

SENATE REJECTS RENT INCREASE

In The Day's News

By FRANK JENKINS
In the news today, there is an almost SENSATIONAL story. In a report addressed to the President and congress, John R. Steelman, director of reconversion, demands NEW SLASHES IN FEDERAL SPENDING.

HE thinks the army and the navy are the places to cut most deeply because they spend the most money.

He says: "The armed forces represent 45 per cent of ALL proposed outlays in a 1947 budget which was intended to total \$35,800,000,000 (35 BILLION, 800 million dollars) but which has risen an estimated 10 to 15 per cent to 40 billion dollars or more."

HE adds that three-fifths of the outlays of the army and navy are earmarked for purposes OTHER THAN the direct paying, feeding, clothing, training and transporting of soldiers and sailors.

SO— He thinks considerable economies in military expenditures can be achieved without hampering operations aimed at fulfilling world obligations, furthering American interests and keeping global peace.

It certainly sounds reasonable.

HE then adds that less spending by the civilian agencies and postponement of public works would help to halt the flow of government dollars into private hands — which is a strongly inflationary tendency.

But, he points out, "the civilian agencies—legislative, judicial and executive will cost only a little more than two billion dollars, or six per cent of total expenditures. So, if major economies are to come, they must be sought elsewhere."

WHEN he talks of reduction of federal spending, Mr. Steelman is talking the language of business and will be applauded by business men.

He goes on, however, to say that "revival of PRICE CONTROL is the No. 1 essential in warding off costly and irretrievable inflation."

He adds: "Until June 30—when OPA expired—runaway inflation had been prevented. But today we are threatened with the loss of the controls which we have used to maintain stabilization and protect production."

There he runs into controversial ground. But he MAY be right. In a situation where demand far exceeds supply it is a little hard to see how business can run without brakes and still escape a crash at the bottom of the hill.

THERE is an old saying that what goes up must come down. Experience teaches us that the higher it goes the harder the bump when it hits bottom. Common sense indicates that if prices boom too high now there will be a bust when they come down.

Controls might keep them from going too high.

On the other hand, if prices soar too much people may refuse to buy, thus reducing consumption and helping supply to catch up with demand. These are NATURAL controls.

OPA controls are artificial, and everyone knows by observation that they haven't worked any too well.

IT'S a big question. This writer doesn't know anybody, and hasn't heard of anybody, who is flatly certain in his mind as to the answer. There are too many ifs in the picture either way.

Anyway, OPA is out at the moment and congress seems to be in no hurry to restore it. With every day that passes, restoration of controls becomes more difficult—and more risky.

So it looks as if we may have to FIND OUT by the process of trial and error—paying the price for whatever mistakes we make as we go along.

THE point of this whole story is that Steelman is one of the more reasonable of our government bureaucrats. What he says is therefore interesting.

He is certainly on a new tack when he talks of the need for reduced government spending. We haven't heard much of that from Washington lately.

Herald and News

PRICE FIVE CENTS

KLAMATH FALLS, OREGON, THURSDAY, JULY 11, 1946 (Telephone 8111) Number 10868

WEATHER NEWS

July 11, 1946
Max. (July 10) 89 Min. 50
Precipitation last 24 hours 0.00
Stream year to date 12.87
Normal 12.84 Last year 12.35
Forecast: Monthly clear today, Friday.

Russia Asks Unification Of Germany

PARIS, July 11 (AP)—Russia emerged today as the champion of a reunified and self-sufficient Germany on the basis of a policy-charging speech yesterday by Soviet Foreign Minister V. M. Molotov.

Addressing his colleagues on the foreign ministers council, Molotov flatly opposed the dismemberment or federalization of Germany or reduction of the reich to an agricultural state.

The speech was the first clear-cut expression of the Kremlin's attitude toward Germany since the end of the war.

Some quarters here were inclined to write off the address as a Russian bid for popularity within the reich, and as a move to strengthen the forces of German communists.

It was generally conceded that Molotov, in the eyes of the average German, now stood for a Germany governed by Germans, and for the return of a decent standard of living.

French official quarters expressed dismay that the Russian policy of unification was in direct conflict with the French proposal to separate the Ruhr, the Saar and the Rhenland from the remainder of the reich.

But France's foreign minister and president, Georges Bidault, won a counter-victory at home in the conference backyard.

The French cabinet unanimously voted today to uphold his stand on Germany to date, which included a demand for internationalizing the Ruhr and contributing to holding up a unified four-power Germany policy.

The information ministry said communist ministers voted for the Bidault motion.

It was not immediately clear whether the Russian statement of policy would delay the adjournment of the council, tentatively planned for this weekend.

The ministers were called into session today to resume discussions on Germany.

Rent Control Move Delayed

Any further action on a voluntary fair rents control in Klamath Falls was delayed yesterday by the Klamath Realty board pending outcome of the OPA and price control legislation now being discussed in Washington.

The realtors had decided to establish a fair rents board here, asking rental property owners to volunteer for equitable control handled locally, and the plan will still be put into operation if necessary.

Dispatches from Washington indicate that a majority of senators and congressmen are agreed on returning rent controls, but the rest of the items over which Klamath has jurisdiction are holding up passage of any control measure.

The realtors here feel that some rent control may be enacted by congress. Bogue Dale, president of the Realty board, said that he had received many favorable comments on the fair rents proposed here, and so far no objections to it.

light of the present need for anti-inflationary action."

War Over, Draft Dodgers Come Out To Face Music



Four husky Gabriel brothers, who barricaded themselves in a tiny room of their parents' farm at Ontarioville, Ill., evading the draft for four years, have given themselves up to the FBI, ending what was termed "one of the most aggravated cases of evasion of the war." Appearing relieved that their self-confinement is over, they are (left to right) Albert, 40; Frank, 29; Ernest, 23, and Henry, 26. Youngest brother, a cripple, might not have been accepted for military service. FBI said.

Area Will Keep WRA Buildings

TULELAKE, July 11—Buildings occupied during the war by the army and the war relocation authority at Camp Tulelake and Newell, will be disposed of to the best interests of the community and veteran settlers of this area.

This announcement was made today by E. L. Stephens, superintendent of the U. S. Bureau of Reclamation and custodian for the general land office, refuting persistent rumors that all buildings will be moved to other parts of the state.

Thirty-three apartment houses formerly occupied by WRA personnel, will be moved out by the federal housing authority, these going to Canby, Yreka, and Alturas, Calif. They will be moved by mid-August, it is understood.

A preference list, now being compiled by the USBR, will be made public in the near future. Joe Thomas, liaison officer for the bureau, at a meeting of the Tulelake post of the American Legion, outlined plans for distribution of the buildings.

Thomas recently returned from Washington, D. C., where tentative plans for use of the buildings were drafted.

Also in line for consideration will be reclamation and other government bureaus, non-profit organizations, farmers and other individuals.

The Legion post will confer next Thursday with representatives of the federal housing authority, expected here from San Francisco. Clayton Rudisill, recently installed commander of the Tulelake post, said the city of Tulelake had been asked to cooperate in working out a program of relief from the present housing shortage and an answer was expected prior to the visit of the FHA authorities.

Service Funds Cut Asked By Reconversion Director

WASHINGTON, July 11 (AP)—Reconversion Director John R. Steelman today demanded new slashes in federal spending and pointed at the army and navy as the places to cut deepest.

Economy may be achieved there, Steelman told President Truman and congress, without hampering operations aimed at fulfilling world obligations, furthering American interests and keeping global peace.

While terming the revival of price control the No. 1 essential in warding off "costly and irretrievable" inflation, the reconversion boss said this action should be coupled with lower government costs, continued high taxes and credit controls, and, if possible, a federal budget surplus.

Less spending by the civilian agencies and postponement of public works would help to halt the flow of government dollars into private hands, Steelman said in his first quarterly report as director of the office of war mobilization and reconversion, but he added:

"If a major cut in the inflationary impact of federal expenditures is to be sought, expenditures must be re-examined in the

Beer Prices Stand Fast

Beer prices in Klamath Falls will remain stable despite the death of OPA, according to local distributors. The last raise granted in brewery prices was on June 25, when the OPA gave several ups on both beer and ale.

H. J. Charles, president of the U. S. Brewers Foundation, states that no raises are anticipated on bottled or draught beer.

Urging them to aid in holding the line of prices, Charles wired brewers recommending "no increase be made in the price of beer beyond the increase granted by OPA. We should do our part to prevent inflation."

If the price line is held by suppliers to brewers, by transportation lines, beer distributors and retailers there need be no increase in the price of beer, according to Charles.

Success Looms For Heat Deal

The Consumers Heating company today was completing negotiations for the purchase of the Klamath Heating company's physical plant and heat was virtually assured the several hundred customers who have faced prospects of a cold winter.

D. O. Hood, Portland, owner of the heating plant is here representing interests of Hood brothers.

"We have received an acceptance of our offer of \$55,000, from the newly organized group," Hood said today. "Negotiations are to be completed immediately."

Hood referred to the offer made by the heating company this spring to the consumers who just this week announced \$100,000 had been subscribed to purchase the plant and to do some improvements.

E. B. Hall, representing the executive committee of the consumers, said yesterday that additional money must be raised in order that all improvements be made before the plant was in full use this winter. Some \$30,000 is needed, part of which has been tentatively subscribed, Hall said. It is necessary to order another large boiler immediately, and to add additional trucks, meters and other equipment.

Early next week it is the intention of consumers who have subscribed to stock to meet for the purpose of electing a board of directors and subsequent officers.

Pagant Association Opens Headquarters

General headquarters for the Centennial association have now been established at Fremont junior high school. The office will be open daily between the hours of 8:30 a. m. and 5 p. m. People wishing to contact association members may go to the school or call 5264.

The office, which was temporarily located in the chamber of commerce, has been established as headquarters for the Centennial celebration, August 22, 23 and 24, which is commemorating the opening of the South Emigrant road into this area in 1846. Registrations for the pageant may be made through this office.

City May Vote On Play Center

Steps toward enlarging and improving the city's recreational set-up were planned today at a meeting of the city recreation committee, which voted to recommend to the city that a measure providing for \$295,000 for construction of a swimming pool and recreation center be placed on the November ballot.

The recreation center is to be constructed on a recently purchased piece of land in the 1900 block on Main, acquired from Will Humphrey at a price of \$12,000, \$1000 of which Humphrey donated to the city.

The committee added to its recommendation that a one and one half mill levy be placed on the ballot in the November election for the purpose of maintaining, equipping and developing present recreational facilities and for acquiring additional recreation projects as they may be needed.

Another move made by the committee was a recommendation to the city that it make use of the swimming pool, rifle range and gymnasium along with other recreational facilities at the Marine Barracks in conjunction with the state vocational school which is being considered for establishment at the barracks.

Howard Perrin, local architect, displayed rough preliminary plans of the proposed city recreation center, from which the \$295,000 cost estimate was made.

Representatives of the YMCA sat in on the meeting and approved the committee's action.

Mihailovic Trial Reaches Climax

BELGRADE, July 11 (AP)—The trial of Gen. Draja Mihailovic moved swiftly toward its climax today following the former Yugoslav war minister's final plea for his life, in which he voiced "an absolute hatred for the Germans" and denied charges that he had collaborated with them.

In a four-hour address yesterday to the war crimes tribunal before which he and 23 co-defendants are on trial, Mihailovic reviewed his career as leader of the Chetniks and asked the court "to be fair in its evaluation of my work."

"I do not say that I made no mistakes, but everyone was making mistakes," Mihailovic declared as he pictured for the tribunal the "whirlpool of events and difficulties" with which he was confronted.

Baseball Scores

NATIONAL	
Team	R. H. E.
Brooklyn	0 3 0
Chicago	1 5 0
Hatten and Anderson; Schmitz and McCullough.	
AMERICAN	
Team	R. H. E.
Detroit	2 10 0
Boston	3 13 0
Hutchinson and Tebbetts; Swift (9); Hughson and H. Wagner. (10 innings.)	
R. H. E.	
St. Louis	4 2 0
Philadelphia	3 7 1
Potter and Helf; Mancuso (7); Marchildon, Savage (8) and Rosar.	

'E' Award To Batavia Draws Fire

WASHINGTON, July 11 (AP)—Chairman Mead (D-N.Y.) of the senate war investigating committee today termed "indefensible" the award of an army-navy "E" to Batavia Metal Products, Inc.

Mead commented after the committee heard testimony that Rep. May (D-Ky.) had taken up with war department officials possible award of the prized plume to the company, one of a group of munitions makers whose war profits are now under investigation.

Milton H. Pettit, chairman of the ordinance committee on "E" awards, testified there were short cuts and speedy action "unprecedented" in handing out the pennant and acknowledged that he had noted on Batavia's files:

"What price political expediency."

Ordinance Protests
Pettit testified that Batavia never would have been given the award if it had been left up to district ordinance officers (the normal procedure) who had protested the company's manpower handling, its production efficiency and its prices.

He said that it was his "understanding" that the speed and unusual proceeding by which it was granted was due to May's intercession.

Mead remarked that the award had a "derogatory effect upon the producers of America" and said that it constituted a "blemish" upon the army-navy use of the morale and production stimulating device.

May Conversation
The committee received a telephone transcription depicting May as protesting a production cutback ordered for a "friend of mine."

The transcript was placed before the senate war investigation committee as it sought details from Brig. Gen. Roswell B. Bly, wartime chief of the ordinance ammunition division, on the extent of May's activities in behalf of certain munitions makers.

Offered as evidence by Committee Counsel George Meader, it covered a telephone conversation between May and Hardy on May 7, 1945, on a "cutback" in an eight-inch shell contract.

In it, May, chairman of the house military committee, was quoted as saying at the outset that he had just seen "a friend of mine"—Henry Garsson, one of the promoters of 19 closely-linked corporations now under investigation.

Klamath Tribe Paid For Pine

Members of the Klamath Indian tribe received \$1,000,000, for pine cutting last year according to Morgan Pryse, director of the United States Indian service, today.

Pryse said the "western Indian is prospering" and that funds have accumulated rapidly for Indians on reservations in the four northwest states and California, from sale of timber, rental of farm land and cattle raising.

Umatillas collect extensive rentals from wheat lands in Oregon and Idaho, and even the Putes and Wascoes in Nevada, among the poorest of tribes, have incomes from cattle raising, Pryse said.

CIO Politicians Stumped On Successor To Hillman

WASHINGTON, July 11 (AP)—Sidney Hillman's place as chairman of the CIO political action committee yawned wide open today—in the middle of the nation's primary elections.

Barkley Works For Showdown On OPA Draft

WASHINGTON, July 11 (AP)—President Truman declared today that "every day that passes" without a price control law increases the danger of inflation.

WASHINGTON, July 11 (AP)—A move to require that OPA authorize increases in rents was rejected 58 to 14 today as the senate drove toward a final decision on legislation to revive price controls.

The vote rejected an amendment by Senator Hawkes (R-N.J.) to: Permit an immediate 5 per cent rent increase and additional 5 per cent raises on next November 30 and March 31. Forbid federal rent controls in states which already have them.

Democratic Leader Barkley pushed for a showdown on the OPA bill—loaded with bans on price controls for meat, poultry, milk, gasoline, cottonseed, soybeans and their products—in the face of a threat that senate consideration will be shifted tomorrow to house-approved measures to discard President Truman's government reorganization plans.

Cheerful despite rapid setbacks in the form of hands-off amendments, covering meats, milk, butter, salad oils and gasoline the Kentuckian told reporters he still is hopeful of getting a price control revival measure that the president could sign.

"We got a better bill than either the senate or house," he said.

WASHINGTON, July 11 (AP)—Senator Morse (R-Ore.) voted today against a proposal calling for three increases of 5 per cent each in maximum rents during the next nine months under OPA legislation. The amendment lost, 58 to 14.

passed last time from a conference," Barkley said. "Maybe we can still improve on that this time."

But another administration lieutenant who may not be identified further, said President Truman would balk again unless some way is found to overturn senate actions barring future price ceilings on many items important in the cost of living.

Across the capitol, Rep. Wollcott of Michigan, senior republican on the house banking committee, told reporters "it appears that only rent control will remain" when congress and the president finish their battle over OPA.

House May Act
He said a motion in the house to concur in all senate actions might prevail.

Major tests facing the senate today include an attempt by Senator Taft (R-Ohio) to reinstate his price-boosting provision which drew chief White House fire in the veto message and several proposals dealing with rent controls that expired along with OPA.

Following up its 40 to 26 vote Tuesday to keep meat free of OPA ceilings under any revival, the chamber voted these additional touch-not provisions yesterday and last night:

1. Milk and all other dairy products, an amendment sponsored by Senator Wherry (R-Nebr.) and approved 51 to 27.
2. Cottonseed, soy beans and their products, by Senator Eastland (D-Miss.), 42 to 34.
3. Petroleum and its products as long as supply exceeds domestic demand, by Senator Moore (R-Okla.), 40 to 39.

The only administration victory during the two days of OPA mauling came when the chamber rejected 32 to 40, an amendment offered by Senator Reed (R-Kas.) to exempt grains and their by-products.

California Balks At Auto Prices

SACRAMENTO, Calif., July 11 (AP)—A state request for bids on supplying new automobiles brought a quotation of \$2350 to \$2500 for Ford, Chevrolet and Plymouth sedans, State Purchasing Agent J. Fred Misphey said today. The senate is not purchasing vehicles at those prices, he added.

Final plans for United Air Lines inaugural flight into Klamath Falls were discussed here today by James L. Murphy Jr., San Francisco, executive assistant, United Air Lines, and August 1, at 10:51 a. m., will see the arrival of the big Mainliner 180 at the municipal airport.

Murphy said the first plane in will be a twin engine Douglas DC3, a 21 passenger ship, and that W. R. Thigpen of the Seattle office, an executive assistant, will be the speaker at inaugural ceremonies at the airport. The aviation committee of the Klamath County chamber of commerce is planning a ceremony from the community standpoint and Murphy congratulated the chamber group on their activities.

Full details of all ceremonies will be given the public as soon as plans are worked out. W. T. McIntyre, station manager, is arranging United's plans. He is attending a station managers' meeting in Denver, Colo., this week.

Murphy said today that Klamath Falls was one of five new stops on United's Pacific coast run, and that all were being inaugurated the same day, Thursday, August 1. In discussing the reservation set-up, Murphy said that announcement would be forthcoming. In the pre-war years, he said, United sold only 65 out of every 100 seats, but traffic demands were such now that 10 reservations are sought for every single available seat. United Air Lines has run into the same sort of production and equipment problems of other industries but the Mainliner 180 should handle the trunk traffic until spring.

3 Generals Found Guilty In Massacre

DACHAU, Germany, July 11 (AP)—Seventy-three Waffen SS veterans, including three generals, were found guilty by an American military court today of the slaughter of 900 American war prisoners and Belgian civilians in the Battle of the Bulge.

The president of the court, speaking after an hour's deliberation, announced all 73 defendants were "found guilty of the particulars and charges."

The defendants included Gen. Josef (Sepp) Dietrich, commander of the 6th panzer army and survivor of Hitler's original and last battle in the nearby Munich; Lt. Gen. Hermann Priess, commander of the 1st SS panzer corps; Brig. Gen. Fritz Kraemer, chief of staff of the 6th panzer army.

Peiper Chief Target
The burden of prosecution evidence was directed against Col. Joachim Peiper, daredevil commander of "Task Force Peiper," whose men participated in the massacre of unarmed American prisoners at Malmedy.

After the verdict of the American officers serving as judges was made known, defense counsel began presenting evidence that might be considered as extenuating when sentence is passed, possibly early next week.

Spectators were generally surprised that all 73 defendants had been convicted as a unit. It was the largest mass conviction yet handed down by American justice against accused German war criminals.

Peiper, like his fellow prisoners, took the court's announcement stoically. An American lieutenant colonel, Hal D. McCown, flew the Atlantic to testify in his defense, telling how a number of American captives were released by Peiper when the Germans were thrown back on the Ardennes counter-offensive.

Air Inaugural Plans Drawn

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Hennessy Nominated

WASHINGTON, July 11 (AP)—Frank J. Hennessy was nominated today by President Truman as United States attorney for Northern California.