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FINAL NEW YORK STOCKS
(See Financial Page)

The Times
SAN MATEO TIMES AND DAILY NEWS LEADER
A HOME-OWNED NEWSPAPER

WEATHER

Fair tonight and Tuesday. Little temperature change. Low tonight, 45; high Tuesday, 60. Variable gentle winds.

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Marines in Stubborn Battle for Hue

State's Record Budget Contains No New Taxes

By BILL BOYARSKY
SACRAMENTO (AP) — Republican Governor Reagan gave the Democratic-controlled legislature a \$5.7 billion hold-the-line budget today that requires no new taxes and proposes cutbacks in welfare and medical aid to the poor.

Wild Meeting Matean Heads State's Young Republicans

Steve Lewis, 26, of 244 North Ellsworth Avenue, San Mateo, yesterday became the president of the California Young Republicans organization in a wild meeting at Anaheim that left the statewide organization in disarray.

Political Records

Stanton is a former supporter of ex-San Francisco Mayor George Christy, Sheriff Bill Whitmore, New York Governor Nelson Rockefeller and Congressman Paul McCloskey in their respective campaigns as related here.

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Pueblo Deal Is Denied

Some Progress Is Admitted

WASHINGTON (UPI) — The United States and North Korea held a liberal meeting today on the Pueblo incident, the State Department said. Robert J. McCloskey, said that representatives of the two sides were continuing to talk at Panmunjom suggested an element of progress. But he said this was a "leak" and he continued as meaning "we feel that we are on a breakthrough for a settlement of this problem."

Attack Warnings Ignored

SAIGON (UPI) — The Communist offensive of the South Vietnamese army with conventional weapons and tanks on holidays at beaches and mountain resorts and enlisted men on holiday with families.

Travel Tax Plans Told

WASHINGTON (UPI) — The Johnson Administration proposed today a "pay-as-you-go" tax on Americans traveling abroad—including a levy of 20 per cent for spending above \$1,000 a day.



BLASTS ENEMY IN HUE—U.S. Marine fire bazooka through hole in wall in Hue creating scene reminiscent of World War II. Allied troops fought from house to house as Communists' biggest offensive of the Vietnam war stretched into its seventh day. (AP Wirephoto via radio from Saigon)



AID BY THE ARMFUL IN SAIGON—A Vietnamese marine carries a young Vietnamese girl to an ambulance during street fighting between the allies and Viet Cong in a southwestern sector of Saigon. (AP Wirephoto)

South Viets Go on Holiday

SAIGON (UPI) — The Communist offensive of the South Vietnamese army with conventional weapons and tanks on holidays at beaches and mountain resorts and enlisted men on holiday with families.

Reds Overrun Small Saigon Police Station

By THOMAS CORPORA

SAIGON (UPI) — U.S. Marines fighting behind tanks and under helicopter gunships clamped control on 18 blocks of Hue but Communist forces still held the biggest part of the old imperial capital Tuesday morning. Four hundred Viet Cong overrun a small police station in Saigon and attacked a large one nearby in a three night battle.

As the Communist offensive moved into its second week, U.S. commanders said the South Vietnamese military had ignored American warnings that a massive river drive was in the works. Thousands of Vietnamese officers and enlisted men were on leave celebrating the lunar new year when North Vietnamese and Viet Cong armies struck Jan. 28.

The Khe Sanh front just south of the Demilitarized Zone fell and seriously split Monday after a brief but bitter battle before dawn when American Marines defended the strategic valley against a North Vietnamese assault.

Bad weather, possibly restricting U.S. air power, raised fears that the Communists might again in the Khe Sanh Area where a full-scale offensive by as many as 60,000 troops had been expected for more than a month.

N.Y. Garbage High as Cars

NEW YORK (UPI) — With uncollected garbage piled higher than automobiles on city streets, Mayor John V. Lindsay warned today the city might face a health emergency if the sanitation men's four-day-old strike continues into tomorrow.

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