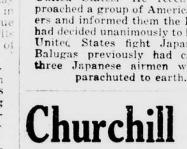


mans started their retreat in Russia, there have been signs that Adolf Hitler was preparing for some new face saving venture somewhere along the Medi-



own 750 miles from Krakow to hal! them, and was beating its way forward on both the Leningrad and Crimean fronts. German-, Moscow

their arms in the deep snow as they

(Continued on Page Seven)

Tar Heels ing their wounded together with

Decorated

Two North Carolina

Naval Aviators Hon-

ored for Rescue of

Army Fliers at Sea.

presentation was made by the United China Relief.

County Tire

Announced

Washington, Jan. 1 .--- (AP)---

A total of 2.871 tires and 2.403

tubes for passenger cars, motor-

cycles and light truck will be ra-

tioned in North Carolina this

month the office of price ad-

tires and 4.865 tubes will be ra-

tioned, the announcement said.

quota included:

33 tubes.

For trucks and bussses, 5,819

The county by county ration

Vance - 22 automobile tires.

18 tubes: 40 truck and bus tires,

ministration announced today.

son, who praised General Dougla-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.

department had not instructed Ger eral MacArthur to quit the Philippines in even; or a forced capitulaon to the Japanese

terranean. There have been repeated reports of a massing of German air power in Greece, including planes withdrawn from Russia. An observer arriving recently : Istanbul, Turkey, from Greece told allied authorities that the Germans were building new airports in Greece

(Continued on Page Seven)

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 yesday by Japanese planes in northern Ea t 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 New Year by proposing a vietory ship was set afire.

were picked up and brought to shore by a flying boat of the Netherlands bers of his staff, newspaper corres-Indies navy which heard the distress pondents, the train crew and porters. signals and went to the rescue. One member of the crew of the

Average Set

American ship is missing.'

Farm Benefit Strategy Conferences Resumed as Prime Cuts Opposed Minister Returns to Washington.

Back In U.S.

Washington, Jan. 1.-(AP)-President Roosevelt and Prime Minister Churchill today resymed 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 toast at a midnight ceremony in members "Forty-eight members of the crew the dining car of his special train Churchill raised his glass with the

(Continued on Page Seven)

Babson Sees Business Decline

prices of imported goods.

Washington, Jan. 1.— (AP) = Ajoint congressional committee's preliminary recommendations for sharp reductions in farm appropriations and expenditures drew fire today $% \left({{{\left({{{{\bf{x}}_{{\rm{s}}}}} \right)}_{{\rm{s}}}}} \right)$ from House agriculture committee

nembers. \$1,300,000,000 the joint committee a Navy plane which braved 40 foot said could be shaved from the federal waves, the Navy revealed today. budget during the emergency would

the public load."

Honolulu, Jan. 1. – (AP) = Nin Army airmen who had been adrift it two small life rafts for four days in Approximately \$400,000,000 of the a raging, shark-infest d sea were rescued dramatically by the crew of

The pilot and co-pilot of the Nav, come from the Department of Agri-culture or agencies operating thro-

ugh that department. The committee's recommendation for abolition of the Farm Security Admini tration was unanimously op-posed by agriculture committee posed by agriculture committee mander in chief of the Pacific fleet.

The Navy pilots eighted signals Representative Edwin A. Hall, from the life raft at dusk Tuesday a comewhere in Vermont" with mem- Republican. New Hampshire, ex- considerable distance from Oahu ispressed the opinion that "everybody land. The Army plane had been to:cincluding the farmer must share in the defense effort, but the farmer the fliers had drifted hundreds of should not be singled out to carry miles, surviving two severe storms which wiped out most of their emer-

gency rations. After radioing for permission to effect the rescue. Fisler set the Navy plane beside the two life raits. The

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

BOMBING OF TOKYO GIVEN DEFERMENT

Washington, Jan. 1.--(AP)--

Tokyo got a deteremtn from one quarter today. Secretary of War Stimson

was asked by reporters whether the War depar-ment 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." Stimso: said. "We have other things to consider now."



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

Commandos Again Raid Norse Bases

German Patrol Vessel Sunk and Sea Com-**Ration Quotas** munications '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 criticism from us." and free Norwegian units, sank a German patrol vessel and "completely disorganized the enemy's sea communication," in the area and es-caped without casualties or damage to equipment, the admiralty said. This was the third such announced

Franklin-16 automobile tires. 15 tubes: 25 truck and bus tires. action against German positions in 21 tubes. Norway within two months.

Granville - 20 automobile tires, 17 tubes: 25 truck and bus tires, 21 tubes.

Petain Calls Mineola, N. Y., Jan. 1.--(AP)-A twin-engined Army bomber crashed Prisoners on Long Island today, killing five nen instantly. Eye witnesses said the plane struck

FIVE MEN KILLED

high tension wire half a mile from the pit and exploded twice after



exile''—presumably a reference to Mobile, Ala., Jan. 1.—(AP)—One The rioters surrenderd, the prison the divided status of France, oc- man was killed and more than a office reported, after state police emdozen persons injured today as a ployed tear gas. Petain suid he was allowed only tornado dipped into suburban Theohalf liberty" but that under the cur- dore, leveling four buildings and flames which were confined to a sumstances he was trying to do his damaging six others.

ed up the heritage of defeat cannot a population of approximately 1,000. terms to life. claim to be always getting your sup- The twister cut into the business Sugar Bowl football game.

The Secretary said reports the invaders were a "mob of badly trained youths" were "as erronous 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."

xpressed belief that the energy ad suffered heavy losses since the fighting had been "very well sus-tained" by the American-Fikipino forces and the Japanese had to carry

the attack to capable defenders. Stimson declined to comment a criticism of the order making Manua 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

(By The Associated Press.) The United States on this Nev

(Continued on Page Seven)

THREE MEN KILLED.

Langley Field, Va., Jan. 1.--(AP) Swerving off a concrete runway after losing a wheel, a plane at Langley Field crashed into a group of laborers today, killing three and in-IN BOMBER CRASH juring one.

> **Riot And Kill** Three Guards

Bridgewater, Mass., Jan. I.--(AP) -Three guards were slain today by rioting delinquents, confined to the prison department of the Bridge-water state tarm, who also fired at least one building, sending flameacing through the structure.

Firemen quickly controlled the wing of one of the buildings housbest. He admitted to the French peo-ple that "the government which pick- hospitals from Theodore, which has

Superintendent James E. Warren district about 7 a. m. and apparently said the rioting broke out as he was He expressed hope for relaxation did not hit elsewhere. Among those walking through the yard. He heard of Germany's armistice terms "so injured in a cafe were several per- the inmates yelling and immediately that France's dignity can be restor, sons en route to the New Orleans rushed guards into the building Sevcral impates were injured.

Below 1941 Economist Predicts Higher Farm Income

and National Income, Severe Taxes.

By ROGER W. BABSON Copyright 1941. Publishers Financial

Bureau, Inc. thus bringing it up to \$95 billions America. Compared with \$76 billions in 1940 Unfortunately, the increase in the

\$86 billions in 1941. In forecast- industrial production will be in the

ing this national income for 1942, I defense industries. Nineteen-forty-Babson Park, Mass., Jan. 1.-As am taking into account probable in- two will show considerable decline long as World War II lasts, the total creases in prices and wages. These in the non-defense industries. It is U. S. production will continue to in- figures do not mean that more goods well for my friend Odlum and others grease. I estimate an increase in na- will be produced: in fact 1942 will to talk about shifting over manutonal income of \$9 billions for 1942, show a decline in the real wealth of facturers of lawn mowers to making

ROGER W. BABSON'S THUMBNAIL

OUTLOOK FOR 1942

1. TOTAL BUSINESS: Defense production will be up sharply; non-

2. EMPLOYMENT: The above also applies to employment and to wages

4. DIVIDENDS AND BUSINESS EARNINGS have passed their peaks

6. COMMODITY PRICES will strengthen somewhat, especially the

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

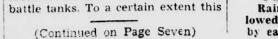
FARM INCOME will be up 10-20 per cent in 1942 over 1941.

defense down sharply; average below 1941.

5. LABOR: There will be far fewer strikes in 1942.

10. CREEPING INFLATION will continue throughout 1942.

(Continued on Page Seven)





V city, Jan. 1.-(AP) - Marshal striking the ground. Petain asked Germany today to hear in mind that France is the only grea power remaining outside a conflict which has put "the planet in flames" aut that France "recognized her duty

Self 'Exile'

ward Europe." This came in a New Year's message broadcast to the French nation by the aged chief of state, who decribed his own status as "partial

cupied and unoccupied.

port.

ed."