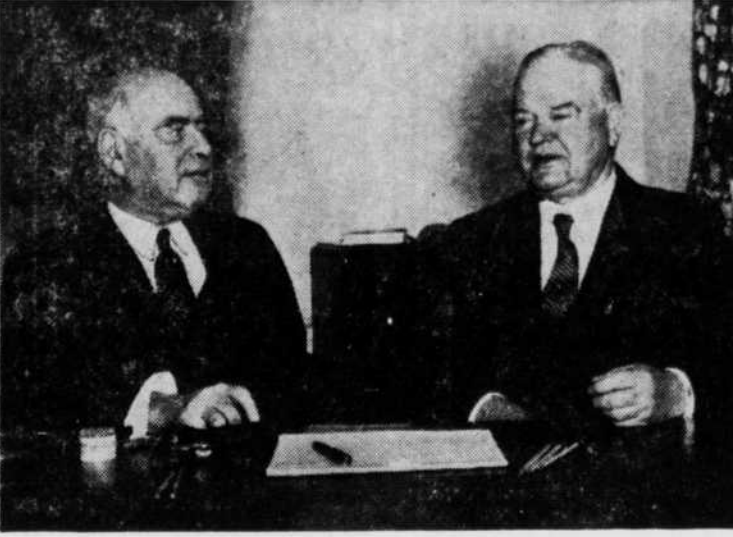


WEEKLY NEWS ANALYSIS

Allied Victories in New Guinea Mean Weakening of Japs' Power in Pacific; Rail Unions Demand 30% Pay Raise; McNutt Outlines New Manpower Rules

EDITOR'S NOTE: When opinions are expressed in these columns, they are those of Western Newspaper Union's news analysts and not necessarily of this newspaper. Released by Western Newspaper Union.



Former Governor Herbert H. Lehmann of New York (left) gets advice from former President Herbert Hoover about how to solve problems of feeding war-torn countries overseas. Mr. Lehmann is the newly appointed director of foreign relief and rehabilitation. Mr. Hoover was foreign food administrator after the First World War.

NEW GUINEA:

Allies Take Gona

The Japs' narrow beachhead in New Guinea became narrower when Allied forces directed in the field by General MacArthur occupied the entire Gona area. In the culmination of a campaign begun several months before, the Allied armies thus reduced Japan's hold in New Guinea to a tenuous segment.

The loss of Gona left the Japs confined to a narrow strip of coast centering on the Buna area, 12 miles to the south. The Japanese made their first landing at Gona last July and from this beachhead started an invasion drive that carried them across the Owen Stanley mountains nearly to the Allied base at Port Moresby.

The enemy's continued disregard for even the most elementary conventions of warfare was further emphasized by communique from General MacArthur's headquarters declaring that Jap planes have "violated the laws of war by repeated attacks upon Allied hospital installations, killing doctors, medical personnel and patients."

The rising effectiveness of American and Australian air power in the Southwest Pacific was indicated by figures which showed that General MacArthur's planes had destroyed nearly 300 Jap planes in the space of one month.

DRAFTEES:

May Choose Service

Paul V. McNutt, chairman of the War Manpower Commission, announced in Washington that draftees would be given a chance to express a choice concerning which branch of the armed services they wanted to join under the new combined selective service program.

The manpower czar cautioned, however, that preferences granted would necessarily depend on how nearly they fitted in with the requirements of each branch of the service, following President Roosevelt's recent order halting voluntary enlistments in the army and navy and transferring the selective service to the War Manpower Commission.

How the government will extend its wartime control over the nation's workers was likewise outlined by Mr. McNutt. Among steps in the new program are rationing of labor in scarce lines, the transferring of workers from nonessential to essential industries, adjusting working hours to help boost production and requiring employers in some areas to hire their help through government employment agencies.

SPAIN:

Axis Gateway?

The disquieting possibility of a German move through Spain to relieve the Allied siege of the Axis in Africa remained in the foreground, as Generalissimo Francisco Franco praised the "New Order" of Hitler and Mussolini and reaffirmed his own regime's spiritual kinship with the Axis.

Addressing the new National Council of the Falange, Franco said that the German and Italian dictatorships "represent a new faith, a revolt against the hypocrisy of the liberal world we knew in our youth."

WAR COSTS:

78 Billion in '43

With budget experts estimating war expenditures at 78 billion dollars for the 1943 fiscal year, Americans learned that the cost of the first year of the war against the Axis was over 46 billions—or more than the entire cost of participating in the First World War 25 years ago. Treasury department statements disclosed that current war expenditures were running at the rate of six billion dollars a month, which was about four times what they were under the national defense program before Pearl Harbor.

Fiscal authorities pointed out that when the United States entered the First World War it had a gross public debt of about 1 1/2 billion dollars. By November 30, 1918, that debt had risen to 19 billion 438 million dollars. Gross public debt had risen from 55 billion, 231 million in December, 1941, to 103 billion, 577 million dollars at the end of December, 1942.

FRENCH FLEET:

Tit for Tat

When Vichy-inspired news sources first made public reports indicating that the entire French fleet had been scuttled at Toulon, after the Nazis entered the naval base, Washington officials were publicly skeptical.

That this skepticism was justified was indicated by a navy department announcement that 20 French ships had apparently been left intact and were now in the Nazis' possession. These included 15 warships and five tankers. The announcement added that an unspecified number of vessels, including three battleships were damaged and might be reclaimed.

In issuing the memorandum, Secretary of Navy Frank Knox said it was prepared on the findings of reconnaissance flights over Toulon. It showed that of 75 ships in the harbor, 51 were sunk, damaged or missing, four escaped and 20 went unharmed.

The unfavorable news concerning the Toulon warships was largely balanced by the announcement by Lieut. Gen. Dwight D. Eisenhower from his African headquarters that French fleet units at Dakar, plus for land operations. This fact suggested that Lieut. Gen. Dwight D. Eisenhower had found a partial solution at least, to the problem of providing forward airfields in the rugged terrain of coastal Tunisia.

Chief point of contention between the opposing armies had been Tebourba, strategic junction 20 miles west of Tunisia and 35 miles south of Bizerte. Here a series of kaleidoscopic tank actions had taken place, with the key town changing hands as the battle tide ebbed and flowed.

Rising success of the Allies air activity, according to military observers, heralded the mobilization of sufficient strength to launch the supreme drive to dislodge the Axis from their Tunisian strongholds.

Across Tripolitania, the British Eighth army was reported increasing its air blows against the El Agheila defense positions held by an estimated 50,000 survivors of Marshal Rommel's 700 mile retreat.

BLOCK BUSTERS:

Devastate Turin

"Triple block buster" bombs weighing 8,000 pounds were believed to have delivered the knockout blow to essential airplane and motor manufacturing plants in Turin, huge north Italy industrial center, as the R.A.F. waged merciless warfare.

Turin was the target of repeated attacks which, according to British air authorities damaged it to the same extent that Genoa, Luebeck, Cologne, Rostock, Hamburg, Bremen and other Axis cities devastated by the R.A.F.

RAIL UNIONS:

Demand Pay Raise

The specter of a nation-wide transportation crisis was raised when 350,000 union labor operating employees announced they would ask for a 30 per cent wage increase, or a minimum of \$3 per day.

Whether this specter would haunt the nation's war program or return to the shadows from whence it came, depended on what kind of a settlement management and labor would be able to make.

The decision of the five railroad operating unions to ask for an increase followed a three-day meeting of 750 union chairmen in Chicago. Alvaney Johnston, president of the Brotherhood of Locomotive Engineers who served as spokesman for the unions, said the raise was necessitated by added responsibilities and hazards placed on rail employees, the manpower shortage, higher living costs and the inequality of rail pay compared with that of other industries.

The "big five's" action followed wage adjustment demands by the 15 non-operating unions with a membership of 900,000, asking a 20-cent per hour increase.

Stalingrad, City of Steel, Flame, Glory

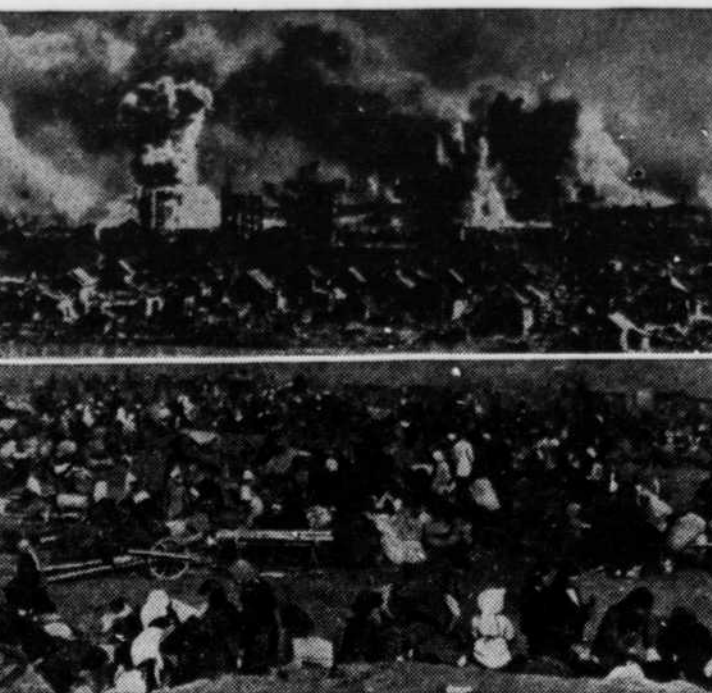


Photo at top, taken from a German propaganda magazine, shows a section of Stalingrad after mass bombing by Stukas. As a propaganda photo it was a boomerang, for all the world now knows that the heroic city fought on and on and repaid the Nazis with compound interest. Below: Photo from same magazine shows men, women and children who were driven from the Russian city by German bombs. The wreckage of their homes was used by the gallant defenders.

FBI Chief Receives Highest Cuban Award



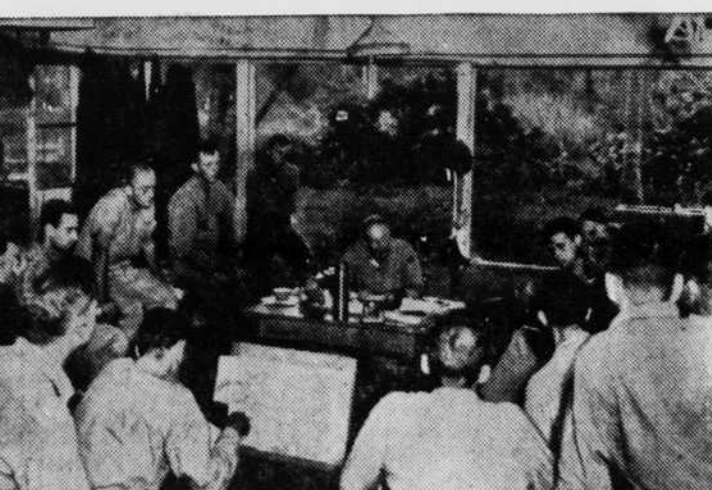
Because of valuable services rendered by the FBI to the Cuban police in capturing espionage agents, the Cuban government awarded J. Edgar Hoover, FBI director, the "Order of Police Merit." Photo, taken in Washington, shows, left to right: Dr. Aurelio Conchoso, Cuban ambassador; Capt. Oscar Gutierrez, of the Cuban national police, and Mr. Hoover.

Big Tin Can for Gen. Erwin Rommel



Resting his foot on a captured fuel can of General Rommel's defeated Afrika Korps, air vice marshal Arthur Coningham, air officer commanding the western front in the Egyptian desert, makes his report to Gen. Bernard L. Montgomery, commander of Britain's Eighth army. Picture was taken near Cairo, Egypt.

Somethin's Cookin'—Japs' Goose, Mebbe



Like a coach engaged in skull practice with his team before a big game, Col. Merritt A. Edson (seated at desk) goes over the plan of campaign with his officers as he prepares for another move against the Japs on Guadalcanal. Staff officer in foreground is following planned moves on the map. Japs may be facing their own "Bataan" on this tropic isle.

Senator Wants Wings



Aviation Cadet William J. Bryan Dorn, 24, Greenwood, S. C., youngest senator in the history of that state, is shown (right) as a pre-flight student at the San Antonio aviation cadet center, where he is training to become a combat pilot. Aviation Cadet R. E. Horne Jr., great-great grandson of Stephen Austin, Texas hero, is hoisting the barracks bag.

Aid for War Blind



Plans for rehabilitating soldiers who lose their sight in the war were outlined for the army, navy and marine corps at a dinner in San Francisco, sponsored by the American Foundation for War Blind. Discussing training for sightless soldiers are, left to right, Lieut. Com. C. C. Troensegaard, Miss Mary Coward and Col. W. S. Wood.

High-Low Welders



Meet the most unusual welding team on record. This team, at Los Angeles shipyard, consists of R. L. ("Tiny") Shaw, six feet eleven, 220 pounds, F. B. ("Shorty") Garner, who is two feet shorter, weighs 100 pounds less. Shaw is a pipe welder, while Garner excels on plate.

Name Lake After Her



Rose Teed, 20, of New York, is going to have a lake named after her in Kodiak island, Alaska. This grew out of wide correspondence with soldiers stationed there.

Washington Digest

Payroll Deductions Seen As Direct Inflation Cure



'Seven Keys to Economic Security' Won't Carry War-Cost Load Unless American Public Takes Voluntary Precautions.

By BAUKHAGE
News Analyst and Commentator.

WNU Service, 1343 H Street, N.W., Washington, D. C.

The war may cost Mr. John Q. Taxpayer an extra seventy-five billion dollars—\$75,000,000,000 (written that way it looks more like what it really is.) If it does, it will mean that this country will go through a depression that will make the black '30s look like a June day.

That is the warning sounded by the Office of War Information.

All we have to do to realize this is to look back to the period of the last war, when the cost of living rose 63 per cent between 1914 and Armistice day, 1918—and kept right on going up for nearly two years. Those were the days of 67-cent butter and 92-cents-a-dozen eggs. Then came the crash. Hundreds of thousands of farmers lost their lands. Five million workers lost their jobs.

The cost of the war was partly to blame, of course. When other prices went up, the war-cost increased by 13 1/2 billions. On that basis, it is estimated that if prices run away now, it will mean a 75-billion dollar rise in the war debt.

This time, of course, the government has tried to put on the brakes, but the brakes are already smoking. The seven "keys to economic security"—the checks on the cost of living are all right, but they won't hold the load unless the public takes certain voluntary precautions. If it doesn't, stricter regulation must come. Some are bound to come anyhow.

Let's look at those seven keys and see if they are really locking the door against inflation.

The first is "tax heavily"—keep personal and corporate profits at a reasonable rate. Well, you have to define "reasonable." Profits, wages and salaries are high. The current tax law, although it is better than expected by many persons, does not do the job, according to fiscal experts in Washington.

The next "key" is the price ceiling.

According to Price Administrator Henderson, the cost of price-controlled foods fell seven-tenths of 1 per cent in the two months after May, 1942, while uncontrolled foods went up 7.3 per cent. Now all prices are "stabilized," but last month in order to assure maximum food production, the ceiling on farm wages was raised and a bloc in congress began agitating for a rise in the ceiling on farm prices. Certain civilian manufactured goods are caught between the ceiling and the cost of raw materials and may burst the bounds, too.

Wage Standardization

The next brake on inflation is stabilization of wages. That was achieved by the freezing of wages, but allowances had to be made for the people not getting a living wage. Then the labor shortage in war industries made it necessary to call upon women to fill the gap, and women had to get the same pay for the same work, which seems fair enough. That put more money into pocketbooks—and, of course, put more people on payrolls.

Another stabilization move was rationing certain commodities. That, of course, is effective as far as it goes, but it covers a limited field.

Then there were the voluntary measures—which haven't worked so well and which provide the real outlet for the possible boost in all costs in spite of the artificial checks.

Citizens were urged to buy war bonds, to save their money instead of buying things they didn't need, to pay off their old debts and refrain from making new ones.

So far voluntary methods have not been successful. There is a limit to which a democratic country can go in regulating the lives of the people. It was hard enough to get the nationwide gasoline rationing through, but finally it was accepted. Perhaps when the public "understands" it will be willing to save instead of spend, but financial experts in and out of the government predict that compulsory savings is the next key on the list.

Recently I talked with a hard-headed official. He does not direct the fiscal policy of the government, but he is indirectly concerned with national finance. He picked up a chart on his desk. "This is not official," he said, "but it shows what is going to happen if the country keeps on spending at the rate it is spending now." He pointed to a line that shot upward. Where it climbed off the paper it was marked "two hundred billion dollars." That is what our war debt will be.

"The only way to stop it," he said, "is to get hold of this spending money at the source. Payroll deductions. That money has got to be put away—some of the deductions will go to pay taxes, some into bonds that will be redeemable when the government decides it is time to redeem them."

Britain's Method

He went on to explain that out of what Great Britain and Canada spend on the war effort, they finance one-half through taxes. We finance only one-fourth through taxes. They borrow the other one-half—and of the amount borrowed, two-thirds is borrowed from the public and one-third from the banks. We borrow two-thirds of what we do borrow from the banks and only one-third from the public.

"When you borrow from the public," this very earnest official continued, "you cut down the amount of money that is used for spending and bidding up prices. When you borrow from a bank, you really create new funds, which is inflationary."

"What about the present tax law?" I asked. "Isn't that going to take all we've got?"

"The new tax law is better than it looked at first," he answered, "but it falls far short of touching the funds—the pay-envelope funds—which are the chief cause of inflation. Under the new law there will be 27,000,000 taxpayers. In 1940 there were 3,896,000 taxpayers. Of the new taxpayers, so many are spending their money at such a rapid rate they will not possibly be able to pay their taxes. They will become tax delinquent."

Rock in a Weary Land—Federal Reserve Building

There is one building in hectic Washington which stands like a rock in a weary land—an oasis of calm and quiet in the desert of tumult and shouting. It is the Federal Reserve building.

I called there recently and the moment I put my hand on the door-knob I felt an atmosphere of serenity, an almost British solicitude and decorum, as the uniformed guard leapt up and opened the door. He didn't ask for my press pass. He said: "How can I help you, Sir?"

The elevator man bowed me into the car. When I approached the guard in the anteroom of the offices of the board members, he arose and bade me welcome.

I began to feel very small as I walked along the wide corridor with high ceilings. Voices were hushed. I entered an office presided over by a dignified secretary, a noiseless typewriter and a tickless telechron. Furniture of mahogany and mellow leather. Even the file cases suggested period pieces. The walls were gray with a hidden touch of lavender. The kind, I am informed, which are used in psychopathic wards to quiet the nerves. However, there was no need for such a sedative there, for the only suggestion of the vulgar world of finance was the muted sound of the Dow-Jones ticker.

As I sat waiting for my appointment, dropping the ashes of my plebeian cigar into a beautiful receptacle which doubtless had collected the residue of many a Corona Corona, and gazed at the walls and ceilings, I suddenly felt that I should be wearing tails and striped trousers. The delicate hint of lavender in the gray panels was like the faint tint, a soupçon of which brings added charm to the coiffure of a silver-haired matron.

Lost in these thoughts, I heard my name announced. If the uniformed Negro sentry (who reminded me of a White House footman) had been saying, "Mr. Morgan," (or "General Lee"), "the chairman will be glad to see you, Sir," he couldn't have done it with greater dignity.

Frankly, I enjoyed it thoroughly after fighting my way past sentries, guards and policemen to get into the War Production board.

BRIEFS . . . by Baukhage

In the High Plains section of the country—part of what some people called the "dust-bowl"—some 60,000 families are not only supporting themselves on their reclaimed land, but are growing food and feed crops that are vital to our fight for victory.

It takes 199 pounds of wool, or the fleeces from exactly 26 sheep, to outfit a soldier for the first year. Fortunately, the United Nations control over 90 per cent of the world supply of wool.

The army and the navy needs all the fine feathers and down the country can supply.

At Fort MacArthur, Calif., the camp paper reports they are saying: "All work and no play makes JAP a dead boy."

HIGHLIGHTS . . . in the week's news

PORTLAND, ORE.: Covered with rust and long used as a museum, the famous battleship Oregon, of Spanish-American war days, has been consigned to the scrapheap. The Oregon's metal will be converted into material for warships with which to fight the Axis. The famous old vessel was once the flagship of Admiral Roblee ("Fighting Bob") Evans.

BERN: How Adolf Hitler narrowly escaped capture by the Russians advancing in the Stalingrad sector was reported here. Hitler, the report says, was visiting an advanced position of his troops in the Stalingrad sector in the early days of the Russian offensive, when the Reds suddenly launched an attack against the position. Hitler left hurriedly.