

The Indianapolis Times

FORECAST: Not much change in temperature this afternoon and tonight.

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FINAL
HOME

PRICE THREE CENTS

U.S. Plans To Double Tax On Incomes Under \$10,000

SUB SINKS DESTROYER, 100 DIE

Victory Tax Program

WASHINGTON, March 3 (U. P.).—Enactment of the treasury's war revenue program would result in these annual increases in tax collections:

Tax	Increase over present yield
Individual income tax	\$3,200,000,000
Corporation taxes	3,060,000,000
Estate and gift taxes	330,000,000
Excise taxes	1,340,000,000
Removal of special privileges	680,000,000
Grand total	\$8,610,000,000
Less allowance for interrelated effects	1,000,000,000
Approximate increase expected	\$7,610,000,000

Here is the way the administration wants to increase individual income taxes over present levies:

Income	Single person Proposed	Single person Present	Married with 2 children Proposed	Married with 2 children Present
\$800	\$8	\$3
1,000	40	21
1,500	128	69
2,000	230	117
2,500	345	165	\$32	\$12
3,000	470	221	118	58
5,000	1,023	483	587	271
8,000	1,990	1,031	1,472	717
10,000	2,720	1,498	2,143	1,117
15,000	4,888	2,994	4,167	2,475
25,000	10,418	7,224	9,472	6,480
50,000	27,715	20,882	26,537	19,967
100,000	69,625	53,214	68,261	52,160
500,000	429,610	345,654	428,215	344,476
1,000,000	879,610	733,139	878,215	731,930

U. S. Levy Would Be Lower Than in Britain or Canada

WASHINGTON, March 3 (U. P.).—United States income taxes—even with enactment of the treasury's new proposals—would be lower than those of Great Britain and Canada on incomes of \$25,000 or less. A comparison for a married man with two children shows:

Income	Proposed U. S.	Present Great Britain	Present Canada
\$2,500	\$32	\$50	\$115
3,000	118	185	215
5,000	587	1,655	735
10,000	2,143	4,305	2,710
25,000	9,472	14,817	10,721

Mrs. Payne's Mind Unsound Night of Killing, Says Doctor

By JOHN L. BOWEN
Times Staff Writer
BLOOMINGTON, Ind., March 3.—Dr. James W. Wiltshire, Bloomington physician who treated Mrs. Caroline G. Payne following an auto accident in 1939, told a jury in Monroe circuit court today that he considered her of "unsound mind" on the night of July 5, 1941, when Charles O. Mattingly was slain.

HAVING NO LICENSE COSTS \$31 IN COURT

Thirteen Drivers Fined by Judge Niblack

Thirteen drivers who were arrested for failure to have their 1942 driver's license and plates paid for their procrastination in municipal court today—to the tune of \$31 each.

They were fined \$10 and costs, which are \$10, for failure to have their driver's licenses, and \$1 and costs for no plates.

Judge John Niblack said the fines were automatic, in that the 1941 legislature, in giving motorists two months' extension, made the violation a misdemeanor and prescribed minimum penalties.

Nine other motorists who were charged only with failure to have plates were fined \$1 and costs, or \$11 each.

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'EASIER TO PAY AND WIN THAN TO LOSE WAR'

Morgenthau Says Only High Rates and Full Rationing Can Stop Inflation.

WASHINGTON, March 3 (U. P.).—Secretary of the Treasury Henry Morgenthau Jr., warning that war is cheaper to win than to lose, today asked congress to double income taxes of persons earning under \$10,000 a year and increase other levies to raise an additional \$7,600,000,000 annually in war revenues.

He said that the nation can halt inflation only by coupling the steep taxes with complete rationing of consumer goods. More price control measures also were recommended.

"The sooner we come to complete rationing, the better," he told the house ways and means committee, which will draft the new bill.

May Begin Collecting in July

He proposed to start collecting some of the high new tax on this year's income in July instead of waiting until March, 1940.

The administration's "victory" tax program calls for taxing soft drinks one cent a bottle, increasing the whisky tax from \$1 to \$1.50 a quart, hiking the levy on a 15-cent package of cigarettes from 6 to 8 cents and doubling the present gasoline tax of 1 1/2 cents a gallon.

Every Home Affected

"The new taxes will be severe, and their impact will be felt in every American home," he said.

"War is never cheap; but... it is a million times cheaper to win than to lose. Our task is to make the tax program an instrument of victory."

He urged that congress levy these annual increases in taxes:

Individual income, \$3,200,000,000; corporation, \$3,060,000,000; inheritance and gift, \$330,000,000, and excise, \$1,340,000,000.

Another \$680,000,000 would be realized by taxing income from state and municipal bonds—both existing and future issues, by requiring husband and wife to file a joint return and through plugging other so-called loopholes in present laws.

May Take Some at Source

The treasury requested authority to collect part of the individual income taxes at the source—up to 10 per cent of the taxable portion of salaries.

Treasury officials said this withholding form of collection might be put into effect next July 1 which would result in most taxpayers paying on two year's taxes at the same time—the final two payments of (Continued on Page Five)

WEST COAST AREA CLOSED TO ALIENS

210,000 Face Ouster From Military Zones.

SAN FRANCISCO, March 3 (U. P.).—The army today declared the western half of Washington, Oregon and California and the southern half of Arizona a military area from which enemy aliens and American-born Japanese will be ousted progressively to rid the Pacific coast of a potential fifth column threat.

Created in the most drastic step yet taken toward alien control, the area was designated by Lieut. Gen. John L. Dewitt, chief of the western defense command, under authority granted by President Roosevelt and the war department.

It affected 140,000 enemy aliens and 70,000 American-born Japanese. Gen. Dewitt emphasized that the proclamation merely sets up prohibited and restricted areas on the coast and does not represent an order for aliens and Japanese-Americans to move out. Evacuation will be ordered later.

Gen. Dewitt said the entire process would be progressive and gradual, aimed at clearing the vital district but avoiding economic hardship to the extent consistent with the military urgency which impelled the action.

HOURLY TEMPERATURES

6 a. m.	31	10 a. m.	33
7 a. m.	32	11 a. m.	33
8 a. m.	31	12 (noon)	35
9 a. m.	33	1 p. m.	35

The U. S. O. in Hawaii



There's still a spirit of fun in Hawaii despite barbed wire on the beaches and big guns in the hills. Here Kealani Keolu, member of a show touring army and navy camps, entices a sailor into a hula at Waikiki.

NAME SMITH TO LIQUOR BOARD

Democrat's Vote Breaks Deadlock Between Republicans.

A long-standing Republican deadlock over a county liquor board appointment was ended today when Robert S. Smith, G. O. P. attorney, was named to the board.

His appointment was made possible by the vote of the democratic minority member of the county commissioners, Harry Hohlt.

The appointment order was signed by William Bosson, Republican commissioner, and Mr. Hohlt, Commissioner William T. Ayres, the other Republican, refused to sign the order.

Favored Meischke

Mr. Ayres had been backing Charles Meischke Jr., west side grocer, for reappointment, presumably with the support of county G. O. P. Chairman James L. Bradford.

Two weeks ago both Mr. Ayres and Mr. Bosson had signed an appointment order for Mr. Meischke, but before it was certified, Mr. Bosson withdrew his name and announced he would support Mr. Smith for the job after factional pressure in the Republican party had been applied in the situation.

Members Were Deadlocked

This left the G. O. P. commissioners deadlocked, forcing Mr. Smith's friends to seek the democratic help of Mr. Hohlt. The latter agreed to vote for Smith after several conferences with leaders.

The three other members of the bi-partisan county liquor board are George Kincaid, former Republican county council member; William Sindlinger, and Lawrence Miller, both Democrats. Their reappointment will be due in a few weeks.

WPB LIMITS SALE OF GAS MASKS IN U. S.

WASHINGTON, March 3 (U. P.).—Manufacture and sale of gas masks and anti-gas devices not approved by government agencies was banned today by the war production board.

Gas masks, in the future must be constructed according to army chemical warfare service specifications.

Arthurdale Net Loss—2 1/2 Million

WASHINGTON, March 3 (U. P.).—The 188 homes in the New Deal subsistence project in Arthurdale, W. Va., will be sold to present tenants for an estimated \$175,000—\$2,471,000 less than the original construction cost, it was revealed today.

The project was a social experiment of Mrs. Franklin D. Roosevelt in the early days of the New Deal.

C. G. Baldwin, administrator of the FSA, told the house appropriations committee that the project, and others like it, had become "problem children."

It was one of several projects built outside key cities with the idea of supplying low-income families with a tract of land for subsistence gardening, Mr. Baldwin said.

BRAZIL, U. S. SIGN MUTUAL AID PACT

Large Scale Production of War Materials Planned.

WASHINGTON, March 3 (U. P.).—The United States and Brazil today signed a series of agreements providing for large scale production of strategic war materials, including rubber and iron ore.

1. A program for the mobilization of the productive resources of Brazil and a credit to Brazil of \$100,000,000 to be made available through the export-import bank.

2. Expanded assistance to Brazil under the lend-lease act.

3. Establishment of a \$5,000,000 fund by the Federal Reserve Bank to be used in collaboration with the Brazilian government in developing the raw rubber production of the Amazon valley and adjacent regions.

4. Agreements for the development of the Itabira mining properties and the Victoria-Minas railroad for the procurement by the United States and Great Britain of the high grade iron ores to be produced in these properties.

NAVY ARRESTS 'TALKERS'

SAN FRANCISCO, March 3 (U. P.).—The navy clamped down today on "careless talk" about naval affairs and disclosed the arrest of a "number" of enlisted men and civilian employees for gossiping too freely in hotels and taverns.

'NO ENEMY BASES HERE'

TIJUANA, Mexico, March 3 (U. P.).—Gen. Lazaro Cardenas, former president of Mexico, denied today that axis secret bases exist in lower California.

JAVA HOLDING; JAP INVADERS PUSHED BACK

Dutch Warn Island Must Fall if More Help Fails to Come.

By JOE ALEX MORRIS
United Press Foreign Editor
Dutch fighters have temporarily halted the Japanese advance in Java.

But there was little hope that the do-or-die stand of the courageous defenders would more than delay the overwhelming force of enemy invaders.

The Japanese already had troops estimated as high as 100,000 men ashore on Java and more were coming.

But the Dutch and their allies put up a brave and skillful fight.

Today's Dutch communiqué said that the Japanese had failed to gain since Sunday on any of three invasion fronts they established on the north coast of Java, and W. H. McDougall, United Press war correspondent, reported from the front that the enemy had been driven back at least seven miles on one sector.

Accurate Reports Impossible

But Mr. McDougall's dispatches emphasized that there was lack of definite news concerning the central Java front, where the enemy had sought to cut the island in two, and that in some areas the fighting lines were so fluid that accurate reports on the trend of battle were impossible.

The courage and determination with which the Dutch were fighting on Java was emphasized by dispatches from the front, which told of frequent hand-to-hand clashes and of savage night battles with small enemy groups which were reported using a type of fire bomb or perhaps flame throwers in their attempts to penetrate the jungle and plantation country.

Japanese planes, although apparently not operating in great force, were active over Java, according to the dispatches, which did not mention allied air activities on Tuesday.

Jap Ships Knocked Out

On Monday, according to the communiqué, allied planes knocked out a dozen enemy aircraft and three ships lying off the coast. An enemy air raid on an airfield near Bandoeng this morning killed two persons.

The defenders are fighting in tropical heat and torrential rainstorms.

Mr. McDougall said that the censor did not permit him to mention American forces in his telephoned dispatch, but a report to the London Star told of Americans participating with Dutch and British troops in one night raid that wiped out a Japanese jungle force after bitter fighting not far from Batavia.

"Some of the native soldiers held huge banana leaves over their heads (Continued on Page Five)"

HOME TELEPHONES RESTRICTED BY WPB

WASHINGTON, March 3 (U. P.).—War-time curtailment of luxuries and conveniences was extended to home telephones today by the war production board.

Restrictions on installations will affect households and business offices if added or new equipment is sought. Telephone companies were directed not to install extension phones in private homes unless essential to public health and safety.

'NO ENEMY BASES HERE'

TIJUANA, Mexico, March 3 (U. P.).—Gen. Lazaro Cardenas, former president of Mexico, denied today that axis secret bases exist in lower California.

On the War Fronts

ATLANTIC: U. S. destroyer Jacob Jones sunk by enemy sub off New Jersey coast; 100 die.

PHILIPPINES: Jap operations against Gen. Douglas MacArthur at a standstill, but enemy warships shell Zamboanga, and land troops; Japanese warships also attack Cebu, Argao, Misos, Tolong, Dumaguete, Marica Bong and Bugo.

JAVA: Dutch reports Japanese invaders halted at three beach heads; report bombing of two big transports, sinking of a Japanese tanker and the destruction of 12 enemy planes.

LONDON: Dutch colonial minister admits Dutch have little hope of saving Java; doubts that reinforcements can arrive in sufficient strength; Gen. Sir Archibald Wavell leaves for India, turning over Dutch Indies command to Gen. Heister Porten; government preparing concessions to India.

KUNMING: American airmen report only looters and bodies left in Rangoon.

MELBOURNE: Jap planes attack Broome and Wyndham on Australian northwest coast; bomb two New Guinea points; Australians decree labor conscription, unify defense forces.

MOSCOW: Soviet advance continues at Leningrad, Staraya Russa, Kursk and in Crimea.

BERLIN: Admit strong Soviet attacks in Crimea and Donets regions.

SUB SHELLS NYA CAMP ON ISLAND

None of 170 Boys Injured In Attack Reported Near Puerto Rico.

SAN JUAN, P. R., March 3 (U. P.).—An enemy submarine shelled a national youth administration camp on Mona island, 45 miles west of Puerto Rico last night, the camp administrator reported today.

Sam Gilstrap, the administrator, reported that the shelling occurred at 8:30 o'clock last night.

"The boys behaved well," he message said.

There were no casualties or damage.

Mona island lies in the Mona passage, an 80-mile stretch of water that separates Puerto Rico from Haiti. The island is seven miles long by about two miles wide.

A supplemental report from the director of the Mona island camp said that 35 to 40 shells were fired, apparently from about two miles off shore. All of them landed on a cliff at the top of a mountain at the south end of the island. The mountain is covered by almost impenetrable jungle growth.

The only inhabitants of the island are the 170 boys and adult personnel of the NYA camp.

JAPS SHELL SEVEN PHILIPPINE PORTS

WASHINGTON, March 3 (U. P.).—The war department announced today Japanese naval forces are shelling seven ports of the Philippine archipelago in an apparent effort to extend their occupation.

The Japanese are landing troops at the port of Zamboanga on the southwest tip of Mindanao from a convoy of four transports escorted by a cruiser. The communiqué said the city is aflame.

Other points attacked include Cebu City and Argao, both on the island of Cebu, the towns of Misos, Tolong, Dumaguete and Marica Bong on the island of Negros, and Bugo on the island of Mindanao, where 30,000 knife-wielding Moros have pledged loyalty to the United States.

The communiqué reported "practically no ground or air activity in Bataan."

Land Troops on Tip of Mindanao From Convoy.

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U. S. SHIP TORN APART BY OWN DEPTH BOMBS

Jacob Jones Hit Twice Off Jersey; Only 11 of 125 Or 150 Survive.

WASHINGTON, March 3 (U. P.).—The navy today announced the torpedo sinking of the U. S. destroyer Jacob Jones off Cape May, N. J., with loss of more than 100 officers and men.

It was the first known naval loss in the enemy U-boat campaign along the eastern seaboard that has claimed many merchant ships.

One or two torpedoes hits blew up the destroyer's own supply of anti-submarine depth charges. Explosion of these charges apparently contributed to heavy loss of life on the American ship.

Only 11 crew members survived out of a possible complement of 125 to 150 men. The navy indicated that the dead included Lieut. Comm. H. D. Black, skipper of the craft.

Hit by Two Torpedoes

The Jacob Jones was a World War I type of destroyer, having been commissioned in 1918. Her sinking brought to nine the number of "hull-down" vessels destroyed by enemy action in the Atlantic and the Pacific. In addition, two naval vessels were pounded to pieces in a severe storm off Newfoundland.

According to the sketchy accounts told by the Jacob Jones survivors, two torpedoes apparently struck the destroyer.

The first blew up the bow. The second struck the stern, blowing it up along with all the depth charges.

Sub Not Sighted

Casualties in the first blast, according to the navy, apparently included all the personnel on the bridge and men sleeping in the forward living compartments. The second torpedo, crashing into the stern, left only the men amidships alive, together with one man in the aft engine room.

Details of the action in which the Jacob Jones was sunk were sparse because so few of the survivors were on deck at the time.

Neither the submarine nor the torpedo were sighted, according to the navy.

The next of kin of those lost have been notified.

Second of Same Name

It was the second ship so named. Its predecessor, also a destroyer, was sunk by an enemy submarine on Dec. 6, 1917, while en route to Queenstown, Ireland, from Brest, France, with a loss of 64 officers and men.

The announced toll of U. S. naval vessels since American participation in the war now includes the five ships, including the battleship Arizona, lost at Pearl Harbor; the destroyer Reuben James, torpedoed off Iceland with a loss of 100 lives; the coast guard cutter Alexander Hamilton, torpedoed off Iceland with a "moderate" loss of life, and the naval tanker Neches, which was lost by enemy action in undisclosed waters.

MODEL EMPLOYEE STEALS \$309,000

TOMS RIVER, N. J., March 3 (U. P.).—Martin G. Schwartz, 53, regarded as an upright, model citizen, was held in \$25,000 bail for the grand jury today on his confession that he had embezzled \$309,000 from the Dover Mutual Loan and Building association, which he had been secretary for 22 years.

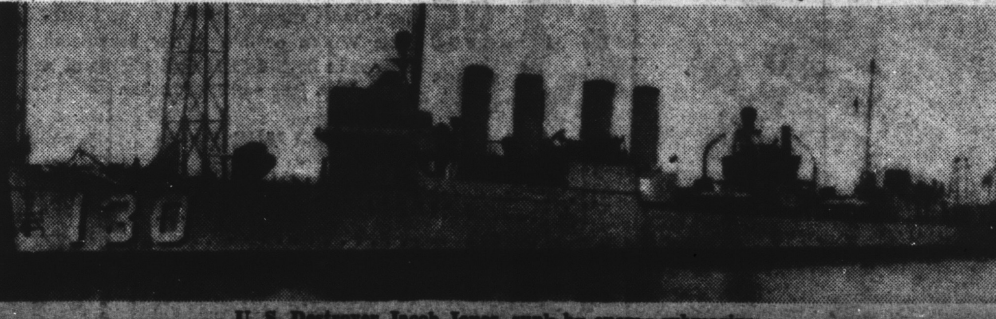
State banking department officials said he admitted taking the association's funds over a 15-year period to bet on horse races.

NORWEGIAN BISHOPS RESIGN IN PROTEST

WASHINGTON, March 3 (U. P.).—The royal Norwegian legation announced today it had been advised that all seven bishops of the Norwegian state church had resigned in protest against acts of the Quisling Nazi government.

A legation spokesman declared that the incident, resulting from oppressive Nazi measures, "may prove to be the prelude to many and serious developments in Norway."

Torpedoed Off New Jersey Coast



U. S. Destroyer Jacob Jones, sunk by enemy submarine.