

Russians Say Line Hold Fast

NAVY SEES ACTION

Major Battle Positions Unchanged Claims Command; Gobs Take City

By The Associated Press MOSCOW, Saturday, Aug. 9.—Battles raged all day Friday on the bloody fronts before Leningrad, Moscow and Kiev, the Soviet army stated early today, and by naming towns around which fighting has been going on for days, indicated that the Russian lines held firm.

The Red army fought the invaders at Kakissalmi, on the Karelian Isthmus about 75 miles northwest of Leningrad, and in Estonia, south of Leningrad, the Soviet information bureau announced in its regular communique. Battles also raged at Smolensk before Moscow and at Korosten and Bel Tserkov, towns on the front before Kiev.

The regular announcement said the Red air force, "in cooperation with land troops" dealt blows at the village of Krasnoye, and infantry enemy Panzer troops and infantry attacked the aircraft on airdromes, and attacked a force destroyed 21 German aircraft and lost 14 of its own on Thursday, it was stated.

The Soviet navy organ Red Fleet reported that the Germans had lost 14 submarines in 44 days of war. Four were said to have been destroyed by mines, one by collision with a Bulgarian destroyer in the Black sea and others by Soviet naval action.

Estimating the total German submarine fleet at 150 craft, it was said the war had cost the Nazis nearly ten percent of their underwater boats.

High Nazi Losses Red Fleet said the Germans also lost more than 30 transports, ten destroyers, three patrol boats, two monitors, two cutters and two trawlers. It pointed out that the Germans had been unable to transfer large warships into the Baltic.

Sailors of the Red navy were reported to have joined the army in heavy land fighting on the Estonian front and Soviet citizens throughout invaded territories were called upon by their government to intensify guerrilla warfare.

A dispatch from the front reported that sailors from the Baltic fleet had recaptured a village after a three-day battle in their first land encounter with the Germans.

Facing superior numbers, the sailors were reported to have taken the village with a bayonet charge after an artillery duel.

Government May Act In Shipyard Strike

200,000 Man-Hours Daily Being Lost As CIO Strikers Tie Up Half-Billion In Naval Contracts

By The Associated Press A flat warning came from the Navy department yesterday that the government would take direct action to get production resumed at the Great Kearny, N. J., yards of the Federal Shipbuilding and Drydock company if the management and a striking CIO union could not settle their dispute.

Saying that 200,000 man-hours of work on "vitally needed combatant ships for the navy" were being lost daily, Ralph Bard, Acting Secretary of the Navy in the absence of Frank B. Knox, expressed hope in a statement that the strike could be settled at once.

"But if management and labor cannot arrive at a settlement," he continued, "steps must be taken which will on one way or another put this huge shipbuilding plant back into production at the earliest possible moment."

A proposal that the government take over the yards came from Peter Flynn, vice-president of a CIO Shipbuilding Workers local, who said in a statement at Jersey City, N. J., that action should be taken "without another hour's delay."

If the government does take over the yards, Flynn said, "the picket line will insist on a settlement of the strike."

The Industrial union of Marine and Shipbuilding Workers called the strike early Thursday to back up demands for what it said was a modified union shop recommended by the defense mediation board.

The management declared a closed shop was asked. As officials gave close attention to the Kearny situation, a new dispute threatening to cripple airplane parts production developed at the Caldwell, N. J., propeller plant of Curtiss-Wright corporation.

Several hundred members of the AFL International Association of Machinists walked out and later presented the management with a list of demands.

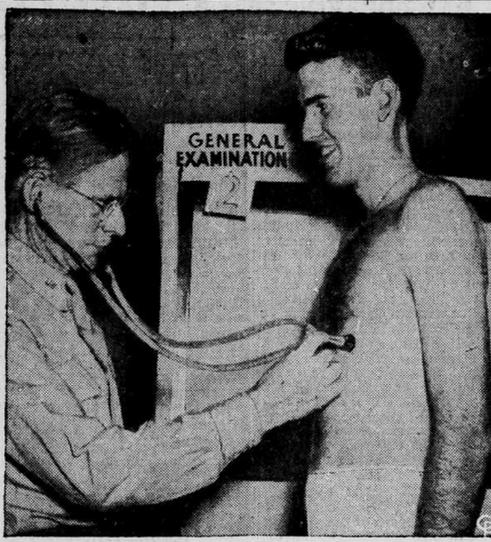
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ARMY OKAYS WALLACE'S SON—Robert Brown Wallace, 23-year-old son of the Vice-President of the United States, is shown as he underwent his final physical examination before being inducted into army service with 132 other Washington, D. C., youths. Making the checkup at the Richmond, Va., induction center is Col. John A. Clark of the Medical Corps.

SOUTHERN PORTS HUNT SABOTAGE IN TANKER BLAST

Charleston Meet Charts Course; Boyd Represents Wilmington

CHARLESTON, S. C., Aug. 8.—(AP)—Representatives of six South Atlantic ports decided at a meeting here today to present a joint prospectus to Washington officials outlining the advantages of these ports for movement of defense materials to reduce congestion on railroads and in northern and eastern ports.

The representatives — from Charleston, Savannah, Ga., Jacksonville, Fla., Brunswick, Ga., Wilmington, N. C., and Morehead City, N. C., constitute the South Atlantic Ports Emergency committee.

H. A. Manning, of Columbia, traffic manager of the South Carolina Public Service commission and chairman of the group, will go to Washington next week to confer on the possibility of obtaining increased traffic through these ports.

Following discussion of differences in port charges for the six ports, Manning appointed a subcommittee to study the possibility of making the fees uniform.

Brumswick, John D. Rooney of Charleston, E. F. Boyd of Wilmington, Dr. B. F. Royal of Morehead City, T. G. McGinn of Savannah, and John Morris of Jacksonville.

Manning said that several North Atlantic ports already were congested and that there was room for much shipping in South Atlantic ports.

He said cargo loadings this week had exceeded 900,000 and that the total was expected to exceed 1,000,000 by October. There is a strong possibility of the government's taking over the railroad facilities, he said.

Japanese Bombers Blast At Chanking; 30 Killed CHUNGKING, Saturday, Aug. 9.—(AP)—Japanese planes bombed downtown Chungking in a moonlight raid early today on the heels of mass day raids by 140 bombers.

It was the first night raid since July 7, the fourth anniversary of the outbreak of the Chinese-Japanese war. Fewer than a dozen planes were used but some damage was done in the center of the city.

TREASURY DEMANDS BROADER TAX BASE; U. S. STRIKES AT JAPS

HULL ACCUSES NIPPON State Secretary Says Japan Provoked 'Encirclement' By Indo-China Move

By J. C. STARK WASHINGTON, Aug. 8.—(AP)—The United States directed sharp thrusts at both Japan and Germany today, asserting that the Nippon empire brought on its own self-proclaimed "encirclement" and that the Nazi government was casting long eyes toward the western hemisphere.

Answering official Japanese contentions that the United States, Britain, China and the Netherlands were drawing a ring around Japan, Secretary of State Hull told a press conference that there was no occasion for any law-abiding and peaceful nation to become encircled.

He implied that the Japanese statements were considered a mere pretext for further expansion moves, possibly into Thailand. At the same time he reportedly sought to leave an opportunity for Japan to improve relations and trade ties with the United States by abandoning what he has described as "movements of conquest" in the Pacific area.

Charge Against Nazis The charge that Germany had aggressive intentions against the western hemisphere came as an answer to authorized sources in Berlin who asserted that Nazi agencies were preparing "another expose of Roosevelt secret power politics."

The German sources said they had material establishing that President Roosevelt was seeking domination of South America and was secretly "graiping for other bases" there.

Hull described this as a transparent piece of propaganda which he said was not likely to deceive or mislead anyone seriously considered by any country in the western hemisphere.

The Nazi charges came, he remarked, from a group representing a government which had ruthlessly seized some 15 countries in Europe and had been looking with longing eyes to this hemisphere for further conquest.

His comment was interpreted as further evidence of concern here over reported German demands on the Vichy government for bases and other military concessions in French Africa — a point which President Roosevelt and others have described as a possible jumping off place for an attack on the western hemisphere.

Mentions Vichy Hull said yesterday that new assurances from the Vichy government that it intended to defend the

Agnes Morton Plays Brilliantly—Loses

Jane Crum, University of South Carolina co-ed and defending champion, set a new course record for women over the Asheville Country club layout today shooting a blazing 70, seven under women's par to win the annual Invitational Golf tournament.

Miss Crum defeated Agnes Morton, 16 year old High school junior of Wilmington, 3 and 1, in the final match. The young red-head shot a low score of 75, which is the second lowest in the history of the club competition.

Complete story of the match will be found on the main sports page.

PLAN SUBMITTED Morganthau Recommends Lowering Income Base; Lists Expenditures

WASHINGTON, August 8.—(AP)—Treasury officials, declaring that the House - approved \$3,200,000,000 tax bill was inadequate, submitted to the Senate Finance committee today recommendations for raising \$800,000,000 to \$1,000,000,000 additional, partly by broadening the income tax base to cover millions of persons now exempt.

The recommendations, submitted by Secretary Morgenthau, included: 1. Reduce personal exemptions. The official submitted a schedule based on \$1,50 for married persons and \$750 for single persons, as against present exemptions of \$2,000 and \$800.

2. Revise excess profits levies to reach earnings of many corporations now exempt. 3. Require joint returns for husband and wife, but provide special relief when both work outside the home.

4. Reduce the "depletion allowances" granted to concerns engaged in extracting such natural resources as oil. 5. Abolish tax exemptions on state and local bonds. 6. Increase estate and gift taxes.

Promise Details Later Morgenthau and John L. Sullivan, assistant secretary of the Treasury, promised to supply more detailed recommendations later.

Meanwhile they suggested that Congress simplify the returns which would be required of millions of citizens who would pay income taxes for the first time under the recommendations.

They submitted a sample form containing a table by which the taxpayers could tell at a glance how much tax he owed. He would be required merely to set forth his salary, other income, the total and the tax to be paid on the basis of the table, after taking an allowance for any dependents and an amount for deductions.

"Some have criticized this bill as severe," Sullivan told the committee, "but our present national peril requires many sacrifices. The severity of this bill is minor when compared to the severity of other sacrifices which are cheerfully made by our citizens."

"At a time when many men are being called upon to forego gainful occupations to enter our armed forces for a remuneration of \$21 per month, and at a time when it has become necessary to extend their period of service, those citizens in civilian life will, I am sure, cheerfully make the contributions called for under this bill and will be ready to make even greater contributions if it becomes necessary."

Expenditures at 9 Billions Sullivan estimated that expenditures for the current fiscal year would be \$22,169,000,000 with receipts of \$9,402,000,000, exclusive of the pending legislation.

Some time ago the Treasury advocated that the government operate on a one-third borrowing and two-thirds "pay-as-you-go" system. To achieve such a goal, Sullivan said, it would be necessary to increase the House tax bill by more than \$2,000,000,000.

Senator Vandenberg (R-Mich.) of the Senate committee remarked that during a conference in April the secretary had said that it was "doubtful what would happen to the public credit" if the Treasury could not attain a two-thirds to one-thirds ratio between revenue and spending.

BATTLE LOOMING OVER ARMY BILL

Administration Forces Admit Extension Measure May Lose in House

WASHINGTON, Aug. 8.—(AP)—Administration leaders in the House expressed apprehension today that the bill to retain the rank and file of the army in service for an indefinite period was in danger of defeat or drastic revision.

An administrationist, who declined to be quoted, disclosed that they had counted noses and found that a score or more of Democratic members would not commit themselves. This group apparently was in a position to settle the issue.

On the Republican side of the aisle much opposition was indicated. Members of that party held a conference on Wednesday, and Rep. Martin of Massachusetts, the Republican leader, said afterward that "the majority of sentiment" appeared to be in favor of retaining reservists and National Guardsmen, but let the selectees go.

No Compromise Talk Despite this attitude, there was for the time being, at least, no talk of compromise. The Senate, which passed service extension legislation yesterday, achieved a high measure of unity behind the bill by imposing an 18-month limitation on the added services of the army men. But in the House, the leaders spoke only of fighting it out—win or lose—on the straight cut issue of an indefinite extension.

Of course, as the situation developed, (Continued on Page Twelve; Col. 3)

RED AIR FLEET BOMBS BERLIN

Soviet Night Raiders Drop Explosives, Incendiaries On German Capital

By The Associated Press LONDON, Aug. 8.—Russian warplanes dropped a number of high explosive and incendiary bombs in the Berlin area last night in the first Soviet raid on the German capital, the Moscow radio reported tonight.

The Soviet report described the raid as a reconnaissance flight undertaken by a group of planes, the size of which was not stated. A number of fires were declared to have been started, after which all the Russian planes returned to their bases safely.

Previously it had been stated unofficially here that the raid was Russian, and it was pointed out that the craft must have flown at least 600 miles to their targets.

Information that the explosives (Continued on Page Twelve; Col. 3)

SENATOR REYNOLDS RAPS CONDITIONS IN TRINIDAD

North Carolina Solon Says Island 'Ravaged' By Communicable Diseases; Urges Fullest Investigation

Star Washington Bureau WASHINGTON, Aug. 8.—Sen. Robert R. Reynolds, chairman of the Senate Military Affairs committee, pointed out in an interview today the dangers threatening American troops on the British island of Trinidad.

These dangers, the Senator said, are caused by a population "tragically ravaged by communicable disease," and urged a thorough investigation of conditions on the island looking toward their correction.

St. Lawrence Waterway, Florida Canal Approved

WASHINGTON, Aug. 8.—(AP)—The House Rivers and Harbor committee voted today to include the controversial St. Lawrence seaway and Florida ship canal projects in an omnibus rivers and harbors bill which some members estimated might require appropriations totalling a billion dollars.

At an executive session, the committee quickly approved by a 17 to 8 vote the \$285,000,000 St. Lawrence development advocated by President Roosevelt, and then endorsed the \$100,000,000 Florida ship canal, 14 to 10, after first providing that tolls should be charged for use of the waterway in order to make self-liquidating.

Opponents of the two projects immediately forecast a bitter fight when the bill is brought before the House.

"Pork Barrel" "This will be the biggest pork barrel rivers and harbors bill in the history of Congress," asserted Representative Beiter (D-N. Y.), an opponent of both the seaway and the Florida ship canal.

Rep. Bender (R-Ohio), issued statement describing the committee action with respect to the St. Lawrence as "an entirely indefensible effort to push through a highly controversial measure by attaching it to a series of juicy pork barrel projects designed to capture votes."

This is log rolling of the worst type," Bender added. "We may now expect an effort to make a gag rule of the consideration of this entire bill."

Another seaway opponent, Rep. Leonard Hall (R-N. Y.), said the committee action was "an abject confession of the utter inability to justify the St. Lawrence project on the grounds either of national defense need or national economic benefits. It is obvious the com-

POST-WAR AIMS OF U. S. DEFINED

Assistant State Secretary Says Nation to Help Impoverished Peoples

WASHINGTON, August 8.—(AP)—Adolf A. Berle, Jr., assistant secretary of state, declared tonight that the United States planned when "the tide of barbarity shall be rolled back," to turn the full measure of its economic strength to the relief of millions impoverished by the war.

Speaking at a reception given by the Grand Duchess of Luxembourg, Berle said there was no doubt that the conquered nations of Europe "wait only for the opportunity to break the chains of this temporary barbarism and to reestablish the laws and customs of civilization."

The reception at the Luxembourg legation was in honor of George (Continued on Page Twelve; Col. 2)

WEATHER

FORECAST North Carolina: Partly cloudy and warm Saturday and Sunday. (By U. S. Weather Bureau) Meteorological data for the hours ending 7:30 p. m. yesterday: Temperature 1:30 a. m. 76; 7:30 a. m. 76; 1:30 p. m. 86; 7:30 p. m. 80. Maximum 88; minimum 73; mean 80; normal 78.

Humidity 1:30 a. m. 72; 7:30 a. m. 66; 1:30 p. m. 58; 7:30 p. m. 46.

Precipitation Total for the 24 hours ending 7:30 p. m. 0.10 inches; since first of month 2.10 inches.

Tides For Today From Tide Tables, published by the U. S. Coast and Geodetic Survey: Wilmington High 6:05a Low 6:05a

Masabero Inlet 11:37p 6:25p

Sunrise 5:29a; sunset 7:06p; moonrise 8:07p; moonset 7:45p.

Stage of Cape Fear river at Fayetteville at 8 a. m. 9.95 feet.

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