

Nationalists In China Gradually Reversing Tide

HONG KONG, March 30. — (AP) — The "turncoat" business, which profited the Chinese Communists enormously when they were winning the mainland, has hit a slump. The coats being turned nowadays are being turned mostly for the Nationalists. Even some of those who switched to the Communists, a few pilots for instance, are re-joining the Nationalists.

Consider this week's Communist raid on Hainan island, the big Nationalist bastion of the South China coast.

The Reds may have been trying to supply their guerrillas there. But they also may have been trying to establish a beachhead, hoping that the usual national defections would do the rest.

Defections did not occur and the Reds seem to have lost most of what they staked in the raid, 4,000 men and their equipment.

Things were quite different at this time last year. Nearly every time Communist soldiers entered an area the Nationalist defense crumbled and Nationalist armies went over to the Reds.

Take Formosa. The Communists plainly have their operatives there trying to swing Formosa over without an expensive, and dangerous amphibious attack. Nobody important has defected and nobody shows any sign of turning his coat.

Last March the loyalty of the Nationalist air force was wavering. Several pilots flew over to the Communists with their planes. They aren't doing that now. In fact, some of the turncoat pilots made their way out of Red China and are back with the Nationalists.

Take the Nationalist navy. Its defection point was so low last year it lost its flagship cruiser *Cungking*, which steamed off to Red China. A gunboat and some other small craft also turned coats. Now the navy has stiffened. That's the main reason for its new effectiveness.

The reason for this change in feeling seems to lie more with what is happening in Red China than with the Nationalist resurgence.

At first the turncoats felt the Nationalists were a washed up, defeated crowd who brought disaster on themselves through ineptitude and corruption. The turncoats didn't like the Reds, but they figured they were the best of a bad choice.

Things are going badly in Red China now. There is famine. There is unemployment. There is unrest. There are Nationalist guerrillas. The turncoats seem to have decided that the Reds have even less to offer than the Nationalists, and maybe they'd better get back into the Nationalist camp.

\$20 Million For Corn, Wheat Buying Approved

WASHINGTON, March 30. — (AP) — Purchases of more than \$20,000,000 worth of American wheat and corn under the Marshall plan were approved Tuesday.

The Economic Cooperation administration granted \$8,583,000 to Austria, \$3,482,000 to Portugal and \$5,117,000 to western Germany to buy wheat.

Ireland received \$3,000,000 to buy corn.

The allocations accounted for the bulk of \$28,574,000 in New Marshall plan aid approved Tuesday for nine western European countries.

In addition to the grant for wheat, western Germany also was given \$662,000 to buy rye in this country.

The new grants brought total commitments for European recovery to \$8,632,866,000.

OFF-AND-ON SHOW

TOKYO, March 30. — (AP) — Five dancing girls in Tokyo's "new look strip show" simultaneously "lost" their brassieres. The next night they played to a packed house.

But fans were disappointed. Police warned that accidents don't happen twice in the same five places.

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Orange Roll Requested For White House Lawn

COVINA, Calif., March 30. — (AP) — Kermit Wilson wants to change an old White House tradition. He said he has sent this telegram to Sen. Knowland (R-Calif.):

"Respectfully request you intercede with President and suggest rolling of oranges on White House lawn this Easter instead of eggs. This would be in line with government's recommended crop rotation principles and obviously a fair deal for all. Also, it will help take spotlight off administration's embarrassing egg surplus."

Wilson is the owner of a 40-acre citrus grove.

News-Review classified ads bring results. Phone 100.

Interest Payment On Purchasing Home Big Factor In Housing Bill Discussion

By CLARKE BEACH, AP Writer

WASHINGTON—how much interest should you pay when you borrow money to buy a home? How much should you expect to receive if you lend money to a home-owner? These are two sides of a tough economic question, as the members of the Senate learned when they wrangled over the proposed middle-income housing bill. Much of the debate hinged on this point.

Proponents of the bill said they had found a way to provide cheaper housing for the middle-income group. It wouldn't involve government subsidy, they said—it would all be done through private enterprise. The most striking feature

of the plan was the method of reducing financing charges from the usual 4½ per cent, charged on loans insured by the Federal Housing Administration (FHA), to about 3 per cent.

A new government corporation would lend money to owners of cooperative housing projects at this rate. The corporation would obtain the money by borrowing from private sources. It would get the money at a cheap rate, possibly about 2½ per cent. That's the main reason why it could lend so cheaply.

But why could the corporation get lenders to invest money at such a low rate? Because, say the backers of the plan: (1) Like FHA

mortgages, the loans would be insured by the government. The lender couldn't possibly lose money as long as the U. S. government credit was good.

(2) The lenders would not be purchasing mortgages; they would be buying debentures. FHA mortgages, or any other mortgages, cost the lender a considerable sum in service charges. The senate banking committee was told by various insurance companies that when they received an interest rate of 4½ per cent from mortgages, they only cleared a net of about 3 per cent. The difference was made up by administrative costs and the cost of procuring and servicing the loans. Interest from

debentures could be collected at practically no cost.

Opponents Foresee Wreck

This lowering of interest rates would undermine the whole home mortgage credit field in the opinion of opponents of the bill. What would be the effect on persons now paying 4½ per cent—particularly the great multitude of persons who borrowed under the FHA and Veterans Administration plans? They would demand that Congress find a way to reduce their interest payments, say opponents. Then would Congress be forced to revise the whole program of home financing through government help, probably with heavy losses to the government?

What of the effect on banks, insurance companies and savings and loan associations, now charging the higher rate of interest? Already the government has effectively reduced the income from mortgage interest on which such institutions depend. Before FHA was created, persons who borrowed on their homes paid from 8 to 7 per cent interest. When FHA was set up, with its 4½ per cent interest rate, it was arranged that persons who had been paying the old, higher rates of interest on existing homes could refinance through FHA. Then all mortgage interest rates tended to go down to the FHA level.

"But what is so sacred about a 4½ per cent interest rate?" asked

Senator Douglas (D-Ill.). "Might it not be in the public interest to replace it with a collective debenture, guaranteed? With a 3 per cent interest rate?"

"If that is good, why isn't it better to have no interest at all?" inquired Senator Fulbright (D-Ark.).

Son, 80, Dies At Funeral Of Mother, 110 Years Old

ATHENS, Greece, March 30. — (AP) — Mrs. Theoni Karamolegou died Tuesday. She was officially listed as 110 years old. Her son, 80, died of a heart attack after the funeral.

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