including grain, sugar, milk, vegetables and meat at fixed prices.

WASHINGTON, DC, Aug. 7.—(AP) Construction of a 30,000-ton steel rolling plant at Portland was approved Friday by the war production board, Senator McNary was informed.

Senator McNary said Morris Schnitzer, president of the concern, the Oregon Electric Steel Rolling company, had purchased nearly all of the equipment needed and that production likely could be started early next winter.

The plant will have initially one electric furnace capable of producing 30,000 tons of steel a year and rolling facilities for shapes, angles, rods, flats and the like. He added that the equipment was excellent and would give Oregon a "very excellent mill."

The senator said foundations have been laid for a second electric furnace and if the demand for alloyed steel becomes greater than that for carbon steel, it might be used for producing the higher grade products.

About 130 to 140 local workers will be employed but the plant's key men will come from the east, the senator said he was informed.

## McCallister Claims Votes For Speaker

PORTLAND, Aug. 7.—(AP)—William M. McCallister of Medford, aspirant to the speakership of the state house of representatives, believes he has lined up some support.

McCallister said he had been able to enroll some early supporters, but he did not disclose the names of his backers.

Likely opposing him when the legislature opens will be John Steelhammer of Marion county, Herman H. Chindgren of Clackamas county and Carl Engdahl of Umatilla county.

"We still are planning to play Crosswhite at Silverton Monday night," Lightner added. "But as to other games, it's up to Judge Bramham and to Warden Alexander."

Thursday's Weather Thursday's max. temp. 95, min. 55. Thursday's river -3.3 ft. By army request, weather forecasts are withheld and temperature data delayed.

For additional news about men from Salem and vicinity in the armed forces, turn to page five of today's Statesman.

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