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BLOODY BATTLE RAGES IN KHARKOV AREA

Fighting Flares Up On Libyan Front

Strong Nazi Army Sweeps Into Action

German Attempt to Seize Initiative in Libya May Mark Opening of Pincer Move on Eastern Mediterranean Sector.

Cairo, May 27.—(AP)—The fight for position in the Libyan no-man's land burst into a sudden axis bid for the initiative today, with a strong armored force sweeping deep around British positions to Bir Hacheim, 40 miles south of Ain el Gazala, where battle was joined by British tank forces.

London military commentators said Marshal Erwin Rommel's reinforced Nazi desert army had started "an offensive of some sort" but added that it was too early to judge its size. The chance that this was an opening thrust of a Nazi pincer move on the eastern Mediterranean was being watched closely.

The first indication of the axis push was contained in the usual communiqué from British headquarters which said axis columns, "including tanks in some strength" advanced westward yesterday.

By nightfall, the communiqué said, the axis forces had not reached the main British positions.

Later a special communiqué disclosed these additional details: "During the night a large enemy armored force advanced from west to the south of our positions around Bir Hacheim. Early this morning the enemy were engaged by our armored forces. No details of the fighting are yet available."

Simultaneous with the flare-up of land fighting the RAF announced a marked increase in aerial activity on a 24-hour a day scale.

House Ponders Soldier Pay

Washington, May 27.—(AP)—Congress moves to extricate itself from conflicting Army, Navy and dependent allotment allowance proposals today with the House attempting to decide whether the basic monthly pay of men in the armed services shall be raised from \$21 to \$42, or to \$50.

On the House action, leaders said, depended the final rates of pay deductions and government allowances for fighting men's dependents, and also whether the government would pay part of a service man's life insurance premium.

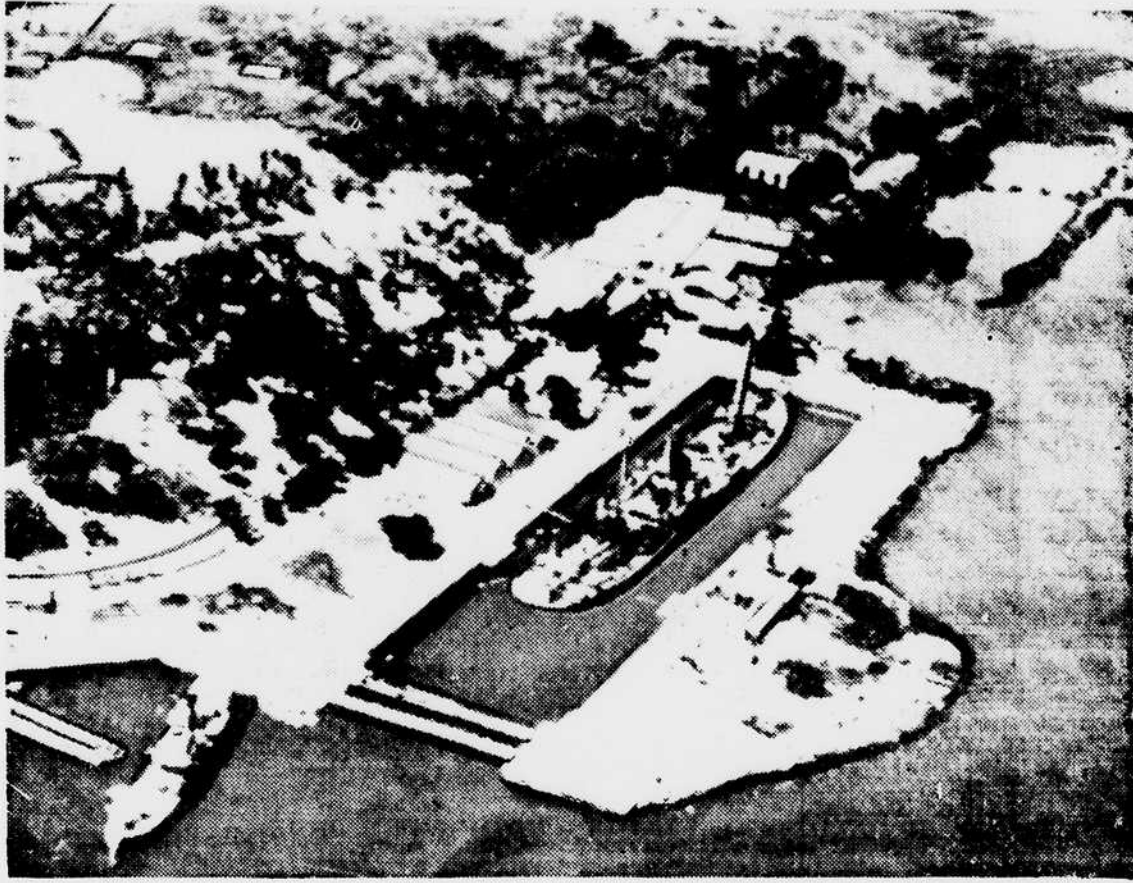
The House was called to consider a joint conference committee report fixing the base pay at \$42. The House previously had overridden its military committee and voted for \$50 after the Senate had adopted the \$42 figure.

New Pipeline Now Proposed

Dallas, Tex., May 27.—(AP)—The News said Toddie Lee Wynne, president of the American Liberty Pipeline Co., has been in Washington several days submitting to interested agencies a proposal by his firm for construction of an oil pipeline across the neck of the Florida peninsula.

Under the plan a 200-mile, eight-inch pipeline, costing approximately \$3,500,000, would be laid from a point on Apalachee Bay on the west coast of Florida to a point near Jacksonville on the St. Johns river. "The carrier would connect the Atlantic canal system with the Atlantic inland waterways system and provide a protected route for oil shipments needed to relieve the petroleum shortage in the east," the paper said.

View of Captured German Ship at Madagascar



C. P. Cablephoto

This aerial view of the port of Diego Suarez, Madagascar, is the first to reach the U. S. since its capture by the British. Pictured in drydock is evidence of Vichy French-German collaboration—the Nazi ship *Waffenfels* which was being refitted at the time of the British invasion. The crew attempted to destroy the ship but was unsuccessful. According to English naval officers the vessel can be salvaged and put to use against its former owners.

Big Bonuses Reported

House Committee Is Told Firm Holding War Contracts Paid Out Huge Sums.

Washington, May 27.—(AP)—The House naval committee was informed today that the Lincoln Electric Co. of Cleveland, Ohio, had handed out bonuses in 1941 ranging as high as \$50,000, and that among them was one of \$25,000 to a \$1,121-a-year plant foreman.

Others running from \$3,000 to \$5,000 went to \$30 and \$40 a week employees, it was testified.

Edmund Toland, counsel for the committee, declared that he was presenting the Lincoln case to demonstrate how there could be "evolution and avoidance" of the excess profits tax through the payment of bonuses, and said he would show the need for a "ceiling" on such payments.

Toland identified the company as the leading manufacturer of welding equipment in the country, and declared that "practically all" of its business in 1940 and 1941 was for the government.

In 1941, he told the committee, in opening the hearing, the company's gross sales were \$24,449,213 as compared with gross sales of \$13,905,059 for 1940.

Mine Workers Union Charges CIO Officials

Washington, May 27.—(AP)—The officers of the CIO were accused of "sabotage" and "treason to the principles of labor" today in a resolution submitted to the policy committee of the United Mine Workers.

District 59 of the mine union, which includes dairy farmers, colliers and chemical and cosmetic workers in all parts of the country, sponsored the resolution and asked the committee to hear the case which it said it had prepared against the CIO executives.

The name of Philip Murray, as such, was not mentioned in connection with the treason charge, but another paragraph of the resolution declared the president of the CIO "has completely refused to give any effective attention to the prevention or redress" of a campaign of "insult and injury."

The policy committee already was faced with an acknowledged estrangement of its two leaders.

U. S. Ship Credited With Sinking Sub

Lowering Of Draft Age Considered

Washington, May 27.—(AP)—The administration considered today a call to Congress to draft younger fighting blood—youths of 18 to 20—into the Army.

There was no indication of how soon a decision might be made, but President Roosevelt disclosed at his press conference late yesterday that he would confer shortly with Major General Lewis B. Hershey, selective service director, on whether to ask for the necessary change in the selective service act.

The present law exempts those under 20 from conscription. However, the 18-20 year category is to register June 30 under the nation's manpower inventory.

Lease-Lend For China

Proposals for Agreement are Similar to British Plan; New Program for Russia.

Washington, May 27.—(AP)—The United States transmitted to China today proposals for a lend-lease agreement similar to that with Great Britain.

The proposal, Secretary of State Hull told his press conference today, was handed to T. V. Soong, Chinese foreign minister now in Washington, and the councillor of the Chinese embassy here.

In reply to questions, Hull emphasized that the agreement proposed to China today, as well as the draft agreement transmitted to Soviet Russia yesterday, were the same in all substantial respects as the lend-lease agreement concluded with Britain last February.

SURRENDERS
Fortaleza, Brazil, May 27.—(AP)—The Italian submarine *Pamplona* was reported today to have surrendered to authorities at a northeast Brazilian port.

Tojo Boasts Australia undefended

Japan's Premier Believed on Fishing Expedition for information; a ledge of Aid to Axis Allies Is Renewed.

Chungking, May 27.—(AP)—The Chinese high command announced that renewed Japanese assaults on Kinkwa, provisional capital of Chekiang province, had been thrown back and that 4,500 Japanese soldiers had died in a week's day's fighting for the "strategic city."

(By The Associated Press)
Japan's Premier General Tojo sounded a new threat to Australia today, asserting boastfully that "the naval forces in defense of Australia have disappeared, with nothing standing now to defend that country before the onslaught of the imperial Japanese forces."

Evidently a "fishing expedition" in quest of information, General Tojo's repetition of Japan's claim of victory in the Coral sea battle—discredited by allied accounts—was accompanied by a renewed pledge of Japanese support for the axis.

"Japan will do her utmost to contribute her share as the partner of Germany and Italy," he told the Japanese parliament, in the presence of Emperor Hirohito.

But, as it to dispel the idea that Japan would help Germany by attacking Russia, Foreign Minister Tojo carefully explained:

"Relations between Japan and the Soviet Union have undergone no change even after the outbreak of war in greater East Asia.

"Enemy countries will, I presume, intensify their efforts to alienate Japan and the Soviet Union, but there is no chance for such intrigues to bear fruit so long as the Soviet Union firmly maintains the attitude mentioned."

He said Australia was "now helplessly expecting Japan's attack after the outfit in the Coral sea wiped out."

(Continued on Page Four)

ANNENBERG TO GET PAROLE ON JUNE 11

Washington, May 27.—(AP)—M. L. Annenberg, Philadelphia publisher, serving a three-year sentence at Lewisburg, Pa., federal prison after conviction in the largest individual income tax evasion case on record, will be paroled June 11 because of ill health, the justice department announced today.

This will cut five months off the so-called "minimum time" since Annenberg, who is 63, was scheduled for release November 11. The full term runs until July 21, 1943, and until that time he will be under supervision of the United States parole board.

Women Rush To Join Army

Washington, May 27.—(AP)—Women enrolled today at regular Army recruiting offices for the first time in history—seeking selection to be among the first candidates for officer commissions in the women's army auxiliary corps.

If the line of applicants at the Washington recruiting office was an indication of the nationwide response, thousands will apply for places among the first 450 candidates to report at Fort Des Moines, Iowa, about July 15.

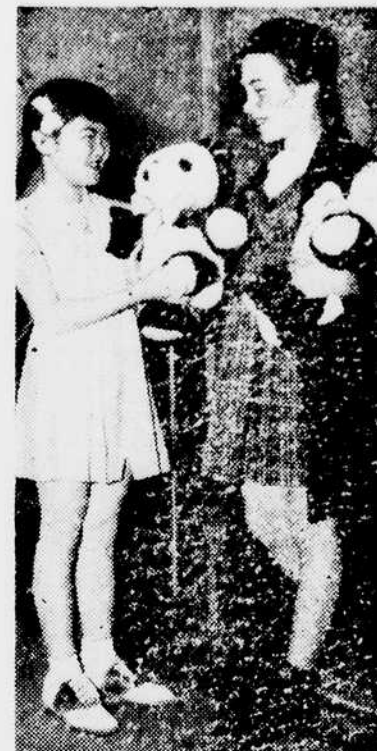
HEYDRICK WOUNDED IN ATTEMPT ON LIFE

Berlin (From German Broadcasts) May 27.—(AP)—Bernhard Heydrich, acting reichsprotektor for Bohemia and Moravia, has been wounded in an attempt on his life, DNB reported today from Prague.

DNB said Heydrich's wound was not expected to prove fatal. The dispatch did not specify when the attack occurred. It said, however, that "a reward of 10,000,000 crowns will be paid for capture of the culprit."

WEATHER
FOR NORTH CAROLINA.
Little change in temperature. Scattered light showers tonight.

To Christen Pandas



All smiles on her arrival in New York City, little Nancy Lottutter (right), of Columbus, Ind., is greeted by Marilyn Chu, representing the United China Relief. Nancy is going to christen the two baby pandas at the Bronx Zoo, which were presented to the children of America by Mrs. Chiang Kai-Shek. Nancy, who won a contest to name the little bears, will christen them Pandee and Pandah.

(Central Press)

Conflicting Claims Made On Progress

Soviet Reports of Gains Countered by German Reports; Axis Mediterranean Offensive Believed to be Imminent.

(By The Associated Press)
Soviet front line dispatches reported today that Marshal Timoshenko's armies had smothered part of the German offensive 80 miles below Kharkov, while the German high command asserted that the resistance of Russian troops encircled in the same critical sector "has been broken."

The Russians declared the Red armies, smashing through the flank of a German wedge, had brought the Nazi offensive in the Izum-Barvenkova sector to a standstill in the most important zone.

Red Star, the Soviet army newspaper said tank-led Russian infantry, attacking under cover of an artillery barrage, had captured the slope of a hill dominating the battle zone and were now fighting at the gate of a village several miles from their starting point.

Red Star said two Nazi counterattacks failed to halt the advance.

Soviet reports said the German push was stopped along a river bend where Russian troops (apparently encircled) were described as now enlarging a pocket.

Red Star declared the Germans were suffering "immense losses" in tank battles flaring in many sectors of the 125-mile battle zone, with the Russians smashing attacks by Nazi squadrons of 20 to 30 tanks each.

Hitler's command declared: "The annihilation of Soviet armies encircled south of Kharkov is making rapid progress."

Meanwhile London diplomats noted multiplying signs that the axis was preparing a formidable land and naval move in the Mediterranean.

Speculation centered on the possibility that Adolf Hitler was planning synchronized drives into the Middle East from three directions:

- 1. From the Crimea through the Caucasus.
- 2. From north Africa into Egypt.
- 3. Across the Mediterranean from Crete, Greece and the Dodecanese islands.

German parachute troops were reported training in Crete, and strong Italian garrisons are stationed in Greece and the Dodecanese island to support any trans-Mediterranean thrust. Officers of a gathering new storm unit included:

- 1. British Middle East headquarters reported that Field Marshal Erwin Rommel's north African armies were on the move again, with strong axis troop and tank columns advancing toward the main British defense lines.

Simultaneously, the Italian high command reported intense air activity over the Libyan desert battle theatre—a familiar prelude to an offensive.

- 2. Reports of an axis squeeze on France to gain control of the immobilized French fleet.
- 3. Premier Pierre Laval's discussion.

(Continued on Page Four)

New Taxes Are Studied

House Committee Ends Work on Estate and Gift Taxes; Excise Levies Up Next.

Washington, May 27.—(AP)—The House ways and means committee, concluding revisions of the estate and gift tax laws, decided today to tackle next the question of whether to try to raise \$1,240,000,000 in new revenue by increasing excise taxes or by approving a sales tax.

Members said that as soon as they voted on estate and gift tax rates they would take up the problem of raising taxes on such things as gasoline, liquor, cigars, transportation and communications, which Secretary Morgenthau recommended last March 3 as part of an overall \$7,610,000,000 tax bill.

The committee deferred until today a vote on estate and gift tax rates after agreeing tentatively to the Treasury recommendations that a single \$60,000 estate exemption be substituted for the present two exemptions of \$40,000 for life insurance and \$40,000 for other property.

Morgenthau has asked that the rates be increased rationally in order to produce \$330,000,000 more revenue.

As the committee approached the excise tax question, members said that the Treasury's original estimates would have to be revised in the light of recent developments.

Nitrate Quota Is Increased

Washington, May 27.—(AP)—Increased imports of nitrate of soda will enable southeastern cotton growers to receive 70 per cent of the fertilizing agent they used last year, Senator George, Democrat, Georgia, was advised today.

The senator said the chemical division, war production board, had announced Georgia had been allotted 24,100 tons of nitrate of soda for June.

Proportionate allotments would be made for North and South Carolina, Alabama and other southeastern cotton growing states, the senator said.

THREE SHIPS SUNK BY U-BOAT ATTACK

Washington, May 27.—(AP)—The Navy announced today the torpedoing of a medium sized British merchant vessel and a small Greek merchantman in the Atlantic and the sinking by shellfire of a United States trawler. The shellfire came from an enemy submarine. Survivors of all three vessels have been listed at an east coast port.

Housing Fund Requested

Washington, May 27.—(AP)—President Roosevelt proposed to Congress today the appropriation of an additional \$600,000 for war housing to meet the minimum needs of the 1,600,000 workers migrating to war centers during the year beginning July 1.

Congress previously had appropriated \$1,020,000,000 for construction of living quarters for war workers.

Mr. Roosevelt said in a message to Congress that several million persons would be employed in war industries during the next fiscal year. Workers are being obtained locally wherever possible and new sources of labor supply are being drawn upon, the President asserted. Yet, he said, it will be necessary for some 1,600,000 to move to centers of war