

A Happy 1942 New Year

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Major Battle North Of Manila

Axis Mediterranean Bases Hit In Raids Heavy Loss Is Inflicted On Invaders

Nazis Mass For Venture In South

War Industries, A Submarine Base and Air-drome in Greece and Crete Are Objects of Royal Air Force Foray.

(By The Associated Press.) Britain's little eastern air force appeared today to have struck heavily and for the first time at a potential new axis offensive in the Mediterranean region with raids on war industries, a submarine base and air-dromes in Greece and Crete.

The raids, carried out Tuesday night, were reported only today in the Cairo royal air force communique which also told of fresh air assaults on Britain's Mediterranean base of Malta.

For days now, since the Germans started their retreat in Russia, there have been signs that Adolf Hitler was preparing for some new face saving venture somewhere along the Mediterranean.

There have been repeated reports of a massing of German air power in Greece, including planes withdrawn from Russia.

An observer arriving recently at Istanbul, Turkey, from Greece told allied authorities that the Germans were building new airports in Greece.

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U. S. Freighter Sunk In Indies

Batavia, Netherlands East Indies, Jan. 1.—(AP)—A Netherlands East Indies communique said today an American freighter was attacked yesterday by Japanese planes in northern East Indies waters, set afire and abandoned by its crew. Forty-eight men were rescued, one was missing.

The communique said: "In the northern part of this archipelago an American freighter was attacked by Japanese aircraft. The ship was set afire.

Forty-eight members of the crew were picked up and brought to shore by a flying boat of the Netherlands Indies navy which heard the distress signals and went to the rescue.

Ally of the U. S.



General Tomas

General Tomas, ruler of the warlike Balugas in the mountains of central Luzon, the Philippines, is the newest ally of the United States. He recently approached a group of American officers and informed them the Balugas had decided unanimously to help the United States fight Japan.

Churchill Back In U. S.

Strategy Conferences Resumed as Prime Minister Returns to Washington.

Washington, Jan. 1.—(AP)—President Roosevelt and Prime Minister Churchill today resumed conferences on world wide strategy designed to smash axis aggression.

The prime minister returned at 9 a. m. from a four-day visit to Canada, where he confidently declared that "deeds, not words" would in good time disclose the specific results of the conferences.

The prime minister welcomed the New Year by proposing a victory toast at a midnight ceremony in the dining car of his special train "somewhere in Vermont" with members of his staff, newspaper correspondents, the train crew and porters.

Churchill raised his glass with the toast.

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Reds Report New Victory Over Nazis

Kaluga Recaptured on Moscow Front; German Tank Command Smashed; 250,000 Hitlerites Routed South of Moscow.

(By The Associated Press.) The Red news opened the new year today with the announcement of an enormous new victory on the Moscow front and a menacing Crimean peninsula drive.

Russia announced the re-capture of Kaluga, the smashing of Colonel General Heinz Guderian's tank command and the rout of six German army corps of approximately 250,000 men in fighting south of Moscow.

The Red army also claimed it had destroyed a brigade of Hitler's hand-picked Elite Guards, who had been flown 550 miles from Krakow to hal' them, and was beating its way forward on both the Leningrad and Crimean fronts.

German, Moscow said, were leaving their wounded together with their arms in the deep snow as they

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Farm Benefit Cuts Opposed

Washington, Jan. 1.—(AP)—A joint congressional committee's preliminary recommendations for sharp reductions in farm appropriations and expenditures drew fire today from House agriculture committee members.

Approximately \$400,000,000 of the \$1,300,000,000 the joint committee said could be shaved from the federal budget during the emergency would come from the Department of Agriculture or agencies operating through that department.

The committee's recommendation for abolition of the Farm Security Administration was unanimously opposed by agriculture committee members.

Representative Edwin A. Hall, Republican, New Hampshire, expressed the opinion that "everybody including the farmer must share in the defense effort, but the farmer should not be singled out to carry the public load."

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China's Gift to U. S. in New Zoo Home



John Tee-Van of the New York Zoological Park staff is shown back in the Bronx zoo with the two baby pandas he brought back from Tibet. Presented to the U. S. by Mme. Chiang Kai-shek, the pandas were brought to New York by Tee-Van, who traveled 30,000 miles in bringing his charges home. Formal presentation was made by the United China Relief.

Tar Heels Decorated

Two North Carolina Naval Aviators Honored for Rescue of Army Fliers at Sea.

Honolulu, Jan. 1.—(AP)—Nine Army aviators who had been adrift in two small life rafts for four days in a raging, shark-infested sea were rescued dramatically by the crew of a Navy plane which braved 40 foot waves, the Navy revealed today.

The pilot and co-pilot of the Navy ship, Ensign P. M. Fisher of Evanshoe, N. C., and Aviation Machinist Mate Leonard Waggoner of Bakersville, N. C., were decorated with the Navy cross for the heroic rescue.

Admiral Chester W. Nimitz, commander in chief of the Pacific fleet, said the Navy pilots "lighted signals from the life raft at dusk Tuesday a considerable distance from Oahu Island. The Army plane had been forced down at sea four days earlier and the fliers had drifted hundreds of miles, surviving two severe storms which wiped out most of their emergency rations.

After radioing for permission to effect the rescue, Fisher set the Navy plane beside the two life rafts. The Army men clambered aboard.

Lieutenant Earl J. Cooper, 24, of Stevens Point, Wis., pilot of the Army ship, was the first rescuer. "The action of Ensign Fisher and the whole crew was nothing less than heroic," he said today. "I'm convinced that the heavy seas ran 40 feet high. They took a tremendous risk."

BOMBING OF TOKYO GIVEN DEFERMENT

Washington, Jan. 1.—(AP)—Tokyo got a deferment from one quarter today.

Secretary of War Stimson was asked by reporters whether the War department was planning to carry out General Douglas MacArthur's recommendation that there be reprisals for the bombing of Manila.

"We have a long way to go before considering that," Stimson said. "We have other things to consider now."

WEATHER FOR NORTH CAROLINA

Rain and warmer tonight, followed by colder in the mountains by early morning.

Commandos Again Raid Norse Bases

County Tire Ration Quotas Announced

Washington, Jan. 1.—(AP)—A total of 2,871 tires and 2,103 tubes for passenger cars, motorcycles and light trucks will be rationed in North Carolina this month the office of price administration announced today.

For trucks and busses, 5,819 tires and 4,865 tubes will be rationed, the announcement said.

The county by county ration quota included:

Vance — 22 automobile tires, 18 tubes; 10 truck and bus tires, 33 tubes.

Franklin — 16 automobile tires, 15 tubes; 25 truck and bus tires, 21 tubes.

Granville — 20 automobile tires, 17 tubes; 25 truck and bus tires, 21 tubes.

Petaim Calls Self 'Exile'

Vichy, Jan. 1.—(AP)—Marshal Petaim asked Germany today to bear in mind that France is the only great power remaining outside a conflict which has put "the planet in flames."

This came in a New Year's message broadcast to the French nation by the aged chief of state, who described his own status as "partial exile"—presumably a reference to the degraded status of France, occupied and unoccupied.

Petaim said he was allowed only "half liberty" but that under the circumstances he was trying to do his best. He admitted to the French people that "the government which picked up the heritage of defeat cannot claim to be always getting your support."

He expressed hope for relaxation of Germany's armistice terms "so that France's dignity can be restored."

German Patrol Vessel Sunk and Sea Communications 'Completely Disorganized.'

London, Jan. 1.—(AP)—The admiralty announced today that Britain's Commandos have carried out a second raid on the Lofoten islands off the northern coast of German-held Norway.

This time, said an announcement, the specially trained raiding unit spent several days in the islands, using one harbor as a fueling base. Some German prisoners were captured without a fight.

The raiding force included Polish and free Norwegian units, sank a German patrol vessel and "completely disorganized the enemy's sea communication" in the area and escaped without casualties or damage to equipment, the admiralty said.

This was the third such announced action against German positions in Norway within two months.

FIVE MEN KILLED IN BOMBER CRASH

Minneapolis, N. Y., Jan. 1.—(AP)—A twin-engine Army bomber crashed into a gravel pit in Garden City park on Long Island today, killing five men instantly.

Eye witnesses said the plane struck a high tension wire half a mile from the pit and exploded twice after striking the ground.

One Killed In Tornado

Mobile, Ala., Jan. 1.—(AP)—One man was killed and more than a dozen persons injured today as a tornado dipped into suburban Theodore, leveling four buildings and damaging six others.

Eight persons were brought to hospitals from Theodore, which has a population of approximately 1,000.

The twister cut into the business district about 7 a. m. and apparently did not hit elsewhere. Among those injured in a cafe were several persons en route to the New Orleans Sugar Bowl football game.

Latest War Department Communique Fails to Disclose Whether Manila Stands; Nimitz Foresees Possible Loss of Islands.

Washington, Jan. 1.—(AP)—The War department reported today a major battle was in progress north of Manila and Philippine defense forces were inflicting heavy losses on the invaders.

The communique announced at the same time that three islands off Hawaii had been shelled by enemy submarines, but there was no casualties and virtually no damage.

The communique reported Philippine developments up to 9:30 a. m. EST in less than 50 words, failing to disclose whether the Philippine capital still stood.

The communique was read at his press conference by Secretary Stimson, who praised General Douglas MacArthur's defense of the island as "masterly" and at the same time commented that the invaders were veteran, hard-fighting soldiers and ably led.

Stimson told an inquirer the War department had not instructed General MacArthur to quit the Philippines in event of a forced capitulation to the Japanese.

The Secretary said reports the invaders were a "mob of badly trained youths" were "as erroneous as they were well intentioned."

He said "we have to face the facts" of Japanese strength, and added:

"I am confident we can and will defeat the enemy in the end but we cannot by looking through rose colored spectacles."

He expressed belief that the enemy had suffered heavy losses since the fighting had been "very well sustained" by the American-Philippine forces and the Japanese had to carry the attack to capable defenders.

Stimson declined to comment on criticism of the order making Manila an open city, observing that "when our people are fighting under a most skillful commander in a struggle which it had been recognized for 20 years would be extremely uphill when it came, there should be no criticism from us."

(By The Associated Press.)

The United States on this New

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THREE MEN KILLED

Langley Field, Va., Jan. 1.—(AP)—Sweeping off a concrete runway after losing a wheel, a plane at Langley Field crashed into a group of laborers today, killing three and injuring one.

Prisoners Riot And Kill Three Guards

Bridgewater, Mass., Jan. 1.—(AP)—Three guards were slain today by rioting prisoners, confined to the prison department of the Bridgewater state farm, who also fired at least one building, sending flames racing through the structure.

The rioters surrendered, the prison office reported, after state police employed tear gas.

Firemen quickly controlled the flames which were confined to a wing of one of the buildings housing delinquents who were serving sentences ranging from indeterminate terms to life.

Superintendent James E. Warren said the rioting broke out as he was walking through the yard. He heard the inmates yelling and immediately rushed guards into the building. Several inmates were injured.

Babson Sees Business Decline

Average Set Below 1941

Economist Predicts Higher Farm Income and National Income, Severe Taxes.

By ROGER W. BABSON Copyright 1941, Publishers Financial Bureau, Inc.

Babson Park, Mass., Jan. 1.—As long as World War II lasts, the total U. S. production will continue to increase. I estimate an increase in national income of \$9 billions for 1942, thus bringing it up to \$95 billions compared with \$76 billions in 1940 and \$86 billions in 1941. In forecast-

ROGER W. BABSON'S THUMBNAILED OUTLOOK FOR 1942

1. TOTAL BUSINESS: Defense production will be up sharply; non-defense down sharply; average below 1941.
2. EMPLOYMENT: The above also applies to employment and to wages.
3. FARM INCOME: Will be up 10-20 per cent in 1942 over 1941.
4. DIVIDENDS AND BUSINESS EARNINGS: Have passed their peaks.
5. LABOR: There will be far fewer strikes in 1942.
6. COMMODITY PRICES: Will strengthen somewhat, especially the prices of imported goods.
7. TAXES: Will be severely felt, especially by the white-collar group who can expect no pay increases.
8. RETAIL TRADE: Will be a little off in 1942 compared with 1941.
9. HIGH-GRADE BONDS: Should decline, but GOOD STOCKS should sell higher.
10. CREEPING INFLATION: Will continue throughout 1942.

ing this national income for 1942, I am taking into account probable increases in prices and wages. These figures do not mean that more goods will be produced; in fact 1942 will show a decline in the real wealth of America.

Unfortunately, the increase in the industrial production will be in the

defense industries. Nineteen-forty-two will show considerable decline in the non-defense industries. It is well for my friend Odium and others to talk about shifting over manufacturers of lawn mowers to making battle tanks. To a certain extent this

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