

Government's
Expenditures
Truman

Department
to Economize
WASHINGTON — (AP) — President Truman called upon all government agencies to cut down on expenditures. He specified that the Army, Navy and War Relocation Authority should lead the way in reducing expenditures. He said that the government should be able to do more with less.

President's statement was in a letter to the heads of executive departments and agencies. It was made public at a conference at which he said he would hold a news conference on the budget at 3 p.m. (EST).

Recommendations
Truman asked public works officials to postpone non-essential construction so far as possible, and to keep their programs within certain limits.

President suggested that personnel utilization be made more efficient. He said that the government should be able to do more with less.

Is Placed
Priority
aid to veterans construction, the Civilian Production Administration has included among the list of items on effective August 1.

President will be given authority to use his priorities without filing additional orders. It is not anticipated, however, that putting nails on priorities of any great benefit unless they are received.

Injured
Accident
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Police Officer Eugene Benedict was taken to the hospital after a fall from a car. He was injured after a one-car pile-up on Highway 101. Three others received minor injuries.

President A. T. Mercier Tells of Experiment
Local SP Is Testing
New Radio System

By ROCH BRADSHAW
Radio-telephone communication is to be tested on Southern Pacific lines in the Eugene region, it was disclosed Wednesday by A. T. Mercier, president of the company, who was in this city on an inspection tour of industrial developments.

A mast for the antenna is now being prepared in the Eugene yards and five two-way stations will be installed in the Willamette pass section. While this type of communication has not been developed yet to the point where it is successful for train dispatching, Mercier said, he feels confident it will be brought to that level and that now it is a convenience in many ways. For example, he said that in case of a snowslide in the mountains, radio and telephone communication could speed crews and equipment to the scene. Under present conditions a man on a stalled train might have to walk several miles before news of the slide could be sent on.

Mercier said he had found that there are about 18 new or enlarged industrial plants in a distance of 15 to 20 miles from Eugene and that this expansion is characteristic of cities on the entire SP line. Before the war about one new plant a day was erected on the line between Portland and New Orleans but now plants are being installed at the rate of three and one-half a day, he said.

The projected Pope and Talbot sawmill in the Oakridge region will create a big development, there already the company is receiving applications to lease land for business sites in that area. It was explained by F. C. Nelson, freight traffic manager from Portland, who was in Mercier's party. The SP president said he does not look for a business recession in the next few years, such as has been predicted by some economists, and pointed to the large volume of business the railroad handles, which he said is as great as at any time during the war.

"We would handle even more if the equipment, labor and cars were available," he said. He reported the company has on order 4000 freight cars, which will help speed lumber shipments, and about 5000 Pacific freight express cars, which will carry Oregon and California perishable products when they are delivered.

The deluxe Shasta Daylight train, which the company hoped would be in operation by the end of 1946, will not be ready because of strikes and materials delays, Mercier said. It is necessary, he explained, for the company to concentrate now on obtaining the most vital equipment. One reason for this, he said, is that wage increases and higher materials costs have boosted the company's operating expenses approximately \$62,000,000 a year over their previous level, while the emergency rate increase recently granted will bring in only about \$15,000,000 a year additional revenue.

Mercier expressed confidence that further rate increases will be allowed, however. Others in the party, which was to leave here Thursday, were J. A. Ormandy, general passenger agent, and L. P. Hopkins, superintendent, of the Portland division.

President Truman accepted an invitation to a dinner here at which General Carl Spaatz, Air Force commander, was host. A telegram from Orville Wright the pioneer aviator who with his brother Wilbur built the Army's first aircraft, stood out among congratulations received by the Air Force. "Probably no military organization ever had a smaller beginning or a more rapid growth," he said.

Chinese Reds
Admit Battling
U. S. Marines

PEIPING — (AP) — The Chinese Communists acknowledged Thursday that regulars of the Eighth Communist Route Army fought United States Marines southeast of Peiping Monday, but contended it was not an ambush and that the Marines were the aggressors.

The Marine Corps said three Marines were killed and 12 wounded when a Marine motor convoy was ambushed by 300 Chinese in a highway battle. The Marine Corps has refrained from identifying the attackers as Communists but flatly described it as an ambush. Headquarters have now added that 12 of the Chinese were killed and an undetermined number wounded when the Marines defended themselves. Communist Version

The official New China news agency and the official Communist radio at Yenan gave their version of the battle in a news dispatch and broadcast, asserting that about 60 Marines and 80 National government soldiers "made a surprise attack" on Communist positions near the village of Anping Monday morning.

"Both sides suffered casualties in fighting which ensued when the Eighth Route troops were forced to resist. Towards afternoon, when American reinforcements were rushed to the scene from Tientsin, the Eighth Route troops withdrew to avoid aggravating the clash," Communist accounts said.

The Communist agencies then launched into a long reiteration of their demands that Americans withdraw from China entirely and said, "We should demand an apology and disciplinary action from the Marines for the Monday battle."

The Marine Corps' announcement said the number of Chinese wounded was not known. It listed the Marine dead as one officer and two enlisted men. The announcement explained that patrols travel the Tientsin-Peiping highway regularly every third day to protect the route for supply convoys to Marine forces at United States executive headquarters in Peiping.

The measure cleared both chambers of Congress Wednesday. Acting last, the House contented itself for the present with denouncing the Senate-inspired bond-payment plan. Members were afraid to reject it lest the legislation get lost in controversy during the closing days of the session.

But the chamber left no doubt regarding its future plans. From both sides of the aisle came demands that the new Congress, convening next January, enact a bill permitting holders of the bonds to cash them immediately instead of waiting the required five years from date of discharge.

Yugoslavia Assails Big Four
Decisions Regarding Trieste;
Molotov Backs Open Agenda

Internationalization of Disputed City
Said Reversal of Allies' Wartime Promises
PARIS — (UP) — Foreign Minister Edouard Karelj of Yugoslavia Thursday rejected the Big Four decision to internationalize Trieste, and denounced the proposed Italian-Yugoslav border as a "negation of all the principles fought for in the war."

Karelj's denunciation of the Big Four agreements on Italian-Yugoslav problems coincided with the circulation of a proposed Yugoslav amendment to the rules which would give Yugoslavia the power of veto over any recommendation involving that region. Soviet Foreign Minister V. M. Molotov, at an earlier session of the rules committee, sponsored two compromises aimed at giving the little countries a greater voice in treaty deliberations.

Molotov's compromise proposals would permit the peace conference to put on its program at the request of any delegation any questions pertaining to the peace treaties. The mechanics for a conference decision on such a request were not decided upon. "We are of the opinion," Karelj said, "that such a decision (as on Trieste) could have been reached in the first place only because the rights and wishes of the small nations were not always considered by the Big Four."

"It goes without saying that a just peace cannot be obtained under such conditions." Frontier Plan Hit Karelj said the proposed frontier between Italy and Yugoslavia violated the principle of "just punishment for aggressors." He said it also violated the ethnic borders which the Big Four had promised to observe. Molotov's compromises appeared to be in line with the new role which he has assumed in the initial peace sessions in which he has taken a conciliatory line in contrast with his hard bargaining tactics in Big Four discussions.

Unanimous Acceptance The first Molotov compromise was unanimously accepted by the procedure commission and ended (CONTINUED ON PAGE 2)

CPA Approves
School Building

The Civilian Production Administration Thursday approved \$400,000 alterations for the Phi Kappa Psi fraternity house on the University of Oregon campus and approved construction of a \$45,000 grade school at Reedsport. It denied applications of Benjamin V. Collard, who wanted to build a \$40,000 garage in Eugene; Otis Clingman's proposed \$20,000 restaurant; Lester W. Thompson's application for \$7000 in alterations at Reedsport; A. R. Reed's proposed \$7500 store in Springfield and Clarence A. Ludwig's application for a \$7000 ice cream plant in Springfield. All persons denied approval for construction have the right of appeal, but none have announced intentions to do so.

CPA received an application from the First Baptist Church in Eugene for \$5500 alterations at 1332 Kincaid. The church purchased a house which it desires to remodel into a dormitory for approximately 36 girls attending the University of Oregon. The church housed girls in the Kappa Sigma fraternity at Eleventh and Alder last year, but men will live there this fall. The new ten-bedroom dormitory for girls will be called Ann Judson House if CPA approves the application.

CPA also received an application from Ash and Son in Eugene to construct a \$17,000 grocery and meat market at Eighth and Monroe Sts. reported that work being done now and slated for completion this summer on the Airpark will make it one of the best small airfields in the Northwest. Because of the glide ratio, the north-south runway will be closed for takeoffs and landings, but will be used for taxiing planes around the field. The diagonal runway is being widened and oiled. The Airpark has been approved for a GI flight training school, pending state approval of the field.

Profits Probe
To Be Extended,
Mead Reveals

Use of Government
Funds to Be Checked
WASHINGTON — (AP) — Chairman Mead (D-Ky.) said Thursday the Senate War Investigating Committee, will dig into the boom spending of wartime years in the automotive, aircraft, aluminum and shipbuilding industries before drafting recommendations to prevent possible future frauds.

"We want to get the complete picture before making our report," he told reporters. The committee is in a brief breathing spell after a month of public hearings concentrated chiefly upon the operations of the Garsson munitions combine. No Plants Named Mead declined to disclose the identity of any particular company in the industries he mentioned which would be scrutinized. He emphasized, however, that the committee is determined to check up on the government's investment in plants greatly expanded for war production.

The committee will meet in executive session Friday to map plans for the immediate future. Mead said that as a result of publicity concerning premature bursting of some chemical mortar shells, which killed some American soldiers in the Battle of the Bulge, the committee had received more than 80 communications from officers and enlisted men, having knowledge of the failures.

Concluding the first phase of its hearings on war contracts, the committee announced it will give "high priority" to a separate "major investigation" seeking to fix responsibility for failure of the shells and the resultant casualties. Maj. Gen. Alden H. Waitt, chief of the Army's Chemical Warfare Service, estimated in testimony last week that 10 or 12 soldiers were killed by premature shell-bursts, but said he didn't think it was possible to pin the blame on any one manufacturer. A later report revised the number of casualties upward to 29 killed and 83 injured.

Erle Basin Metal Products, Inc., one firm in the Garsson combine of war manufacturers under investigation, held a big contract for the 4.2 shells. Waitt noted (CONTINUED ON PAGE 2)

May's Name
In Draft Case

COLUMBUS, O. — (UP) — Col. Chester Goble, head of selective service in Ohio, said here Thursday that he was asked by a counsel for Rep. Andrew May's House Military Affairs Committee to defer international financier Serge Rubinstein of New York City in November, 1943. Colonel Goble said that H. Ralph Burton, general counsel of a sub-committee of the Military Affairs Committee, demanded to know "by what right I had refused to grant occupational deferment to Rubinstein."

The Ohio selective service head said he replied, "There is nothing in the regulations whereby a state director of selective service has to defend his action in refusing to grant deferments." The interview took place in Washington and was the climax of a series of attempts by Rubinstein and employees of the military affairs subcommittee to obtain Rubinstein's deferment on grounds that he was essential to operation of the Taylorcraft Aviation Co. at Alliance, O., the colonel said.

The financial manipulator, who is now free under \$50,000 bond on a draft evasion charge, came to Columbus in October, 1943, to inspect his draft file, which was transferred here from New York after he was made financial adviser to the president of the Taylorcraft firm.



THE BIG FOUR FOREIGN ministers' decision to place an international control over the city of Trieste (above) Thursday was denounced before the Paris peace conference by Edouard Karelj, foreign minister of Yugoslavia. Shaded areas on map are portions of disputed territory which the Big Four have awarded to Yugoslavia.

Navy Bomber
Crashes, 11 Die

SAN DIEGO — (AP) — At least 11 service personnel, one of them believed to be a woman, were killed Thursday in the crash of a Navy Privateer four-engine bomber four miles west of nearby Camp Kearney.

The 11th Naval District reported that the plane, a land-based patrol bomber, crashed and burned down minutes after taking off from Camp Miramar Marine air field enroute to Dallas. The craft carried a crew of five and six Army and Navy passengers. The Navy said all the passengers were officers.

E. A. Turner, deputy coroner, said 11 bodies had been taken to a San Diego mortuary and he was checking to determine if one of the victims was a woman. Police said there was a possibility that more bodies might be found in the wreckage which was scattered over a 200-yard area.

The largest piece of wreckage was a small section of the after end of the fuselage. Navy and Marine officers at the scene said it was the most widely scattered wreckage from any airplane they had ever seen. The bodies were badly mangled and burned beyond recognition, and long after the mishap bits of flesh were found in the wreckage. Remnants of burned clothing and shoes were found in little clumps on the flattened hillsides.

Standard Gas
Price Goes Up

Standard Oil Co. upped the price of its gasoline one and one-half cents a gallon in Eugene Thursday, making regular cost 21 1/2 cents and supreme 23 1/2 cents a gallon. Other gasoline and oil companies had received no word locally of price increases, although two dealers commented that rise in the price of one brand normally is followed by a similar increase in other companies' products. Gasoline no longer is covered by OPA ceilings. Standard announced a one-cent rise in San Francisco, then reported that at 24 Oregon points the rise would be an additional one-half cent a gallon because of "the cost of higher freight rates recently authorized by federal and state governments."

Points where the additional amount will be charged will include, in addition to Eugene, Cottage Grove, Harrisburg, Brownsville, Taft, Coquille, Reedsport, Myrtle Point, Cushman, Gold Beach, Crescent, Klamath Falls, Drain, Grants Pass, Medford and Ashland, according to Associated Press. Shell Oil Co., later announced it had decided to meet the advances posted by Standard, both in buying and selling prices, AP reported.

Weather

U. S. Weather Bureau Forecast: Eugene and vicinity—Fair today and Friday except cloudy Friday morning. Warmer Friday. Oregon—same. Gentle to moderate northwest wind off coast. Local Statistics: Highest temperature Wednesday, 84 degrees; low Thursday morning, 51 degrees; 24-hour precipitation ending at 10:30 a.m. Thursday, none; total rainfall for month, none; normal for month, 47 inch; stage of Willamette at 7:30 a.m. Thursday, 11.42, 10 inches; stage of Willamette at 7:30 a.m. Thursday, 11.42, 10 inches; stage of Willamette at 7:30 a.m. Thursday, 11.42, 10 inches.

ARMY CACHE FOUND
TEL AVIV, Palestine — (AP) — British army battalion headquarters, set up temporarily in a school for young boys, was found Thursday to be sitting on top of the biggest arms cache yet discovered in the city-wide search for terrorists.

Florence Coffee Shop
Loses \$150 in Theft
FLORENCE — The Hotel Florence Coffee Shop was short \$150 Thursday after an entry by thieves, who apparently got in through a window. The intruders departed with the cash register and contents, the gym fund milk bottle, and numerous other articles. The theft was discovered Tuesday.

McMinnville Man Buys
Junction City Weekly
The sale of the Junction City Times to C. L. McKinley, former business manager of the McMinnville Register, was announced this week. The Times had been edited by Mr. and Mrs. Tom Nelson for 27 years. The Nelsons sold the paper to their son, Vard, June 24 of this year. Vard Nelson will stay with the paper for a few weeks. McKinley will move his family from McMinnville as soon as living quarters are available.

Improvements Coming
City Manager Deane Seeger
reported that work being done now and slated for completion this summer on the Airpark will make it one of the best small airfields in the Northwest. Because of the glide ratio, the north-south runway will be closed for takeoffs and landings, but will be used for taxiing planes around the field. The diagonal runway is being widened and oiled. The Airpark has been approved for a GI flight training school, pending state approval of the field.

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