

HERALD and NEWS
FRANK JENKINS
MALCOLM EPLEY
Managing Editor

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Today's Roundup
By MALCOLM EPLEY

INDICATIONS from Salem are that certain of the legislators are becoming brutally realistic about the budgetary and tax situation.
Senator Dean Walker and Rep. F. H. Dammasch of the senate and house ways and means committees report estimates of a budget deficit running from \$13,000,000 to \$14,000,000, as compared with the \$6,000,000 predicted by Gov. Snell and his budget director, George Aiken.



This extended discrepancy arises in part from disagreement as to the probable profits from the state's liquor operations in the next biennium.
The liquor control commission is to be asked for a final estimate to be used as a basis for ways and means work. Its advance estimate is \$10,350,000, whereas Budget Director Aiken has estimated \$25,000,000.
A lot depends, too, upon continuation of heavy returns from the state income tax, which were swollen during the easy-money era of the war. Decline of income tax returns will create a serious problem in state finances, unless in the meantime other revenues are developed.
The problem is aggravated by increasing demands resulting from general increase in state costs, the necessity of carrying out the people's decision to create a basic school fund of from \$15,000,000 to \$16,000,000, and rising demands for education, old age pensions, and so on.
In the background of all this is the spectre of a return to a tax on real property for state purposes. Already, Gov. Snell has proposed that the surplus in the corporation excise tax fund, which has been heretofore committed to property tax offset, be used to balance the budget. We hardly need to call attention to the undesirability of hitting property with more taxation.
It will be best for Oregon's legislators to follow the realistic line, and for Oregon people to be realistic in judging the legislative decisions, including those which may be referred to them for ratification or rejection.

News Behind The News
By PAUL MALLON

WASHINGTON, Jan. 21.—The pachydermic proportions of the federal debt of about \$280 billions is furnishing an elephantine inspiration behind the rather warm debate developing over federal finances and, frankly, is splitting some of the republicans in congress.
Certain stories have appeared generally in print suggesting revision of the republican plan for a flat 20 per cent slicing, would be advisable because of debt necessities. Rather openly the congressmen on all sides are mentioning the debt in their statements as reasons for what they variously wish to do.
Now this elephant is not as heavy as it has been publicly weighed. Not much genuine or original thought has been devoted to the debt.
Thirty-one per cent of the debt is held in bonds by commercial banks (figures are actually from June last year but the situation has not materially changed since then). That means your deposits in the banks rest to a considerable extent on the bonds, as everyone realizes. But as no one seems to realize, those banks pay a

The World Today
By DeWitt MacKENZIE
AP Foreign Affairs Analyst

The London conference of the Big Four (Great Britain, the United States, France and the Soviet Union) has before it a proposal that all allied occupation troops be withdrawn from Austria within ninety days of the signing of the Austrian peace treaty.
British sources said this suggestion was sponsored by the western powers. The two weren't named but presumably they were the United States and Britain. And the Russian delegate didn't oppose the idea.
Potentially that's a highly important development. Not only is Austria being crushed by the burden of occupation, but its future sovereignty is involved. Here it should be noted that this little state, which was over-run by Hitler and annexed by force,

high income tax rate on the interest they receive from the same government bonds. The rate on corporations is a flat 24 per cent normal tax plus a surtax of 14 per cent on the entire amount, if over \$50,000, at least. Thus if a bank is a corporation and makes more than \$50,000, it may pay back to the federal government 38 per cent of the interest it receives.
Individuals hold 23.5 per cent of the debt and must pay rates similarly high on interest they receive; corporations and associations hold 9.9 per cent, insurance companies 9.3, federal reserve banks 8.8 and—would you believe it!—the federal government owns 10.8 per cent of its own debt upon which it must pay interest to itself.

Recovery
SO while the budget contains the elephantine figure of \$5 billions for annual interest payments on a debt of \$260 billions, it neglects to note how much of the \$5 billions it gets back. Some authorities guess a considerable portion of the cost is recovered. This is the point (more clearly stated), to which I made passing reference in a recent column. Some individuals pay back as much as 60 per cent in taxes of the interest they receive from the government, and perhaps the corporations more. The government merely keeps these two considerations in two different pockets. The spending pocket has been widely advertised but the receiving pocket has been largely invisible in the congressional discussions.

An editor long-distanced a call for more details about the taxes on a person earning \$50 a week in addition to my somewhat confusing previous reference. The internal revenue bureau form (1040) calls for payment on that sum of \$6.75 a week for a person without dependents. (The tax is specified as \$352 a year on \$2600.) On a person with one dependent, the tax is \$257 on \$2600 or \$4.94 a week. Thus it is practically accurate to conclude that the average person earning \$50 a week pays more than \$5 because without dependents they pay \$6.75. They work more than one-tenth of the year for the federal government but the man making more works a much greater portion of the year for his tax.

Debt Retirement
THE arguments being developed, chiefly in democratic circles but now also eating their way into the republican tax theory, to upset the flat 20 per cent cut, are therefore considerably unrealistic.
In this connection, a tax expert in congress has been found who has pointed out to me the place in the income tax instructions where you are told you might get back the 3 per cent normal tax on income from federal bonds. This provision is obscured by a headline for which a copy reader on any newspaper would have been fired. It tells nothing, to wit, this:
Nowhere on the form is there any category for deducting legally non-taxable interest, but there is a place for you to pay it. Indeed the form requires you to submit it in your income. Unquestionably, the taxpayer is giving the government interest it is not legally entitled to collect, and he never knows the difference.
So then while the war debt is a somewhat staggering new influence in the economy, the carrying of it is not as heavy as publicly proclaimed. Cutting it down is necessary in the interests of all people whose economy is irretrievably wrapped up in it through their bonds and bank deposits. But the Truman balanced budget only calls for retirement of \$200 millions or so of the \$260 billions, a modest amount. Ordinarily the situation would seem to call for a debt retirement program to run through the years. A certain definite amount could be set aside annually for retirement and this figure could be accumulated from budget pruning and elimination of waste. A debt retirement program adopted at this time to set aside a certain amount in each future year would put government emphasis on saving and financial efficiency.

never has been placed by the allies in the same category with the reich state.
Clark Thore
One of the delegates to the London conference—which is preparing draft treaties for Austria and Germany—is Uncle Sam's General Mark Clark who until recently was commander of the American occupation force in Austria. He is in charge of the command of the U. S. sixth army in this country but now is serving as deputy in the preparation of the Austrian treaty.
I had a long conversation with the general in Vienna ten months ago, and while he was not talking for direct quotation it is permitted to say that I came away with the distinct impression that he would like to see all the allied forces of occupation withdrawn by the autumn of 1946 and the administration turned over to the Austrian government. I believe that one of his main reasons for wanting the country turned back to its own government was that the terrific financial strain involved in military occupation was bleeding her white. That, too, seems to have been the consensus of impartial observers. Well, Austria wasn't evacuated

last autumn, and I strongly suspect that General Clark didn't believe it would be. While America, Britain and France presumably would have agreed to withdrawal, there was no indication that Russia would subscribe to such procedure at an early date. And it strikes me that there is no reason to jump to the conclusion that Moscow has changed its mind merely because its deputy at the London conference hasn't opposed the suggestion of withdrawal.
The future status of Austria poses a mighty problem for the allies. This small but strategically situated state is wedged into the western frontier of Russia's protective bloc of countries like a plum in the side of a pudding. Moscow wants Austria wholly within that frontier—along with Hungary, Poland and Czechoslovakia—in order to perfect its original plans for insuring security.
SALEM, Jan. 21 (P)—Rep. Carl H. Francis, Dayton, introduced a bill today to prohibit the sale of gifts of mementos denoting honorable discharge from the armed forces, provided the emblems are sold or given to persons who are not honorable discharged.

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And if the goings very rough
The rough guys take a chance
And tears away the biggest part
Of the poor mug's pants.
All in all it's a big night
It leaves my nerves real brittle
But you cannot find a bigger thrill
And spend so gosh darn little.
DOC COOK.
Classified Ads Bring Results.

Table with columns for radio programs: TUESDAY EVE., JAN. 21; WEDNESDAY P. M., JAN. 22; WEDNESDAY A. M., JAN. 22. Lists stations like KFLW-1450, KFJL-1240 and their respective program schedules.

SIDE GLANCES



"I'll bet the author of that article you just read about what to do with your spare time never raised a family!"

Boyle's Column
Newest Book On Thought
Baffles Even Columnist

By HAL BOYLE
NEW YORK, Jan. 21 (P)—Did you know that thought comes out through your frontal sinuses?
I always believed that what few ideas I ever had came out through my size 12 mouth.
But Harold Waldwin Percival says no. You conceive a thought and—wham!—it comes skipping through your frontal sinus and on through the world like a bounding basketball.
Percival—his editors say—spent 34 years dictating "Thinking and Destiny," a volume notable for the fact that the au-

Telling The Editor

Letters printed here must not be more than 500 words in length, must be written legibly on ONE SIDE of the paper only, and must be signed. Contributions following these rules are warmly welcomed.

NIGHT AT THE FIGHTS
I love a night at the armory
Where they hold the wrestling matches,
Where murder is almost done
And men's hair torn out in batches.

And the boy who sells the nuts,
With a smile starts heavin',
A sack to a bunch of gals,
Remarking "Now we're even."

Where boys and girls smoke
Cigarettes
Likewise some grandmas, too;
And some few, spike soda pop
With various kinds of brew.

When the matches start at last
Mid a momentary hush
And the meanie soaks the clean-

I hear remarks that make me blush.
I love to see Belcastro
He of the wild and woolly hair
Kick some gink upon the chin
And sail him through the air.

When the cleanie twists the
meanie's leg
A cute blonde says with a hoop:
"Tear it off, throw it to me,
I'll make a dish of soup."

Then a grandma jumps upon a
chair
And with murder in her eye
Loudly shouts, "Toss me his
head
I'll sock him in the eye."

The wrestlers loudly grunt and
groan,
Mid many a yell and BOO.
One wonders will they be alive
When the groary strife is through.

The referee gets in the way,
The meanie socks the squirt
And as he goes a reeling back
He hears his brand new shirt.

And if the goings very rough
The rough guys take a chance
And tears away the biggest part
Of the poor mug's pants.

All in all it's a big night
It leaves my nerves real brittle
But you cannot find a bigger thrill
And spend so gosh darn little.
DOC COOK.

KIRBY Vacuum Cleaners
Authorized Sales and Service
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Grand Relief FROM SHIFFLY, STUFFY DISTRESS OF Head Colds!
VICKS VA-TRO-NOL
Instant relief from head cold starts to come when you put a little Va-tro-nol in each nostril. What's more—it actually helps prevent many colds from developing if used in time! Try it! Follow directions in package.

Week-End Accident Toll High

(Continued from Page One)

Robert said, and ran from the house. Robert followed her and James walked out in the yard with the gun still in his hands. Robert then called the parents who arrived shortly after 4 o'clock.
On interrogating 5-year-old James, officers said he told them that instead of returning the gun to the bedroom, he went to his father's tool case and got a shell, broke the gun and loaded it, pushed the button on the side which controls the barrels, and then walked into the living room where his baby sister was crawling toward him.

Scar Shot
"I thought I'd shoot over her head and scare her," the child told Dr. Adler.

Both Dr. Adler and State Police Officer Larry Bergmann examined the 22-410 and found it took extreme effort to handle. They asked James to show them how he did it and the child put the butt of the gun on the floor and took both hands to push down on the hammer.
Dr. Adler said today that no inquest would be held. The body is at Ward's. Mr. and Mrs. Hill have three other children: James, 5; Joy Gertrude, 15; George Charles, 12.

40 Foot Fall
A 40-foot fall from a tree shortly after he had released his safety belt, resulted in critical injuries yesterday to Clifford Scott, 39-year-old Malin resident, who remained unconscious at Hillside hospital early today.

Scott, employed on a tree trimming crew by J. L. Taylor, was preparing to return to the ground after topping a big tree one mile north of Tulelake yesterday afternoon shortly before 3 o'clock. He is said to have released his safety belt to climb down when he slipped and the limb on which he was standing gave way. He grabbed at another limb but failed to hold and plunged to the ground. His condition is reported as extremely serious. The attending physician was unable to take X-rays today due to Scott's injuries and he had not regained consciousness at any time since the accident.
Members of the crew moved Scott to Dr. F. E. Trotman's office in Merrill and the Klamath Ambulance Service brought the injured man to Hillside. Scott is the brother of Floyd Scott of Merrill, owner of a cleaning establishment there. A sister arrived today from Portland to be with Mrs. Scott.
Taylor, by whom Scott is employed, is understood to have a contract with the California Oregon Power company for tree trimming along the right-of-way.

Hand Caught
Mrs. Fred Albers, 43-year-old employee of Brattson's Packing company on the Ashland highway, suffered the loss of her right hand early Tuesday morning when she was caught in the meat grinder at the plant.

Mrs. Albers was admitted to Hillside hospital at 10:15 a. m. for treatment. The hand was completely severed from the wrist. She resides at 4456 Arthur.

Steam generating in a water jacket of a wood stove in her cabin at 445 Market, caused an explosion which injured Mrs. Blanche Heinson, 27, and sent her by ambulance to Klamath Valley hospital at 1:25 a. m. today.

Mrs. Heinson, employed as a caricer at the Southern Pacific company, had returned home from work and had started a fire in the combination heater. The explosion blew the main section of the stove through the front door and out into the yard, and particles of metal struck Mrs. Heinson on the right leg below the knee and caused a compound fracture of the bone. She also suffered numerous cuts from the flying metal. City police investigated. Mrs. Heinson's mother is Mrs. M. O. Bates.

Mrs. John S. (Clarissa) Powell, 68, was found unconscious lying beneath the clothesline in her backyard at 2134 Oregon avenue late Monday afternoon by her grandson, Richard Smith. The Klamath Ambulance Service was called and rushed Mrs. Powell to Hillside hospital where she was admitted at 4:30 p. m. Mrs. Powell died at 7:35 p. m., without regaining consciousness.

A resident here for more than 20 years, Mrs. Powell's late husband was a long-time employe of Ewauna Box company. She made her home alone and is survived by two daughters, Mrs. Gilbert A. Holte and Mrs. William Smith, both of Klamath.

FUNNY FEELINGS due to 'MIDDLE AGE'
This great medicine is famous to relieve hot flushes, weak, irritable, nervous feelings—when due to the functional 'middle-age' period peculiar to women. All druggists.

FASHION CLEANERS For 2-DAY SERVICE
Specials in 8 Hours
129 So. Seventh
Between Main and Klamath

Marshall Takes Oath Of Office

WASHINGTON, Jan. 21 (P)—Gen. George C. Marshall took the oath today as secretary of state in the presence of President Truman and then pledged, "I'll do my best."
Numerous notables gathered in Mr. Truman's office to witness the ceremony and to them Marshall said:
"I appreciate sincerely the honor and the compliment of your confidence. 'I'll do my best.'"
The wartime chief of America's victorious armies, was assured by Mr. Truman that he felt the approval was made by the duties of secretary of state are in "safe hands."

Ice Plant To Be Built Here

The Western Fruit Express company today received an official go-ahead on plans for a \$18,300 ice storage plant in Klamath Falls. Announcement of the approval was made by the civilian production administration in Portland.

Located in the Great Northern yard, the new 1000-ton capacity structure will replace an old, much smaller building now in use. The present icing platform, with its 10-car capacity, will be enlarged to double size. Construction has been held off in recent years because of the shortage of materials, but work is expected to get under way immediately, according to W. B. DeWitt, WFE station foreman.
DeWitt stated that the company hopes to have the plant completed by late spring.

Tulelake

TULELAKE, Jan. 20.—The auxiliary of the Tulelake post, American Legion, is the first in district number 2 to go over the top in the current drive for new members and the unit now has a registered membership of 181.
A district meeting of both Legion posts and auxiliaries is planned for February 16 at Mt. Shasta. Past presidents and those now holding office will be guests at a "parley" breakfast Sunday morning.

The Tulelake post and auxiliary met Tuesday night in the Legion hall for a potluck supper with places laid for 75 guests at tables centered with Oregon grape and white tapestry.
The hostess committee included Mrs. Roy Campbell, Mrs. J. Merton Brown, Mrs. Clark W. Fensler, Mrs. George Frey.

TULELAKE, Jan. 21.—Representatives of many of the organizations, both civic and social, taking part in the reception planned for the new homesteaders recently awarded land were guest speakers at the Rotary luncheon Wednesday. Among them were Fred McMurphy of the reclamation examining board, John Burke, engineer, Olney Rudd, P. C. Bergman, Norman Esser, George Reiben and A. A. Rodenberger.
The speakers were introduced by Don Fisher, program chairman for the day.
Tentative plans are for a dinner, reception and dance.
McMurphy stated that the sifting board expects to complete its work in probably two weeks.

Four Children Die In Farm Blaze

CHESANING, Mich., Jan. 21 (P)—Four small children burned to death at their young mother's critical condition in a Saginaw hospital today as the result of an explosion and flash fire which leveled their farm home three miles northeast of here last night.

Mrs. Mary Courtier, 25, was suffering with burns over her entire body. Dead were three of her four daughters—Marjorie S. Carol Jean, 4, and Bonnie Lou, eight months—and one of her two sons—Ronald, 2.

Falls, and a son, C. N. Powell of Portland, who arrived here today. Ward's will announce final rites.

Promptly Relieves Itching and Helps Heal Ugly SKIN RASHES
Here's a Doctor's antiseptic formula—Zemo—a stainless liquid which appears invisible on the skin—yet so highly medicated that first applications relieve itching, burning of skin rashes, eczema, Athlete's Foot and similar skin and scalp irritations due to external cause. Zemo is backed by an amazing record of successful first trial convalescence. In 8 cases. For severe cases buy at least a 2-ounce special Extra Strength ZEMO

You'll never be a hermit if you never OLD HERMITAGE
For Generations A Great Kentucky Favorite
NATIONAL BOTTLES FOOD, COOP., S.T., WHOLEY—A MERCO-BL 90007-45% GRAIN NEUTRAL SPIRITS

Lawmakers See Deficit In State Budget

(Continued From Page One)

A preliminary study showed a \$14,000,000 deficit, while Dr. F. H. Dammasch, house ways and means chairman, said the deficit is about \$13,000,000.
Both men emphasized that their estimates are only tentative, depending in a large measure on the disputed statements of liquor profits for the next two years.

Governor Snell's proposal to take up \$6,000,000 of the deficit by using corporation income tax surpluses is expected to reach the floor for final action in a few days, but house leaders said they doubt it will pass. They believe the money should continue to be used to reduce property taxes.

Bly

The Bly community is having its annual March of Dimes dance Saturday, January 25, in the school gymnasium.
The dance is being sponsored by the school under the leadership of U. L. Perry and the Bly Women's club under the chairmanship of Mrs. Harry Schoenberg.
The community, with the aid of Ivory Pine, is supplying the refreshments to be sold at the dance.
Those assisting further with arrangements are Mrs. Dave Campbell, Mrs. Jack Harrison, Mrs. C. A. Smith, Mrs. Monty Cline, Mrs. Carl Probstel, Mrs. Duane Cassidy and Mrs. F. H. Armstrong.

Perry, principal of Bly school, is arranging a basketball game to further benefit the March of Dimes.

Hager

Mr. and Mrs. Herblson are moving into Klamath Falls from here.
Martin Snyder has been on the sick list this week.
Mrs. Thirza De Cew is a convalescent at the R. H. Anderson home here.

Mrs. Ruby Hendrickson and niece and Dale Hendrickson left for points in Kansas and Missouri to visit their parental homes there for a few weeks.
Mr. and Mrs. Smith were business callers at Hager last week.
The upstairs that is being built in the Mallory market is being completed as rapidly as possible.
Mrs. Lea Baldwin has returned from her trip to Idaho where she visited her aged mother and other relatives. Her sister from the east was also visiting their mother at the same time.

Lakeshore Inn CLOSED Wed. and Thurs.

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2 or 3 bedroom house. Permanent resident. CALL 5374

PIN-WORM MYSTERY ENDED
Pin-Worms have been causing trouble for centuries, and millions of victims have desperately sought a way to deal with this pest that lives inside the human body. Science has at last solved the problem!
It is now also known that Pin-Worm infection spreads rapidly and can cause real distress if neglected. So beware of that aggravating rectal itch, and act fast. Ask your druggist for JAYNE'S P-W at the first sign of Pin-Worms. P-W is a medical by sound treatment based on an officially approved drug principle. The easy-to-take P-W tablets act in a new way to remove Pin-Worms easily and safely.
It's easy to remember: P-W for Pin-Worms!

Promptly Relieves Itching and Helps Heal Ugly SKIN RASHES
Here's a Doctor's antiseptic formula—Zemo—a stainless liquid which appears invisible on the skin—yet so highly medicated that first applications relieve itching, burning of skin rashes, eczema, Athlete's Foot and similar skin and scalp irritations due to external cause. Zemo is backed by an amazing record of successful first trial convalescence. In 8 cases. For severe cases buy at least a 2-ounce special Extra Strength ZEMO

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