

Business Continues Slow Recovery Pace, But Worry Over Inflation Persists

By WILLIAM FERRIS
AP Business News Writer
NEW YORK (AP) — Business continued its mild recovery last week while the nation's money managers worried about an old, and apparently indestructible, foe — inflation.

Latest weekly statistics showed gains in steel production, freight carloadings, electric power output (at a record high), crude oil production and bank clearings. Weekly business failures dipped to the lowest level in two months.

The President's Council of Economic Advisers told Congress complete figures showed the economy during the second quarter made a stronger rebound than had been anticipated only a month ago. Take home pay of factory workers set a record in July.

Yet all was not happy along the economic front.

Living Costs Increase
It costs more to live all the time. The government's consumer price index rose two-tenths of one per cent in July to a record high of 123.9 per cent of the 1947-49 average. This is the worrisome factor in the economy: the steady degradation of the dollar.

The federal money managers seem to be confronted with a painful puzzle. How do you stop inflation without snuffing out the flickers of improving business?

The managers of the Federal Reserve tightened money a little this week. By selling government

securities, they reduced the average net free reserves of the banking system to just a shade over 400 million dollars. These are cash deposits commercial banks keep with federal reserve banks.

This reduction lessens the ability of banks to make new loans and investments.

Discount Rate Up
There was another move indicating some tightening of money—the Dallas Federal Reserve Bank upped its discount rate (the rate it charges commercial banks for loans) to 2 per cent from 1 1/2 per cent. That followed similar action last week by the San Francisco Federal Reserve Bank.

Inflation came up at President Eisenhower's news conference. The President reiterated his position against the "wage-price" spiral and against excessive government spending. But he rejected direct government control over prices.

Auto production this week fell to a 10-month low as manufacturers changed over to 1959 models. More German Autos

Briefly over the business scene: During the first seven months this year the German auto industry exported 415,064 vehicles, up 90.9 per cent from 1957. Unemployed ex-G.I.s in Detroit have a chance of their own "Volkswagon" home.

There's a business computing machine now which understands English. Speak to it, and it will do what you want. Technicians of Sperry-Rand and the Air Force developed it. Universal Match Co. has received a big order from the government for guided missile launching equipment.

There were 12,270,245 shares of stock sold last week compared with 14,621,501 the previous week and 9,921,528 in the corresponding week a year ago.

Bond sales had a par value of \$24,130,700 last week against \$24,059,000 the week before and \$17,007,000 in the same week a year ago.

32 Persons Lose Lives In Oregon Accidents
SALEM (AP) — During the first 18 days of August 32 persons lost their lives in Oregon traffic, a rate nearly double that of the two previous summer months.

Oregon recorded 37 deaths in June and 39 in July in the Traffic Safety Division's tabulation.

Traffic safety officials predict heavier traffic during the rest of this month—around 400,000 drivers on the road as the result of the Oregon State Fair, Labor Day weekend and last-minute vacations.

"At this rate of nearly two deaths per day this month we will lose the ground gained up to now in our fight to reduce the traffic toll," James F. Johnson, director of the Department of Motor Vehicles, said.

He said the key to safety is reducing speed, driving defensively and proceeding with care, caution and courtesy.

Jena University Head Flees To West Berlin
BERLIN (AP) — The head of the University of Jena has fled to West Berlin last week and asked the famed German school for an international celebration of its 400th anniversary.

Refugee officials said Josef Haemel and his wife came to West Berlin Thursday and asked for political asylum.

Principal universities of both the Western and Communist worlds have been invited to attend the Jena celebration starting Aug. 31, but Haemel's flight may discourage some of the non-Communist institutions.

Newspapers' Aid In Hysteria Ban Cited By Speaker

EUGENE (AP) — Responsible newspapers help to keep governmental officials immune from pressures of "the McCarthy hysteria," the Western High School Press Institute was told last night.

The speaker was Mrs. Maurine Neuberger, wife of Oregon's junior United States senator.

She said that the manner in which newspapers handle public issues both in news and in editorial comment, is of great importance to elected officials.

When issues arise from which emotions of fear, hatred or resentment may be stirred, an official dealing with them is lucky to have assurance that there will be fair and honest reporting and discussion, she said.

"This does not mean," she said, "that we think the press is unbiased from an editorial standpoint. . . . But my husband and I feel in general most of our Oregon press has kept this bias out of news columns and feature articles."

Sen. Neuberger (D-Ore) was to have spoken at the banquet meeting sponsored by the University of Oregon School of Journalism. His wife substituted for him when continuance of the congressional session held him in Washington.

Equality For Negroes Nearing In Oklahoma
OKLAHOMA CITY (AP) — Oklahoma City is ready to accept Negroes on an equal basis with whites, an official of the National Assn. for Advancement of Colored People said here.

"These people are Christian people and we love them," said Mrs. Clara Luper, advisor for the city NAACP Youth Council.

Mrs. Luper is supervising a drive by Negro children to win for their race the right to be served with whites at restaurants and fountains in the city.

The movement has met with partial success already, and Mrs. Luper is confident businesses throughout the city will accept Negroes in the near future.

"Oklahoma City is ready for a change," she said. "We are getting plenty of white support."

Since the U.S. Supreme Court issued its desegregation opinion in 1955, Oklahoma has moved gradually but steadily toward integration. School integration has been accomplished by financial policy rather than direct order in most cases. The state no longer figures aid on the basis of separate schools. Thus, if a district intends to segregate it must pay the extra cost alone, with no state aid.

Oklahoma City "sit-downs" followed a similar campaign in Wichita, Kan. After a three-week campaign by Negroes, the nine-store Docum Chain in Wichita changed its policy last Sunday to permit Negroes to be served at its food counters.

In Kansas City Friday the Katz management announced a new policy for all of its 38 stores in Oklahoma, Missouri, Kansas and Iowa. After the Oklahoma City incident, a Katz official said all of the stores would serve anyone who came in.



SHOT DOWN BY ACCIDENT — Air Force Lt. Roland Svane (left), of Seattle, smiles at the two pilots he accidentally shot down in a mock attack near Clinton, Mo. After rockets from Svane's plane destroyed their T-33 jet trainer, the two pilots parachuted to the ground without serious injury. Standing at right is Lt. John Rice of Sacramento, Calif., and lying down is Lt. Raymond Suhars Jr., of Evansville, Ind.

Eastern Oregon Still Battling Fires In Forests

By THE ASSOCIATED PRESS
Firefighters achieved at least temporary control today over two big Eastern Oregon range fires despite low humidity and the blazing heat of a prolonged dry spell.

John Hunt, fire control officer for the regional Bureau of Land Management office, said both the 200-acre North Drinkwater Pass and the 1,800-acre South Drinkwater Pass fires, east of Burns, were under control.

The control is shaky, however, for the South Drinkwater fire, and reinforcements are being called up to try to keep it from racing away in the afternoon, Hunt said.

The temperature had climbed to 90 degrees by mid-morning and the humidity was down to 15 per cent at Burns.

Despite this, ranchers gained control over a range fire on private land near Crane. Also being mopped up was a 700-acre fire in the Diamond area, 40 miles south of Burns. It was brought under control Friday.

The heat wave continued in Southern Oregon also, where a fire broke out high on Billy Mountain, near the Applegate River, east of Prineville.

The fire was mostly in brush, but six smoke-jumpers went in to aid four other men on the ground to keep it from reaching valuable timber. Another 20-man crew was on the way, but rough country was delaying their arrival.

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NEW CANDIDATE CHOSEN
THE DALLES (AP) — The Republican Central Committee of Wasco County picked Bill Taylor here as the party's candidate for state representative. He takes the place of Fred G. Mauser, who declined a write-in nomination. The position is held by a Democrat, Mrs. Ben Musa.

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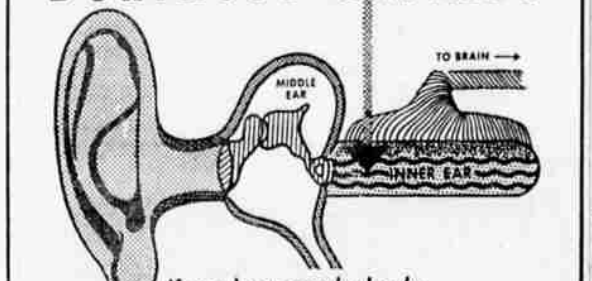
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NEW POST — Dr. Arthur S. Flemming is the new Secretary of Health, Education and Welfare in President Eisenhower's cabinet. Flemming, 53, a veteran government official and educator, succeeds Marion B. Folsom.

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