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Striking Back In New Economic War

Japan Freezes U. S. Credits

Nazi Air Raids On Moscow Dwindle

A Mighty Bomber Armada—Held Up by a Bottleneck



Delivery of this armada of B-26 bombers to the U. S. Army Air Corps officials at the Glenn L. Martin Company at Middle River, Md. The is delayed by lack of a minor part made by a sub-contractor, according to most deadly medium bomber yet developed. (Central Press)

No Bombings In Raids Last Night

Russian Army Communique, Reporting "Stubborn Fighting" On East Front, Indicates Nazi Invasion Forces Stalled.

Moscow, July 26.—(AP)—The Russian reported today that Moscow was unscathed through its fifth successive night of dwindling air attacks and declared the Nazi assault still was stopped in the last day of its offensive.

No bombing whatever were reported in last night's Moscow raid, which began an early evening alarm lasting an hour and 15 minutes.

The communique so nearly like those of the past several days that the German offensive was pictured as now being a standstill, the Red army reported during last night's stubborn fighting continued in the directions of Dnieper, Smolensk and Zhitomir.

The fighting in the Smolensk area, where the Germans made their deepest thrust toward Moscow, entered its eighth day with the Germans pictured as unable to break through to the east.

The enemy is suffering heavy losses, the Moscow war bulletin declared. It listed 45 German planes shot down last Thursday.

The Red air fleet continued attacks on German lines and bases, striking yesterday at Nazi mechanized troops near the fighting front, air bases behind the lines, and Rumanian Black sea ports, the Russian said.

Meanwhile, they declared, their planes found documentary evidence in German plans to carry the war next to Turkey in a surprise attack.

Vice-Commissar of Foreign Affairs, S. A. Lozovsky, reported indignantly seized in a captured German field headquarters and used the Turkish government would be informed of their contents.

Nazi Cities Are Bombed

London, July 26.—(AP)—An American-made flying fortress on a reconnaissance flight touched Emden this morning, it was officially announced.

Three RAF bombers dropped some of Britain's heaviest and most powerful bombs in the heart of Berlin last night, the air ministry news service reported.

It said the British raiders circled over the German capital and illuminated their targets by dropping flares.

It claimed equal success in the RAF night bombing of Hamburg and Bremen in attacks from which the air ministry announced nine British bombers have not returned.

Stalin And Chiang Said In Agreement

London, July 26.—(AP)—Josef Stalin and Generalissimo Chiang Kai Shek were said by a reliable source today to have an understanding by which China would put "half a million or more" soldiers in the field alongside Soviet forces in the event that Japan attacked Russia.

This source said he had been informed that this was one reason that Japan "renounced Indo-China instead of a direct attack on Russia to aid her axis partners."

Russia, it was stated, has been informed on all British discussions with China and the United States about Japan, and the Far Eastern position is declared to be in line with the British-Russian Alliance.

Russia soon will be aided by Polish troops fighting the Germans under a Polish-Russian pact nearing conclusion, this source declared.

HUGE TAX BILL SENT TO HOUSE

Welles Will Confer With Soviet Mission



Gen. Erwin Rommel

Peru, Ecuador To Sign Truce

Lima, Peru, July 26.—(AP)—Well informed sources said today that a truce in the boundary hostilities between Peru and Ecuador would be agreed upon today.

Meanwhile, the government reported sharp fighting along the disputed frontier zone. Ecuadorian forces were declared to have attacked the Hasimo and Elsauec border posts, and to have been repulsed. The Peruvian forces attacked and captured the posts at Chacras and Huaquillas "in order to maintain the whole line," the communique said, adding that fighting was still going on.

Group Arrives From Russia by Air to Coordinate Question of Securing Military Supplies in United States.

Washington, July 26.—(AP)—The acting secretary of state, Sumner Welles, will confer this afternoon with a Soviet military mission.

Welles said the mission, which arrived in New York today by plane, would fly on to Washington immediately and confer with him (at 2 p. m. C. S. T.) and the General Marshall, Army chief of staff, later.

The mission has come to the United States to coordinate the questions of securing military supplies of various categories, it was said.

It is headed by Lieutenant General Filip Golikov and Engineer General R. Respin. Constantine Orenskey, the Soviet ambassador, will accompany them on their calls.

Various United States agencies are now considering what military supplies desired by the Soviets can be shipped to them in the immediate future, as a result of the request transmitted to the State department by the ambassador.

No details of the supplies have been made public and Welles today declined to discuss any possible items on the list except to designate them as military supplies.

Legion Plans Membership Meeting

Daily Dispatch Bureau, in the Sir Walter Hotel, Raleigh, July 26.—(AP)—Probably the most consistent and vocative opposition to the wage and hour (Fair Labor Standards) law has come from the lumber industry in North Carolina.

It has been contended strenuously that the industry in this state is operated in small units that it cannot exist if compelled to pay the minimum wages set by the Federal statute.

Now it is proposed to raise this minimum from 20 to 35 cents an hour and a public hearing on the question has been set for Washington, D. C., on August 5, according to State Commissioner of Labor Forest H. Shuman, whose department has taken over full responsibility for enforcement of the Fair Labor Stand-

Study Civil Defense



Three of five American officials sent to London by Mayor LaGuardia to observe British civilian defense work arrive in the British capital. Left to right: Capt. Donald S. Leonard, of the Michigan State Police; Huntington Williams, commissioner of health, Baltimore; and Inspector Arthur W. Walshover, of the New York City police.

LIONS ELITE

New Orleans, July 26.—(AP)—George R. Jordan of Dallas, Texas, first vice-president of Lions International yesterday was elected president without opposition.

Edward H. Egan, Michigan City, Ind., was elected first vice-president, and Dr. E. G. Orr, Roanoke, Va., was elected second vice-president, both without opposition.

Tar Heels May Be Heard On Lumber Industry Wages

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Is Biggest In History

\$3,529,200,000 Measure Estimated to Meet About 60 Percent of Expenditures.

Washington, July 26.—(AP)—The House today passed a measure authorizing the expenditure of \$3,529,200,000 for the fiscal year 1942, and estimated that the measure would meet about 60 percent of the government's anticipated expenditures for the 1942 fiscal year. The bill was passed by a vote of 377 to 10.

The measure would meet the government's anticipated expenditures for the 1942 fiscal year, which is estimated to be \$5,800,000,000. The bill would provide for the expenditure of \$3,529,200,000, which is estimated to be 60 percent of the total expenditures.

The measure would also provide for the expenditure of \$1,000,000,000 for the fiscal year 1943, and \$1,000,000,000 for the fiscal year 1944.

MacArthur To Command

Washington, July 26.—(AP)—All American forces in the Philippines were grouped today under command of General Douglas MacArthur, former chief of staff of the Army.

The War department announced the action shortly after President Roosevelt at Hyde Park ordered all forces of the Philippine commonwealth made part of the army of the United States.

MacArthur since 1935 has headed the training of Philippine forces in preparation for independence and held the rank of field marshal.

Recalled to service in the United States Army, he will hold the temporary rank of lieutenant general. Thus, he will be superior to Major General George Granger, commander of the army's Philippine Department.

General MacArthur's World War hero, will lead a force of about 75,000 men the War department said.

The announcement said President Roosevelt had created a new command, designated the United States Army Forces in the Far East, and ordered the military forces of the commonwealth of the Philippines into the service of the United States.

Presumably, the army's estimate of 75,000 men excluded partially trained reservists. Earlier it had been estimated that the order affected upwards of 150,000 trained and partially trained Filipinos.

MacArthur, army chief of staff in 1935, personally commanded federal troops which dispersed the bonus army in the national capital in 1932. He voluntarily retired from active duty December 31, 1937 because of his duties as military advisor to President Quezon of the Philippine Commonwealth.

Shanghai Expected To Be Taken Over From Third Powers

Philippine Forces Into U. S. Service

Hyde Park, July 26.—(AP)—President Roosevelt called into the armed service of the United States today all of the organized military forces of the Philippine government.

There was no immediate official explanation of this step, but it was generally regarded as another indication of Japan's march into Southern French Indo-China.

It followed the freezing of Japanese credits in this country in reply to Japan's occupation of southern Indo-China.

The Philippine military forces are to be placed under an American army officer who will designate the times when the individual units and personnel shall be taken into the American armed services.

All naval components are to be under the commandant of the 16th U. S. naval district.

As commander in chief of the Army and Navy, Mr. Roosevelt issued a military order to accomplish the mustering of the insular forces into those of the United States.

French Concession and International Settlement in Shanghai Expected to Be Yielded to Japan Without Resistance.

(By The Associated Press)

Japan struck back today in the new economic war with the United States and the British Empire by freezing United States assets in her own empire. Indications were that the same retaliation would be applied to Britain and Shanghai would be taken over completely from third powers there.

The first word of the Japanese counter-stroke came by way of London, where the British government had followed suit in the United States' freezing of Japanese credits.

American circles at Shanghai said Japan probably would occupy the international settlement and the French concession, the principal parts of the city which, out of deference to extra-territorial rights of occidental powers, had been left unoccupied when the Japanese invasion of China enveloped Shanghai.

The French concession and the international settlement were likely to be yielded without resistance.

The first is under the administration of the Vichy government, whose capitulation to the Japanese plan of "joint defense" of French Indo-China was followed by the British and American counter-stroke of July 26.

The international settlement is virtually undefended and indefensible against the thousands of Japanese already in Japanese-controlled parts of the city. The settlement is garrisoned by the fourth regiment of United States Marines and has a corps of lightly armed volunteers whose functions have been of a police nature.

Japan was held likely to take over the third power areas through the Tokyo-sponsored Nanking government for China which has long threatened to abolish foreign holdings.

The British and Americans indicated they still had many a trump to play in the economic game. The controversy promised to become a series of escalation and counter-escalation measures.

The British followed up their freezing of Japanese funds by suspending all commercial treaties with Japan, according to a reliable London informant. The United States on January 21, 1941, let lapse her 25-year-old treaty of commerce and navigation with Japan. Trade since then had been on a day to day basis.

The supreme weapon of the economic arsenal of Britain and the United States remained unused—to total blockade. Economic experts in London said that this could bring Japanese industry to its knees in six months. The British press called the British-American move "proof" that the policy of appeasement was dead.

The Japanese march into southern Indo-China since held control in the north for many months—was expected to reach its full swing with the arrival of naval, air and land forces at the start of next week.

SHOOTING HEIGHTENS TENSION IN SHANGHAI

Shanghai, July 26.—(AP)—A gunman, believed to be Chinese, shot and wounded a Japanese marine today in the portion of the international settlement occupied by the Japanese military.

The incident heightened tension arising in the settlement as a result of British and American freezing of Japanese credits and Japanese retaliation.

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Former Chief of Staff Will Head Philippine Forces Called Into Service.

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Dick Reynolds To Give YD's Biggest Party

Daily Dispatch Bureau, in the Sir Walter Hotel, Raleigh, July 26.—(AP)—No political gathering in North Carolina has ever had the kind of party which Mayor R. J. Reynolds, Jr., of Winston-Salem is preparing for the Young Democrats who will assemble in the Twin City next month.

Bill Sharp, in his sprightly week-end "Thursday" is authority for word that Dick plans to spend at least

(Continued on Page Three.)

WEATHER

FOR NORTH CAROLINA.
Partly cloudy tonight and Sunday.