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It's Back Again



Post Phil J. Walusek (left) of Chicago and Master Sergeant O. L. Gandy of Acme, Wyo., are shown reading an issue of the "Stars and Stripes," a newspaper printed weekly for members of the United States armed forces stationed in Britain. (Central Press)

## CURTIN WARNS OF NEW THREAT

**Australian Prime Minister Declares 'Our Fighting Men Hourly Face the Supreme Test'; Air Forces Are Active.**

Allies Want 1,000 Planes To Raid Nazis

(By The Associated Press)  
Overshadowed by the great battles in Russia, the far Pacific war theatre took on an ominous new significance today and Australia's Prime Minister John Curtin warned that "the tempo of the struggle is increasing and our fighting men hourly face the supreme test."

Curtin's statement, possibly hinting at the imminence of a new Japanese invasion threat, followed upon China's warning yesterday that Japan was preparing a major offensive to crush Generalissimo Chiang Kai-Shek's main Chinese army and knock China out of the war.

"You have been told that the next few weeks are fraught with grave possibilities," Curtin said. "I repeat that warning in the sternest terms."

General Douglas MacArthur's commanders said their American and Australian troops continued their sweep over the northern areas where the Japanese were crossing, massing new armadas.

The British front, British headquarters announced "no change" as British and Indian guards availed contact with those troops driving up the Chindwin river valley toward India.

Heavy rains drenched the Yunnan region of the desolate mountains of southern China just above Burma's western border, British headquarters announced "no change" as British and Indian guards availed contact with those troops driving up the Chindwin river valley toward India.

Meanwhile, British headquarters reported continuing the southward sweep of Chinese troops on the China coast from Shanghai.

British Chelmsford would be in close range for raids on Japan.

Meanwhile, British headquarters announced that the RAF offensive against Japanese forces in Burma "continues to increase in scale and tempo."

**Probation More Popular With Judges**

(Continued on Page Two)

**Ayres Now In Army**

Daily Dispatch Bureau,  
In the Sir Walter Hotel,  
By BOB THOMPSON

Winston, May 20.—(AP)—North Carolina's prison population is steadily declining and although the criminal courts are smaller in almost every court in the state, the number of people serving sentences on probation continues to rise. Today there are more active probation cases, 3,600, than there have been at any time since the probation law was passed four and a half years ago.

Probation Director Harry Sample would give no explanation of the fact stated above but the reasons

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## Preparing For Invasion Of Caucasus,

# Nazis Mass 'Chutists'

## Higher Income Taxes Approved

### Individuals To Pay More Under Bill

House Ways and Means Committee Puts Finishing Touches on Measure, Hiking Normal Levy and Increasing Surtaxes.

Washington, May 20.—(AP)—The House ways and means committee put the finishing touches today on new individual income tax rates, increasing the normal levy from 4 to 6 per cent and graduated surtaxes steeply upward.

Chairman Doughton, Democrat, North Carolina, announced that the committee had agreed both to increase the normal tax rate and to strive for an additional \$2,750,000,000 in revenue, but he declined to disclose what the surtax rate might be.

Members indicated that the present 6 per cent surtax on the first \$2,000 of net income probably would be jumped to 11 or 12 per cent, and that the maximum would be 80 or 85 per cent.

On the 12 per cent basis, a married couple with two children and a \$3,000 net income who now pay \$58 would have to pay \$162 next year. A single man with the same salary, who now has a tax bill of \$221, would be faced with a tax of about \$437 next year, depending on the second surtax bracket level.

Present tax calls for a 4 per cent normal rate and surtaxes starting at 6 per cent on the first \$2,000 of net income. The Treasury had recommended increasing that \$2,000 into four income parts and imposing rates of 12, 15, 18 and 20 per cent respectively.

The committee had followed recommendations of its own staff of experts more closely than those of the treasury in cooperation tax rates and in not using the usual divided rates. Members said it probably would do the same in surtax rates.

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Thirty-three seamen were killed in the last two sinkings on May 13, bringing the total casualties to 61 seamen in about two weeks. Seven ships have been attacked and six sunk. One was towed to port badly damaged.

The crewmen brought ashore at Key West, Fla., related how they found safety in the water tanks until the flame consumed and then were spied on deck from the air and taken off as the ship was breaking up.

The first ship was torpedoed at 2:30 p. m. while proceeding eastward. One torpedo struck the engine room without warning and twelve men were killed in the explosion. Another died in a lifeboat. The ship sank in five minutes.

The second ship was torpedoed about 10:45 a. m. the missile striking just below the water line. Twenty set death either from the explosion or from burns which kept them from leaving the ship.

**Mountain Streams Flood After Big Rain**

Brevard, May 20.—(AP)—Mountain streams in this area, swollen by heavy rains last night and today, sliced out their banks and flooded logboats, interrupted travel in the vicinity, threatened crops and possibly a dam under construction on the French Broad river.

Fear that the floods might imperil Douglas Dam, now under construction near DuPont, Tenn., on the French Broad, was expressed by Paul Scott Tava, flood control agent, who was inspecting the flooded area in Transylvania county this morning.

Meanwhile, the heavy rains continued after setting what weather officials said was an all-time record of 3.42 inches in twelve hours. The precipitation, it was pointed out, was greater proportionately to July in 1916, when 21 inches fell in this area in 42 hours and brought western North Carolina its worst flood in many years.

After his inspection was completed, he said, "I hope they put me in a non-combatant, but I expect some day will."

Russian Planes Blast an Invading Nazi Tank Column



This photo, radioed in from Moscow, shows planes of the Red Army in red fire direct hits on a Nazi tank column moving up to attack on the Crimean front. Smoke is seen rising from the burning tanks in the center. Moscow claimed that German resistance had been finally broken at strategic Kharkov and that the Red Army was pushing toward Kirovograd, important railroad center.

—C. P. Radiophoto

## Two Vessels Hull Now Hopeful Sunk In Gulf Of Early Victory

### Thirty-Three Seamen Killed, Bringing Two Weeks' Casualties to 61 Sailors.

New Orleans, May 20.—(AP)—The axis of war ships in the Gulf of Mexico grew heavier today following the announcement by the Eighth naval district here of the sinking of two more medium-sized ships of U. S. registry last week.

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**Martin, Ross Nominated**

Philadelphia, May 20.—(AP)—Major General Edward Martin, outspoken six-foot soldier, member of the House, and F. C. Ross, dynamic but fiery public relations head, were nominated today as candidates for the gubernatorial campaign in Pennsylvania November elections.

Martin, the Pennsylvania Democratic gubernatorial candidate, says Sen. James F. Davis, U. S. secretary of labor under three presidents, the last defeat of his long political career.

Ross defeated Judge Ralph C. Smith of Pittsburgh and Luther A. Iannac of Philadelphia, both moderate conservatives, last fall.

Martin has the major leaders in his camp, including Governor Alton H. James. The general is happy at the senator's vote against the lease-lend bill before Pearl Harbor.

Bus service out of Bremen was discontinued at 11 a. m. as water of the French broad swept across the town.

**WEATHER**  
FOR NORTH CAROLINA  
SUNNY WITH THUNDERSTORMS TO 10 A. M. ON THE 21ST.

### New Material May Solve Gas Shortage

Secretary of State Points Out That Developments on Home and Foreign Front Give Grounds for Changed Calculations.

Washington, May 20.—(AP)—Secretary of State Hull indicated today he saw some grounds for hope that victory for the United Nations might come sooner than had been expected earlier this year.

He was asked at his press conference whether developments in recent weeks on the home and foreign front encouraged him to believe in an earlier victory. In reply he pointed out that the powers and nations of the United States have been developing on a more and more massive scale, not only for offensive-defensive operations but for outright offensive.

Apparently the Russians refused to be deceived.

A bulletin from Red army headquarters announced tersely:

"Our troops waged offensive battles, beat off enemy counter attacks, and advanced."

At mid-day, the Russians reported they were smashing ever closer to Kharkov despite stiffened German resistance and declared the fighting was spreading like wildfire along the entire southern flank of the 125-mile front.

Spokesmen to Red Star, the Soviet army newspaper, said that in one sector German and Russian tanks and infantry were locked in a terrific battle at such close quarters that many warplanes dared not risk supporting their own land troops for fear of hitting them. In this clash alone, 40 German tanks were reported left in ruins and 30 others destroyed elsewhere.

Sixty-two Nazi tanks were

reported destroyed in yesterday's daylight fighting and 27 more were left in fire-charged

rains as the battle raged into the night. The Soviet communiqué also listed 1,650 German officers and men killed and wounded in the latest hours of the struggle.

British military quarters said a

successful German counter offen-

sive toward Izium and Barvenkovka, 30 miles below Kharkov, would be a serious threat to "a very tender spot"

in the Red army's drive on Kharkov, but the Russians indicated that so far they had lost no momentum.

The important factor, however,

was the undisclosed size of the Ger-

man counter thrust. Unless it were

a full-scale offensive, the Nazis could

expect little more than to distract

the Russians advancing on Kharkov or to outflank a secondary Russian movement toward Liovava.

This secondary Russian thrust, in itself, is a drive to outflank the Ger-

man defenders of Kharkov.

Hilter's field headquarters ack-

nowledged that Marshal Semyon Timoshenko's armies were pressing new attacks against the big steel city, but asserted they had been re-

pulsed.

Countering a Berlin claim that

axis troops had crushed Soviet

resistance on Kerch peninsula, in

the Crimea, a Russian communi-

que declared:

"Battle continues in the vic-

inity of the city of Kerch."

The German high command re-

ported that

(Continued on Page Two)

### Walsh Exonerated

Justice Department Investigation Clears Senator of New York Paper's Charges.

New York, May 20.—(AP)—In-

creasing pressure, made hours of

work, declining unemployment and a minimum backlog of war orders

told the story of America today in

three surveys of the National Indus-

trial Conference board.

Highlights included:

Total payroll the largest in busi-

siness in March in representative

manufacturing industries.

"Real" weekly earnings of work-

ers—in effect, purchasing power—

set a new record in those same in-

dustry.

Total man hours worked in March

were greater than ever before attai-

ned.

Unemployment dropped 350,000,

pushing the total number of wage

earners in the United States to

31,673,000 in March.

And, "The conversion problem

that lies ahead in the remaining

months of this year is as great, if

not greater, than the changes intro-

duced in industry from Pearl Har-

bor up to date."