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Fierce Fighting In Albania

Defense Spending Estimated At Ten Billion

Italian Army In Albania Reinforced

Greeks Launch Strong Offensive, Italians Suffer Heavy Losses; Sea Raider Flying Japanese Flag Shells British Island.

(By The Associated Press.)
The Italian command was reported to have thrown huge reinforcements into the Albanian conflict today as Greek dispatches told of one of the fiercest battles of the war raging in a heavy snowstorm in the Klisura sector, gateway to the north. Advices from the front said the fighting was developing on a broad scale both at Klisura Pass itself and farther north, with the Greeks launching a strong offensive and the Italians suffering "heavy losses" attempting "to defend his ground inch by inch." Despite furious Italian resistance, these advices said, the Greeks were seizing new positions along with Italian prisoners and war materials. Numerous artillery duels were reported.

Nauru Shelled.
On the other side of the world a sea raider flying the Japanese flag violently shelled the British-mandated island of Nauru in the south Pacific at daybreak. It was officially announced in Melbourne, Australia.
British sources in London left unexplained the reported display of the Japanese flag, but said a German raider was known to have been operating in that part of the Pacific in recent months. Australian Prime Minister Robert G. Menzies said the raider, also bearing a Japanese name, opened fire on Nauru shortly after dawn, inflicting considerable damage but no casualties. Rich in war-vital nitrates, Nauru lies south of the Japanese-mandated Marshall islands, 2,200 miles southwest of Hawaii. The island was owned by Germany until 1914 when it surrendered to Australian forces.

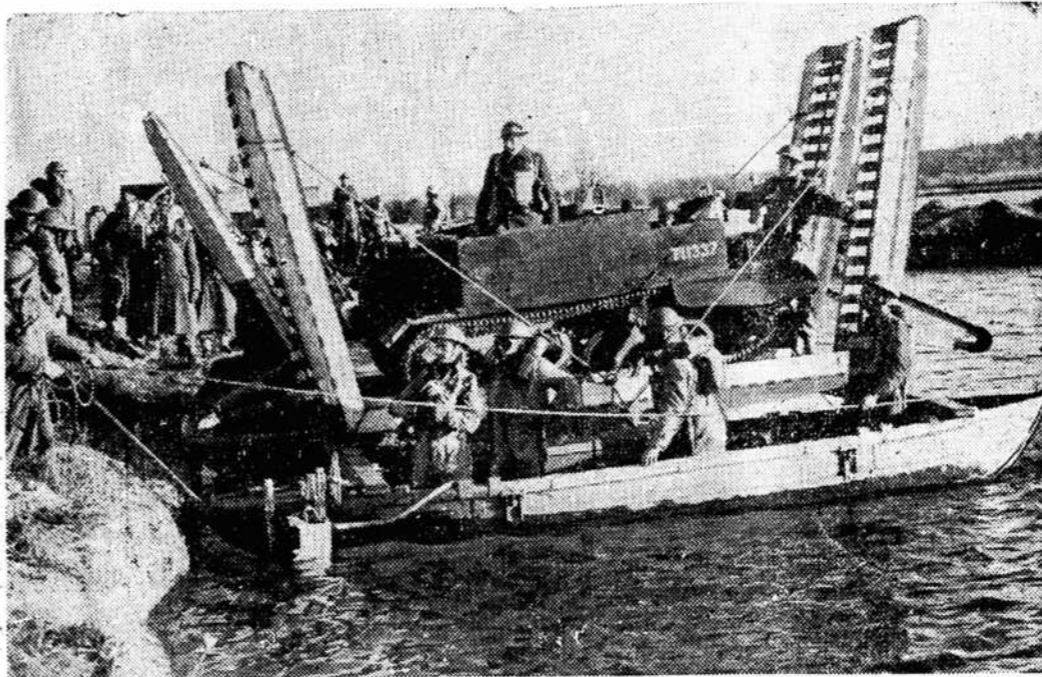
Air War Resumed.
Both royal air force and nazi warplanes returned to action after the three-day Christmas truce, with British bombers pounding at the German-held "invasion" port of Bordeaux.
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SHIP TORPEDOED
New York, Dec. 27.—(AP)—Mackay Radio picked up a distress call from the British steamer Ardenburgh which reported she had been torpedoed at 1:02 p. m. EST, today. The steamer gave her position as approximately 600 miles west of Scotland.

Moves To Aid British Fleet Expected

Washington, Dec. 27.—(AP)—Administration action to bolster Britain's hard pressed merchant fleet was reported imminent today.
An authoritative source predicted that President Roosevelt would recommend shortly that the United States speedily build a large number of merchant ships in a program comparable to the record breaking construction of World War days.
This informant said that the project would be "extensive" and fit into the plan which Mr. Roosevelt has discussed for leasing or lending equipment and supplies to the British.
It was not disclosed whether the proposed ships themselves would be made available to Britain or would be used to replace other tonnage which might be leased immediately. Speculation continued in the capital, meanwhile, that the administration soon might take another step to strengthen the British convoys now striving to protect shipments of food and war materials from nazi submarine and plane attacks.

Canadians Drill to Meet German Invasion



British guards on the Channel coast have been doubled as reports persist that Germany plans a lightning invasion attempt sometime within the next few weeks. Britain has been training constantly to meet the threat. Pictured are Canadian reinforcements recently arrived in England, engaged in transporting a gun tractor across a river as part of their anti-invasion training. (Central Press)

Army Camps Cost More

CIO Plan Is Studied

Roosevelt Says Airplane Production Plan Offered by Murray Is Being Studied.

Washington, Dec. 27.—(AP)—President Roosevelt told a press conference today that the CIO proposal, designed eventually to produce 500 pursuit planes a day by pooling the entire facilities of the auto industry, was being seriously considered by the administration.

The plan was submitted to the White House by CIO President Philip Murray, several days ago. It was drawn by Walter P. Reuther, director of the General Motors division of the United Auto Workers.

Asked about it today, the President said it was being studied by the new defense production office directed by William S. Knudsen, former head of General Motors. Mr. Roosevelt added that the plan had been undertaken with the utmost seriousness and with fine purpose.

He said it was a question of industrial production that no one in the administration would have any opinion about until it was thoroughly studied, but he declared if such a plan could be worked out it would be very helpful and constitute a real contribution to the defense program.

Reuther's plan envisioned a 500 a day output of all-metal pursuit planes within six months.

Mr. Roosevelt declined comment on a barrage of questions concerning the war and America's defense production.

Asked about a statement by a spokesman for the German foreign office that seizure by the United States of four ships interned in her ports would be considered a warlike act, Mr. Roosevelt replied this country had no official spokesman.

ROBBERY PROBED

Raleigh, Dec. 27.—(AP)—Director Frederick C. Handy said today he had assigned a State Bureau of Investigation agent to assist in the investigation of the robbery of the Aurora ABC store Thursday night. Beaufort county officers said the store was robbed of about \$360 worth of liquor.

RAF RAIDS

London, Dec. 27.—(AP)—The air ministry announced late today that British bombers attacked the German submarine base at Loriet, Beaufort county officers said today.

Weather

FOR NORTH CAROLINA.
Occasional rain tonight and Saturday; slightly warmer in central portions tonight, cooler in the mountains Saturday.

Roosevelt Still Busy On Budget

Non-Defense Spending May Be Held to Six Billion Dollars; Revenue Estimated at Eight Billions, Leaving Huge Deficit.

Washington, Dec. 27.—(AP)—President Roosevelt's estimates of defense spending for the coming fiscal year were said by authoritative officials today to be about ten billion dollars, or double the anticipated expenditures of the present year. The President was reported to be still busy on details of the budget message which he will send Congress early in January and no overall figures have been worked out yet.

Mr. Roosevelt has announced, however, that he wants to cut non-defense "to the bone." On this basis, many officials assumed that such spending might be held under six billion dollars, giving a budget total of nearly sixteen billion dollars.

This would make the budget the largest in American history except for the last year of the World War, when \$18,522,895,000 was spent.

On the 1941 revenue side, officials hinted at an eight-billion dollar estimate, which would mean a deficit of equal size unless more taxes were authorized. Secretary Morgenthau has suggested more levies and other treasury sources indicated that a new tax bill to raise at least one billion dollars, was being drafted.

The ten billion dollar defense estimate for the year beginning July 1, 1941, was said by officials to be based on the acceleration of the current preparedness program. Last July expenditures were 177,000,000, in August \$199,000,000, in September \$218,000,000, in October \$283,000,000, and in November \$365,000,000.

Ford Orders In Effect

Contract Criticized by Labor Representatives "In Effect", War Department Says.

Washington, Dec. 27.—(AP)—War department contracts with the Ford Motor Company totaling more than \$2,000,000 and criticized by labor representatives were said today by department officials to be now in effect.

The contracts, for midsize scout cars and passenger vehicles, were announced as awarded on November 27. There arose an immediate outcry from labor leaders and Sidney Hillman, labor member of the new office of defense production, challenged the award.

Hillman protested that there had been a labor board finding of unfair

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Violent Death Toll For State Raised To 25

Charlotte, Dec. 27.—(AP)—Automobile accidents killed at least 20 persons in North Carolina over the Christmas holidays, and three persons were killed by the accidental discharge of firearms. In addition, there was a murder and suicide at Asheville, giving North Carolina a Christmas violent death toll of 25.

Petain Writes To Hitler

Bern, Switzerland, Dec. 27.—(AP)—Navy Minister Jean Darlan of the Vichy French government was reported today in diplomatic advices to have delivered personally to Ad. Hitler somewhere in German-occupied France north of Paris a letter from Chief of State Petain. The contents of the letter were not learned, but they were understood to convey both reassurance of Petain's desire to continue French-German collaboration and explanation of his refusal to take the ousted Pierre Laval back into the cabinet. Laval had been foreign minister, vice premier and negotiator in chief with Germany.

Raleigh Speculates As To Whether New Budget Will Reflect Broughton's Ideas

Daily Dispatch Bureau, Raleigh, N. C., Dec. 27. By HENRY AVERILL.

Raleigh, Dec. 27.—A night or two after the General Assembly convenes next month, the biennial "budget message" will be delivered to its members. This will, in effect, be the chart by which the legislators will steer their financial course—or at least it will be the Advisory Budget Commission's idea of such a chart. Often in Raleigh, as in other political capitals, there are advance "leaks" which permit premature information about important matters to become known before they are supposed to be; but the budget commission's recommendations have always been so closely guarded that

there never has been a really serious thing of this sort.

That's one reason why there is so much speculation here now over whether the budget recommendations this time are going to be Governor Clyde R. Hoey's, in the main, or those of his successor, J. Melville Broughton, who will have to take any rap that grows out of financial backfiring during the next four years.

In view of the fact that Mr. Broughton sat in all the commission's meetings, and took rather an active part in discussing matters brought before it, there is good reason to believe that recommendations will

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A Queen Goes for a Ride



Irene Casault, Michigan's winter sports queen, prepares for a run down the toboggan slide at the Silver Valley winter sports area in the heart of the 800,000-acre Huron National Forest near East Tawah. And it's easy to see why she was made a queen. (Central Press)

Demand For Peace Moves Increases

Efforts Being Made to Organize Congressional Opposition to President Roosevelt's Aid to Britain Policy.

Washington, Dec. 27.—(AP)—Increasing senatorial demands that the administration seek to bring peace to Europe coincided today with efforts to organize congressional opposition to President Roosevelt's aid to Britain policy.

Senator McCarran, Democrat, Nevada, declared that "there will be a decided move in the senate for re-estimation of real neutrality."

"Real neutrality does not result from furnishing the implements of war," he told reporters. "It will be possible to organize a sufficient group which, working independently will support a positive policy against war."

Both McCarran and Senator Johnson, Democrat, California, commented that if the warring nations could cease hostilities on Christmas "they ought to be able to stop for all time."

Talk of peace proposals came at a time when 169 men and women, many of them prominent in various fields, telegraphed President Roose-

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Plan To Send Food To Spain Still Pending

Washington, Dec. 27.—(AP)—The State department initiated today what authoritative spokesmen described as final efforts to achieve an agreement under which American food supplies may be sent to Spain.

The answer, it was disclosed, is up to the British and Spanish governments. Early yes or no action is expected in view of the urgency of the food situation and the casting of unhappy Spain in a strategic and perhaps decisive role in European developments.

If an agreement is reached, well-informed sources said, the United States is ready to carry on "its traditional policy of extending relief to meet urgent human needs" by having the American Red Cross rush a shipload of food to Spain immediately and by arranging monthly shipments in the future.

In view of the dynamite-laden problems involved, the United States is reported seeking assurances from both the British and Spanish governments that specific conditions be met.