

Nazis, Finns Claim Gains On Leningrad

OBJECT OF PINCER

Fall of Former Capital Expected Momentarily, Says German Command

By The Associated Press BERLIN, July 30.—The German armies on the Leningrad front are fighting their way to a "fast approaching important decision" and this second largest Russian city is now in a precarious situation, German sources said tonight.

(The Associated Press was informed in New York the German-Finnish drive on Leningrad had made such progress that the German high command expects the fall of the city at any time.) German forces both north and south of Leningrad are exerting a pincer squeeze which the Germans believe seals the fate of this great Soviet Western port, which, as St. Petersburg, once was the capital of the Czars.

Two Russian divisions have been destroyed west of Lake Peipus in Estonia, on Leningrad's southwest front, German dispatches said, and the Germans there were declared to have poured in between Leningrad and large Russian units in Estonia which formed part of the outer defenses of the Leningrad area.

Close Quarter Fighting Fighting was at close quarters with hand grenades and automatic pistols. The Russians' retreat apparently was cut off, and the Germans asserted that these units were doomed to certain annihilation.

The Germans also continued to express complete satisfaction with the progress of German-Finnish forces pushing down on Leningrad from the north across the Karelian isthmus, completing the Leningrad squeeze. The German radio stated that these German-Finnish units carried out attacks successfully despite the fact that retreating Russian forces poured oil in their forests and set them afire.

Important Decisions The Germans also predicted important decisions soon on the Smolensk front, along the path of the main westward drive on Moscow. They called attention again today, however, to the extensive nature of the engagements on the eastern front and asserted that because of the distances involved even a blitz offensive cannot be

(Continued on Page Three; Col. 1)

CITY SELECTED AS RAID CENTER

One of Three Air Attack Warning Stations in State to Locate Here

One of three "filter" centers to serve as headquarters for the air raid warning system now being set up in the state will be established in Wilmington. The other two will be located in Raleigh and Charlotte. The warning system will be used in connection with the First Army maneuvers in the state this fall with the local post serving a large part of the eastern section of the state.

Calls From Spotters The center, which will receive calls from trained civilian aircraft "spotters," will be under the Third Interceptor command of the Army air corps.

Major R. W. Douglass of Tampa, Fla., executive officer of the command, conferred with Governor J. M. Broughton in Raleigh yesterday regarding the centers. Major Douglass will be in charge of the center.

(Continued on Page Three; Col. 4)

WEATHER

FORECAST North Carolina, South Carolina: Continued warm and partly cloudy with scattered afternoon thundershowers Thursday. Friday partly cloudy, scattered afternoon thundershowers. (By U. S. Weather Bureau) (Meteorological data for the 24 hours ending 7:30 p. m. yesterday.) Temperature 1:30 a. m. 77; 7:30 a. m. 81; 1:30 p. m. 84; 7:30 p. m. 83; maximum 84; minimum 74; mean 81; normal 79. Humidity 1:30 a. m. 91; 7:30 a. m. 94; 1:30 p. m. 87; 7:30 p. m. 80. Precipitation Total for the 24 hours ending 7:30 p. m. 0.37 inches. Total since the first of the month 7.79 inches. Tides For Today (From Tide Tables published by U. S. Coast and Geodetic Survey) Wilmington High 3:06a 10:30a Low 9:48a 6:06p Masonboro Inlet 3:48a 11:08a Low 10:36a 7:05a Sunrise 5:22a; sunset 7:14 p; moonset 12:56p; moonset 11:11a. River stage at Fayetteville at 8 a. m. Wednesday, 10.15 feet. (Continued on Page Three; Col. 5)

Kremlin Receives Hopkins

F. R.'s Aide Hears Stalin Tell of Smashing Russian Victories

MOSCOW, July 30.—Harry L. Hopkins heard from Joseph Stalin in a Kremlin conference tonight what kind of American equipment would help the Red army, whose boynet counter-charges were reported to have put the Germans on the defensive in some sectors. The lease-lend administrator talked with Stalin as President Roosevelt's personal representative a short time after arriving in Moscow by plane. There was no immediate announcement on the outcome of the conference on purchasing and delivery of American war materials. Vyacheslav Molotov, Soviet foreign commissar and U. S. Ambassador Laurance A. Steinhardt were present.

(Acting Secretary of State Sumner Welles said in Washington that lease-lend aid was not contemplated in Russian war orders now being placed in Washington.) Jubilant Claims Hopkins' visit came as Moscow read the most heartening military news in days. The Communist newspaper Pravda said Soviet troops beat repeatedly at the invaders in a series of far-spread attacks, turning some Nazi thrusts into slow and bloody retirement after checking drivers on Moscow, Kiev and Leningrad.

Pravda listed as typical an attack by a Red army unit which waded chin-deep through a swamp and charged a German battalion with bayonets. The Germans were said to have been routed. Although it did not comment directly on Hopkins' arrival, a Pravda article by Alexei Tolstoy, well-known Soviet author, said Germany would be "helpless to halt the unwinding springs of American war industry."

He added that British determination to continue the western fight, growing Red military strength and American production would thwart Hitler's Russian plans. The German Fuehrer, he said, had counted on an English desire for peace and unwillingness of the United States to become involved in Europe to aid the blitzkrieg drive.

There was no claim that a Russian general offensive was under way, but Pravda said Russia's aim now was to "convert the checking of the German offensive into defeat of Hitler's armies."

"Now the enemy often has to turn from the offensive to the defensive at certain points," Pravda said. The Soviet high command in its

(Continued on Page Twelve; Col. 5)

Senate Investigators Hit T. A. Loving Profit

WASHINGTON, July 30.—The Senate Defense Investigating committee contended today that a "tremendous profit" made by an army camp contractor through renting equipment to the government was not justified because the contractor received in addition a fixed fee.

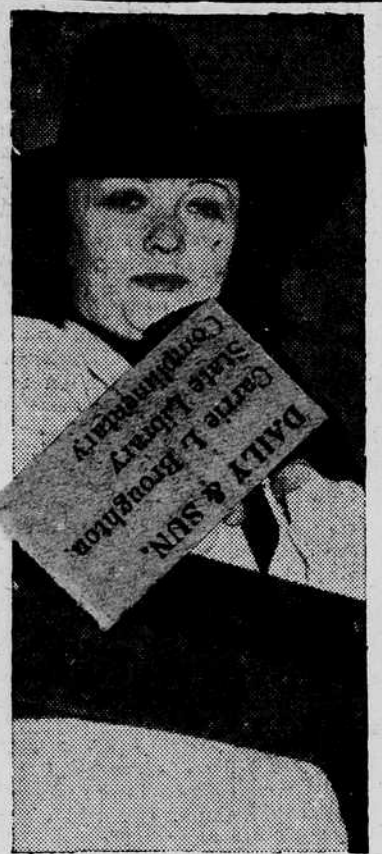
McNairy made the assertion after hearing testimony by C. B. McNairy, vice-president of T. A. Loving and Company, Goldsboro, N. C., contractors who built an army cantonment at Fort Bragg, N. C. on a cost plus fixed fee basis.

McNairy told the committee that after receiving the Loving company formed an equipment company to rent equipment for the project. He said that he did not have exact figures on profits of the equipment company, but he expressed a willingness to accept an estimate by Hugh A. Fulton, committee counsel, that the company had assets of more than \$500,000 in excess of liabilities.

McNairy, who said part of the equipment company's profit resulted from renting equipment on other jobs, agreed to supply exact figures later.

"Appreciable" Profits He acknowledged that the company had realized "appreciable" profits on the equipment rentals, but contended they were justified because of the investment risk entailed.

He said the rental rates were fixed on an estimate of 3 months use, but that when the project ran



ADMITTED — After considerable difficulty during which time she was detained on Ellis Island by U. S. Immigration officials, Pola Negri, above, famous Polish movie star of silent days, was admitted to the United States. She had forgotten, she said, to renew her five-year return permit. She intends to become a U. S. citizen.

HOUSE DEBATES HUGE TAX BILL

Republicans Attack 'Gag Rule' Clause Adopted to Expedite Passage

WASHINGTON, July 30.—The House began three days of debate on the \$3,529,200,000 tax bill today and approved a curb on the number of amendments that may be offered to the unprecedented measure.

Republicans denounced the procedure as "gag rule" which they contended had no place in "the last bulwark or democracy," but it finally was adopted by a roll-call vote announced as 203 to 168.

Before this action was taken, however, a modification of the originally-planned procedure was agreed to by the leadership to permit a separate vote on a provision which would require married couples to file joint income tax returns and thus prevent them from escaping higher surtaxes by dividing their incomes.

As a result, the House will get a chance to vote for or against that provision, designed to fine-tune about \$323,000,000 but the only other changes which it will be possible to consider under the rule will be those sanctioned by the Ways and Means committee.

Chairman Doughton (D-N.C.) of the committee and other leaders told the house that it would be dangerous to throw the bill wide open for amendments and some Republicans contended that such a course would be unwise.

In opposing the rule, Rep. Fish (R-N.Y.) said that the new tax measure "doubles and triples taxes on persons who make from \$3,000 to \$30,000 a year, such persons constitute only 5 per cent of the population but "pay all the taxes."

longer, the government exercised its option to purchase the equipment at retail list prices, which he conceded were higher than those the company had paid.

The company's profits, he said, resulted chiefly because of the recapture—that is, the government buying the equipment at higher prices.

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(Continued on Page Three; Col. 1)

COUNTY'S BUDGET COMPLETION SEEN

Board Chairman Believes Annual Task Will Be Finished Within 10 Days

Preparation of the budget for the new year will be completed within 10 days, Addison Hewlett, chairman of the New Hanover county board of commissioners, estimated yesterday.

There are so many phases in this county's financial problems with which to deal it has not been possible for commissioners to complete the budget so far, the official stated.

He indicated commissioners at their meeting Monday afternoon will probably devote a portion of

Konoye In New Warning TO PRESS POLICIES

Execution of 'Fateful Program' to Be 'Swift, Determined', Says Premier

By The Associated Press TOKYO, July 30.—Premier Prince Fumimaro Konoye declared Japan's resolve today "to proceed on a historic renovation of its policies from an entirely new standpoint," and said the execution of this fateful program must be swift and determined.

These policies — of which he spoke while Japanese convoys continued to land troops for occupation of bases in southern French Indo-China — were not described, but he connected them with a warning that Japan "must always be prepared to meet the worst."

He said too, again without elaboration, that the German-Russian war "is bringing serious effects on Japan."

(This reference to the Nazi invasion was heard with the greatest interest in view of the expressed conviction of informed Chinese quarters in Peiping that Japan is making ready for an assault on Soviet Siberia if and when the Red armies of the west are smashed by the Germans.)

The premier spoke before the general mobilization inquiry commission.

Denounce United States The Japanese press went on denouncing the United States and Britain, calling them the masters of the Dutch East Indies and blaming what they called American meddling for the suspension by the islands of the oil shipment agreement with Japan.

As to the possibility of a full oil embargo by the United States, which already has frozen Japanese assets in that country, newspaper discussion was to the effect that Japan had in reserve enough oil for several years.

ENGINEERS MEET HERE TOMORROW

Wilmington Club to Host State Society at Ocean Terrace Hotel

Assisted by the Wilmington Engineers club, the North Carolina Society of Engineers and the North Carolina section of the American Society of Civil Engineers will inaugurate an annual two-day summer convention tomorrow morning at 10 o'clock at the Ocean Terrace hotel at Wrightsville beach.

First technical session of the meeting will begin at 2:30 with Mayor D. J. Herrin of Wrightsville Beach making an address of welcome.

Two addresses will be heard at the first technical session. Henry H. Army, field coordinator, U. S. office of education, Washington, D. C., will discuss "Engineering Science and Management of Defense Training," and Harry Duckless, member of the state utilities board and the Raleigh planning commission, will discuss "Transportation and City Planning."

Hewlett Toastmaster

An informal banquet will be held the first night of the meeting at the Ocean Terrace with engineers, their wives and guests to attend. Thomas J. Hewlett, president of the Wilmington club, will be toastmaster and will introduce Gustavus Dyer of Vanderbilt university, Nashville, who will make the principal address of the evening on "The Value of Engineers in the Defense Program."

(Continued on Page Three; Col. 7)

CONGRESS TERMED FAVORABLE TO PRICE CONTROL PROPOSAL; U. S. BOAT BOMBING PROTESTED

GUNBOAT DAMAGED

President and Welles Act Swiftly After Navy Vessel Damaged on Yangtze

WASHINGTON, July 30.—Acting swiftly and in a manner to show that its patience was sorely tried, the United States called Japan to account today for a new attack on an American gunboat in China and indicated the incident would not pass with a perfunctory diplomatic exchange.

The 370-ton gunboat Tutuila of the Yangtze river patrol was damaged by bombs which narrowly missed the United States embassy during a Japanese raid on the Chinese capital of Chungking. No casualties resulted, but the Navy said the stern superstructure of the small craft was damaged slightly.

Soon after the news reached Washington, President Roosevelt discussed the bombing with Sumner Welles, acting secretary of State. Apparently in answer to a summons from Welles, the Japanese ambassador, Admiral Kichisaburo Nomura, called at the State department.

Representations Made Emerging from his brief conference with the ambassador, Welles announced at his press conference that representations had been made to the Japanese government.

He declined to say whether he had administered personally a severe rebuke to the ambassador, as he did last week in denouncing Japan's move to take over military and naval bases in French Indo-China.

With tension in the Pacific already high as a result of the Indo-China move and retaliatory economic measures against Japan by the United States, the British empire and the Netherlands, a stern attitude was indicated here in connection with the Tutuila incident.

Welles refused to say whether any indemnification was demanded as in the case of the sinking of the United States gunboat Panay in China on December 12, 1937 with a loss of two lives.

For that loss, the United States demanded and received \$2,214,007.36 for property damage and personal casualties, together with a profuse Japanese apology.

Welles indicated the United States would reject any Japanese claim that the Tutuila bombing was a mistake.

The gunboat and the American embassy, he pointed out, were on the opposite side of the Yangtze river from Chungking proper. Tutuila was a "safety zone" where a flight of 26 bombers raided the Chinese capital, dropping bombs near the Tutuila and American property—the embassy. Shanghai reports said the official residence of the embassy also suffered damage and that the damage to the Tutuila resulted from a missile which struck ten feet away.

The Tutuila, which narrowly escaped bombs during a raid on June 15 which led to a strong American protest to Japan, is under command of Lieut. Commander William Alger Bowers, 39, a native of Sevierville, Tenn. It carries a normal crew of 58 officers and men.

TAX EVADER TO WED

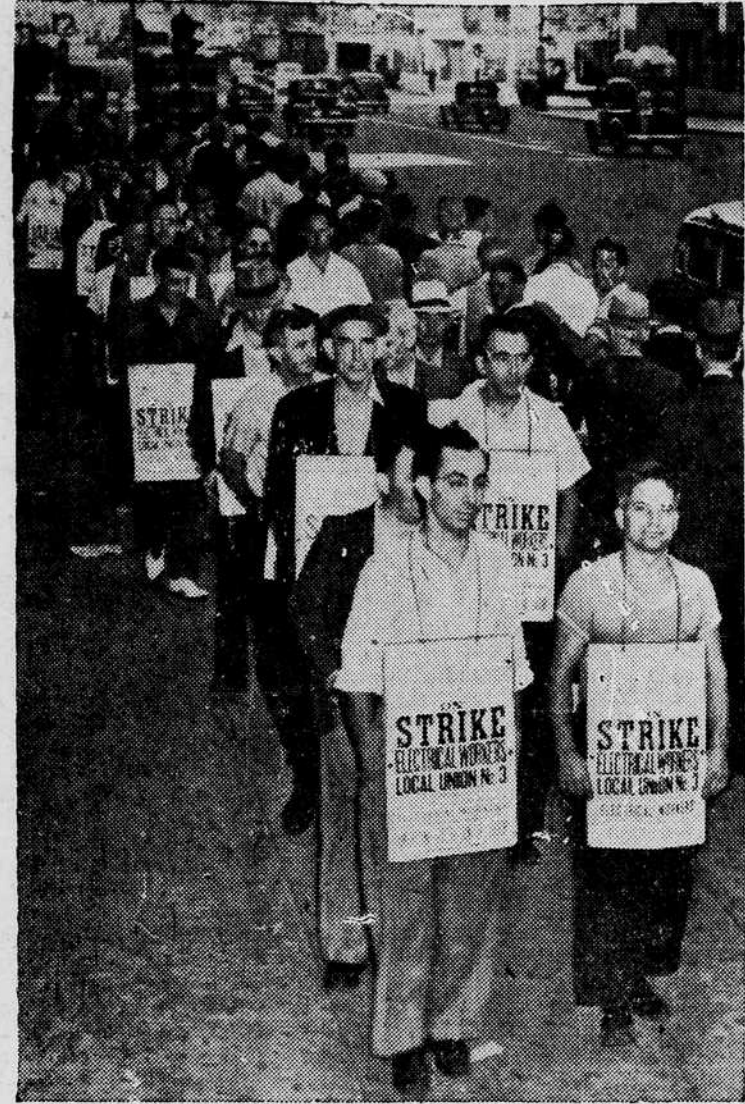
ATLANTIC CITY, N. J., July 30.—Enoch L. (Lucky) Robinson, Atlantic county Republican leader who was recently convicted of income tax evasion, will be married tomorrow to Florence Osbeck, former Broadway showgirl.

McCraig's Present Request W. D. McCraig, chairman of the board of trustees for the hospital, had appeared before the board and requested that the appropriation be increased from \$10,000 to \$13,000 for the current fiscal year.

The two governmental agencies also increased personnel of the board of trustees of the hospital from five to seven members, naming H. R. Gardner, a county commissioner, and Councilman J. Neveland, Brand, Jr., as members to represent the city and county.

W. Albert Brown was named to fill a vacancy. The city council also received a petition signed by Aaron Goldberg, attorney, and other residents of the 300-block of Grace street

(Continued on Page Three; Col. 1)



LIGHTS OUT FOR DEFENSE—In an attempt to force the Consolidated Edison Co. of New York to use AFL electricians instead of regular employees in a power plant construction job, 8000 electricians started a general strike in New York city, halting work on many defense projects. First general electric strike since 1907, the work stoppage, if long continued, would eventually affect a major part of all city construction work. Above are pictured some of the pickets at the Consolidated company's Waterside plant.

Predict Early Passage Of Retention Measure

WASHINGTON, July 30.—Army intelligence reports that Germany has expanded her army from 810,000 to nearly 4,000,000 men since the start of the war were cited by Sen. Thomas today to emphasize the need of retaining selectees, guardsmen and reservists in service beyond the present one-year limit.

Opponents of the service extension, led by Senator Taft (R-Ohio), asserted that the general staff sought to abandon its original concept of training a large reserve of men in favor of perfecting a compact fighting force in which a selectee might find himself serving for the duration of the emergency.

The khaki of a dozen soldiers dotted the crowded galleries as the Senate opened debate on the controversial legislation. Meanwhile the House Military committee, by a 15-7 vote, approved a similar bill and leaders made plans to press it in that chamber next week.

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(Continued on Page Twelve; Col. 1)

State Ends Fiscal Year With 7 Million Balance

RALEIGH, July 30.—A budget bureau statement showing a \$7,280,272 cash balance in the state treasury at the end of last fiscal year brought a statement of gratification and of warning from Governor Broughton today.

The report of the largest cash surplus in the state's history, he said, "shows the state to be in a sound and financially healthy condition," and he added.

"As the state enters the new fiscal year and a new biennium confronted with many grave economic uncertainties, it is gratifying to begin such a period with this comfortable cash balance.

(Continued on Page Twelve; Col. 2)

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(Continued on Page Three; Col. 2)

OBJECTIVE APPROVED

Debate Seen on Method of Application; Wheeler Indicates Support of Bill

By RICHARD L. TURNER WASHINGTON, July 30.—President Roosevelt asked Congress today for power to regulate prices in order to check inflation, and many members of the national legislature immediately expressed approval of the general objective he outlined.

Their comments indicated that debate would center about methods, rather than the goal. Price legislation, Mr. Roosevelt said in a special message, was necessary to protect the nation against "the evil consequences of a chaotic struggle for gains which must prove either illusory or unjust and which must lead to the disaster of unchecked inflation."

It developed, meanwhile, that Chairman Steagall (D-Ala.) had been at work since Friday on specific legislation—a bill authorizing Mr. Roosevelt to prescribe maximum prices and rental charges, to deal with excesses in installment credit, and to make purchases or sales of commodities with a view to stabilizing the price.

Where farm commodities were concerned, it was understood that the new checks would become operative only when the prices of these go above parity—that is above a level where farm products have the same purchasing power, in terms of industrial goods, that they had in 1909-1914.

Broad Powers The bill, it was said, would empower the President to act through any agency he might designate. It was on this point that the principal controversy seemed likely to develop. Some members of Congress were of the opinion that power so broad should be granted only to a specially created congressional agency, and not to the executive department. Nevertheless, nearly all seemed agreed that some action should be taken to keep prices within moderate limits.

Senator Wheeler, bitter critic of the administration in the field of Foreign affairs, announced immediately that he was "entirely in accord with the view that action was necessary."

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RUSSIANS SCRAP ANTI-POLE TREATY

New Agreement With Exiled Government Provides Polish-Russian Alliance

LONDON, July 30.—(AP)—The Soviet government today scrapped the Russian-German treaties of 1939 partitioning Poland and signed with the Polish government in exile a new agreement freeing approximately 300,000 Polish prisoners in Russia and pledging mutual Russian-Polish aid and support of all kinds in the present war against Hitlerite Germany.

"Thus Russia, whose armies marched into eastern Poland after Germany had invaded the western part of the country two years ago, now accepts the Poles as allies in a common fight against Hitler. Germany, meanwhile, has occupied all of the former Polish territory which Russia took over and now has renounced."

Today's agreement provides for formation in Russia of a Polish army under a Polish commander to be "subordinated in an operational sense" to the Soviet command, upon which the Polish army is to be represented.

Polish Foreign Minister August Zaleski resigned as a result of the agreement, and it was learned that some other ministers were expected to do likewise. Zaleski and others were known to have opposed persistently any steps for bringing Russia and Poland into agreement, and a London source said Zaleski's views in recent conferences had been so outspoken as to be unacceptable to the both the Polish and British governments. The Polish army will be formed from among the war prisoners freed under the agreement.