

# OWI Reveals Output Lag

### War Not Fought Out Of Surplus; Total Of Ships Smaller

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review declared. OWI was critical of "faulty control of inventories and of flow of materials" which it said had forced some temporary shutdowns in war plants. The review added, however, that the war production drive was taking a new turn to emphasize output of materials and that "mistakes made this time were perhaps unavoidable and will not be made again."

"But, their consequences will be with us for some time to come," the review added, "and the resolution not to repeat them must be backed up by an intensified effort of the entire nation." Declaring that there was no doubt that the American people meant to win the war, OWI contended there was doubt "that all of us realize how hard we are going to have to work to win it."

"Too many people seem to feel that we are fighting this war out of a surplus — a surplus of resources and productive capacity, a surplus of time," OWI said. "That is not true. We have plenty of some resources; in others we are a have-not nation."

"We should all like to believe for instance that we are going to have all the rubber we need for pleasure driving as well as for military and essential civilian uses. But there is no present prospect of that; if people eagerly believe everybody who tells them that there is going to be plenty of rubber, they are only fooling themselves and helping the enemy."

This country is fighting a war against an enemy "with whom no honorable peace is possible," the review asserted, adding that "we can win it if we realize that winning it is the one vitally important thing in the world today; but we are not winning it yet."

Emphasizing that wars are won only by fighting battles with what is produced in munitions plants, "and winning some of those battles," OWI forecast that "it is probable that we shall also lose some of them, and certain that we are not going to win without heavy losses of men."

"We had better prepare ourselves for that," OWI cautioned, "and learn to take it as our ancestors took it. In a global war we can not expect always to win everywhere; we may have to learn to take local and temporary defeats as part of the price of ultimate victory. Our ancestors could do that; if we can't, we shall be unable to save the independence they won for us."

# Warning Given On Duration Of Emergency

KLAMATH FALLS, Aug. 7-(P)—C. M. Gartrell, Portland housing authority chairman, said Friday that the emergency government housing program threatens to become permanent.

He advised Oregon realtors at their annual convention to take immediate steps to lessen that possibility.

"It is the duty of all of us to do everything in our power to utilize every available space in existing structures for war workers," said Gartrell.

Gartrell advocated private financing for the program of converting large dwellings and vacant stores into apartments for workers.

Dr. Donald M. Erb, president of the University of Oregon, told delegates at their banquet Thursday night that freedom must be bought on the installment plan with a never-ending series of payments.

"Our history is teeming with wars," he said. "Our history shows that we are a violent people. Our nation was born of revolution. We have had our bloody Civil war, we have had lynchings, vigilante governments, the Ku Klux Klan, violent and bloody strikes."

"In not one of our wars have we been prepared for war... We have never been willing to keep up on our installment payments for freedom."

**Power Kills Youth**  
PORTLAND, Aug. 7-(P)—An accidental brush against a 440-volt power connector cost the life of Lloyd R. Shandack, 17, electrician's helper at the Oregon Shipbuilding plant Thursday night.

**Obituary**  
Roberts.  
Mrs. Bernice C. Roberts, late resident of Turner, at Taft, August 7. Survived by her husband, Lawrence D. Roberts; one son, Lawrence Deane Roberts, Jr., of Turner; two daughters, Mrs. Barbara L. McAllister, of Shaw and Alice Roberts of Turner; brothers, Brazier C. Small of Salem, Willis H. Small of Eugene, Cecil I. Small of Eugene, and mother, Mrs. Louise M. Small. Announcement of services later by Clough-Barrick company.

# Veteran of the European War



German caption of this picture says the artillery piece shown is a heavy anti-aircraft gun in action against soviet tanks on the eastern front, and that the gun had been used in the battles against the Belgium fortress Eden-Emael as indicated on the gun barrel. The picture was received in New York from neutral Portugal. (Associated Press Teletext).

# More Railway Stock Needed

### New Transport Corps Head Says Demand Grows Steadily

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1918, the peak year of the first World war."

Gross complained at a press conference that new equipment had not kept pace with increasing traffic, but expressed hope the situation eventually would be relieved. He said the association of American railroads was "geared to war better than any other agency."

The army's most critical transportation problem is the flow of troops and supplies to ports, and the railroads are the main reliance for this purpose, he explained.

"In an invasion of Europe, however, we would have to move mostly by motor truck, as by the time a beachhead was established we would expect the railroads to be destroyed," Gross added. "The army, he said, could make effective use now of twice as many ships as are available, and advised that "we are going to scream for every last ship we can get."

Creation of the transportation corps, which is similar to agencies set up in this country and in France in 1917-18, was announced Thursday.

# Senators and DeWitt Talk

SAN FRANCISCO, Aug. 7-(P)—Three members of a senate committee assigned to inspecting Alaska defenses conferred for four hours Friday with Lieut. Gen. J. L. De Witt of the western defense command, and "our talk was very satisfactory," reported Chairman A. B. Chandler (D-Ky). "Naturally I can't divulge what was said," Chandler told reporters, "for much of it was military information that the enemy would like to have."

Participating in the conference were Senators Harold Burton (R-Ohio) and Mon C. Wallgren (D-Wash), also members of the special military affairs subcommittee. Together with Chandler, Senator Rufus Holman (R-Ore) and George W. Malone, committee consultant, they are to leave from Spokane, Wash., for Alaska, probably Monday.

On his return, Chandler said, the committee will investigate civilian defense preparedness on the west coast.

# Majority Not Hit, Dimout

PORTLAND, Aug. 7-(P)—Oregon civilian defense officials were told Friday that the August 20 dimout regulations will not affect the average householder.

Street lighting also will not be affected except in ocean-front towns, H. P. Everest, assistant director of the northwest sector of OCD, said in a meeting here. Neither will navigation or railroad signals be affected.

Home owners, however, will not be able to use flood lights for garages, chicken yards or back yards.

# Late Sports

HOLLYWOOD, Aug. 7-(P)—Manuel Ortiz of California won the world's bantamweight championship Friday night by a decisive margin over Title Holder Lou Salica of New York in a 12-round bout.

# COAST LEAGUE

PORTLAND, Ore., Aug. 8-(P)—Second night game:

Seattle.....000 000 240-6 10 0  
Portland.....000 000 000-0 7 2  
Barrett and Kearse Orrell, Cohen (7) and Leovich, Mayer (9)

# Santiam Highway Repairs Slowed

Late rains have retarded improvement operations on the South Santiam highway, although considerable work will be completed on the road before fall, R. H. Baldock, state highway engineer, reported here Friday, following an inspection of a number of eastern and central Oregon highways.

Baldock reported that reconstruction of the Willows Lake highway is progressing satisfactorily. He was accompanied on part of the tour by Herman Oliver, John Day, a member of the state highway commission.

There were seven slides on the South Santiam highway during last winter.

# Morse Warns On Stoppages

### Says Outlaw Labor Moves Direct War Conflict

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employees of the Detroit and Cleveland Navigation company, Detroit.

The board refused the union's request for pay for time lost during a work stoppage and condemned both parties for the lost time.

The International Longshoremen's union (AFL) had asked increases of 15 cents an hour for employees handling freight, 20 cents for watchmen, 10 per cent for monthly employees earning more than \$150 a month and 15 per cent for those earning less than that amount.

# Inquiry Set On Papers' Midway Story

WASHINGTON, Aug. 7-(P)—Attorney General Francis Biddle announced Friday night that a grand jury investigation would be started immediately at Chicago into the publication "by certain newspapers on Sunday, June 7, 1942, of confidential information concerning the battle of Midway."

Biddle said he had directed the investigation as a result of a preliminary inquiry and upon the recommendation of the navy department.

The official announcement did not name the newspapers but Robert W. Horton, head of the news bureau of the office of war information, said the investigation "involved the Chicago Tribune, the New York Daily News and the Washington Times Herald."

The grand jury will be directed to investigate the possible violation of any criminal statutes, Biddle said, particularly the act of March 28, 1940, forbidding the unlawful communication of documents or information relating to national defense.

Horton said the three newspapers he named published a story stating that the strength of the Japanese naval forces engaged in the battle of Midway was known in advance in American naval circles. The story cited as its authority "reliable sources in the naval intelligence."

The story carried a complete listing of both the enemy's striking force and the occupation force which were engaged and turned back by American naval and air forces.

# Rites in Tillamook

TILLAMOOK, Aug. 7-(P)—Funeral services for Oscar A. Esfenberger, 51, Tillamook industrial, political and civic leader, will be held here Saturday morning. He was killed in a box factory accident Wednesday.

# DANCE Keizer

EVERY SATURDAY  
Rowland's Band  
3 Miles North on River Road

# Tacoma Feels Clerk Strike

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

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remained on duty until after normal closing time.

A spokesman for the union said no strike was called, but that after months of "fruitless negotiations the retail clerks just walked out."

"With all efforts at conciliation resulting in failure, with the employers refusing government arbitration, no other results could be expected," a union statement said.

The industrial conference board said the union struck in the midst of negotiations in the presence of US Labor Conciliator W. B. Hickerson of Portland. M. J. Muckey, manager of the board, said Tacoma merchants had offered substantial increases ranging up to 13 per cent, but that the union had rejected them.

Muckey said the merchants offered pay schedules that were the basis of settlements being made in Seattle. He said the schedules were in most respects the highest ever offered retail clerks in the United States.

# No Indication Yet of Eight Nazis' Fate

WASHINGTON, Aug. 7-(P)—There was no indication Friday night as to when the fate of the eight alleged Nazi saboteurs would be announced.

The White House merely let stand a statement by the chief executive that he had not yet completed his study of testimony obtained by a military commission which tried the men on charges they came to America on Nazi submarines to destroy key war installations.

Mr. Roosevelt said last Tuesday he would finish his review of the case in "two or three days." But in the three days that have elapsed he has had relatively little time to devote to the voluminous documents laid before him by the military commission, since Queen Wilhelmina of the Netherlands has been a White House guest.

In response to an inquiry about an International News Service story that the chief executive had approved death sentences for six of the saboteurs, William D. Hassett, assistant presidential secretary, told reporters "the president has not yet concluded his reading of testimony in the saboteur case." The chief executive himself repeated that assertion at a press conference.

There was a possibility that any executions which might be ordered would precede an announcement of the sentences meted out.

# Rails Head Harvests

LIVINGSTON, Mont., Aug. 7-(P)—Benjamin W. Scandrett, vice-president of the Northern Pacific railway has volunteered to help harvest the hay crop at Ox Yoke ranch, where he is a guest, and probably will be pressed into service, Mrs. Peg Murphy, ranch manager, said Friday.

HOLLYWOOD 15c  
Show Starts 1 to 5 p. m.  
GENE AUTRY  
Cowboy Serenade  
Plus 2nd Feature

Plus Poppye News and 'Jungle Girl'  
Coming Sunday  
The Ghost of Frankenstein  
Young Lady

# Japan's Radio Hints Front

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

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ports, particularly from Chinese quarters, that Japan had massed a large army in eastern Asia for an attack on Siberia.

SEATTLE, Aug. 7-(P)—"Japan is already at war with Russia and it is common knowledge in Washington, DC, that the Japs have already sunk several Russian ships in the Pacific," Rep. Warren G. Magnuson (D-Wash), a member of the naval affairs committee said here Friday.

"The last was sunk very recently," he said. "They are justifying their action on the ground that the Russians were carrying American materials."

He said he knew only in a general way of the sinking of Russian ships by Japanese submarines. He said he had heard the name of the vessel most recently sunk in the north Pacific but had forgotten it.

"War between Japan and Russia started," he told interviewers, "when the Japs began strengthening their forces in Manchuria, and when they seized Attu and Kiska islands in the Aleutians."

"It is generally believed in Washington that the Japs went into Attu and Kiska for three reasons. First, they beat us to it. They knew we'd be there sooner or later in offensive action against the Japs' home islands."

"Secondly, they wanted weather information from that area. Because the weather moves from northwest to southeast across the continent from the north Pacific, they are now in a position to know what kind of weather we're having along the west coast and in the northern interior."

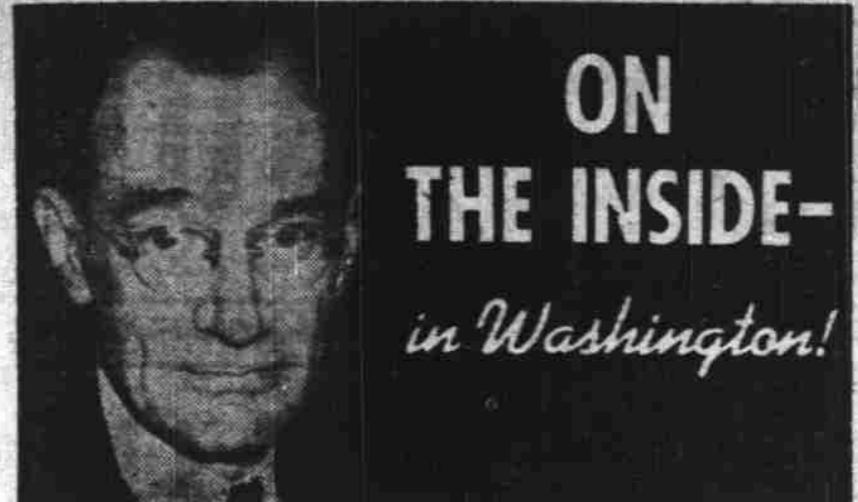
"But the last and perhaps the most important reason was to be able to straddle the Russian supply line from the American west coast."

# Britain Sets Clocks Back

LONDON, Saturday, Aug. 8-(P)—British clocks will be set back one hour at 12:30 a.m. Sunday, returning to single daylight saving time.

The blackout will be from a half hour after sunset until a half hour before sunrise, effective Sunday. Under the present double summer time the blackout has been from 45 minutes after sunset until 45 minutes before sunrise.

**GRAND**  
The RIOT of RADIO Is Now The Panic of Pictures  
**RED**  
"I Dood It" SKELTON and Ann Sothern in  
**MAISIE Get Her Man**  
The Biggest Show Value We Ever Offered!  
You never saw anything like it! The most amazing picture ever filmed. 1000 Thrills!  
**TARZAN'S New York Adventure**  
Box Office Open 1.00 CONTINUOUS SHOW DAILY  
with JOHNNY WEISSMULLER MAUREEN O'SULLIVAN



By KIRKE L. SIMPSON  
Wide World War Analyst for The Statesman

A grave possibility that the left wing of the Russian army of the Caucasus, which Moscow says is still battling Nazi invaders south of Kuschchevka, has been trapped was indicated by Berlin versions of the south Russian battle.

The Germans claimed also capture of important Armavir junction, more than 100 miles to the south, and penetration of Russian lines across the Kuban to within 30 miles of the Maikop oil field.

It still seems possible, however, that the fighting along the Yeya river, south of Kuschchevka, is a rearguard action to cover red retreat below the Kuban in the sector between the Azov sea coast and the line of the Rostov-Baku railway.

German claims of the capture of Yyelsk, Azov sea port 70 miles due west of Kuschchevka on the lower end of the Bay of Taganrog, tends however, to confirm the impression that the main body of the Russian forces in the northwest corner of the Caucasus above the Kuban may have made good its escape to the Yeya river line.

# House Owners Warned on Blacklist

Salem house and apartment owners, provided they desire to keep the city from being blacklisted as have some other towns in the Camp Adair area, should keep their rentals down to the level of last March.

This was the warning issued here Friday by H. C. Johnson, coordinator for the four-county cantonment council, and Clay C. Cochran, business extension manager for the Salem chamber of commerce.

Johnson referred to a letter he received recently from army officials. The letter, without mentioning any names, said one apartment house owner had boosted his rent prices for one class of apartments from \$27 to \$45 a month and another from \$18 to \$35 a month.

# Kaiser Gets Nelson Order

### Promise First Plane Of 500 Ten Months From Drawings

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program will not interfere with combat plane production by severely draining materials, machinery or equipment.

A second letter of intent will be issued to Kaiser, a WPB spokesman said, authorizing him to prepare designs and engineering specifications for a 200-ton flying boat, intended to be a cargo carrier vastly greater than anything in the skies.

This commitment, however, will not cover construction of the mammoth plane.

Kaiser, who came to Washington nine days ago with his idea for building big aircraft in shipyards, told reporters Friday night that the swift consideration given his startling proposal by WPB "was worthy of the attention of the nation."

He promised the first plane would be produced within ten months of the time that production drawings are complete. He said he would leave for New York Friday night, meet a son flying there from Portland, Ore., and the two would start "livening up our organization" on Monday.

He had an hour-long conference with Nelson Friday afternoon on the giant planes pioneered at the navy's instructions by Glenn L. Martin of Baltimore. Kaiser has testified they could carry 20 tons of cargo or 100 troops each.

E. A. Locke, Jr., assistant to Nelson, and directly in charge of cargo planes, said he thought the Kaiser program need not interfere with combat plane production. He suggested materials might be shaved from other programs, possibly a little each from trucks, tanks and ships, if this were agreed to by the chiefs of staff.

**STATE THEATRE** PHONE 3721  
**TOMORROW**  
LAST DAY  
BETTY GRABLE ★ JACK OAKIE ★ VICTOR MATURE  
"SONG OF THE ISLANDS"  
—AND—  
TYRONE POWER ★ DOROTHY LAMOUR  
"JOHNNY APOLLO"  
"TAKE A LETTER, MY GOOD WOMAN"  
Wool Wool Is Andy riding high!  
A private secretary all his own... and he's just the guy who can dictate to her!  
Laugh... as never before... as Andy hits a new high in woman trouble!  
**Andy Hardy's PRIVATE SECRETARY**  
STONE · ROONEY · HOLDEN  
RUTHERFORD · HADEN · HUNTER  
GRAYSON  
**'BAD MAN' BEERY RIDES HIGH IN HIS MOST EXCITING ROLE SINCE 'VIVA VILLA!'**  
HE'S A BAD MAN, A GOOD GUY AND WHAT A GREAT LOVER!  
**The BAD MAN**  
starring  
**Wallace BEERY**  
Lionel BARRYMORE  
Laraine DAY · Ronald REAGAN  
18c Plus Tax ANY TIME  
BOX OFFICE OPEN 6:45