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DUTCH INDIES NEXT JAP GOAL

F. R. ASKS $56,000,000,000 WAR BUDGET

Japs Beating Ever Nearer To Singapore

British Fall Back for Third Straight Day; Heavy Perak Front Fighting

SINGAPORE—(AP)—Japanese forces fighting their way down the Malayan Peninsula inched closer to Singapore today as the British acknowledged for the third successive day that their forces had been compelled to withdraw southward under the steady battering of the invaders.

Heavy fighting was reported on the lower Perak front, where a communique said the Japanese had launched a violent attack this morning supported by mechanized units and had succeeded in penetrating the British lines at one point.

TAKE KUANTAN

On the opposite side of the peninsula, where the Japanese were admitted yesterday to have captured Kuantan, only 190 miles from Singapore, the British continued to withdraw southward "according to plan," the bulletin declared.

The announcement failed to disclose the extent of the withdrawal.

The disclosure that heavy fighting still was continuing in Perak served to dispel doubts whether the British still held any part of that state—doubts which were raised yesterday by reports of British withdrawals on that front and by mention of Japanese activity in Selangor state to the south.

It appeared today that invasion forces which had infiltrated along the coast into the Kuala Selangor area, 240 miles from Singapore, had made no further progress.

"There is nothing further to report from the Selangor area," the communique said tersely.

Must Pay Price To Retain Our Way of Life

Nine Billions In New Taxes

WASHINGTON —(AP)— Bespeaking the nation's determination to "pay whatever price we must to preserve our way of life," President Roosevelt called today for a war budget of $56,000,000,000 for the next fiscal year, $9,000,000,000 of new taxes on top of all existing taxes, and unprecedented borrowing that would send the Federal debt above $110,000,000,000.

"This is a war budget," he said in his annual budget message to Congress. "Its magnitude and composition depend on events at the battlefronts of the world. . . Nothing short of a maximum will suffice I cannot predict ultimate costs because I cannot predict the changing fortunes of war. I can say only that we are determined to pay whatever price we must to preserve our way of life."

BIGGEST IN HISTORY

He added at a press conference that it was the biggest budget in the history of the world. Government estimates indicated it was nearly double Germany's annual war expenditures. It called, the President said, for a step-up in the rate of war spending from the current $2,000,000,000 a month to $5,000,000,000 a month.

To the United States armed forces and their allies, the President promised that the budget meant "a crushing superiority of equipment."

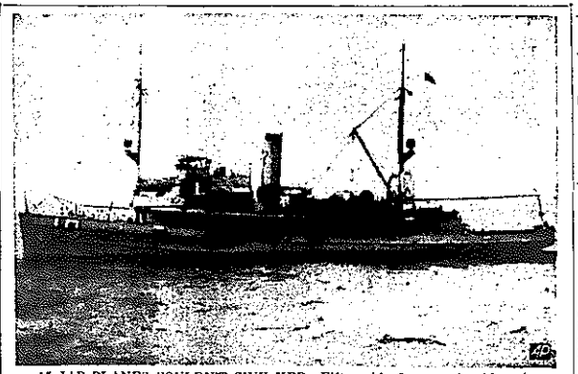
To the public he said that it meant heavy new taxes because "a fair distribution of the war burden is necessary for national unity."

It also meant, he declared, that the people would have to do without "many conveniences and luxuries" so that the nation may "shift labor, materials and facilities from the production of civilian articles to the production of weapons and other war supplies."

Technically, the budget concerned only money to be paid out of the Treasury. However, in setting up the $56,000,000,000 war program, the President said that beside an estimated $52,786,186,000 out of the Treasury, he believed that an additional $3,000,000,000 would be spent out of the purses of the Reconstruction Finance Corp. and other non-budgetary agencies for war purposes.

The Treasury budget called for total expenditures of $59,027,962,300 in the fiscal year beginning next July 1. This included the huge

See FR OFFERS on page 9



15 JAP PLANES COULDN'T SINK HER—Fifteen big Japanese bombing planes attacked the United States seaplane tender Heron (above) for seven hours somewhere in the Pacific and scored a direct hit. But the little ship, commanded by Lieut. William L. Kabler (right) of Bristol, Va., fought back mightily, destroyed one four-engined Jap flying boat and then reached port safely. In recognition of his "skillful handling" of the Heron, Lieut. Kabler was awarded the Navy Cross and recommended for immediate promotion to the rank of Lieutenant Commander.

Enemy Force Concentrated At Davao Bay

Italian Report Says Nipponese Chute Troops Landed in Dutch Borneo

BY ASSOCIATED PRESS

Japan's next goal is the Dutch East Indies.

This appeared evident today from a U. S. War Department communique reporting that the Mikado's sea-borne invasion armies in the Philippines have massed a powerful striking force at Davao Bay, only 600 miles from Dutch Borneo and 400 miles from Dutch Celebes.

A Rome radio report heard in London indicated that the thrust may already have started, declaring that strong forces of Japanese parachute troops had landed on the east coast of Dutch Borneo.

Simultaneously, Dutch East Indies headquarters at Batavia reported that a formation of eight Japanese flying boats attacked military objectives during the night on Ambon (Amboina), site of a major Dutch naval base, 800 miles south of Davao.

"The enemy dropped twenty bombs and machine-gunned the island," the communique said, reporting that three civilians were killed and four persons wounded.

The bulletin also noted lively aerial reconnaissance over the farflung archipelago—often the tip-off of an impending invasion—with the announcement that "enemy planes were observed over various parts of the outer possessions."

JAP REPORT

Tokyo Imperial Headquarters said Japanese troops who landed several days ago at Brunei in British North Borneo, adjoining Dutch Borneo, were "extending their field of operations." No details were given.

In smashing at Amboina, the Japanese were seeking to knock out one of the Indies bases from which U. S. Army bombers may have been flying to attack Japanese warships in the Philippines.

RICH PRIZE

For Japan, the Indies with their treasure-trove of such vital war supplies as rubber, tin and oil would be one of the richest prizes in the Far East.

Further supporting the belief that Japan's war lords planned an attack on the Dutch colonies—possibly as a stepping-stone to Australia—was the report that General Sir Archibald P. Wavell, newly-appointed Allied Commander in chief in the Far East, would

See JAP BLOW on page 9

Philippine Lines Hold

Withstand Bombing, Machine Gunning

WASHINGTON —(AP)— The Department said today that defenders of the Philippines are withstanding continued bombing and machine-gunning on their tight northwest of Manila.

The fortifications on Corregidor Island, at the entrance to Manila Bay, and defenses on the Bataan Peninsula were bombed again for several hours yesterday and the War Department said the extent of damage and casualties has not yet been determined.

45 PLANES ATTACK

At least 45 bombers made passes on the fortifications and several hits on the installations were recorded.

On the entire front, with American and Filipino defenders drawing their lines together in the peninsula region of the occupied capital, there was heavy fighting with increasing pressure but the soldiers of General Douglas MacArthur were making valiant resistance.

The text of the communique, issued at 4:49, based on reports received up to 8:30 A. M. EST), reported:

"1. Philippine theater: Heavy fighting has been resumed along the entire front with the enemy increasing pressure at all points. Front lines of American and Philippine troops are being continuously bombed and machine gunned by enemy aircraft. Defending troops are continuing their steady and valiant resistance. The fortifications on Corregidor Island and installations on Bataan Peninsula again were bombed several hours yesterday. The full extent of damage and casualties has not yet been determined. It is estimated that at least 45 bombers participated in this attack. [illegible]

See PHILIPPINE on page 9

Reds Tighten Trap Around Germans

Move at Sevastopol; 10,000 Nazi Dead Left on Central Front

BY ASSOCIATED PRESS

Sea-borne Russian troops, striking back into the Crimea at many points, were reported tightening a trap around Adolf Hitler's siege armies at Sevastopol today, while on the central front, retreating Nazi forces were said to have left 10,000 dead on the battlefield and yielded 572 towns in five days.

At the same time, the Germans acknowledged a heavy Soviet push in the Donets River Valley of the Ukraine against the industrial city of Kharkov, Russia's "Pittsburgh."

A bulletin from Hitler's field headquarters asserted that Russian troops who landed from barges at Yevpatoriya, on the West Crimean Coast, 40 miles north of Sevastopol, had been wiped out "in brief house-to-house fighting."

BEACHHEAD ESTABLISHED

Countering the German version, a London radio broadcast reported that the Russians had established a beachhead, that "heavy fighting is going on along the shore" at Yevpatoriya, and that German forces were moving north from Sevastopol to combat the threat at their rear.

The German High Command also asserted that Rumanian soldiers had "smashed" a small Soviet landing party southwest of Feodosiya, in the eastern Crimea, and declared that Nazi dive-bombers "effectively attacked" other Russian troops landed on the peninsula.

In the Ukraine, Hitler's headquarters admitted that the Soviet counter-offensive had breached German lines northeast of Kharkov, but declared that German troops counter-attacked and succeeded in straightening out the front.

Meanwhile, diplomatic quarters in Turkey said general mobilization was under way in Rumania and Hungary, with the Germans trying to muster all possible manpower to check the retreat in Russia.

Soviet informants said Russia expected to drive the invaders behind the Leningrad - Smolensk - Dnieper

See REDS TIGHTEN on page 9

Royal Navy, RAF Strike

Raid Is Made on Norwegian Coast

LONDON — (AP) — A joint Navy and RAF raid on Hellefjord on the Norwegian coast yesterday was announced today.

A joint communique announced that one German supply ship of medium tonnage and two trawlers were sunk off the town of Floro, near Aalesund.

FACTORY DAMAGED

A German canning factory also was damaged, but low visibility which made shore targets difficult to see caused the naval units to do little firing at another German factory. It was said.

In an effort to "intercept enemy shipping", light naval forces entered Hellefjord between Bergen and Trondheim last night and "spent some hours working close inshore in the inner channels looking for enemy supply ships but found only one of medium tonnage off the town of Floro," the communique said.

This ship was sunk, along with the two trawlers, and which were alongside the canning factory.

The firing was restricted, however, to avoid damage to the little town, the announcement said.

Marine Bases Get $5,886,000

WASHINGTON. — (AP) — The Administration's first war-time budget submitted to Congress today included a $5,886,400 expansion program for Marine establishments in Eastern North Carolina, but called for a drastic curtailment in construction on the Blue Ridge Parkway in the western part of the state.

Listed as immediately necessary for the war effort were additional facilities at the Marine aviation base at Cherry Point costing $5,450,000.

In addition, the huge budget included $291,400 for additional ammunition storage facilities at Cherry Point and $186,000 for additional training facilities at the Marine training base at New River.

Justice Of Peace System Is Upheld

Supreme Court Rules Right To Accept Fee for Conviction

RALEIGH—(AP)—The State Supreme Court, in an opinion which had the effect of upholding the Justice of the Peace system in North Carolina, declined today to hold unconstitutional the process whereby a justice may receive a fee for the conviction of a defendant.

The court, in an opinion by Chief Justice Walter P. Stacy, did not hold specifically that the fee system was constitutional, but it did say that Edson Steele of Richmond County, who was sentenced by a justice, was lawfully held in custody following his conviction.

Steele was found guilty of public drunkenness and disorderly conduct by Justice John R. Yates in Richmond County last April. The defendant had entered a guilty plea, was sentenced to 30 days.

HABEAS CORPUS

While he was in jail, he requested and received a writ of habeas corpus on grounds that he was illegally convicted because Yates received a fee for convictions, and was therefore not an impartial judge.

The writ was granted, and Steele was released.

The Attorney General's office appealed the case to the Supreme Court, on grounds that the State's judicial system would be affected by the decision.

The Court, in holding that the writ should not have been granted, said:

"It will be noted that the challenge is to the fee system set up by the statute and not to the office of he peace which, with us, is constitutional.

The opinion also points out that Steele chose to plead guilty, whereas he could have asked for a jury trial.

Axis Hides FR Figures

No Data Given Out To People

BY ASSOCIATED PRESS

Italian authorities today called President Roosevelt's program for 185,000 planes and 120,000 tanks in 1942 and 1943 "sensational, spectacular, of a typical North American brand" but expressed unbelief in its realization and carefully kept the figures out of the controlled press.

German commentators vaguely referred to it as a "fairly substantial" speech, but said in general it was merely a warmed-up version of old Roosevelt speeches. Germans, too, were not allowed to know American production plans.

In London, one headline was typical in its jubilance: "The Yanks Are Coming."

WORLD REACTION

These, in brief, typified the world-wide reaction to the President's war program laid before the 77th Congress yesterday in a speech in which he predicted a total victory over the Axis. Axis quarters were cautious, skeptical of the program's realization; the United Nations and their friends showed a lift in morale.

"This is a work and fight speech" was the succinct remark of Prime Minister John Curtin of Australia.

In Italy, a spokesman told foreign correspondents that "the evident scope of this sensational listing of such sensational figures is to impress the world, above all the population of the United States.

"There is no point in examining the figures. The practical utility of this new method of conducting war in advance by means of sensational armament plans remains to be seen," he added sarcastically.

"Meanwhile, all that calm and

See AXIS HIDES on page 2

Japs Admit Sub Lost

Acknowledge Cruiser Slightly Damaged

TOKYO — (Official Broadcast Recorded By AP)—Imperial Headquarters acknowledged in a communique today that another Japanese submarine had been sunk in the Pacific area and that a cruiser had been slightly damaged.

The cruiser was hit in an attack by Allied aircraft Jan 4, but still is on active war service, the communique said.

Japanese officials declared that "enemy air power in both Malaya and the Philippines has been crushed."

The German radio quoted the Tokyo newspaper, Yomiuri Shimbun as saying Japanese mechanized units supported by aircraft had pursued British forces along the east coast of Malaya as far as the border region of Johore, last intervening state before Singapore. This

See JAPS ADMIT on page 9

Bulletin

Allied Fleet Action in Far East Heralded

SINGAPORE—(AP)—Vice Admiral Sir Geoffrey Layton, commander in chief of Britain's Far Eastern fleet, has left Singapore to organize the eastern fleet "so that the Allies may gain sea supremacy in the Far East as soon as possible," it was officially announced today.

Somebody Was Sore At Sergeant Falagrady

CHEYENNE, Wyo. — (AP) — When Supply Sergeant Joe Falagrady tells his assistants to do something they get it done.

He ordered them to issue a batch of overcoats to newcomers at Fort Warren. They handed out every one in the supply room—including Sergeant Falagrady's.

Republicans Will Hold Lincoln Fete

WASHINGTON.—(AP)— John A. Wilkinson, president, announced today that the North Carolina Young Republicans would hold their Lincoln Day dinner this year as usual.

Wilkinson said the decision was made after conferences with various party leaders throughout the state of Republican sentiment not yet been determined. It is estimated that at least 65 [illegible] participated in this attack. [illegible]

The Thief Was Sweet, The Victim Was Hot

HEMPSTEAD, N. Y. — (AP) — Philip Levine, a baker, was pretty mad when he opened his warehouse and found that a thief had made off with twenty 100-pound bags of sugar.

"A ton of sugar—$110 worth and hard to get," Levine [illegible] ed with justifiable heat. "[illegible] I'd like to catch that man!"

Would Give Young Army Men Chance at Rising

WASHINGTON. — (AP) — [illegible] ation to give soldiers under both selectees and volunteers opportunity to win an officer's commission was approved today by the House Military Committee. The present statute sets 21 as the minimum eligible age for a commission.

Free Thailand Movement on

NEW YORK—(AP)—The Batavia radio reported today in a broadcast that a Free Thailand movement against Japanese occupation had come into existence.

NBC heard the broadcast.

Nothing to Do But Just Write It Off

SAN PEDRO, Calif.—(AP)—So many persons discovered that 2 1-2-cent ferry tokens were just the right size to fit in the 5-cent slot of pay telephones that the Southern California Telephone Co. has 1,676 of them. The company asked the Harbor Board to redeem the tokens at face value, $41.75. That still would leave the company out an equal amount.

National & International Affairs:

The Washington Merry-Go-Round

By Drew Pearson & Robert S. Allen

American Rubber Shortage Is Proving an Economic Pearl Harbor for People of the United States

WASHINGTON—The American public already has had a tough blow in regard to the use of automobile tires. But the inside figures indicate that the blow will be even tougher in the future.

The production of synthetic rubber for tires, begun by Germany several years before the war, in this country now totals only between 7,865 and 10,000 tons for an entire year.

Moreover, the new synthetic rubber factories, financed by the Reconstruction Finance Corporation, will not get into production until April, at the earliest, and most of them not until August. And when finished, their total production will be only 48,000 to 50,000 tons yearly.

Thus, a year from today, we may possibly have a total of 60,000 tons of synthetic rubber—if we are lucky; if the plants are finished ahead of schedule; and if they produce a little faster than is expected.

Compare this 60,000 tons to the

Merry-Go-Round on Page 6

Britain Base for Invasion:

Return Of Yanks "Over There" Foreshadows Western Offensive

LONDON — (AP) — President Roosevelt's announcement that a new AEF would be sent here convinced many observers today that this island kingdom would be turned into a huge base for invasion of the continent.

Due to pressure in the Far East and the immediate needs in that area, they said they expected that the initial United States force sent to the United Kingdom would be a token unit composed of a small mechanized group and supporting aircraft.

It was pointed out that Britain's home defense force — the Army, Navy and British Empire troops, plus the Home Guard — ostensibly needed no United States Army to defend the British Isles against the invasion which almost every one thinks Hitler may launch early in the Spring.

The return of the Yanks after 25 years was generally regarded as foreshadowing a Western offensive which most Britishers have long been convinced must be undertaken eventually.

Already many of [illegible] Canadians and large

See SEE WESTERN on page 9

WEATHER

Cloudy and [illegible] with snow [illegible] Thursday; [illegible] temperature [illegible] Today's Temperatures: Sunset, [illegible] Sunrise, [illegible]