

WASHINGTON VIEW OF JAPANESE PL...

The Daily News

Tomorrow's Tides

High 5:54 a.m. 19.2 ft. 18:07 p.m. 17.1 ft. Low 12:00 p.m. 7.8 ft.

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ATLANTIC ICE ON CANADIAN CORVETTE



All hands aboard one of Canada's corvettes turn to the job of stripping ice after a hard bout with the stormy Atlantic. These little vessels are doing a grand job for Canada and the Empire.

EXTENDING WORKLESS INSURANCE

Canadians Earning \$3,000 Or Less Now to Be Included.

OTTAWA, Jan. 8: (AP)—Canadians earning \$3,000 and less actually will come under provisions of the Unemployment Insurance Act by virtue of a government order soon to be issued, it was learned on high authority today.

DEFENDING AIRDROMES

Special Measures Being Taken By British to Prevent Bases Falling Into Hands of Enemy

LONDON, Jan. 8: (AP)—An official spokesman announced today that a corps of airdrome defence troops under control of the Air Council will be formed to defend airdromes against invaders of British territory to prevent repetitions of the Crete invasion.

Woman Caught Workers Napping

Mavis Tate Tells Commons Of Her Tour In Disguise Through Airplane Plant

LONDON, Jan. 8: (AP)—Dressed as a worker, Mrs. Mavis Tate, Conservative M. P. for Frome, slipped past six sentries and spent a day in an aircraft factory to check reports of time wasting.

Mrs. Tate, one of the smartest dressed women in the House, disclosed she "put on some shabby clothes" and went in as a worker's assistant, although she didn't actually do any work while there.

"First of all I saw men sleeping in a shed. They went to work in the morning and had to wheel out a few airplanes. They wheeled them in again at night. In the interval they did absolutely nothing. I saw large luxury coaches which drove men to work in the morning from 15 miles away. The men who drove the coaches were earning £7 a week (\$31.50) and they had no work between the time they drove the men to work in the morning and drove them back at night. In the middle of the day they took themselves in the coach to the canteen, half a mile away."

E. Weims arrived yesterday morning on the Prince George from Vancouver to succeed Donald McIvor, resigned, as a member of the staff of Booth Memorial High School.

Philippine War Report

WASHINGTON, Jan. 8: (AP)—In the Philippine war theatre General Douglas MacArthur's troops were reported today to be still fighting doggedly against Japanese land and air assaults.

WASHINGTON, Jan. 8: (AP)—The pattern of the Japanese plan for subjection of the Far East has become apparent. It is patent Japanese naval commanders hope to prevent or delay juncture of the combined fleets of the Allies. To this end, part of their operations aim at creating hazards across the natural lines of fleet communication while their major thrusts seek the capture of the enemy shore establishments at Singapore and Manila.

The sortie that established a beach head at Miri in Sarawak adjoining British north Borneo is typical.

The line from Indo-China—held by Japan—to Borneo constitutes the "waist" of the South China Sea. Control of both sides of the waist gives Japan bases for a shuttle relay of planes and submarines over waters which are the most direct route to effect a juncture and strengthening of the British, American and Dutch Asiatic fleets.

In effect, it erects a toll-gate between the two great bases of Manila and Singapore, and the Allied commanders can expect to pay a heavier price in lost craft because of the thrust at Borneo.

There is some evidence also that Japan contemplates erecting another plane-sub fence from North Borneo across the 1,200-mile stretch to the Japanese base on Palau, thus harassing an attempt at juncture via the more circuitous route.

Land Attacks. At the same time, the Japanese are smashing at the shore points on which Allied fleets depend. The two major bases, of course, are Manila and Singapore, and both are objects of great Japanese offensives. The land attacks that nullified Penang and Hong Kong are examples of the attacks against subsidiary strong points.

Manila and Singapore are primary objectives for different reasons. Manila menaces the long supply line Japan must keep open to supply her forces in the southern theatre. Squarely athwart the flank of that lifeline, Manila can send out sub-seas, surface and air raiders to bedevil Japanese convoys. United States subs already have taken toll of the line.

Until Manila is completely knocked out, no Japanese commander can rest easily with his communications under constant threat. So far, General MacArthur's Philippine command has brilliantly resisted complete domination of the Manila area. So long as that holds, the rest of the Philippines can be lost but the flank threat to Japan's southern ambitions will remain.

Strategic Singapore. Singapore guards against Japan's ultimate goal—seizure of the rich Netherlands Indies and Malaya. If it falls, there's little to prevent Japan from investing Sumatra and other fat islands of the group.

So the picture takes shape, with Japan thrusting for bases to anchor fences to impede juncture of the Allied fleet units. Then, without exposing her grand fleet, it's obvious, she hopes to whittle down the separated and weaker fleets with planes and subs, while her land armies invest the strong points.

Seizure of the key bases would put the Allies at a grave disadvantage. Their main battle fleets would find it almost impossible to operate in the area, without either Singapore or Manila. Happily, the defenders have given evidence that they have a better than even chance of keeping the Japs out of the vital zones.

Must Be Fast. If the bases hold, it's only a question of time until the heavy Allied fleet units come up. With the backing of the bases, they can ultimately raise hob with the Japanese supply line.

When that time comes, Japan must risk her grand fleet to keep the line open—and that's the moment some grim-faced sailors are living their lives for right now in the Pacific.

Japan has got to take those bases quickly, keep the lighter Asiatic fleets separated and consolidate the area before her grand fleet can be outgunned by Allied reinforcements coming up, or her South Seas gamble is a bust. The odds were all against it from the start, despite its careful planning and surprise offensive. They grow greater day by day.

CHINA IN U.S. There's a China in Maine and another town of that name in Texas.

GERMANS RETREAT

Enemy Forces Still Falling Back in Libya Under Cover of Sandstorm—Britons Far Afield.

CAIRO, Jan. 8: (AP)—Chancellor Adolf Hitler's tattered North African armies have started a new retreat on the westbound road to Tripoli, the British command announced today, and British spearheads now are operating six hundred miles from the starting point of the drive into Libya.

A bulletin from British Middle East headquarters said that Axis forces which had failed to give battle at Agedabia, ninety miles south of Bengasi, are falling back under cover of a sandstorm, harried by British mobile columns.

Procession For Dead Airman Is Very Impressive

An impressive procession of about fifty officers and men of the Royal Canadian Air Force last evening escorted the body of Flying Officer R. E. McLeod, who lost his life in a crash near here on Sunday afternoon, when it was removed from the chapel of the B. C. Undertakers to the railway station for shipment to deceased's home at Niagara Falls. The flag-draped casket was borne on a military truck, on it was placed accoutrement of the dead officer. A single drum beat solemnly for the slow march.

Tonight the body of Sgt. E. E. Cormier will be forwarded aboard the steamer Prince George to New Westminster and there will be similar military honors.

NORWAY'S PROUD PART

LONDON, Jan. 8: (AP)—The Norwegian Seamen's Union reveals that there are 33,000 Norse seamen sailing under allied colors; their 700 merchant ships represent 3,500,000 tons and about 500,000 tons have been lost in the war.

WAR WEARY ITALIANS

LISBON, Jan. 8: (AP)—Depressed by the number of men they have lost in the African and Russian campaigns, the people of Italy are becoming weary of the war, according to reports reaching here, and many arrests have been made in Naples and Genoa.

Germany Restless

LONDON, Jan. 8: Information received here tells of internal discontent and uprisings against the Hitler regime in Germany. Machine guns have been mounted by the Nazi authorities in Berlin and elsewhere for the express purpose of dealing with such trouble.

MANY AT FUNERAL

Large Gathering This Afternoon at Cathedral for Final Rites Over Late Shef Thompson.

A large congregation gathered this afternoon at the chapel of the B. C. Undertakers to attend the funeral rites for the late Shef Thompson, for years caretaker at the Prince Rupert Rowing & Yacht Club and one of the pioneer figures along the waterfronts not only of Prince Rupert but of other Pacific Coast ports. Very Rev. James B. Gibson, D.D., Dean of the Cathedral, officiated and Peter Lien presided at the organ to accompany the hymns. Interment followed in the soldiers' plot at Fairview Cemetery. Bugler William Rance sounded "The Last Post."

Pallbearers were Jack Preece, J. M. Walker, G. J. Dawes, R. E. Benson, Alex McRae and H. E. Alton.

Two Infants Die Suddenly

Two Indian infants about six months old—one the child of Mr. and Mrs. Charles Alex-see and the other the child of Mr. and Mrs. John Faithful—were brought to the city late last night from Port Edward where they had died suddenly yesterday, supposedly from intestinal trouble. An inquiry is being conducted by Deputy Coroner A. J. Lancaster.

NOT READY IN PACIFIC

Although Japan Has Strongest Fleet in This Area, Churchill's Aide Is Optimistic

LONDON, Jan. 8: (AP)—Clement Atlee, Lord Privy Seal, speaking as Prime Minister Winston Churchill's deputy, told the House of Commons frankly today that Great Britain did not have sufficient resources for complete preparation against the Japanese who, he declared, at present have the most powerful fleet in the Pacific. He said the fact that Britain's Pacific positions were less strongly garrisoned and equipped than might have been wished was not due to lack of foresight but rather because it was beyond Britain's resources to be strong everywhere.

Mr. Atlee then drew a sharp picture of Britain's utilization of her strength where it was concentrated and gave an optimistic broad view of the war.

TODAY'S STOCKS

Table with columns for Vancouver, Oils, Toronto, and COLD ON SKEENA RIVER. Lists various stock prices and market conditions.

MORE BORROWING ON LARGE SCALE FOR GREAT BRITAIN

Review of Past Year Talks in Billions of Dollars But Financial Machinery Is Standing Strain—Weekly War Cost \$450,000,000.

LONDON, Jan. 8: (CP)—Concentration of economic resources on the war effort in Great Britain reached the point in 1941 where large-scale transfers from civilian to essential trades became necessary. Extension of rationing to more foodstuffs and to clothing, "telescoping" of industry, dilution of labor, special regulations for essential factories and most recently the conscription of women all serve to aid war production.

Total government expenditure, before the war around \$90,000,000 a week, now approaches about \$450,000,000; last April when the current fiscal year began it was still below \$382,500,000. Between April and November more than \$13,500,000,000 was spent, of which ordinary revenue covered \$4,815,000,000.

In the circumstances it seems likely that the treasury will have to revise its original estimate of \$18,900,000,000 total expenditure in 1941-42 by a substantial margin—a tribute to the rapid progress of defence work—but revenue also is expected to yield more than the \$8,100,000,000 budgeted for.

1942 Prospects. There remains a need for borrowing on a vast scale. During the second year of the war savings campaign which ended in November the "small saver" provided \$2,857,000,000 for war finance. Receipts from ordinary long and medium-term loans naturally fluctuated a great deal.

All loans, big and small, direct from investors and indirect from financial institutes, insurance companies, building societies, etc., together yielded more than \$5,850,000,000 in April-November. Two-thirds of all expenditure not covered by revenue was thus not currently by funded issues.

The floating debt increased in April-November by \$2,961,000,000, mostly in the form of Treasury bills and deposit receipts placed with the banks. The Exchequer thus was able to profit from the banks' liquidity. Deposits with the nine clearing banks increased by a monthly average of approximately \$225,000,000, and since private customers did not require larger discounts and advances, all this could be reallocated to the government.

The steady expansion in bank deposits and not circulation, while reflecting the speed-up in economic activity, has caused some concern. The note circulation, before the war slightly above \$2,250,000,000, was \$2,700,000,000 at the end of 1940 and now is about \$3,240,000,000. Increased employment, changed banking habits, larger reserve needs and higher wages and prices all contributed to the rise, but with the major part of national production directly serving the war effort, increased income and purchasing power in the face of the limited supply of civilian goods, create and "inflationary gap" unless the surplus is absorbed by taxation and savings.

Price Advances. Fortunately, prices have advanced only slightly in 1941, and the cost is kept stable by government subsidies, mostly for food, amounting to \$450,000,000 a year. Wage increase were limited to corrections for farm laborers, miners and others.

Cheap Money Policy. Further progress was made during 1941 in the "cheap money" policy. With \$22,500,000,000 new government debt since the outbreak of the war, maintenance of low interest rates is essential and leading economists hope in this way to keep the post-war burden of war loans bearable. The cost of medium-term loans remains at 2½ percent, but the Exchequer has been able to change over to a somewhat longer type. Lower interest expectations for long-term issues are reflected by higher Stock Exchange quotations for fixed-interest and more recently also for industrial securities.

No major change in financial policy occurred during 1941, but the machinery stood up well to the increasing strain. Prices have

R.A.F. OVER THAILAND

Bangkok Effectively Bombed—Japs "All-Out" For Singapore.

RANGOON, Burma, Jan. 8: (AP)—The Royal Air Force attacked military objectives yesterday in Bangkok, Thailand, and left huge fires burning, it was announced today.

Japanese invasion hordes are reported striking with peak fury down Malay Peninsula, attacking the defenders in a critical test of strength.

Military quarters said that British forces had executed a new withdrawal to about sixty miles north of Kuala Lumpur, while the German radio claimed that the Japanese had opened a large-scale offensive aimed at Singapore.

MORE GOOD RUSS NEWS

Freshly Reinforced Red Army Continuing Westward Drive Against Nazis.

LONDON, Jan. 8: (AP)—More good news came from the Soviet front today with Russia's armies officially reported to have advanced within forty miles of the Vyasma-Bryansk line on which the Germans had expected to attempt to dig in for the winter.

London reports say that the Red Army has poured powerful reserves of newly trained troops into the westward drive.

Home Economics Teacher Quits

Resignation of Miss Katherine Van Der Mark Is Announced at City Hall.

Miss Katherine Van Der Mark has resigned as home economics instructor in the local schools, it was announced today at the city hall. Her successor has not yet been named.

THEY DON'T TAKE IT

CAPETOWN, Jan. 8: (AP)—Yes—their nation is under the thumb of Nazi Germany but Norwegian seamen, or many of them, are free. The seamen's union here is new but strong and they have five similar branches in Britain, five in the United States and one in Canada.

DRIVEN TO FIFTH COLUMN

LONDON, Jan. 8: (AP)—The French people, aggravated by Nazi methods of occupation, are described by a 21-year-old Englishman, just escaped from France as a potential Fifth Column on the continent for the British.

been stabilized as far as practicable, yields from taxes and savings fulfil all expectations, deft funding operations proceed satisfactorily and surplus money though potentially dangerous, also serves as war finance. The success in internal finance, however, was and remains conditional upon Lease-Lend help from the United States and the generous assistance from the Dominions.