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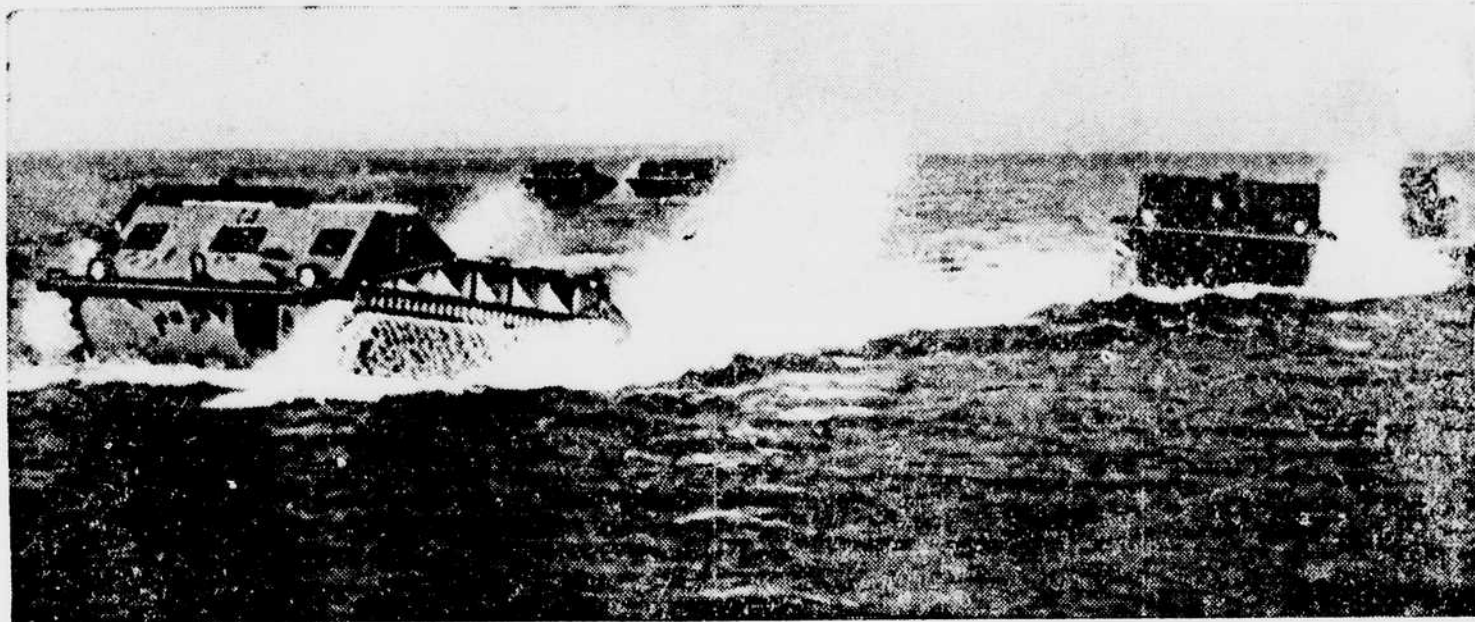
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FIVE CENTS COPY

JAP FORCES DRIVE NEARER KUALA LUMPUR

Nazi Press Chief Admits Reverses

Marines' Amphibian Fleet on Maneuvers



Here is a fleet of the amphibian tanks in maneuvers at Dunedin, Fla. Used by the Marines, the craft can travel on sea, land, through brush and swamp. They carry twenty-four men with complete fighting equip-

ment and a crew of three, traveling fifteen miles an hour on water and twenty miles an hour on land. The Marines have been using the machines in extensive maneuvers. The number is a military secret.

(Central Press)

Reds Drive Deeper Into Nazi Lines

German People Prepared for Join in Acknowledgment that Operations Have Reached an Extremely Serious Phase.

(By The Associated Press)

Adolf Hitler's own press chief prepared the German nation for a full day today, solemnly acknowledging that Nazi military operations have "reached an extremely serious and indeed critical phase" as the Russians swept on to new triumphs.

At the same time, advisers from "Somewhere on the German frontier" said persistent reports of insipient revolution in Germany coinciding with the debacle on the Russian front had impelled the German foreign office to issue a middle-of-the-night denial.

These advisers said the withdrawal called foreign correspondents from bed one night this week and told them of the report and the official denial. The foreign office asserted that the reports were spread by British and American sources.

In a backhanded way the Berlin radio broadcast a dispatch from Buenos Aires to show that all was quiet in Berlin itself.

Rumors of growing dissatisfaction in Germany, spread by Anglo-American propaganda, were launched in the hope of influencing the forthcoming (Pan-American) conference at Rio de Janeiro, according to an Berlin correspondent of the Romanan newspaper "Timpul," the Berlin broadcast said.

"The correspondent affirmed that not the slightest disorder could be seen anywhere in Berlin, whose inhabitants were calmer and more resolute than ever."

Several front line dispatches declared that Red army troops advancing over the wintery outcrops of a pine forest four miles a day had penetrated Minsk, 47 miles west of Bialystok, and further north had cut the line on 30,000 German soldiers at Minsk.

Russian spearheads were reported within 75 miles of the Viazma-Bryansk line, where Hitler is expected to rally his fighting armies for an attempted stand there in the rear of the Moshaisk salient 57 miles west of Moscow.

A Berlin radio broadcast said the Russians also were pushing forward in the Orel sector, 290 miles southwest of Moscow, and had captured a 100-German soldiers in just 100 days.

The Swiss radio, quoting dispatches from Moscow, said communications on the 600-mile rail line between Moscow and Rostov-on-Don had been re-established.

A bulletin from Hitler's field headquarters acknowledged that "despite fighting continued with undiminished vigor" on the Moscow front and in the northern Leningrad sector.

On the Leningrad front, Russian echelons driving down the Volga river were reported advancing upon the big German base at Novgorod (120 miles southwest of Leningrad) in an envelopment move, which might cut off the main siege lines before Leningrad fell.

In Cremona, the German forest a similar encirclement by British troops now pouring into the Black Sea peninsula in great numbers.

On the north African war front, British headquarters reported that the vast retreat from Agadabia, 320 miles west of the Egyptian-Libyan frontier, had now become so rapid that advanced British columns were unable to "bring the enemy to action."

Only German and Italian rear guards, covering the main retreat, offered opposition, the communiqué said.

Seeking Red Peace?



Juho Kusti Paasikivi

It is reported that high Finnish officials, including Juho Kusti Paasikivi, former Minister at Moscow, visited Stockholm, Sweden, this gives impetus to the report that Finland is seeking peace with Russia.

(Central Press)

Withdrawals Admitted By British

Japanese Report Positions Taken Two and One-Half Miles From City; Activity Slackens in Philippine Islands.

(By The Associated Press)

Japanese field dispatches indicated today that British troops had abandoned Kuala Lumpur, the world's crude rubber capital, 240 miles north of Singapore, as Japanese troops advancing 50 miles in 24 hours through the Malayan "green hell" jungles reached the outskirts of the city.

There was, however, no confirmation from the British that they had yielded Kuala Lumpur. Earlier, an official Tokyo radio broadcast declared that Japanese forces led by heavy tanks had opened a general assault on the southern part of the city this morning.

British Far East headquarters less fully acknowledged that battle-weary British imperial troops had withdrawn "farther to the south" from the latest of a series of defense lines 50 miles south of Kuala Lumpur. No details were given.

Domei Japanese news agency said the mikado's invasion forces were closing in on the city from two directions—one moving down from the north-west, the other from the north.

Domei said the north column had swept within ten miles of Kuala Lumpur by 5 p. m. yesterday after smashing through British lines at Tancjong Malim, 50 miles to the north. The north-west column was reported 15 miles from the city.

Front line dispatches said the Japanese advance was marked by the bloodiest fighting of the month-old campaign, with the invaders hurling themselves desperately into hand-to-hand defenses of the British.

Far north of the battle sector, British bombers were reported slinging at three Japanese bases in an attempt to relieve the pressure, raiding points in Thailand and in Japanese-held Malayan Perak state, 125 miles above Kuala Lumpur.

The Malayan front was linked with news that reports from the Northern Luzon front indicated a slackening of activity in the Philippines, indicated by Washington observers that the Japanese were pointing for an attempt to invade the rich Dutch islands.

Fighting between General Douglas MacArthur's command and the invaders of Luzon was said to have divided into sector skirmishes.

RADIO AMATEURS GO OFF THE AIR

Washington, Jan. 10.—(AP)—All amateur radio operators were under orders to stop transmitting communications in the air for national defense considerations.

Young Bailey Is Inducted

Fort Bragg, Jan. 10.—(AP)—James Earl Bailey, son of U. S. Senator Joseph W. Bailey of North Carolina, was sworn in at Fort Bragg today as a tank private.

Young Bailey, who was graduated from the law school of the University of North Carolina in 1941, was a special agent of the Federal bureau of investigation in Washington until his resignation December 12.

The FBI sought detention for him on the ground that he was needed in that work, but the petition was turned down both by the local and state active service boards. The FBI did not appeal to President Roosevelt as a matter of last resort.

Bailey resigned five days after the attack on Pearl Harbor and said that he was ready to serve.

Lower Income Tax Exemptions Proposed To Meet War Budget

Legislators and Treasury Officials Confer on Means of Reaching Revenue Asked By President; Excise Hikes Considered.

Washington, Jan. 10.—(AP)—The Treasury was reported today to have proposed substantially smaller individual income tax exemptions as one of many methods of bringing in \$3,000,000,000 additional revenue proposed by President Roosevelt in the new budget.

Lowering of the present \$1,500 exemption for married persons to \$1,000, and reduction of the present \$750 exemption for a single person to \$500 was said to have been discussed in a preliminary conference of Democratic and Republican legislators with Secretary of the Treasury Morgenthau and his advisers yesterday.

Some members of the Senate finance committee said, however, that these suggested changes would provide only relatively small portions of the \$7,000,000,000 the President has requested in general taxes. About \$2,000,000,000 in additional social security taxes is expected to be asked in separate legislation later.

Chairman George, Democrat, Georgia, of the Senate finance committee, one of the leaders who conferred with Morgenthau, said he believed that in order to produce \$3,000,000,000 in new revenue the year it would be necessary to enact taxes which eventually should bring in \$12,000,000,000 annually.

He explained that some of the new taxes probably would not go into effect until after July 1, and that military production, which will generate much of the new revenue, will not be in its fullest blast until next spring.

Some members of Congress began discussing the practicability of paying off sales taxes. Others advocated increased excise levies on such commodities as liquor, tobacco and gasoline.

Senator Taft, Republican, Ohio, a member of the Senate finance committee, said it was becoming evident

Louis Ready To Enter Army

New York, Jan. 10.—(AP)—Joe Louis, heavyweight champion, appeared at local board 20 of the selective service board early this afternoon to have his induction papers transferred to New York preparatory to joining the Army—probably next Wednesday.

His appearance came a short time after it was announced in Chicago that he had been ordered to appear there Monday for a physical examination. A spokesman at local board 20, however, said his examination would be held Tuesday.

The spokesman said also that Louis would waive his ten-day waiting period before induction.

Beal Leaves Prison—And Spotlight

Daily Dispatch Bureau. In the St. Walter Hotel. By BOB THOMPSON

Raleigh, Jan. 10.—The North Carolina State prison is not the only thing Fred Kevin Beal is leaving in the opinion of those authorities who have had most to do with the case. He also is leaving the spotlight in which he has basked in a recently since Police Chief Adersholt was killed during Gaston's strikes back in 1929.

Beal's parole was granted by the chance arrangement of facts which made his case ideal for a "letting out" of the prison. The parole board organizer has little which will keep him in the public eye as long as he is out of jail.

And as long as Louis Waldron, a small New York based lawyer who has done more for Beal than anyone else, retains his influence over Beal, there won't be any trouble. Or, at least, that is the opinion of Parole Commissioner Edwin Gill.

The record shows that Beal was paroled and put in the custody of the New York parole authorities. It doesn't show, although it is a fact that the New York authorities were not anxious to accept the responsibility and even now have Beal on a 60-day trial, but the G. I. Bill.

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During Beal's first interview yesterday he started talking about his intention of keeping in touch with the prisoners he served with at Caledonia and trying to do something to help them on the grounds that many of them were not guilty of the crimes for which they had been convicted. Waldron interrupted and said that he doubted very much that Beal would retain such contacts, although he might do something for prisoners elsewhere if he felt like it. He stated frankly that he would advise the emotional organizer to keep just as far from the North Carolina prison and its prisoners as the parole authorities would allow.

That Beal still is against the communists for whom he worked at Gastonia, and to whom he fled when convicted, was apparent. Asked whether he liked being in prison any

more, he said he did not mind it. He said he would like to be in prison any more, he said he did not mind it. He said he would like to be in prison any more, he said he did not mind it.

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Insanity Plea Is Protested By Defendant

Durham, Jan. 10.—(AP)—Over the grumbling protest of the defendant in the trial of John S. Baldwin, 38-year old Columbus county farmer charged with fatally shooting Dr. Randolph Jones, Duke hospital surgeon, sought today to convince the jury that he was not mentally responsible for his action.

Metal Placed Under Conservation Rules; Imports Restricted to RFC Agency.

Washington, Jan. 10.—(AP)—Severing new restrictions on the civilian use of lead were ordered today by Donald M. Nelson, principal director of OPM, to divert a great supply to war materials.

The order was similar to recent copper and tin conservation edicts. It prohibits the use of lead in most civilian manufacturing and sharply curtails the amount to be used in a few essential products.

At the same time, OPM issued its general orders to add lead to the list of materials which cannot be imported except by the Metals Reserve Corporation an RFC subsidiary.

The lead order provides that after April 1, 1942, lead cannot be used in the manufacture of automobile body solder, or ballast for kerosene lamp, or in building supplies, in caulk and metal hardware, in electrical and metal hardware, in ornamental glass, ceramic, jewelry, and emblems, or in golf balls, golf clubs, saddles, clocks and fitness.

Gliders For Army

Washington, Jan. 10.—(AP)—The War department disclosed today that the first of a number of large transport gliders—designed to carry airborne infantrymen with full fighting equipment—had been delivered to the Army air forces.

Similar to those employed by the Nazi air force, in the conquest of Crete, the gliders have a wing span of more than 80 feet.

The first was delivered to Wright field, Ohio, the Army's aviation experimental station.

BLAZE DESTROYS GRAIN ELEVATOR

Superior, Wis., Jan. 10.—(AP)—Two explosions, followed by fire, destroyed the Great Northern Railroad's elevator and grain storage building today with losses estimated at \$2,250,000. Seven persons, including two firemen, were injured fighting the blaze in sub-zero temperatures.

Stocks Lose Some Ground

New York, Jan. 10.—(AP)—War and tax related, unimpaired recovery efforts in today's stock market led leading issues dipped fractionally to a point of 20.

The list looked as though it might put on a feeble rally in early dealings but bidders soon began to fade and, while a few favorites managed to contest the shift with modest improvements, losses were well in the majority at the close.

Negative encouragement was derived from the fact volume inclined to dwindle on the downward drift. Transfers for the two hours were 350,000 shares.

On the Leningrad front, Russian echelons driving down the Volga river were reported advancing upon the big German base at Novgorod (120 miles southwest of Leningrad) in an envelopment move, which might cut off the main siege lines before Leningrad fell.

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Only German and Italian rear guards, covering the main retreat, offered opposition, the communiqué said.

Meanwhile, London military observers said an axis attempt to invade the island of Malta, British stronghold in the central Mediterranean, might be imminent.

President Roosevelt's high command expected a violent new assault on the island, which serves as a base for air and naval attacks on axis reinforcements on route to north Africa, and said heavy damage was inflicted.

Cotton Prices Are Mixed

New York, Jan. 10.—(AP)—Cotton futures opened 20 to 30 cents a bale higher.

January	17.90	17.82-92
March	18.08	18.08
May	18.20	18.22-21
July	18.25	18.25
October	18.27	18.27
December	18.27	18.27

Nominal

WEATHER

FOR NORTH CAROLINA. Fair and colder tonight, followed by warming tendency in mountains by early morning.