

# Nation's Vast Steel Industry Shut Down by Strike of 750,000

## Truman's Budget Message Cuts Government Spending in Half And Urges General Wage Increase

### Opposes Further Tax Reduction; Asks Extension Office Control; Warns Against Inflation and Calls For Collective Bargaining of Wage Disputes

Washington, Jan. 21 (AP)—President Truman sent to congress today a message proposing to cut government spending almost in half in the 1947 fiscal year and urging general industrial wage increases.

He opposed further tax reduction at this session. He asked for emergency extension of price control authority and urged that it be expanded to put a ceiling on sales prices of old and new houses.

The president said the armed services even a year from now must total 2,000,000 men. The selective service law must be continued beyond its May 16 expiration date if voluntary enlistments are inadequate, Mr. Truman said. He asked for a decision on selective service extension in March.

The president deplored work stoppages and called for collective bargaining adjustment of disputes. He said long continuation of major strikes would heavily check the reconversion program.

But he gave no plans to cope with labor problems other than collective bargaining, fact-finding boards and a general upward wage trend.

Full employment and increased production, Mr. Truman said, are the only safeguards against the disaster of inflation and consequent depression. He unqualifiedly endorsed the senate version of his full employment bill and asked again for enactment.

### Warns of Depression

The president warned that serious depression in the United States could disrupt world economy.

The communication to congress was a combination budget and annual message on the state of the nation. It contained upward of 30,000 words. It was read to house and senate by clerks. The budget proposals were for the fiscal year 1947 beginning July 1 this year and ending June 30, 1947. The legislative proposals were for immediate attention.

The president estimated fiscal 1947 expenditures at \$35,860,000,000 compared with \$67,229,000,000 in the current fiscal year and a wartime top of \$100,000,000,000. Receipts in fiscal 1947 will be \$31,513,000,000 compared with \$38,609,000,000. The 1947 deficit of \$4,347,000,000 will be covered by drawing on treasury reserves instead of borrowing. The current year's deficit was estimated at \$28,620,000,000.

### Reduction in Debt

Mr. Truman said that during the next fiscal year he would reduce the national debt from \$275,000,000,000 as of June 30, 1946, to \$271,000,000,000, also by drawing on treasury reserves.

That would be the first down in the national debt over a 12-month period since the fiscal year 1930. Treasury reserves will be reduced in the foregoing process from approximately \$26,000,000,000 to \$3,200,000,000.

### In discussing work stoppages, Mr. Truman said that disputes must be settled by collective bargaining and with government assistance, but not by government compulsion.

### Business a Public Trust

"Private capital and private management," he continued, "are entitled to adequate reward for efficiency, but business must recognize that its reward results from the employment of the resources of the nation. Business is a public trust and must adhere to national standards in the conduct of its affairs. These standards include as a minimum the establishment of fair wages and fair employment practices."

"Labor also has its own new peacetime responsibilities. Under our collective bargaining system, which must become progressively more secure, labor attains increasing political as well as economic power, and this, as with all power, means increased responsibility."

The message outlined elaborate plans for small business and for action to break monopolies. (Concluded on Page 11 Column 1)

### French Reds Seek to Elect Successor to De Gaulle

Paris, Jan. 21 (AP)—The communist party launched a drive today to name a communist as the successor to Gen. Charles de Gaulle, who resigned the provisional presidency of France last night following a cabinet crisis.

De Gaulle stepped down from the presidency with an announcement that he considered he had completed the task of "leading the country toward liberation, victory and sovereignty."

In a letter of resignation addressed to Felix Gouin, president of the constituent assembly, he said:

"If I agreed to remain at this government post after Nov. 13, 1945, it was to respond to the unanimity with which the national constituent assembly addressed itself to me to take care of a necessary transition. Today that transition has been effected. Besides, France, after great trials, no longer is in an alarming situation..."

### 25 Tons Clothing Collected by Scouts

Approximately 25 tons of serviceable clothing and shoes were collected in the city-wide drive over the week-end with 600 boxes and bundles wrapped, packed and labeled clothing shipped. The house to house pick-up Sunday was estimated at three times that made at the schools and fire stations Friday.

An additional pickup was made Monday at some of the outlying school buildings and churches.

Between 150 and 200 persons were engaged in the clothing drive Sunday, there being 30 trucks and drivers on duty each with a crew of four Boy Scouts with a large group of men at the receiving depot to sort and pack the contributions as they were unloaded from the trucks.

# Capital Journal

58th Year, No. 18 Entered as second class matter at Salem, Oregon Salem, Oregon, Monday, January 21, 1946 Price Five Cents

## Snyder Stresses Growing Threat Of Inflation

Washington, Jan. 21 (AP)—Reconversion Director John W. Snyder declared today the threat of inflation must be met by price controls and rising production to head off an "economic Pearl Harbor."

Production for civilian use already is at an annual rate of \$20,000,000,000 greater than four months ago, Snyder said in a year-end report to the president and congress. But the time cannot be foretold now when industry will come abreast of the soaring public demand for goods, he added.

### Expect Price Control

Snyder urged strongly that the price control act be extended beyond its scheduled mid-year expiration date, saying:

"It would be foolhardy not to recognize that the excess of demand over supply throughout the economic system may continue far beyond June 30."

Unemployment and inflationary pressure may hit their peak simultaneously early this spring, Snyder said. However, joblessness will be below former estimates. It now is around 3,000,000, compared with the 5,000,000 or 6,000,000 government agencies had expected.

### Production Needed

"The basic need at this particular time to meet both situations is more production," the reconversion director declared.

"We must race to expand our output. We must smother inflation with a steady stream of goods. We must speed up the wheels of industry to create the jobs our workers and veterans need."

Labor strife delayed the start of some important production lines, he said, but high output of cars, refrigerators, washing machines and other durable goods "could not have been achieved by this time, in any case."

### 1946 Forecasts

In 73 pages the report forecast what 1946 should bring in these vital fields:

**Food**—Americans may eat more than in the record year 1944, when consumption was 11 percent above the pre-war average.

**Housing**—"Our most serious shortage." Private building will start "the fastest upswing in its history." But demand will be several times greater than the new construction supplied.

**Jobs**—Business cannot expand quickly enough to absorb in the near future the 4,500,000 veterans to be freed in the next half-year, along with newly discharged government and war plant workers.

**Coal**—"Supply prospects are fair."

**Clothing shortages persist.** Demand for cotton goods will top supply by 20 to 50 percent.

**Trade**—May double the 1939 total of \$40,000,000,000 in sales, and thus far exceed the 1945 record.

**Automobiles**—The industry expected "before the strike" to make 4,000,000 cars this year, and has laid the physical basis for such a volume, topped only in 1929.

**Agriculture**—To safeguard farm income, congress should authorize "direct payments to farmers where necessary" instead of the present method of supporting prices.

More food will be available this year than last, but shortages will persist through the early months at least on butter, sugar, pork, canned fish and better grades of beef and veal.

Party leaders met in a special conference and were expected to call the assembly into session either later today or tomorrow.

De Gaulle cancelled a radio talk to the nation that he had scheduled for tonight, and reportedly left Paris, presumably for seclusion in the country while he waited for the constituent assembly to act on his resignation.

Although his secretary said the resignation was "irrevocable," some political sources predicted De Gaulle might be prevailed upon to form a new government or to reconsider his resignation. The latter sources said the announcement he would retire from public life had been a "political gaffe (blunder)."



Steel Plant Picketed Ahead of Schedule (AP)—Pickets of the United Steelworkers (CIO) gather at the entrance to the Columbia Steel company's Pittsburg, Calif., plant as a strike gets under way some 48 hours ahead of the scheduled nationwide steel industry walkout. Some 2500 workers in the California plant are affected.

## Flood Control Projects Favored by President

Washington, Jan. 21 (AP)—Appropriation of nearly a third of a billion dollars for flood control and rivers and harbors projects was recommended to congress today by President Truman. In his 1947 budget message, the president asked that the army, for rivers and harbors projects and \$110,000,000 for flood control. The appropriations for the 1946 fiscal year were \$191,489,600 and \$118,299,600 respectively.

In addition, he proposed that \$4,815,000 be allotted for planning river and harbor projects and \$8,000,000 for flood control planning.

The rivers and harbors money, he said, will permit a start on the Florida barge canal, and construction on the Atlantic, Pacific and Gulf coasts and the Great Lakes. The planning funds will provide detailed specifications for the McNary dam on the Columbia river and a series of navigation dams on the Snake river in Oregon, Washington and Idaho.

The program for the fiscal year beginning next July 1, he said, also provides for planning of additional flood control projects, including some multiple purpose features such as the reservoir projects in the central valley of California.

In addition to the general flood control appropriations, an appropriation of \$35,000,000 is recommended for continuation of construction in the Mississippi valley, plus \$500,000 for emergency expenditures on the river and its tributaries.

For further flood control construction on the Sacramento river in California \$2,000,000 would be provided, and \$1,505,000 is recommended to complete installation of a hydro-electric power plant at Fort Peck dam in Montana.

### Desert Fox Died By Poison

Nuernberg, Jan. 21 (AP)—Field Marshal Erwin Rommel, Germany's "desert fox," drank poison as an alternative to trial for plotting against Adolf Hitler's life, documents in allied hands disclosed today.

Hitler personally ordered Field Marshal Wilhelm Keitel to arrest Rommel for complicity in the July 20, 1944, bomb plot against Hitler.

Keitel, a defendant in the war crimes trial, sent two generals to make the arrest after Hitler decided Rommel must commit suicide or face trial by the nazis' dreaded "people's court" as a bomb plotter, the document said.

Hitler was "extremely reluctant" to order Rommel's death, and he told associates, including former Reichsmarshal Hermann Goerring, that Rommel had died of "bleeding in the brain" as result of skull injuries suffered during an allied strafing, the documents state.

## Food Subsidies Still Favored

Washington, Jan. 21 (AP)—President Truman called on congress today to retain food subsidies as one means of combating inflation and a possible 8 percent jump in the cost of living index for food.

This request, made in the chief executive's state of the union and budget message, represents an about face by the administration on subsidies. It had planned to end most of them by their June 30 expiration date.

Started early in the war to keep food prices stable, the subsidies have been costing the government about \$1,750,000,000 a year.

Mr. Truman said that unless the subsidies are continued "it would become extremely difficult for us to control the forces of inflation."

More specifically, he estimated that withdrawal of the subsidies would force increases of from three to five cents a pound in average prices of meat; at least 12 cents a pound for butter, in addition to a five cent increase allowed last fall; one to two cents a quart for milk; one cent a loaf for bread, more than a cent a pound for sugar, and eight cents a pound for cheese, in addition to a scheduled increase of four cents on February 1.

The president also asked the lawmakers for appropriations which, together with funds already available, would permit the agriculture department to spend about \$3,435,500,000 for subsidies, farm programs, research and foreign relief operations during the fiscal year beginning July 1.

### Cobbs and Mitchell Election

Washington, Jan. 21 (AP)—The national labor relations board today ordered Cobbs and Mitchell company, lumber firm at Valsec, Ore., to hold a collective bargaining election by February 15. The election was asked by the CIO International Woodworkers of America.

## Jap War Sees As Reparations

Tokyo, Jan. 21 (AP)—War plants which equipped Japan's losing bid for conquest were seized and placed under guard today by General MacArthur, who indicated many of the factories would go to allied nations as reparations.

The allied command took over 394 Jap aircraft plants, army and navy arsenals and war laboratories. Among these were 265 aircraft and parts plants listed by the allied reparations commission as "first priority material" for removal to other nations.

### Permits Cancelled

MacArthur ordered cancellation of any previous permits to the designated installations for conversion to peacetime production, unless the installations were "immediately and absolutely essential to the civil economy."

Commanders given custody of the installations were told to consider the "probability that these plants will be taken as reparations and consequently should be allowed to acquire importance in the Japanese economy."

The directive disclosed that in some instances the Japs had removed machinery from plants and that equipment valued at millions of dollars had been allowed to deteriorate. The Japanese government was ordered to cease removals immediately and place guards around the buildings.

### Material Destroyed

(The amount and extent of the indemnity Japan is to pay are to be established soon, H. D. Maxwell of Tacoma, deputy chief of the American reparations commission, said on arriving at Hamilton Field, Calif., from Japan. Maxwell, returning with 10 other members of the commission, said Japan has a surplus in industrial capacity despite air raid damage and can pay "more than we expected.")

As part of the allied program to restore Japan to peacetime pursuits, Sixth army troops, now consolidated with the 8th army, were estimated to have eliminated more than one-third of Japanese war materiel on southern Honshu, Kyushu and Shikoku in three months.

### Iran Premier Resigns Office

Tehran, Jan. 21 (AP)—Premier Ibrahim Hakimi resigned last night after asserting his efforts to negotiate with the Russians over Azerbaijan had failed.

Hakimi's fall was foreshadowed last week when he told parliament that his foreign policy had failed. He said efforts to negotiate with the Russians were unavailing and that he proposed to present the case to the United Nations organization.

Today Hakimi said he had told the Shah he had "succeeded in placing Iran's case before the United Nations organization and I am now ready to step down."

Many observers expressed the opinion that Mohammed Reza Pahlavi would ask Hakimi to form a new government.

However, three other men have been mentioned as his possible successors. They are former Premier Qavan Ahmad Sulstaneh; Ali Khan Mansur, governor of Kohrasan; and former Premier Pirnia.

### Leftists Win In Rhineland

Frankfurt, Jan. 21 (AP)—A final tally on Germany's first free elections since 1933 revealed today that the left-wing social democratic party scored a three-to-two popular victory yesterday over the rightist Christian democrats in the heavily Catholic Rhineland.

Early returns put the Christian democrats well out in front in the 17 Hessian counties where township councilmen were being elected in communities with populations of 5,000 or less.

The social democrats came back strongly in the late balloting, however, and finished up with a popular vote of 146,598 against 99,591 for their principal opponents. The communists trailed badly in third place with 16,608 votes, although they held a three-to-one margin over the extreme right-wing liberal democrats who tallied 5,662 votes.

The final count showed that 83 percent of the electorate voted in the counties where balloting was scheduled.

### The Weather

(Released by the United States Weather Bureau)

Forecast for Salem and vicinity: Cloudy with occasional rain and light to moderate winds tonight and Tuesday. No appreciable change in temperature. Lowest tonight 42. Max. yesterday 50. Min. today, 41. Mean temperature yesterday, 46, which was 6 above normal. Total 24-hour precipitation to 11:30 a.m. today, .17. Total precipitation for the month, 3.37, which is 24 inches below normal. Willamette river height, 2.6, ft.

## UNO Approves Atomic Energy Control Board

London, Jan. 21 (AP)—Creation of a special commission to devise controls for atomic energy was approved by the political security committee of the United Nations assembly today, after only 30 minute discussion.

The action was taken after Senator Tom Connally (D., Tex.), of the American delegation said the commission will not have power to make any country give up any atomic secrets or take any other action. The commission will be able only to make recommendations, he explained.

### Unanimous Action

Forty-six votes were cast for the resolution approving creation of the commission, Chairman Dmitri Maniulsky of the Ukraine delegation said that the action was unanimous. However, the delegate from the Philippines, Thomas Gabil, abstained after he had protested against what he called an effort to "railroad" the resolution through the committee.

Andrei Gromyko, soviet delegate, Ernest Bevin, British foreign secretary, and Connally urged the committee to act immediately, and Bevin repeatedly arose to demand an approving vote.

### Assembly to Act

Just before the vote Zygmunt Modziewski of Poland said there must be "solemn and concrete assurances that atomic energy would never be used for destruction, but on the contrary would be used always for peaceful development of the world's economy and raising the standards of human lives."

The meeting of the political and security committee was the first of a long series of committee sessions today as the UNO moved into a new phase of its organizational work following six days of oratory.

### Marines to Be Kept in China

Tientsin, Jan. 21 (AP)—American marines probably will be kept in North China as a "stabilizing force" now that the repatriation of the Japanese has been turned over to the Chinese, Rep. Bates (R. Mass.), a member of the house naval affairs sub-committee, said here today. Bates is in Tientsin with a naval affairs sub-committee.

"The marines may be kept here some time longer as a stabilizing force while the good offices of the United States government is being used to reconcile the two Chinese forces into peaceful settlement," he said.

"We are interested in a permanent world peace. We are of the conviction that unless we lend a hand, another world conflagration may be in the making."

The committee of which he is a part is interested, he said, in four main problems: (1) Disposal of surplus naval materiel, (2) inspection of naval installations in the Pacific, (3) demobilization of the armed forces, and (4) general conditions in the Pacific areas captured or retaken from the Japanese.

"Now that China is being freed of the Japanese," he said, "we want to lay the foundations of a new government in China. We don't want to interfere in Chinese affairs, only insofar as those internal affairs of China concern world peace."

The strike captain, Barney Shields, was enthusiastic.

"We have about a thousand men picketing I guess," he said. "We have about 8,000 members in all here, including about 800 women, and every one will get a postcard telling when and where to report for strike duty."

"Each will picket one day a week. On that day he'll picket two hours, go off for two hours, then picket two hours more."

"A man has got to have a good excuse, a very good one, not to report for picket work. If he fails to show up he gets fined \$5. If he refuses to show up, he gets fined \$10 and he won't be able to hold any union office for two years. I don't think we'll have any refusals or any failures."

### Small Craft Warnings

Portland, Ore., Jan. 20 (AP)—The U.S. weather bureau today announced small craft warnings at the mouth of the Columbia on the Oregon coast south of Columbia river to include Coos Bay, Ore., for fresh to occasionally strong southerly winds.

## Strike Idle in Country Total Over 1,600,000

### Steel Production Cut to Trickle; Seizure of Meat Packing Plants Looms

(By the Associated Press)

Production of steel—backbone of America's industry—was cut to a trickle by a nation-wide strike of 750,000 steelworkers today which CIO President Philip Murray declared would continue until the steel industry "accepts the decision of the president and the United States."

Referring to President Truman's proposal for an 18 1/2 cents hourly wage increase, which the steel workers' union accepted and the U.S. steel corporation rejected, Murray told newsmen at a press conference in Pittsburgh:

"If reconversion has been hindered and thousands of people have been thrown out of work... If disaster overtakes our nation... it is because industry has said 'no' to the president of the United States."

### No Government Action

President Truman, at the same time, conferred with congressional leaders on the strike situation and called in his steel fact-finding board, but White House Press Secretary Charles G. Ross said no immediate government action was contemplated.

However, one high administration official said he could not see how government seizure on strike-bound meat packing plants could be avoided and added he was recommending that step.

Although concurrence in this view was expressed by some other White House advisers, who also could not be named, they added there was little likelihood of seizure of the steel industry at least until the strike had been under way a few days.

Another 30,000 joined the nation's ranks of strike-idle when the CIO farm equipment workers' union quit work in 10 international Harvester company plants in a dispute over a 30 percent wage increase demand. The plants are in Chicago, Rock Island, East Moline and Rock Falls, Ill., Richmond, Ind., and Auburn, N.Y.

The steel and Harvester company strikes boosted the number idle in strikes across the nation to 1,622,000, highest since the mass work stoppages following the first world war.

The country's reconversion program was brought to a crisis by the greatest strike in the history of American labor.

A large segment of industry, and millions of potential consumers of everything from automobiles to razor blades, were bound to be affected.

The civilian production administration predicted steel starvation will be "closing one factory after another" within two or three weeks.

(Concluded on Page 9, Column 7)

## CIO Picketing Compulsory

Homestead, Pa., Jan. 21 (AP)—"We're going to stay out 'til we get that raise..."

In those words a steel strike captain summed his view as he stood together in a raging snowstorm early today outside the darkened homestead works of Carnegie-Illinois Steel corporation.

A dozen men slowly trudged a long oval pattern in the snow, picketing the plant entrance. Some wore boots and hunting clothes as protection against the wet and cold.

One by one they took turns toasting hands and feet at a flaming coal fire built in an empty oil drum, a "salamander."

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### Martial Law in Greece To Curb Royalists

Athens, Jan. 21 (AP)—The Greek government imposed rigid martial law in the southern Peloponnese cities of Kalamata and Sparta today and dispatched motorized forces to subdue an uprising by the monarchist "X" organization that has cost 60 lives.

Prime Minister Themistocles Sophoulis ordered establishment of courts martial with powers to carry out sentences immediately. Arrest of the "X" leaders in the two cities was expected.

The royalist forces have been rampaging since Saturday, when they killed 30 left-wing supporters in a cafe fight, then attacked the Kalamata police station and freed 30 of their own men who had been arrested.

Former members of Elias, the military force of the left-wing EAM movement, were fighting behind the police against the royalists. Police and soldiers guarded the prison where many Elias men who fought in the 1944 civil war are detained.

At least one attack against the prison by X men bearing tommyguns was repulsed. Troops guarded the courthouse against a possible royalist attempt to destroy records showing names of men who collaborated with the Germans.

There was virtual civil war in the adjoining cities of Kalamata and Sparta. Royalists were reported in control of all Kalamata except an area surrounding the prison and police headquarters. A force of 2,000 royalists armed with automatic weapons was concentrated outside Kalamata, dispatches said.