

Your complete morning newspaper, The Statesman, offers you pertinent comments on war news of the day by Kirks Simpson, Washington analyst.

Tuesday sunset, 6:28 p. m. Wednesday sunrise, 6:21 a. m. Weather: Sun. max. temp. 45, min. 33. Sun. rain .11 in. Mon. river 18.4 ft. Weather data restricted by army request.

NINETY-SECOND YEAR

Tax Cuts Urged by Governor

School Fund Ceiling Asked; Legislators Agree in General

By RALPH C. CURTIS
Temporary reduction of income and corporate excise taxes; a \$5,000,000 ceiling on the annual distribution of surplus income tax funds to school districts, with any additional surplus earmarked for precisely the same use in subsequent years; these were the major recommendations of Gov. Earl Snell in his special message transmitted on Monday to the legislature.

Grateful for the influential support thus volunteered, members of the house and senate taxation

committees were careful not to mention, out loud, that this was approximately the program they already had in mind. Instead, the house taxation and revenue committee proceeded to report out forthwith bills designed to accomplish two of the lesser objectives upon which its members agreed with the governor or vice versa; repeal of the surtax on income from intangibles, and adjustment of gift tax rates to bring them more closely into line with the inheritance tax.

A third minor recommendation, quarterly payment of income taxes, has been approved by both houses of the legislature though in separate bills. Since the tax committees and the governor are in virtual agreement on fundamentals, it may safely be assumed that this will be the program, with only details remaining to be decided. These include the necessary amendments to the surplus-to-schools law, and the amount and application of the income and excise tax reductions.

That difference of opinion still exists on this last point was illustrated when Speaker William M. McAllister, after praising the governor's message as "very constructive and timely," and in his opinion "helpful in expediting the work of the session," went on record in opposition to a flat percentage reduction "because of the fact that in view of the high federal taxes, both individuals and corporations in the high income brackets would get little benefit if the state tax was entirely eliminated." He suggested a 50 percent reduction for lowbracket taxpayers, a smaller deduction for those in the high-income group.

Incidentally McAllister did discover a diplomatic way of saying what the tax committees wouldn't say; that the governor's recommendations were "sound and in the main in accord with the ideas which have been crystallized during the intensive studies which have been conducted by the committee."

These were the specific recommendations of Gov. Snell: "The full application of a surplus to further reduction of taxes would be in exact accord with the purpose of the income tax law and I earnestly recommend such action. The recent expression of the people in approving the initiated measure should be our guide in framing this legislation. . . . The initiated measure must of necessity be amended so as to provide the mechanics, properly integrated with our administrative practices, essential to its effective operation. . . . The distribution of these surplus funds should definitely effect a reduction in school district taxes and, I am convinced, there should be a ceiling on the amount to be apportioned in any year, the amount to be by you determined, but which I suggest at the figure of \$5,000,000. While the placing of this ceiling would be a slight departure from the provisions of the initiated measure, it would in my opinion most effectively serve the purpose of property tax reduction by spreading that reduction over a period of years, including, perhaps, post-war years when such relief may be needed far more than during the income-producing war period. . . . I believe provision should be made for impounding all surplus income tax revenue in a special fund devoted exclusively to school district tax reduction. . . . As an adjustment to compensate (Turn to Page 2—Story B)

Reds Speed Drive, Recapture Kursk

Allied Bombers Blast Heavily at Axis

Jap-Occupied Town Mostly Destroyed

Aroe Islands Area In Flames; Ground Troops Inactive

By MURLIN SPENCER
ALLIED HEADQUARTERS IN AUSTRALIA, Tuesday, Feb. 9.—(AP)—Allied bombers virtually have destroyed the Japanese-occupied Dobo in the northwestern Aroe islands, leaving fully three-quarters of the town in burning ruins after an attack Monday.

The Aroe islands lie in the Arafura sea between northern Australia and the western end of New Guinea, about 500 miles north of Darwin.

The attack, made by Dutch fliers in American Billy Mitchells and Australians in Hudson bombers, was part of a wide sweep by Gen. Douglas MacArthur's air force which also destroyed a 2000-ton merchant ship just offshore from Buin on the island of Bougainville in the northern Solomons.

Allied planes also raided Jap-occupied points at Babo in Dutch New Guinea, Casamata in New Britain, and Finschhafen and Lae in northern New Guinea.

Ground activity in the southwest Pacific was confined to general patrol action in the Was-Mubo area where one patrol six miles east of the Was airdrome wiped out a Japanese pocket. The size of the enemy force was not reported.

In nearby Dutch New Guinea, Japanese planes raided Merauke, a spokesman said, but extent of damage, if any, was not learned. The communique announced that a small allied ship had been torpedoed and sunk off Australia's east coast. Survivors were rescued but the communique did not say whether any casualties resulted from the action.

Churchill Swings Into Conferences

LONDON, Feb. 8.—(AP)—Prime Minister Churchill swung into day and night conferences Monday with his military and political advisers, in a drive to put into action decisions reached at the historic north African talks with President Roosevelt from which he returned Sunday.

While the country was left guessing as the prime minister postponed an expected report to parliament on his trip, Whitehall was electrified by the immediate parleys with military, naval and air chiefs and cabinet officers who were said to be translating into orders the decisions reached by the two allied government heads at Casablanca.

Churchill's return was greeted in all sections of the press by strong new demands that a second front be opened in Europe while the Germans were still staggering under the blows of the Russian winter offensive. While Churchill's report to parliament on the Casablanca talks and conferences with President Roosevelt in Turkey and British and American service heads at Cairo and Algiers was put aside only for a few days, political observers expressed doubt that he would offer more than generalities on the expected new front and the outcome of the talks with the heads of Britain's non-belligerent ally in the eastern Mediterranean.

Embattled Yanks on Guadalcanal Hold Ridge



United States warriors are pictured here climbing a steep ridge by means of a hand rope. Their adeptness at Alpine tactics enabled them to gain and hold the ridge position bearing on an enemy post below.—IIN Soundphoto.

Measure Asks Worker Draft

Hoover Sees Shipping As Key, Says Home Front Needs Help

WASHINGTON, Feb. 8.—(AP)—Two republican congressmen introduced legislation Monday to draft workers for war factories and farms where necessary while former President Herbert Hoover suggested that the manpower strain could be eased by gearing military inductions and munitions making to shipping limitations.

Hoover made his suggestion for trimming the pace of the war effort on the basis that "time runs in our favor" in the war. Shipping he saw as the key to the question, holding that soldiers and sailors, and tanks and guns, need not be produced "faster than can pass (through) the shipping bottleneck," with consideration for reserves against 1944.

Declaring that one million more workers are needed to remedy "acute shortages points" in farm, metal and oil industries, he said he believed sufficient labor could be obtained by employing trained women, importing workers from Mexico and furloughing some men from the military services.

Hoover presented his views before a senate committee studying manpower problems and at a press conference. Senator Nye (R-ND) and others who attended the close committee session commented that committee members warmly approved the Hoover arguments. Meanwhile Senator Austin (R-Turn to Page 2—Story C)

Town's Food Supply Low

BAKER, Ore., Feb. 8.—(AP)—A lone skier made his way out of snowbound granite, Blue mountain mining settlement northwest of here, and told Monday of fast diminishing food supplies and fear for the health of infants and elderly residents.

The skier, G. R. Allen, said the town had been isolated since January 19 and the only grocery store in the community of 41 persons is out of meats and greens and has little canned goods left. The town exists principally on cereals, he said.

Allen said he took 14 hours to ski 15 miles over the rugged terrain to Sumpter, where he caught a bus. In Baker he bought what food he could carry on his back and left for Granite.

British Troops Ready to Hit

Allied Planes Busy Over Axis Ships, Fortifications

LONDON, Feb. 8.—(AP)—The British Eighth army driving in from Libya at the heels of Marshal Rommel's African corps has reached the region of the Tunisian frontier and a Cairo communique announced that Gen. Sir Bernard Montgomery's troops had been in contact with the enemy west of Plisida, itself 10 miles from the border.

Allied fighter-bombers were in action against Rommel's transport over a wide area.

In the Mediterranean, axis shipping remained under punishing attack from the British fleet and it appeared that the battle of the straits was being won by the allies.

Recaptulations from Cairo disclosed that during the past week 19 enemy ships had been sunk or so badly damaged as to be abandoned; that two others were damaged and four more believed sunk.

Montgomery rolled up his tanks and artillery just inside the Tunisian border for a move against the Mareth line, which, Reuters reported, is manned now mostly by Italians. His patrols sounded out axis defenses and his bombers attacked axis vehicles west of Ben Gardane.

Leaving the Italians to protect his rear, Rommel was said to have re-equipped the African corps with new weapons from Col. Gen. Judgen Von Arnio's stores and to have moved northward toward the Gabes Gap, where the Americans and British are trying to cut their way to the sea.

Police Seek Jail Escapee

OREGON CITY, Feb. 8.—(AP)—Oregon police searched Monday night for Virgil D. Meyers, 42, who escaped from the Clackamas county jail Monday after brandishing a gun and locking a deputy sheriff in a cell.

The deputy, Al Scheer, said Meyers, who was booked as a suspect in a drug store robbery here last week, was a parolee from the California state prison at Folsom.

Scheer said Meyers held him up when he took breakfast to his cell. How the gun was obtained was undetermined.

Hawaii Military Rule To Be Modified Soon

HONOLULU, Feb. 8.—(AP)—Modification of the military rule in effect in the Hawaiian islands since the Jap attack of December 7, 1941, and the return to civil authority in 30 days of 18 functions of government were announced Monday by Lt. Gen. Delos C. Emmons, military governor, and territorial Governor Ingram Stainback.

Prisoner



Staff Sgt. Earl T. Watson of Dallas, who was reported by the war department Monday as being among a newly listed group of American soldiers held prisoners of war in the Philippines. His mother, Mrs. Agnes Cooper, postoffice box 89, Dallas, was officially notified of her son's whereabouts a few days ago. He was reported missing and probably a prisoner last May 22. He was one of the defenders of Fort Mills in Manila bay.

British Ambassadors To Confer in Cairo

ANKARA, Turkey, Feb. 8.—(AP)—Probably implementing Prime Minister Churchill's visit to Turkish leaders last week, British Ambassador Sir Hugh Knatchbull-Hugessen was reported en route to Cairo Monday night to confer with Richard Sasey, British minister of state in the middle east. The ambassador is expected to proceed to Moscow afterward.

Ship and U-Boat Bases Raided; Lorient Blazes

Evacuation of French Port Ordered; Yank Planes Hit Italy

LONDON, Tuesday, Feb. 9.—(AP)—Heeding demands that the U-boat menace be beaten, the RAF was reported early Tuesday to have blasted the big Danish shipyards at Copenhagen after wreaking such devastation at the Lorient submarine base in France that the German radio said the Lorient district had been ordered evacuated.

While German radios went off the air Monday night—a sign that the RAF was paying a visit to the continent—explosions heard on the Swedish side of the Skagerrak late Monday night indicated that Copenhagen, home of the world's largest diesel engine works, was given three doses of RAF terror.

The Burmeister and Wain shipyards at Copenhagen were attacked for the first time in this war January 27.

The raid on Lorient was one of a series of devastating blows by US and British bombers against key axis bases in Italy, Germany, and France Sunday and Sunday night, and fighter planes sped back to France Monday afternoon in a continuation of the huge sky offensive.

American bombers left Naples, Italian port, in flames with a powerful attack by daylight Sunday, and also spread destruction over Sicily and on the axis air base of Cagliari in Sardinia. British bombers then followed through with a night attack on Sardinia. Only two allied planes were lost in those operations.

In France big British night bombers roared over Lorient, Bay of Biscay U-boat base, and left the target area "one mass of flames" with their two-ton block buster bombs.

It was the 65th raid of the war on Lorient, and London observers figured there was little left of the Bay of Biscay port, first French town to be designated in its entirety as a target of the RAF.

The air ministry news service said Lorient was raided by two waves of bombers and that smoke from the huge fires (Turn to Page 2—Story A)

Lend-Lease Aid to China Gets Boost

WASHINGTON, Feb. 8.—(AP)—Sentiment for increased lend-lease aid to China mounted in congress Monday as the house foreign affairs committee heard Secretary of War Stimson and Shipping Administrator Emory S. Land stress the need for continuing the mutual aid agreements for another year.

An impassioned plea by Rep. Curley (D-Mass) for stepping up shipments of weapons to Chinese fighting forces won vigorous applause in the house, reflecting an attitude repeatedly expressed by several members of the foreign affairs committee.

The former Bay State governor announced that he had filed a resolution which would earmark 10 percent of all lend-lease money for China—a step which he said would, if carried out, enable China to defeat Japan in six months and save the lives of more than 500,000 Americans.

Meanwhile, Stimson expressed before the house committee his personal conviction that this nation could not, and should not seek a postwar "dollars and cents" settlement of international debts arising from the lend-lease program.

From Land came the disclosure that American-controlled vessels, in the year ending October 31, 1942, had made 1745 sailings loaded with lend-lease material—1375 for Britain, 304 for Russia and 66 for China. "Unfortunately," he said, "not every vessel that sailed arrived at her destination, but by far the largest portion of them did."

Shoes Sell Again; Restraint Asked

WASHINGTON, Feb. 8.—(AP)—Shoes go back on sale again Tuesday, under a rationing program, but OPA Chief Franklin M. Brown asked Monday night that people refrain from buying shoes until they actually need them.

The ration program, announced by the White House Sunday in the name of Economic Director James F. Byrnes and without advance notice, allows three pairs of shoes a year a person.

The order ordering the rationing also put a one-way freeze on sales, allowing them to go back on sale Tuesday morning.

Brown, in a new statement Monday night, urged people not to buy needlessly. He estimated that there are about 50,000,000 pairs of shoes lying idle in closets or being worn only occasionally and asked the public to "get the maximum wear from the shoes you now have."

OPA to Set Milk Ceiling

Maximum to Farmers Slated; Committee Discusses Here

WASHINGTON, Feb. 8.—(AP)—A nation-wide ceiling on the prices paid to farmers for fluid milk will be issued in the near future, the office of price administration announced Monday night.

In general, the order will provide that no distributor of fluid milk may pay more to producers for his supplies than the highest price he paid for milk delivered in January this year.

The regulation will be temporary, to be replaced within 60 days by a permanent regulation on milk prices.

Ceiling over prices of fluid milk, the OPA said, are being issued "in an effort to prevent further rises in the cost of the public of this essential food."

The announcement said OPA, in an effort to lower farmers' cost of feeding dairy cows and other livestock, would issue a companion order reducing prices of alfalfa hay in California, Oregon and Washington by \$4 to \$8 a ton.

Two prospects of an actual milk famine in Oregon and of a serious decline in the quality of milk sold to the public, unless the office of price administration lifts the ceiling price in recognition of production costs, were emphasized by speakers at a hearing before the senate agriculture committee and the house food and dairy products committee of the Oregon legislature Monday afternoon.

There was unanimous support at the hearing for a senate joint memorial to the president and congress, introduced by Sen. Merle Cheshman and others, asserting that "price fixing when applied to milk must begin with (Turn to Page 2—Story E)

Second Flood Threat Drops; Ditch Surges

Threat of a second Willamette river flood this year and with it the highest water recorded in Shelton ditch since its rampage of 1937 subsided Monday.

The main river was receding Monday from an 18.7 crest recorded Sunday night. The rise resulted in flooding again of hop yards and stopping of ferry operation in the Independence area.

The Santiam river also was dropping from a level of 17 feet, three feet above flood stage, Sunday.

A one-day rainfall of 2.08 inches in Salem and melting snows above sent Shelton ditch to within inches of its high banks at many places early Sunday, City Engineer J. H. Davis said. Several bridges were damaged to a minor extent.

The exceptionally heavy rain caused more Salem basements to be flooded than at any other time in many years, the engineer reported.

School Board Meets

Details of the next rationing registrations to be carried on through the schools may be presented at tonight's meeting of the Salem school board, Supt. Frank B. Bennett said Monday.

Kharkov, Rostov Next

Encirclement Works Again; City Held By Nazis Since '41

By EDDY GILMORE
MOSCOW, Tuesday, Feb. 9.—(AP)—Sweeping westward with unprecedented speed, the red army has recaptured the pivotal city of Kursk, a major bastion in the nazis' 1941-42 winter defense line, has fanned out over a tremendous area and is threatening vital objectives both to the northwest and south.

Kursk was one of the biggest German bases in all Russia, and the red army in its offensive last winter, although able to push to the immediate area, failed to take it then, and it remained in German hands to become an important springboard for the nazis 1942 spring and summer onslaught.

Now, however, the triumphant Soviet army toppled the city quickly. Maj. Gen. Chernyakovsky led the occupation, a special communique announced Monday night, making the advance of 24 miles from Zolotukhino and other towns north and west of the city.

With the fall of this strong-point, more of the same kind of operations may be expected, and Kharkov and Rostov both are now in imminent danger and appear to be under threat of encirclement—a maneuver the Germans dreadfully fear after their debacle at Stalingrad caused by these Russian tactics.

Pressure was increased on another of the key Nazi defenses—Rostov, gateway to the Caucasus, where the Russians are besieging the city from the south and another column is driving down from the north.

The capture of Kursk imperilled the entire German defensive line in Russia.

The railroad city had been in German hands since November 11, 1941, falling to the nazis only 4 1/2 months after they launched their drive into Russia.

Kursk was occupied after "a violent attack" assisted by "an encircling movement from the northwest," said the special communique as recorded here by the Soviet Monitor.

The announcement came as a surprise, for previous Russian communique had not indicated that Kursk was under direct attack. It had been outflanked with the capture of Fatekh, 35 miles to the northwest, announced Sunday, and other soviet columns had been moving up from the southeast and east, and down from the north.

Kursk ranked with Orel, Bryansk, and Kharkov and Rostov as pivots of the German 1941-42 winter line.

The communique also announced the fall of Korocha, northeast of Belgorod, and east of the Kursk-Kharkov line.

It freed more soviet forces for an attack on Kharkov, 125 miles to the south. Soviet spearpoints aimed at Kharkov already stand within 65 miles to the northeast, and 43 miles to the southeast.

Rostov on the high north bank of the Don was dominated by masses of Russian artillery on the south shore of the 1400-foot river while another Red army was reported striking swiftly south from the Donets toward the Sea of Azov threatening a quarter million or more Germans with another "Stalingrad death trap."

The Russians declared they had beaten back counter-attacking Germans trying to regain last positions south of Rostov, snuffing them down with powerful mortar fire. One frontline dispatch suggested that the Russians had given the German garrison inside the ancient city some kind of ultimatum.

The Don at Rostov is covered with 50 to 70 centimeters (19 to 27 inches) of ice, Tass reported. Russian artillery already was reported lobbing shells across the Don into German positions in Rostov.

(The British radio carried the unconfirmed report that the Russians "are now fighting in the suburbs of Rostov." Similar reports have come from Stockholm for two days.)