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Axis Forces Race Toward Egypt

ARGENTINE PRESIDENT ORTIZ SIGNS RESIGNATION

Crisis Near As Result Of Sinking

Ortiz Has Been Ill and Inactive for Nearly Two Years; Acting President Ramon S. Castillo Has Headed Government.

Buenos Aires, June 24.—(AP)—President Roberto M. Ortiz, blind and inactive for nearly two years, signed his resignation today just as the "prudently neutral" administration of acting President Ramon S. Castillo announced it was protesting vigorously to Germany against the sinking of an Argentine ship by a German submarine.

With Castillo in control since Ortiz retired July 3, 1940, Argentina has been steered along cautious paths and is the only American republic besides Chile which maintains relations with the axis.

Ortiz' resignation, bidding to turn the responsibility for the government over to Castillo in name as well as fact, is expected to be received by the Senate this afternoon or evening.

Ortiz resigned once before, August 22, 1940, in an internal political quarrel, but the resignation was rejected.

His blindness, which has been remedied, he already has stated to move his personal effects from the presidential mansion. Thus Castillo is left with responsibility for the handling of the tense public and diplomatic situation created by the sinking of the freighter Rio Tercero off the Atlantic coast of the United States.

Castillo's foreign minister, Enrique Ruiz Guinazu, announced after a long conference with Castillo that a protest was being made to Berlin against the submarine aggression.

Foreign office circles said the protest was in "most energetic terms" and Ruiz Guinazu himself declared.

Due to the circumstances, this case is viewed most energetic consideration and consequently the president will demand full categorical satisfaction because this act is of such a character that it cannot be dismissed in defense of the sovereignty of the state.

Sinking of another Argentine ship early in the war was handled amicably. Castillo's administration expressing assurance that Germany would make restitution after the war and the damaging of another ship recently brought German expressions of regret.

The new case, which has aroused the Argentine public, may cause a sharp turn in Argentina's foreign policy.

Additional police guards were sent to the German embassy last night as a foreign office spokesman announced that Argentina was taking a serious view of the destruction of the Rio Tercero and the killing of five of her crew.

Third Class Postal Rates To Be Hiked

Washington, June 24.—(AP)—The House ways and means committee voted today to require the Postoffice department to raise rates on third class postage, or periodicals and advertising matter, enough to pay the cost of handling them.

Representative Cooper, Democrat, Tennessee, said it had been estimated that the department was suffering a \$26,000,000 annual loss in delivery of that type of mail.

The committee directed the Postoffice department to submit a report before it raised either second or third class rates. Second class rates, affecting newspapers, would be raised a total of \$78,000,000 under a committee decision last week. It said this was the amount of the annual deficit in handling second class matter.

Nothing Is Wasted



That old adage about necessity being the mother of invention comes to the fore in St. Elizabeth's Hospital in Shanghai, China. A Chinese nurse holding a baby uses an American Red Cross rice sack as a blanket after its original contents had been removed. The thrifty Chinese also use the sacks for making sheets and clothing.

Soldier Pay Allowances Bill Signed

President's Signature to Measure Opens Way for Reclassification of Married Men Through Aid to Dependents.

Washington, June 24.—(AP)—President Roosevelt signed the soldier's pay allotment and allowance bill today, paving the way for financial aid to dependents of fighting men and reclassification of married men for the draft.

Providing for federal payments to supplement allotments from service men's paychecks to support their dependents, the legislation also contains a provision empowering a congressional policy that selective service should "not break up the institution of the home."

To carry out this policy, Congress wrote into the bill authority for selective service officials to defer any and all categories of men having dependents with whom they maintain a bona fide family relationship in their home.

Under this provision members of the House military affairs committee said, selective service probably soon would set up separate groups within the registrants now in Class 3. In the first group would be men with a working wife, in the next men with a non-working wife, then men with one child and on down the line. Before any men in Class 3 would be inducted, all eligible registrants from Classes 1 and 2 would be called.

The legislation recognizes the financial aspects of dependency but departs from existing policy in that it stresses the family relationship.

The allotment and allowance provisions apply to men in the Army up to and including the rank of lieutenant and in the Navy to men up to and including third class petty officers.

CCC Loses In Senate

Washington, June 24.—(AP)—Administration efforts to continue the functions of the civilian conservation corps suffered a new setback today when the Senate appropriations committee declined to supply \$80,648,900 asked for these purposes.

A member said the committee voted 15 to 9 to cut off CCC funds as a wartime economy move. Previously the House had taken similar action.

SEVERE EARTHQUAKE SHAKES NEW ZEALAND

Wellington, N. Z., June 24.—(AP)—A severe earthquake shook the northern island of New Zealand today.

In Wellington, the shock was the worst felt in many years. Chimneys were felled and windows were broken. Thus far no casualties have been reported.

Senate Gets War Fund Bill

Washington, June 24.—(AP)—A record-shattering Army appropriations bill of \$42,320,003,696 reached the Senate today less than a week after arrival there of a bill authorizing an unprecedented \$8,550,000,000 program of naval construction.

Both were passed by the House unanimously.

The Army supply bill, emphasizing mechanized striking strength, is designed to outfit and equip an army of 4,500,000 men by July 1, 1943.

The naval construction measure, concentrating on floating cruiser-carrier-destroyer category, plus 1,000 torpedo boats, submarines and patrol craft. Both were expected to receive swift Senate approval.

Jap Forces Lose Kiangsi Province Town To Chinese

Gets MacArthur Note



Little Danny Gifford, 10 (left), recently wrote to Gen. Douglas MacArthur to convince his pal with him, Jackie Fahy, that Pearl Harbor was not held by the Japs. He is shown shaking hands with Jackie after receiving a reply from MacArthur which said that Pearl Harbor was under the American flag. "They didn't take it," the note read, "and don't be afraid, Danny, they won't take it."

Nazis Break Red Lines

Wedge Driven Into Defenses at Kharkov; Furious Assaults Made at Sevastopol.

Moscow, June 24.—(AP)—Reckless charges by hundreds of Nazi tanks followed by infantry have driven a wedge into the Red army defenses on the Kharkov front in the Ukraine and are bringing overpowering strength to bear against the far outnumbered defenders of Sevastopol in the Crimea, the Russians conceded today.

D. patches to Izvestia from beleaguered and hard pressed Sevastopol declared that the fight for the important port continues with unrelenting ferocity and said "superior enemy forces are furiously pressing toward the town."

The government new paper account said thousands of German dead littered the battlefields after every attack against the Soviet-held bastion, at which the Germans have hurled tanks by the score and infantry in waves.

At a single point on the Kharkov front, the Germans massed 200 tanks in an onslaught which began on June 22, first anniversary of the German invasion, and has been increasing constantly in fury and force, said Russian dispatches.

At Sevastopol, the overwhelming force of the German offensive was indicated by a report that the Nazis sent two divisions of infantry (up to 30,000 men) and numerous tanks into the attack in a single narrow strip.

War Council To Convene Brought On Committee

Washington, June 24.—(AP)—President Roosevelt today called a special meeting for tomorrow of the Pacific war council, which Prime Minister Churchill of Great Britain and Prime Minister Mackenzie King of Canada will attend.

Stephen Early, a presidential secretary, in announcing the call, did not say for what purpose the meeting was arranged. There was to have been, however, a regular meeting of the council today.

It was announced that Mackenzie King was en route here for the meeting. Special importance was believed to be attached to the meeting because of his planned attendance, since Canada usually is represented in council meetings by its minister here, Leighton McCarthy.

WEATHER

FOR NORTH CAROLINA
Continued rather cool tonight, with slightly lower temperature near the coast.

Lexington Skipper



Still showing his sadness over the loss of the carrier Lexington, Rear Admiral Frederick C. Sherman is shown during a press interview on his arrival in New York City. The giant aircraft vessel, said Sherman, sank on an even keel "with colors flying like the grand old lady she always was."

Sub Warfare Toll Mounts

Navy Announces 13 Sinkings in Twelve-Day Period in Caribbean Sea Area.

Wholesale death and destruction the like of which in Spanish Main never saw in pirate days was wrought by enemy submarines which over a twelve-day period sent 13 United Nations merchantmen to the bottom of the Caribbean.

This was disclosed by the Navy yesterday on the blacked day of its announcements of ship sinkings since the war began, and with the announced loss of two more vessels in the Atlantic swelled to 309 the war total of western Atlantic area sinkings.

Casualties ran high, with 48 known dead and 87 missing in the Caribbean sinkings occurring between June 3 and 14; three dead and 85 missing in the June 15 sinking of a medium sized U. S. merchant vessel off the New England coast and five dead in the torpedoing of a British freighter the same day in the same area.

The Caribbean victims were five U. S. ships, two medium sized and three small; five British merchantmen, four medium and one small; and one Honduran, one Norwegian and one Dutch vessel, all small.

AXIS VESSELS HIT BY RAF TORPEDOES

Cairo, June 24.—(AP)—The RAF announced today that torpedo planes scored hits on two axis merchant ships and a destroyer in the central Mediterranean yesterday.

Cotton Prices Are Mixed

New York, June 24.—(AP)—Cotton futures opened 5 to 20 cents a bale lower.

Late forenoon values were 5 cents a bale lower to 10 cents higher.

Stocks Keep Fair Balance

New York, June 24.—(AP)—Stocks maintained a fairly good balance today despite a generally feeble demand for the leaders.

Prices continued the narrow and indecisive swing of Tuesday and speculative contingents were apparently awaiting some clearing of ideas as to the real axis gains in Africa and Russia as well as final action on the top bill.

Artillery Opens Heavy Nazi Attack

Furious Shelling of British Defense Lines Indicates that Battle of Egypt May Have Already Started; Patrols Active.

(By The Associated Press) A violent all-night bombardment by axis artillery indicated that the battle of Egypt may already have started today as the British reported that "very strong" enemy columns of tanks and motorized infantry were racing along the coast toward the Egyptian-Libyan frontier.

While definite word was lacking that Field Marshal Erwin Rommel had launched his offensive into the ancient land of the Pharaohs, military observers pointed out that a heavy artillery barrage usually signaled an imminent land attack.

Throughout the night, dispatches said, big axis field guns shelled the British defense lines and enemy patrols stabbed repeatedly for "soft spots."

Dispatches from Cairo, headquarters of General Sir Claude Auchinleck's imperial command, said axis armored forces were swinging southward on the Libyan side of the frontier, apparently intending to strike into Egypt many miles below the Mediterranean coast in the hope of outflanking the British.

Light German-Italian forces engaged the British west of Salum, in the coastal area, in an evident attempt to mask Rommel's flanking scheme.

It was expected that Rommel would launch his main blow around Fort Maddalena, 50 miles southwest of Salum, and Bir el Shegga, 20 miles farther south.

"Much enemy movement was observed southward from Gambut," British imperial headquarters said. Gambut lies 45 miles west of the Egyptian border.

A Cairo communique said British mobile columns roved the desert west of the main British lines yesterday and engaged small forces beyond Salum, Egyptian border post.

An Italian war bulletin, claiming the seizure of 33,000 prisoners in the fall of Tobruk, reported tersely: "There has been local activity of our advanced elements on the Egyptian-Libyan frontier."

Dispatches hinted that British warships were maneuvering off the coast, prepared to turn their devastating fire on the axis invasion armies.

While the British faced a grim new test, their Russian allies fought off a series of attacks in the bloody 20-day old battle for

(Continued on Page Two)

YUGOSLAVIAN SHIP SUNK BY SUBMARINE

Washington, June 24.—(AP)—The Navy announced today that a small Yugoslavian merchant vessel had been torpedoed in the Gulf of Mexico and that survivors had been landed at an east coast port.

Pelley Must Serve Term

Raleigh, June 24.—(P)—The State supreme court today affirmed the invocation of a suspended sentence on William Dudley Pelley, former leader of the Silver Shirts of America.

Pelley had appealed when a sentence of two to three years, passed and suspended in 1935 after his conviction in Buncombe county of violating the State's securities laws, was invoked by Judge Don Phillips in January. The Silver Shirts leader has been at liberty under \$10,000 bond.