

# Henderson Daily Dispatch

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## State Budget Is \$163,635,382

### Highway Fund Budget Sets Record

Expenditure of \$77,692,625 Contemplated, Including Federal Aid Funds; Reserve Fund Proposed To Meet Emergencies

Raleigh, Jan. 14.—(AP)—The biggest highway fund budget in the state's history was proposed to the legislature today by the advisory budget commission, contemplating expenditure of \$77,692,625 during the next biennium, including federal aid funds.

A provision is made for expenditure of \$1,000,000 a year to modernize obsolete roads as the first step in such a program.

For the first time a reserve fund of \$2,000,000 a year was proposed, to be held to meet emergencies caused by freezes and floods such as the state experienced last year.

"It has been demonstrated that freezes or floods may cause damage to the roads amounting to millions of dollars in a few days' time," the commission said. "If there is no reserve and all funds are appropriated for specific purposes, there would be no provision for the repair under these extraordinary and extreme conditions."

"There is a possibility that the Federal government may direct that the funds appropriated to the state for federal aid shall be used on defense roads and also that the state may possibly be required to match these federal funds out of its own revenues. This might mean that certain sections of the state would have little or no funds available for construction."

"This reserve is for the purpose of meeting other contingencies."

The recommended appropriation (Continued on Page Three.)

### FIRE DESTROYS POWDER COMPANY PLANT BUILDING

Reno, N. J., Jan. 14.—(AP)—Fire early today destroyed a building used for manufacture of fuse compound at the plant of the Hercules Powder Company. Three men were injured.

A company spokesman said damage was slight.

The fire was caused, the spokesman said by a "flash" in the nitrating section of the building. A detonation followed.

Men at the plant engaged on government contracts was destroyed by an explosion last December 12, in which 51 persons were killed.

### Invasion Of Eire Feared

Military Experts Express Belief That Attempt at Invasion Will Be Next Move.

Washington, Jan. 14.—(AP)—Belief spread among American military experts today that Adolf Hitler's next stroke would be an attempted invasion of Eire to secure Irish bases for a fierce air and submarine war or Britain's vital shipping.

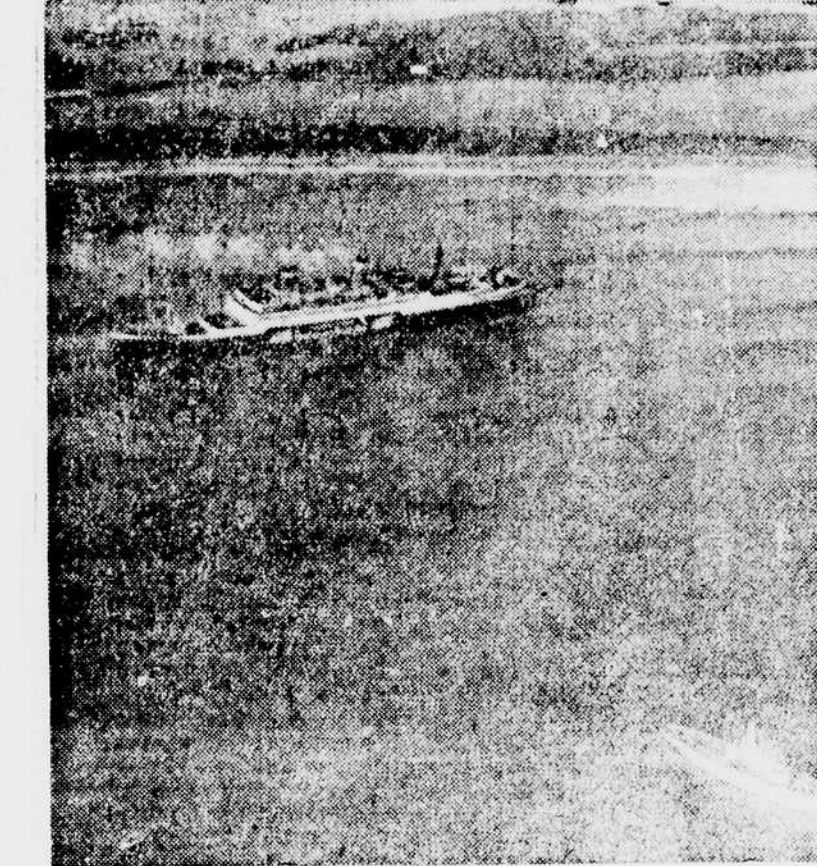
The current furious raids by the Royal Air Force upon the so-called invasion bases on the European continent were interpreted in many quarters as a reflection of British apprehension that Nazi eyes are now fixed on Ireland.

The opinion was expressed widely here that German transports from the Channel ports and from Norway probably would attempt to land troops and mechanized equipment under cover of darkness while parachute troops and air-transported infantry descended simultaneously to seize strategic flying fields.

Calculations as to the timing of any invasion attempts were confused by conflicting factors. Winter's fog and long nights, for example, offer a shield to troop ships, but hinder aerial operations.

### Nazi Fire Bombs Rain On Port Of Plymouth

Liner Aground off Florida



From an Eastern Airlines plane, you can see the 21,280-ton *U.S. Flag*, second largest liner flying the U. S. flag, aground on a sand bar off Palm Beach, Fla. At lower right is the Coast Guard cutter *Mojave*, on scene to help pull the liner free. The *U.S. Flag* was bound from New York to San Francisco with 129 passengers and a crew of 459.

### Time Limitation Left To Congress

Bulgaria Denies Troop Movements

Sofia, Bulgaria, Jan. 14.—(AP)—Bulgaria issued a formal denial today that any foreign troops had entered this country, thereby taking the first official published notice of foreign reports of German troop movements here.

The denial was made through the government news agency. It said, further, there had been no representations to foreign powers concerning such a possibility.

It was published with a denial along the same lines by East official Russian news agency, and one by DNB, official German news agency.

### Deadlock In Labor Strike At Ryan Plant

San Diego, Jan. 14.—(AP)—Charges of "labor profiting" and "holding up" national defense were exchanged today after the Ryan Aircraft Company and the CIO United Automobile Workers' union or joint contract negotiations and the union considered a strike with CIO negotiator, who said the discussions were deadlocked on the issue of wages.

Bullitt Clark said, "I have been bargaining with the union for a long time, but I would like to see a settlement."

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### Bombers For Britain

Elizabeth City, Jan. 14.—(AP)—Within three days to active service in the Royal Air Force over the battle lines of Europe, five more British reconnaissance planes were sent from the Pasquotank river base shortly after dawn today, set their noses toward Bermuda, their next stop, and roared out of the base.

The five, but a startling few of the "wing" series, were to follow this route in the next few months, as announced by American pilots who will turn them over to Royal Air Force crews at the tiny British Atlantic possession. Two other planes of the same type arrived here on Sunday and Monday and are waiting for orders to join them before taking off for Bermuda.

### Casualties Believed To Be Heavy

Royal Air Force Bombers Attack German U-Boat Base at Lorient and the Dunkerque Area; War News From Other Fronts.

(By The Associated Press.) The London admiralty acknowledged late today that German and Italian bombers—joining in an intense aerial offensive against the British Mediterranean fleet—sunk three British men-of-war escorting a convoy en route to Greece.

At least twelve of the axis attackers were shot down, the admiralty reported.

The admiralty said the warships were guarding ships carrying "important material assistance for Greece" when the axis raiders fell upon them, hitting the 22,000-ton aircraft carrier *Illustrious*, the 9,100-ton cruiser *Southampton* and the 1,335-ton destroyer *Voltaire*.

It was not disclosed whether the ships were carrying British troops to reinforce the Greeks, but earlier an Italian newspaper had declared that British troops were being sent to the Aegean country.

(By The Associated Press.) Nazi fire raiders showered more than 10,000 incendiary bombs and (Continued on Page Three)

### Heroism Medal Is Awarded To W. T. Hudnell, Jr.

Washington, Jan. 14.—(AP)—Award of the Distinguished Flying Cross to Fleet Lieutenant William T. Hudnell, Jr. of Washington, N. C., for heroism in landing a disabled plane safely was announced today by the War Department.

The citation said that Hudnell returning from an individual flying mission last April 22 at Langley Field, Va., was descending from an altitude of 2,000 feet when the control stick of his plane locked in the neutral position. In spite of the normal risk, he remained in the plane and made a safe landing.

### General Assembly Committees Named

Choice of McBryde for Senate Finance Committee Chairmanship Is Big Surprise of Harris' Appointments for Senate Posts.

Daily Dispatch Bureau, Raleigh, N. C., Jan. 14, 1941.

Raleigh, Jan. 14.—(AP)—McBryde as chairman of the Senate Finance committee was the real "bombshell" appointment Governor Reg. Harris' appointments announced last night.

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### Sales Tax Exemptions Provided

Additional Foods Exempted, but Budget Commission Recommends That Contingent Diversion Of Highway Funds Be Retained

Raleigh, Jan. 14.—(AP)—The advisory budget commission recommended to the legislature today that it exempt from the sales tax additional foods "commonly in use in the average home" but that it retain the contingent highway diversion section of the revenue bill.

The proposal was contained in the record-setting biennial budget prepared by Governor Broughton and his advisory commission. Governor Broughton participated in the drafting of the report.

Emphasis was laid by the commission on the theory that no new taxes should be levied and that existing laws should not be increased. It was recommended that additional audits be provided the revenue department to try to increase tax collections.

A so-called "use tax" was suggested to the legislature to clarify the 1929 section, clarifying amendments were proposed to other parts of the 1929 law, but no changes were proposed in the budget machinery bill for the levying and collecting of local taxes.

Insisting on retention of the (Continued on Page Two)

### Drastic Action Urged To End Eaton Strike

Detroit, Jan. 14.—(AP)—James F. Dewey, federal labor conciliator, announced today that as a "defense measure" he would insist that all plants of the Eaton Manufacturing Company be reopened and all striking employees put back to work.

The strike began at the Eaton plant in Saginaw, Mich., and has spread to the company's factories in Detroit, Battle Creek and Marshall in Michigan and Cleveland, Ohio. About 3,500 workers are affected.

"This marks the first time such a drastic step has been taken anywhere in the country," said Dewey in announcing his demand that the plants be reopened.

"The dispute can be settled after the plants are running again," Dewey said he took his action with the authorization of the national defense advisory commission and the Department of Labor. Were the strike to continue automobile plants manufacturing airplane engines would be affected within a few days. The Eaton company supplies airplane engine parts.

### General Assembly Committees Named

Choice of McBryde for Senate Finance Committee Chairmanship Is Big Surprise of Harris' Appointments for Senate Posts.

Daily Dispatch Bureau, Raleigh, N. C., Jan. 14, 1941.

Raleigh, Jan. 14.—(AP)—The Piedmont and West got ten chairmanships of important House committees, as named a minute four which go to the East.

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### Largest New Item Is \$3,408,152 For Retirement Plan

### Holy Bibles Are Included Among Essential Foods

Faleigh, Jan. 14.—(AP)—North Carolina legislators regard Holy Bibles as being just as necessary as are "essential foods for human consumption."

The list of sales tax exemptions lists only Holy Bibles in addition to food items. They are already exempted along with eleven items of basic food, and if the legislature follows the advisory budget commission recommendation it will today the new exemption list will be:

"Four, meal, meat, fowl, lard, milk, molasses, salt, sugar, coffee, Holy Bibles, bread and rolls, eggs, cereals, grits, rice, butter, butter substitutes, fresh vegetables, canned vegetables, fresh fruits, canned fruits, tea, canned milk, evaporated milk, fish, canned fish and canned meats."

### Record Sum For Schools

No General Salary Increases Proposed, Commission Favoring Retirement Program

Raleigh, Jan. 14.—(AP)—A record budget of \$57,939,193 for North Carolina's public schools for the 1941-43 biennium was recommended to the legislature today.

A sum of \$27,770,764 would be devoted to the eight-month term for 1941-42 and \$28,738,329 would be used in 1942-43.

No general salary increases were proposed. The commission recommended, the budget said it believed a proposed retirement program would be of far greater benefit "than any small salary raise."

Actual expenditures for the eight months term in 1939-40 were \$23,530,029 and it was estimated they would be \$28,397,017 for 1941-42.

The proposed budget, as broken down by the advisory budget commission, showed the following:

Salaries of superintendents would remain at present levels, the estimated needs being \$475,000 for this fiscal year.

### More Barracks For Camp Davis

Jacksonville, N. C., Jan. 14.—(AP)—Dewey, to increase the number of buildings in the barracks area at Camp Davis, the anti-aircraft training center under construction at Holly Ridge, caused suspension of work there today on barracks, but construction of other buildings was pushed ahead.

It was said that the decision to increase the number of buildings in the barracks area might mean an increase in the personnel to be stationed at Camp Davis, which had been announced as 20,000 men and 200 officers.

### Konoye Speaks On Jap-U. S. Relations

New York, Jan. 14.—(AP)—The attitude of the United States toward Japan was discussed by Japan's Premier Prince Konoye in an outline of the world situation to members of the diet in Tokyo today. During the Japanese news agency, reported in a broadcast.

(Continued on Page Four)

### Governor Broughton Transmits Advisory Budget Commission Report Which Reflects Directly Many of His Ideas

Raleigh, Jan. 14.—(AP)—A record State budget contemplating the expenditure of \$163,635,382 in State funds during the 1941-43 biennium was recommended to the legislature today by the advisory budget commission.

The largest brand-new item was \$3,408,152 for the biennium for a retirement program for all State employees, including teachers.

Governor Broughton, who sat with the commission as it worked during the fall and winter, transmitted the report which reflected directly many of his ideas and contained items inserted at his request.

The expenditure of the \$163,635,382 would include \$5,663,082 more in general fund disbursements than it was estimated the general fund would yield. No general salary increases were proposed but additional employees were recommended for State hospitals to place emphasis on treatment instead of custodial care of inmates.

Diversion Proposed.

As set up the general fund budget calls for use of a balance expected to be \$2,470,175 June 30 plus the transfer during 1942-43 of \$2,265,397 from the highway fund. The report notes that revenues might increase to the point this would not be necessary, as they did during this biennium when the original budget set up \$5,000,000 as the amount it might be necessary to transfer. There are already surpluses that the surplus June 30 will far exceed \$5,000,000.

Usually the legislature appropriates more money than the budget commission recommends. In addition, the governor is empowered to allocate for immediate use any surplus which accrues in the highway fund.

It is recommended that the general fund expenditures for the biennium reach approximately \$82,500,000, compared with \$83,750,000 this biennium and \$30,250,000 for the 1939-43 depression period. The agreement (Continued on Page Three)

### Recalled Envoys Arrive In U. S.

New York, Jan. 14.—(AP)—Three American embassy staff members whose recall from Paris had been demanded by the German government on charges they aided a British officer to occupy the occupied zone returned to the United States today but declined to discuss the recall.

"The story, but I don't talk," said Mrs. Elizabeth H. Dodson, former embassy secretary, from Asheville, N. C., who had been held by the Germans in a work in Paris.

### Draft Power Advocated

Glenn L. Martin Says Government Should Have Power to Draft Labor and Industry.

Washington, Jan. 14.—(AP)—Glenn L. Martin, the airplane manufacturer, told a congressional committee today that the government should have power to draft both labor and industry for defense production.

Testifying before the House naval committee, the Baltimore industrialist and effort to speed up the rearmament drive should be undertaken in stages, but with the possibility always in mind that the drafting of labor and industry might prove necessary.

"I think you should have the power to draft them if you need them," he said.

"If you just want the present program, I believe the Army and Navy could obtain the present number of (Continued on Page Six)