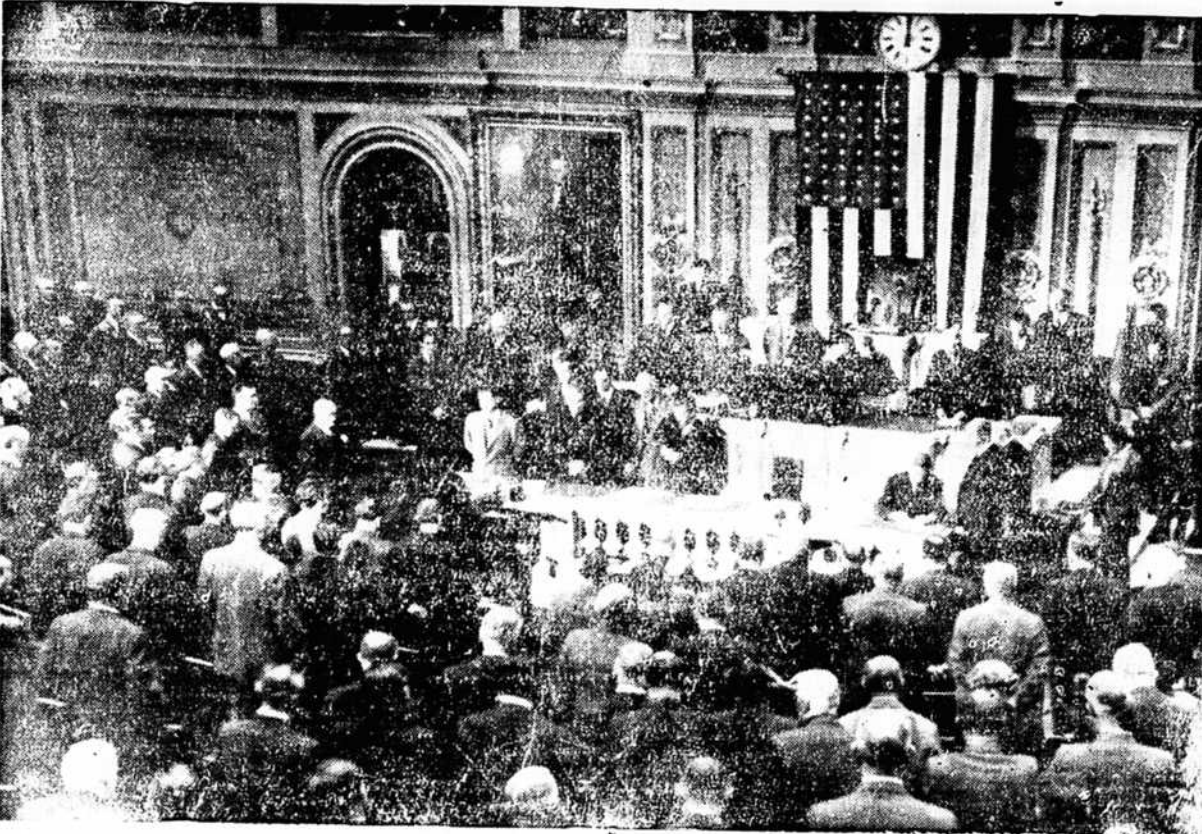




Reds Gain In Drive For Rostov

Japs Driven Out Of Papuan Sector

OPENING PRAYER FOR FIRST MEETING OF 78TH CONGRESS



Reverend James Shea Montgomery, chaplain of the House of Representatives is shown delivering the opening prayer at the first session of the seventy-eighth Congress. The eyes of the country are fixed on the war-time Congress as it meets to solve many problems affecting every man, woman and child in the United States. Speaker Sam Rayburn of the House of Representatives was reelected to that post. This is a photograph.

Civilians Evacuated From Rostov

Fall of Rostov Would Cut Off 500,000 to 1,000,000 German Troops in Caucasus; Retreating Nazis Burn Villages

At the same time a British broadcast said the Germans had announced the evacuation of the civilian population of Rostov, key Nazi citadel 136 miles northwest of Moscow...

The fall of Rostov, gateway to the Caucasus, would cut off German forces unofficially estimated at between 500,000 and 1,000,000 troops.

At the same time a British broadcast said the Germans had announced the evacuation of the civilian population of Rostov...

Dispatches from Moscow and Russian forces sweeping along both banks of the lower Don river, supported by planes, blasted a path for their tanks, had smashed an all-out hard pressed German troops to form a new defense line and were driving ahead toward Rostov.

The thrust to a point only 65 miles from Rostov represented a ten-mile gain since yesterday.

Front line advisers said the Germans were battling desperately to keep open a corridor into the Caucasus, but declared the Red army was steadily battering its way through massed tanks and infantry.

Hitler's armies of the Caucasus, wearily slogging down the long road back, were reported burning villages and scattering thousands of land mines in an effort to stop the triumphant Soviets.

"Our troops are breaking the resistance of the enemy and are out of his hands, continue to advance," the Russian command said, referring to the lower Don offensive. Simultaneously a Reuters (British news agency) dispatch from Moscow reported that Russian troops were sweeping westward across the Don and across Kalmyk steppes in the Caucasus had taken within 40 miles of a junction with non-battled Soviet columns.

Other military developments: Aerial warfare: Allied bombers, some long at both ends of Hitler's European front, attacked German territory yesterday and targeted the harbor of Palermo, Sicily, in daylight yesterday.

Tokyo: A German military spokesman reported that "major units" had developed in a northern Siberian and asserted that Axis troops had thrown an attacking Blitz.

(Continued on Page Two)

FDR Backs Pay-As-Go Tax Proposal

Washington, Jan. 8.—(AP)—President Roosevelt gave his approval today to a pay-as-you-go tax plan, but qualified his endorsement by saying there was a big problem involved.

The real problem in all pay-as-you-go plans and their modifications, he told a press conference, is whether the government will forgive a part of all of current taxes due.

If this is done, he said, the present Federal Treasury would be out of pocket that much.

There was a lengthy discussion on whether the Treasury would be out immediately, or whether its loss would be over a period of years, and the Chief Executive finally agreed that probably the loss would extend over the lives of all present taxpayers.

If less a portion of all of current taxes were cancelled on a bill to pay-as-you-go tax plan, Mr. Roosevelt said a taxpayer would be confronted with the difficulty of paying present taxes and of saving ahead for next year's taxes.

Mr. Roosevelt laughed and remarked that probably everybody felt the same way when a reporter interrupted a complicated question by saying he did not want to get things too involved.

Speech Wins Much Praise

Congressmen Note 'Conciliatory' Tone of President's Message and Ponder Meaning

Washington, Jan. 8.—(AP)—A Congress which exhibited unusual bi-partisan approval of President Roosevelt's road-to-victory message noted further today what many members called the "conciliatory" tone of the speech and pondered its significance.

Many Republicans joined the Democrats in praising the restrained, non-belligerent wording on domestic questions, would go far toward strengthening prospects for unity in the newly-sworn legislature. One Republican asked the question whether the President had not cast his hat in the ring for a fourth term.

While the comment on the conciliatory nature of the address did not contend that the Chief Executive was heading last November's election results, some informed legislators expressed the belief privately that Mr. Roosevelt was attaching greater weight to the counseling of conservative members of his party.

This, they said, was evidenced by the manner in which he advocated a broader aerial security system for all Americans.

The Senate was in recess today until Monday, but Republicans plan a party conference to re-elect Secretary McNary of Oregon as leader of the majority leadership at a Democratic conference yesterday.

The House arranged a meeting today, but only to listen to a few speeches, and go through the formality of ratifying six Democratic vacancies on the important ways and means committee filled in party conference yesterday.

CHILD KILLED

Gastonia, Jan. 8.—(AP)—Harold Edward Grant, four, of Cramerton, died in a local hospital this morning of accidental gunshot wounds.

Woman Held For Murder

Asheville, Jan. 8.—(AP)—Sheriff F. D. Dalton of Henderson county said today he was holding Mrs. W. W. Sims, 35, operator for the Peacecock Tavern near the Asheville-Hendersonville airport, on a charge of murder in connection with the slaying of L. C. Langston, Jr., 28, a salesman.

Langston died yesterday in an Asheville hospital. Sheriff Dalton said Mrs. Sims telephoned him some hours after Langston was shot and told him she fired six shots at the salesman when he attempted to break in the second floor room she occupies at the roadside about 1:30 a. m. yesterday.

Priorities Are Urged

Jeffers Says Clear Go-Ahead on Synthetic Rubber Plant Construction Needed

Washington, Jan. 8.—(AP)—Rubber Director William M. Jeffers said today the synthetic rubber program needs a clear go-ahead on at least 65 to 70 per cent of its plant construction to avoid a "disaster" in military and industrial transport.

Right now the delayed program is in such precarious balance, he said, that "a few bad breaks would spell catastrophe."

Nevertheless, Jeffers said in an interview that he did not believe the new east coast ban on pleasure driving—necessitated by the petroleum shortage—should now be extended to the rest of the country to save tires.

While asserting that this opinion might have to be revised next summer "when people start driving to..."

Warplanes Sink Ships From Convoy

Two Big Transports Sunk, Third Damaged, 18 Jap Fighter Planes Destroyed in Attack on Flotilla Off New Guinea Coast

(By The Associated Press) General Douglas MacArthur's headquarters announced virtual completion of the bitter Papuan campaign in New Guinea today, with the annihilation of a Japanese army that once totaled 15,000 troops, even as allied warplanes smashed at the remnants of a ten-ship Japanese convoy off the New Guinea north coast.

Meanwhile, the Navy in Washington reported that U. S. Army air forces again blasted the Japanese bases at Kiska, in the Aleutian islands off Alaska, and at Munda, in the Solomon Islands.

Dispatches from the New Guinea front said allied planes carried out a shuttle-service attack on Japanese seaborne reinforcements approximately 160 miles north of the Papuan sector, making more than 50 sorties in the opening phases of the battle.

After a running 24-hour battle, General MacArthur listed these losses inflicted on the enemy convoy and its aerial defenders:

- 1. Two big transports sunk, including a 14,000-ton ship "heavily loaded" with Japanese troops. 2. A third transport heavily damaged, but by a 500-pound bomb. 3. Eighteen Japanese fighter planes definitely destroyed, five probably destroyed, four others damaged.

Presumably thousands of Japanese lost their lives in the sinking of the two large transports, one of which sank with its entire load during a night bombing attack.

On the Papuan front, allied headquarters said Japanese survivors trapped at Samaranda Point faced "certain destruction" and announced that the primary object of the campaign—annihilation of Lieutenant General Tomotake Horii's army—could now be considered accomplished.

An allied communique listed 197 Japanese warships and merchant vessels destroyed or severely damaged since July 23—130 days after the Japanese first landed on Buna—and reported 333 enemy aircraft destroyed, 81 others probably destroyed and 117 damaged.

Further Cut In Petroleum Held Likely

Washington, Jan. 8.—(AP)—The petroleum industry was counselled today that despite the strong measures taken recently to cut gasoline and fuel oil consumption in the east, further action must be taken to avert "serious hardships" in many places" during January and February.

The council adopted a report of its economic committee saying that even if stocks "in certain areas" were drawn upon during January and February in a further attack on the eastern problem, the hardships still would be inevitable "unless, for a short period," one of the following steps were taken:

- 1. "More military requirements can be taken from sources other than the east coast." 2. "A few more tankers can be spared without impairing our first responsibility of supplying our military forces and our allies with the petroleum products they need." "New tankers," the committee said, "might spend their breaking-in periods carrying oil from the gulf coast to the east coast, which would have the advantage of facilitating repairs and adjustments."

Two 'Big Bills' Are In

Nine-Month School Measure and General Fund Surplus Legislation First Offered

Daily Dispatch Bureau. In the Senate after Hotel. By LARRY NISBET

Raleigh, Jan. 8.—Bills providing for a nine-month school term throughout the state, and for continuing the general fund surplus for post-war uses have already been introduced and referred to committees.

Nine-month school bills were offered in the house by Representative John W. Umstead of Orange, and in the senate by Senator Herbert Leary of Chowan. The Umstead bill, to which later were added the names of Representative Governor of Chowan, and Kenyon of New Hanover, would set up a standard term of 180 days, with provision for local school authorities to extend the term 60 days or any part of them deemed necessary. Any law not used by reason of such extension would revert to the state.

Mr. Roosevelt also reported that a belated insert be placed in his message to Congress. He said that in transcribing the final draft that a small omission had been made by his secretarial staff in his discussion of production figures. He planned to include them in these two sentences:

"In 1942 we built numerous tons of merchant ships. In this we exceeded our goal set."

Mr. Roosevelt told reporters he did not want anyone in shipyards or maritime work to think there had been a deliberate omission which would fail to give them their due credit.

The recess announcement was made at the close of yesterday's session of the trial in federal district court here.

Testifying for the second day, Albert E. Mercker, potato expert with the Agriculture department's food distribution administration, said yesterday some of the defendants had "helped the potato industry."

So far as he knew, he said on cross examination, there was nothing which tended to show that the Smith-Douglas Co. of the Growers Exchange, two of the defendants, had depressed prices.

Mercker was still on the stand when yesterday's session of the court was adjourned.

WEATHER FOR NORTH CAROLINA. Rain in east portion this afternoon and tonight.

Umstead Would Amend 'Gag Rules' Of House

Resolution Introduced Today Would Substitute Majority Vote for Two-Thirds Vote Now Required; Few Other Measures Offered

Raleigh, Jan. 8.—(AP)—Representative Umstead of Orange introduced a resolution today to amend rules 52 and 65, dubbed the "gag rules," which require a two-thirds vote before a bill may be withdrawn from a committee to which referred and before a minority report of a committee may be adopted so the bill may be placed upon the favorable calendar.

Umstead's resolution, sent to the rules committee of which Representative Grant of Forsyth is chairman, would substitute the word "majority" for "two-thirds."

With that exception, both the house and senate received only a few bills and neither was in session more than ten minutes. The house adjourned until 11 a. m. tomorrow and the senate until 10 a. m., with the understanding that only local bills would be introduced. Monday's sessions will begin at 8 p. m.

The senate received a petition from Nettie Lee Sparks, a beauty shop operator of Spence Pines, in which she said the beauty shop industry faced a crisis because of the shortage of operators. "We are asking you," she said, "to help us solve this problem by giving us authority and permission to train our own operators for the duration."

The senate appropriations committee, after acting with unprecedented swiftness, was ready to return to the senate today with a favorable report the bill directing the governor and council of state to set up a post-war reserve fund of \$22,000,000.

This Governor Broughton got fast

(Continued on Page Three)

McNARY RE-ELECTED MINORITY LEADER

Washington, Jan. 8.—(AP)—Senate Republicans unanimously re-elected Charles L. McNary of Oregon as minority leader today and approved assignments giving them increased representation on standing committees.

In a session so non-controversial in its aspects that McNary commented that "harmony was so thick it ran down my cheeks," the minority conference re-elected Senate White of Maine as its secretary.

FDR Repeats Victory Hopes For Next Year

Washington, Jan. 8.—(AP)—President Roosevelt repeated today hopes, which he said he intended to convey in his message to Congress, for a United Nations victory in 1944.

The Chief Executive was asked, at a press conference whether, in saying that the current Congress possibly would have a part in determining whether the world could be freed from fear, as he did in his speech yesterday, meant to imply that the war would end in 1944.

He said he was only expressing the hope and could not further define the word "possibility."

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