

TANKS CLASH IN MIGHTY BATTLE

Weather
Forecast: Cloudy tonight and Wednesday. Light rain tonight and occasionally Wednesday. Cooler Wednesday afternoon.
Highest yesterday Temp. 43
Lowest this morning Temp. 40

MEDFORD

MALL

TRIBUNE

United Press—Full Leased Wire

Thirty-ninth Year MEDFORD, OREGON, TUESDAY, JANUARY 9, 1945 NO. 245.

Budget Cuts Spending Rate But Holds No Tax Cut Hope While Europe In War's Grip

Washington, Jan. 9.—(U.P.)—President Roosevelt presented to congress today a flexible 1946 fiscal year budget calling for reduction of expenditures to \$53,760,000,000 and estimating cumulative war authorizations at \$450,000,000 for six years.

The 1946 expenditures would be approximately \$17,802,000,000 less than those in the current—1945—fiscal year.

The six-year authorization figure covers the period from July 1, 1940, to June 30, 1946.

NO TAX CUT WHILE WAR CONTINUES

Mr. Roosevelt told congress that there was no justification for tax reduction, so long as we are engaged in major war. And he framed this budget to meet the eventuality of war in Europe continuing for another 18 months.

The budget message contained a preview of Mr. Roosevelt's post-war demobilization and employment plans. They evidently contemplate reduction of annual government expenditures to \$50,000,000,000 through the demobilization period and, ultimately, to \$25,000,000,000, where they would level off.

He said that as demobilization accelerates after the war "there may be 60,000,000 men and women to be employed."

"Manifestly," Mr. Roosevelt said, "full employment in peace time can be assured only when the reduction in war demand is approximately offset by additional peacetime demand from the millions of consumers, businesses, farmers, and by federal, state and local governments."

BUSINESS MUST INCREASE JOBS

"That means that consumers' expenditures and business investments must increase by about 50 per cent, measured in constant prices, above the level of the year 1939 if full employment is to be provided by private enterprise."

To that end he proposed post-war overhaul of the wartime tax structure to stimulate consumers' demand and promote business investment.

Spending, revenue and deficit estimates were all down in this budget compared with those for the current fiscal year which will end on June 30. The 1946 fiscal year, budgeted today, will run from July 1, 1945, to June 30, 1946.

PUBLIC DEBT TO CONTINUE UPWARD

The public debt is going up to an estimated \$252,000,000,000 on June 30 and to \$292,000,000,000 on June 30, 1946. Mr. Roosevelt will ask congress to raise the statutory debt limit, now \$260,000,000,000.

He estimated interest on the public debt alone would cost \$4,500,000,000 in the fiscal year 1946. His calculations on war expenditures for the next fiscal year ranged from less than \$60,000,000,000 to more than \$80,000,000,000—depending on when or whether Germany is licked in the period covered. He arbitrarily proposed \$70,000,000,000 as a tentative estimate of war spending.

Of this amount, \$39,000,000,000 would be spent by the army, \$22,000,000,000 by the navy and the rest by other government agencies.

The budget for 1946 expenditures by all departments by about \$17,802,000,000 from the \$101,562,000,000 being spent in the current fiscal year. These figures include outlays by government corporations as well as the treasury. The 1946 net deficit would be down approximately \$12,000,000,000 from this year's expected \$33,182,000,000.

Mr. Roosevelt estimated net treasury revenue in the 1946 fiscal year at \$41,254,000,000 compared with the 1945 estimate of \$45,729,000,000. But he reported that he will be able in the next fiscal year to pay almost exactly half of all government and war costs from current income—a goal long sought. It will be necessary to borrow only about \$35,000,000,000 in public war loans. Federal trust funds will invest an additional \$5,000,000,000 in government securities, bringing loan proceeds approximately level with tax revenue.

1946 TREASURY OPERATIONS OUTLINED

Here in round numbers are comparative figures on the treasury's operations as budgeted for 1946, excluding net expenditures of government corporations and credit agencies which are included in overall expenditure figures:

	1946 (est.)	1945 (est.)	1944 (actual)
Net receipts	\$41,254,000,000	\$45,729,000,000	\$44,148,000,000
Total expend.	82,530,000,000	98,912,000,000	93,743,000,000
Deficit	41,275,000,000	53,182,000,000	49,594,000,000

These estimates will be materially changed if Germany should collapse within the next 12 months, a distinct possibility although the budget message avoids any predictions. Budget Director Harold D. Smith told questioners that a German collapse as late as the middle of the next fiscal year—approximately one year from this date—might bring war expenditures down below \$60,000,000,000.

CONTINUING LEND LEASE ESTIMATED

War cost estimates cover continuing lend-lease. Mr. Roosevelt estimated that about one-sixth of our current war outlays are for lend-lease, relief and rehabilitation. Lend-lease will be liquidated with the end of the war, he continued, but he warned of heavy postwar relief burdens in the "liberated areas."

He said \$1,350,000,000 already had been appropriated for the United Nations relief and rehabilitation administration. And, he added, if the sum proves inadequate "we must take additional measures, in cooperation with the other United Nations, to make sure that the peoples of the liberated countries have essential relief from the devastation of war."

AFTERMATH-OF-WAR CHARGES INCREASING

Mr. Roosevelt said expenditures for war veterans, interest on the public debt and tax refunds were increasing from \$1,600,000,000 in 1939 to \$7,200,000,000 in the current fiscal year and probably would aggregate \$9,800,000,000 in the 1946 fiscal year—\$9 sum, he noted, larger than the whole federal budget in 1939. These figures, he said, included charges for the most part, although the \$1,000,000,000 earmarked as consisting of repayments to wage and salary earners of withholdings in excess of actual tax liabilities is a large and surprising instance of miscalculation. War veterans will cost an estimated \$2,623,000,000 in the next fiscal year. The \$4,500,000,000 interest charge for the public debt represents an increase of \$750,000,000 over the current fiscal year.

AGRICULTURE SPUR MUST BE CONTINUED

Mr. Roosevelt recommended appropriation of \$512,000,000 to assure continued high agricultural production.

He proposed that the borrowing authority of the farm security administration be increased from \$67,000,000 to \$125,000,000 for rural rehabilitation and from \$15,000,000 to \$50,000,000 for a tenant-purchase program. This recommendation was in anticipation of needs of returning war veterans.

Mr. Roosevelt asked congress to increase the borrowing authority of the rural electrification administration from \$25,000,000 to \$150,000,000 to permit extension of electricity "to at least part of the 6,000,000 rural families now without such service." He said he shortly would recommend appropriations for a program of crop insurance.

He described the foregoing as a wartime agricultural budget and said we must in the future develop a program to eliminate malnutrition and rural poverty. He reminded congress that the government is committed to support agricultural prices to farmers "at a fair level" for two years after the war.

SOCIAL SECURITY AND EDUCATION EXTENSION URGED

"I hope," Mr. Roosevelt said, "that congress will give early consideration to extension and improvements in our social security system and will re-examine the financial basis of the program"—an invitation to congress to permit payroll taxes to increase to the extent originally contemplated in establishing a social security fund.

The message recommended basic reorganization of the office of education in the interior department to make it more useful to the states in developing adequate educational programs.

In addition to the recommended appropriation of \$279,000,000 for public works, Mr. Roosevelt recommended appropriations for planning of public works projects already authorized.

LEGISLATORS EYE SNELL'S REQUEST FOR LIQUOR PROBE

Action Believed in Offing on Wish for Thorough Audit To Refute Innuendos.

Salem, Ore., Jan. 9.—(U.P.)—Oregon's 1945 legislature today rolled up its sleeves and settled down to business with action believed in the offing on Gov. Earl Snell's urgent request for a full-dress investigation of the State Liquor Control commission.

Organization of the two houses and preliminaries were completed at the initial meeting yesterday, climaxed by the governor's message to a joint session.

Innuendos Cited

In a last minute addition to his speech, Snell said he wanted a "thorough, sweeping and complete audit and investigation" into the Oregon liquor control situation to dispel "certain statements, innuendos, and accusations" that have arisen in connection with the purchase of liquor stocks by the states of Oregon and Washington.

Initial housekeeping chores were completed in the house, as it voted to give itself the copies of the Oregon laws that are furnished to each member, to furnish legal data to committees and to obtain needed equipment.

The first house bill introduced—that to pay for the expenses of the 1945 session—was passed to its second reading, and in a move just prior to adjournment, Rep. Vernon D. Bull, (D. La Grande) introduced house joint resolution No. 1, which would call for a constitutional amendment to change the legal voting age in Oregon to 18 years.

First Senate Bill

First senate bill introduced was one that would repeal the community property law in the state, while other bills were in preparation to substitute legislation for some of its provisions.

Recent supreme court action invalidated the income tax return use of the law by married couples.

Both houses adjourned shortly after completion of the governor's speech.

COURT RULES OUT BARBER PRICE ACT

Salem, Ore., Jan. 9.—(U.P.)—The Oregon supreme court today declared unconstitutional the law permitting a majority of barbers to fix minimum prices for a county.

The act was passed by the 1943 legislature and was appealed by Earl La Forge, a barber of Multnomah county.

La Forge contended the act violated the due process clause of the 14th amendment and unlawfully delegated legislative authority. The high court cited there were conflicting opinions on the constitutionality of similar legislation based on the due process of law contention, but that the delegation of authority clearly made the law invalid.

Jap Shipping Losses Heavy 14th Air Force Report Shows

Chungking, Jan. 9.—(U.P.)—Planes of the U. S. 14th air force destroyed or damaged a total of 1,749,000 tons of Japanese shipping between July 4, 1942, and January 1, 1945, a headquarters communique reported today.

The communique listed 374 vessels with a tonnage of 843,289 as destroyed. Not included in the tonnage figures for the entire period were 32 Japanese naval craft destroyed, 573 probably and 9,176 damaged.

Pilots of Maj. Gen. Claire Chennault's command also destroyed 1,763 enemy planes in the air and on the ground and

SECOND U.S. TASK FORCE HARASSES NIPS ON LUZON

LANDING FEINTS BY YANKS HAVE JAPS BEFUDDLED

Carrier Planes, Superforts Rake Enemy Installations on 1500-Mile Front.

Pearl Harbor, Jan. 9.—(U.P.)—Tokyo broadcasts today reported a second great American task force has arrived in "the Lingayen gulf combat zone" and was maneuvering for a landing, while hundreds of American aircraft—both carrier-based and giant B-29 Superforts—raked Japanese installations on a 1,500-mile arc from Formosa to Tokyo.

The Japanese broadcasts estimated the second American striking force at 150 ships, apparently mostly transports.

Japs Confused

The jittery Japanese broadcasts gave a confused picture of the situation on the coasts of Luzon with fleets of American warships and transports steaming back and forth, shelling the shore and apparently feinting at landings at a number of points.

The first invasion armada, according to enemy reports, shifted operations to the Manila area today. Later Tokyo broadcasts said shelling of the coast by the first force was slackening but that the huge new task had appeared in Lingayen gulf.

The Japanese accounts said the Americans were only awaiting the zero hour before commencing landing operations. There was no comment from American official sources on the Japanese reports of fleets off Luzon.

Air Blows Told

However, official announcement was made of fresh aerial blows ranging over Japanese strong points in a wide Pacific arc.

Twenty-first bomber command at Guam announced that a "substantial" force of Superforts hit Tokyo, striking at industrial targets in their second major assault of the year on the main Jap island of Honshu.

At about the same time 20th bomber command Superforts attacked military installations at Formosa and carrier aircraft from Admiral J. S. McCain's Third fleet fast carrier force smashed at Japanese shipping and installations in and around Formosa, Ishigaki, Miyako and Okinawa.

ASK POSTWAR FUND

Sacramento, Cal., Jan. 9.—(U.P.)—A bill appropriating \$40,000,000 in state funds for relief of expected postwar unemployment was introduced in the state legislature today in line with a recommendation by Gov. Earl Warren.

Details of the crash, believed to have occurred during a regularly-scheduled landing at the Pan American base, were slow in reaching here.

RUSSIANS ADD TO BUDAPEST HOLDING

London, Jan. 9.—(U.P.)—A Moscow communique said tonight that the Red army had captured more than 350 additional blocks in Budapest, including a hippodrome used by the Germans as an airdrome, a city park, a tank factory and other plants.

79th Congress Starts War-Peace Job



The infant 79th Congress today received the blueprints for financial legislation when President Roosevelt presented a 1946 fiscal year budget calling for reduction of expenditures to \$53,760,000,000. The new congress is shown above as the Rev. James Shera Montgomery delivers the opening prayer.

Marshal Von Rundstedt's Gamble May Shorten War Declares Lt. Gen. Bradley

By Walter Cronkite
United Press War Correspondent

Twelfth Army Group Headquarters, Jan. 9.—(U.P.)—Lt. Gen. Omar N. Bradley said today German losses in the Nazi counter-offensive have been so serious they are likely to affect materially the course of the war on the western front.

Bradley, in his first public statement since the launching of Marshal Karl Von Rundstedt's counteroffensive, said that the number of German prisoners taken since December 16 by the American armies alone is greater than the number of American troops reported captured or missing in action.

23 KILLED WHEN CHINA CLIPPER FALLS INTO SEA

Miami, Fla., Jan. 9.—(U.P.)—Pan American Airways reported today that a death toll of 23 was indicated in the crash of the 10-year-old China Clipper, which plunged into the sea at Port of Spain, Trinidad, last night while enroute from Miami to Africa.

Navy divers sought 15 of the passengers and crew members believed trapped in the sunken wreckage of the huge flying boat. Seven were known to have been saved and eight bodies recovered of the 30 persons aboard.

W. O. Snyder, manager of Pan American here, said latest reports "indicate that 23 of 30 persons aboard the plane were lost."

December shipments of pears out of Medford were the largest in history, according to a statement made by F. P. Francks, local express agent. Business increased by 198,672 bills of lading over the 1943 total for the same period, building a new record of approximately 440,000 bills of lading by local packers in December, to all points in the United States. It was pointed out that one bill of lading may cover one or several packages.

Figures given by Francks included all Christmas fruit shipments such as mixed fruit baskets and apples but a larger percentage of the shipments were classified as pears.

Actress Paralyzed By Accident Shot

Hollywood, Jan. 9.—(U.P.)—Screen Actress Susan Peters today was reported temporarily paralyzed from the waist down as the result of a New Year's hunting accident.

Not Near Collapse
Bradley said the Germans are not on the verge of collapse and that "there is considerable fighting ahead."

The allied command, he said, had appreciated the possibility of a German attack through the Ardennes but admitted frankly that "the actual timing of the attack and its strength were somewhat of a surprise."

Bradley said that the area chosen by Rundstedt for his offensive involved no risk to the allied strategic objectives or to the supply lines running up to our fronts.

The terrain, he said, was perfectly suited for regrouping of allied forces which was carried out by Lt. Gen. Courtney Hodges, commander of the American 1st army, and Marshal Sir Bernard Montgomery in the north and by Lt. Gen. George S. Patton, of the 3rd army in the south.

Thus, said Bradley, Rundstedt was contained "before he could do much damage."

Bradley indicated that Rundstedt's gamble might actually work out to shorten the war instead of to lengthen it.

"German losses in this offensive," he noted, "have been tremendous. Our artillery and air forces have been able to punish him much more severely in the open than had been possible had he remained in his fortifications."

"His dead and wounded must be many more times the number we have suffered. Events may prove that the losses in men and material and the loss in morale when the salient is eventually reduced will materially affect the German ability to resist on the western front."

BIDDLE DENIES DEAL WITH BIOFF

Washington, Jan. 9.—(U.P.)—Attorney General Francis Biddle said today that no "deal" was involved in the recent release from prison of George E. Browne, former president of the International Alliance of Theatrical Stage Employees (AFL), and his personal assistant, William Bioff, who were convicted of violating the anti-racketeering act.

Biddle's denial followed a statement inserted in the congressional record on January 6 by Rep. Lawrence H. Smith, R. Wis., that a reduction in the sentences of Browne and Bioff was a result of a deal between Biddle and the two men. Smith said he was exploring the possibilities of impeachment proceedings against Biddle.

Judy Garland Tells Plans For Wedding

Hollywood, Jan. 9.—(U.P.)—Judy Garland, actress and radio and screen singer, disclosed today that she and Director Ben Vincent Minnelli would be married sometime "in the early fall."

It will be the second marriage for Miss Garland, now 21. Her first marriage—one that she said was "going to stick"—was to Composer Dave Rose. It ended when she filed suit for divorce last May 5, charging Rose caused her great humiliation.

HANNA CONDITION "FAIR" REPORT FROM HOSPITAL

Today's report on the condition of Judge Herbert K. Hanna, a patient in St. Vincent's hospital, Portland, was the same as yesterday, the United Press bulletin reading "fair." The judge was taken north by ambulance two weeks ago and is under the care of a Portland specialist.

Several Sherman tanks which the Germans had captured some time earlier were dug in as pillboxes defending Samree, while 10 Nazi tanks were doing similar service and others were circulating within the town.

Two columns of the Second armored division moved into position for the tank battle last night. Clearing weather earlier today got the struggle off to a brisk start. A blinding snowstorm followed, robbing the Americans of air support. At mid-afternoon the skies showed some sign of clearing again.

At captured Provodreux, where Hodges' forces were only four miles from the Houffalize-St. Vith highway, the Doughboys stood fast without even undertaking an advance in the vile weather.

A column of the British Second army striking southeast into the crumbling nose of the salient captured Cheoux, four miles south of Hottot.

SIDE GLANCES

By TRIBUNE REPORTERS

Alden Hibbard home from the sea and startling relatives and friends with a flowing beard.

Carlos Morris furnishing a hamburger for a friend and then assuring him it was terrible.

Jerry Jerome still facing 1945 with a wide grin.

A "poor bird" in the city hall being pursued by the Draft board staff and subsequently chased out the window.

Washington, Jan. 9.—(U.P.)—Ugo Carusi, 42, who has served as executive assistant to five attorneys general since 1930, today was sworn in as commissioner of immigration and naturalization.

GERMANS MAY BE RETREATING FROM ARDENNES BULGE

Front Dispatches Report Signs of Pull-out Under Cover of Delaying Action.

Paris, Jan. 9.—(U.P.)—American and German tanks were locked in a roaring battle today on the approaches to La Roche, keystone base of the Ardennes salient, and front dispatches reported signs that the Germans might be pulling out of the entire bulge under cover of a delaying action.

A snowstorm enveloped the mighty clash of armor around Samree, three miles northeast of La Roche on the highway to St. Vith, limiting the First army march southward to gains averaging a third of a mile.

Opposition Light

Allied armor and infantry were reported encountering "remarkably light" artillery and mortar fire, indicating a German general withdrawal from the north side of the bulge toward ridges guarding the one remaining highway out, which already was under the fire of U. S. troops less than four miles away.

In northeast France the Germans, checked short of a breakthrough at every point they have hit in the last nine days, today struck anew at four widely separated points on the Sixth army group front.

A front dispatch said they apparently hoped to feel out a weak spot, but failed. It reported that the Germans were attacking in the Rimling area east of Sarreguemines, north of Lemberg on the west side of the Blitche bulge, north of the Haguenau forest in the vicinity of Oberroeden, and south of Strasbourg along the Rhine-Rhone canal.

New Line Seen

"There are indications that the Germans are beginning to move out of the Ardennes bulge slowly by fighting a delaying action, and that they may take up positions along a ridge south of Houffalize as soon as they have cleared their armored units from the bulge," a dispatch from Lt. Gen. Courtney H. Hodges First army headquarters said.

Lt. Col. Omar N. Bradley, commander of the 12th army group, warned, however, that the Germans are not on the verge of collapse, although their losses in the Ardennes offensive have been so heavy they are likely to affect the course of the war in the west.

While Hodges' armor battled the German tanks three miles northeast of La Roche, other First army forces were closing on the key town for a frontal assault. Cielie, a hamlet one mile north of La Roche, fell to a U. S. column spearheading straight for the town anchoring a broad section of the German defenses.

Use Captured Tanks

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