

Reserve Board Hits FR Power

Proposes Repeal of Laws on "Greenbacks" to Avert Inflation

(Continued From Page 1)

advisory council, which represents the 1900 individual banks belonging to the federal reserve system. Federal Reserve Chairman Marriner S. Eccles said the 20 members of the three groups had approved it unanimously.

The report gave no explanation of exactly what the inflation danger was, except to say the "vast expenditures of the military program and their financing create additional problems in the monetary field."

The report also said the need to "revise existing monetary machinery and to place ourselves in a position to take measures, when necessary, to forestall the development of inflationary tendencies attributable to defects in the machinery of credit control."

As explained by government economists, the fear was that either for monetary or industrial reasons, the day might come when prices of most goods would be so high that money would lose much of its purchasing power. In Germany, after the World War, a monetary inflation went so far that a basket of paper currency would not buy a loaf of bread.

At the White House, it was learned that the plan had been presented to President Roosevelt before its publication, but he was not ready to comment on it. A treasury spokesman said Secretary Morgenthau, also consulted by Eccles about it, was unwilling to comment but "saw no objection to the discussion of these problems at this time." Leo J. Crowley, chairman of the federal deposit insurance corporation, also begged time to study the plan before saying anything.

Officials warned, however, against interpreting this silence as a hint of opposition. They noted that Eccles has been one of Mr. Roosevelt's closest advisers on many kinds of economic problems for years, even though the president has not always followed his advice.

The report listed five points as follows:

1. Restrict bank lending by increasing the percentage of deposits that the banks must keep as reserves. The banks now have a record total of \$7,000,000,000 of idle money in excess of existing reserve requirements, and an increase in reserves would make some of this money ineligible for lending or investment.

2. Remove the president's power to make a further reduction in the gold content of the American dollar. (The president exercised this authority once, in 1934, and under remaining powers he could create nearly \$4,000,000,000 of new money by raising the legal price of gold from \$35 to \$41.34 per ounce. This power will lapse next June 30, unless renewed.)

3. Neutralize the credit effects of imported gold. No method was suggested, but in 1936-38 the treasury tried to do this by using borrowed money to pay for the gold. This meant that the treasury was borrowing money from the public as fast as foreigners were creating new bank deposits with the cash they got for their gold, and the net effect was no substantial change in the amount of money available for credit in this country. At present, the treasury pays for gold and gets the cash by reselling the metal to the 12 federal reserve banks.

4. Sell government bonds, in the future, to the general public and not to banks. Monetary experts said that when the treasury spends borrowed money, the contractors, employees or others who get the money deposit it in banks, generally, and thus create new lending powers for the banks. They suggested that if the government should borrow its money from individuals or corporations who would have to draw money out of banks to pay for the securities, this would offset the deposits made later by those who receive funds from the government.

5. Balancing of the federal budget, increasing taxes gradually until they equal expenditures, was advocated by the report on a "some day" basis. Officials indicated no hope of accomplishing it quickly, since President Roosevelt was reported to be preparing a \$17,000,000,000 budget for the next fiscal year which may involve a deficit of as high as \$3,000,000,000. The report said the balance should be achieved whenever the country approaches a condition of full utilization of its economic capacity. This was interpreted to mean a time when every employable person has a job and every factory is going full blast.

Annual Clerician Banquet Jan. 13

The Salem Clericians will hold their annual banquet at the Marion hotel on the night of January 13, King Bing Kenneth Perry announced yesterday.

The program will include initiation of new members and installation of officers for 1941. Frank Doerfler is King Bing-elect.

Marine Chief Will Demand Apologies

Five Marines Maltreated by Japanese Police in Peiping Row

PEIPING, China, Jan. 1.—(AP)—Col. Allen H. Turnage, commander of United States Marines here, was understood today to be preparing to demand a formal apology from the Japanese for maltreatment of five Marines after a cabaret fracas.

United States officials declared that all five were held 17 hours and that four of them were injured by Japanese gendarmes.

The American version was this: The five were arrested in the cabaret shortly before midnight Monday by gendarmes who threatened all Marines present with pistols and swords and refused admission to the cabaret to marine military police who arrived during the incident.

They were released only after three demands by Colonel Turnage.

The five Marines declared they were insulted and threatened in the cabaret by armed and drunk Japanese civilians. One of the Marines was said by American sources to have been flogged and kicked in the face by the gendarmes.

Peiping is under occupation by the Japanese army. The United States maintains a guard of two companies of Marines here for its embassy.

Gus Anderson Is Dead in Chicago

(Continued from page 1)

British to a German torpedo, off the coast of northern Scotland on September 4, 1939. He presented testimony concerning the disaster before congressional officials in Washington, D.C., when he finally reached the United States. He returned to Salem briefly before going to Chicago, where he had since remained. He suffered a "stroke" last January and a second, severe one last June.

Surviving are his mother, Mrs. I. M. Anderson, of Salem; three sisters, Mrs. Beardsley, Mrs. Parker and Mrs. O. W. James, of San Francisco; and two brothers, Charles, of Chicago, and Oscar, residing in an eastern state.

The body will be returned to Salem for funeral services and arrangements are in charge of the Clough-Barrick company.

School Pupils Go Back to Classes

Pupils of Salem public schools will trudge back to classrooms this morning, well over 5000 strong, it is hoped, to end a Christmas vacation which started and ends early because one-fourth of their number were ill.

Nearly 5000 are enrolled in the system and though no estimate is possible of the number to return today, number of new influenza cases reported to Dr. V. A. Douglas, county health officer, has steadily declined.

Some teachers are known to be ill and not planning to return until Monday morning. The shut down was hurried because the number of absentee instructors exceeded the substitutes.

Clearance from the health department will not be necessary for class entrance, Dr. Douglas said, advising students with colds or symptoms of illness to remain at home.

Willamette university classes will resume Monday morning.

Field Worker Dies Of Gunshot Wound

BURLEY, Idaho, Jan. 1.—(AP)—A bullet wound that officers said was self-inflicted caused the death here today of Glen Puckett, 22-year-old field worker.

Police Chief Clarence Phillips said Puckett shot himself after firing one shot through a window at his young wife, Mrs. Grace Simonson Puckett, after a quarrel. The window apparently deflected the bullet, Phillips said, and the woman was uninjured.

Broadcast States Russia Is Ready

LONDON, Jan. 2.—(Thursday)—(AP)—The London Daily Mail reported today it had picked up a radio broadcast by Joseph Stalin in which the Russian dictator declared "soviet Russia is ready for every eventuality and for this purpose is in a state of total mobilization."

(This broadcast had not been reported from any other source at the time the Daily Mail had it.)

Vagrancy Charged

Serge Macey, transient, was jailed last night by city police on a charge of vagrancy.

Workers Hunt For Ski Party

CCC Boys Use Snowplow, Shovels in Digging for Victims

(Continued From Page 1)

have reported seeing skiers in the path of the slide but so far we haven't been able to learn their identities."

Survivor is Held Doubtful

Hoffman said it was "very doubtful" that anyone could have survived after being buried in the slide, which occurred shortly after noon.

Skiers in the region said they saw four persons near the top of the slide when the first began to move. One of them raced directly down the mountain ahead of the snow, but was believed to have plunged down a precipitous cliff, 75 to 100 feet high. The others turned to the side but the snow slide also branched.

The slide area was described by Hoffman as being 400 yards long and nearly that wide.

Ross Wright, a brother, said Kenneth Wright was skiing with three companions, Rulon and Wayne Nichols and Robert Livingston, all of Salt Lake City. He said the three were able to skirt the slide area but Wright apparently headed directly down the slope.

Three Others in Slide Area

Companions of Wright said three other skiers also were in the area shortly before the slide but they did not know whether they reached safety.

James S. McKay of Salt Lake City saw the slide.

"I was standing on the valley floor with two companions when the slide started," he said. "The snow seemed to begin slipping from the top of the mountain."

"I saw three men in one group and a fourth man apart from the group. All the men seemed to be on the slide was starting. The man who was apart from the rest started to schuss down the slope to beat the slide."

"He attained a terrific momentum but struck some trees and was stopped by the snow."

"The other three attempted to get away but I don't know what happened to them."

Survivors Reveal 3 Crews Captive

(Continued From Page 1)

ship in light and shells began dropping around them. The attackers were accused of attempting to prevent the merchantman from sending distress signals by "jamming" the ether.

The Rangitane, largest of the craft known to have been destroyed in the German forays into Pacific waters, suffered "many casualties" when it was blown by a mine Nov. 26, they said.

Food staples were listed as black bread, raw bacon and sausage.

In one case, it was said, 132 prisoners were held beneath a dining hatch for three days with only a pot of rice to share for their breakfast.

Captains and crewmen among the survivors told of being threatened with death if they were again taken by the Germans from armed ships.

After being landed on Emirau, an island of the Bismarck archipelago 1,650 miles southeast of the Philippines, the survivors obeyed a warning from the captors to delay for 24 hours any attempt to reach Kavieng, in the mandated territory of New Guinea.

Later messengers were sent to Kavieng in a motorboat owned by islanders.

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Grand Coulee Dam Concrete Bill Big

GRAND COULEE, Jan. 1.—(AP)—Nearly one and a half million cubic yards of concrete were placed in Grand Coulee dam in 1940, the bureau of reclamation reported today.

The exact figure—1,407,900—increased to 1,485,691 cubic yards the amount of concrete in the dam and brought actual pouring operations to within 88 per cent of completion.

Bulgarian Premier Away "for Health"

But Observers Believe He Wants to Check up on Adolf

SOFIA, Bulgaria, Jan. 1.—(AP)—Bulgarian Premier Bogdan Philoff, with a powerful German army steadily expanding in northwestern Rumania, dashed off to Vienna today "for his health," leaving the pro-Nazi minister of the interior to act as premier in his absence.

Just before taking a train, Philoff made a New Year's radio address in which he thanked the axis dictators for helping Bulgaria get back southern Dobruja from Rumania, but warned his people that the coming year might be a tough one.

Philoff's Vienna trip was described officially as for "medical consultation," but some observers believed his chief objective was to learn what Adolf Hitler plans to do with his troops in the Balkans and what part Bulgaria would be asked to play.

"God helps those who help themselves," the premier told Bulgarians in his broadcast. "Let us remember another ancient truth: namely, that every nation must shape her own destiny."

Bulgaria, caught between leanings toward soviet Russia and increasing axis pressure, long has been viewed as the most possible objective of an axis thrust into the Balkans, toward Greece, Turkey or both.

The little kingdom had been considered a likely convert to the axis, but on November 25 Berlin sources disclosed that Bulgaria, for the present at least, was staying out.

Diplomatic circles in Sofia at that time took this to mean that Germany and Russia had failed to see eye-to-eye on their respective spheres of influence in the Balkans and a high Bulgarian official commented:

"It now appears certain that Bulgaria will not be involved in this winter."

When Philoff left Sofia today King Boris III appointed dynamic Peter Gradovskiy, Bulgaria's leading pro-Nazi minister of the interior, as acting premier.

Philoff was accompanied in his special railroad car by the German minister to Bulgaria, Baron Herbert von Richthofen, brother of the German World War ace.

Hits on Shipping Claimed by Nazis

BERLIN, Jan. 1.—(AP)—An attack of German warplanes on British naval and merchant ships off England's east coast in which several of the British vessels were damaged was reported tonight by DNB, official German news agency.

The agency said a direct hit was observed on one patrol boat while another patrol boat was seen to burst into flames. Bad weather, it said, prevented full observation of the effects of the attack, made by "armed reconnaissance planes."

Greeks Take Over Italian Redoubts

ATHENS, Jan. 1.—(AP)—Stemming fierce Italian Counter-attacks, the Greeks were reported tonight to have captured an elaborate fortification line outside Kifissos and to have turned back a tank assault along the coastal road to the Albanian port of Valona.

An official spokesman said the entire defense works, including machine gun nests, and field guns fell before the Greek advance in the snow-covered Kifissos sector.

A dozen heavy guns, 15 machine guns, a number of trench mortars and automatic rifles were among materials left behind by the retreating Italians, the spokesman said.

Shirley Temple to Get A Sister-in-Law Soon

HOLLYWOOD, Jan. 1.—(AP)—The engagement of Jack Temple, 25, movie star Shirley's brother, and Miriam Ellsworth of Los Altos, Calif., was announced at a party at the Temple home last night.

Jack said today the wedding will be sometime in the spring.

"More art expression is found among New Mexican Indians because people of that state have encouraged them," she said. "Because of lack of encouragement Indians of most tribes, other than the Pueblo, have lost their culture."

Only 3 Hours of 1941 Over 'Ere Climb Starts

TIMBERLINE LODGE, Jan. 1.—(AP)—Three Portland men made the first climb of 1941 up Mount Hood early today.

Herb Raser, Moe Jubitz and Bill Hackett left here at 2 a. m., and reached the summit at 11 a. m. Using skis, they returned before 2 p. m.

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Neighbors Find Woman's Body

Husband Confesses That He Shot Her During Angry Quarrel

CHEHALIS, Wash., Jan. 1.—(AP)—Discovery of a woman's body in the bedroom of her rural home east of Chehalis led today to the arrest of her husband, and Deputy Prosecutor Lloyd Dyrart said he signed a confession that he shot her to death in anger during a quarrel.

The victim, shot twice, was Mrs. Anne Turner, 35, the former Anne Bode of Chicago. Dyrart said the husband, Frank Wilhelm Turner, 21, signed a confession tonight. He was arrested earlier today at Centralia.

The Turners came to Shoestring valley about a year ago from Chicago. Dyrart said Turner told him they were drawn west by a yearning for a farm.

A neighbor's suspicions led to the discovery today of the killing which officers said apparently occurred Monday night. Dyrart said Turner's absence because of the vagueness of the husband's explanation of his wife's holiday activities.

Bryce discovered blood stains on the floor near the sofa and called sheriff's officers. They discovered Mrs. Turner's blood-soaked body on a bed upstairs.

Turner's father is Maj. Frank P. Turner, US cavalry, a hospital patient at Denver, Colo. His mother is Mrs. K. Salter, Chicago. The deputy prosecutor said he had talked with her by telephone in Washington, D.C., and she expected to come to her son's aide.

China May Obtain US Pursuit Planes

(Continued From Page 1)

planes are no match for bombers brought from Japan in the last year and a half. Bombers which are faster than the Chinese fighters are able to bomb bridges on the Burma road, China's "life line," almost at will, according to this information.

A Chinese military mission headed by Maj. Gen. Fan Chu-Mow has been in Washington conferring with administration officials in an effort to obtain the release of modern fighter planes.

Asked at his press conference this week why the Chinese had not received any planes recently, Morgenthau replied:

"Well, there are just not enough planes to go around." Present indications are that virtually all plane production which American military authorities believe can be spared will remain available to the British during the next 90 days, a period considered one of gravest peril to Britain.

Auburn School to Open

The Auburn school will open this morning, contrary to a rumor that Monday was the beginning of the board of directors, said last night.

Tilt Is Too Much For Nebraska Fan

PASADENA, Calif., Jan. 1.—(AP)—Exciting final minutes of the Rose Bowl football game's second period proved too much today for Vilas P. Sheldon, 65, uncle of a Nebraska squad guard, Lynn Meyers of Lincoln.

Sheldon collapsed in the stands and died of a heart attack before he could be removed to a hospital.

"Stay in" Testing Proves Indecisive

DeGaulle Plan Does not Show Clearly Whether Sympathy Strong

BERNE, Switzerland, Jan. 1.—(AP)—The first "stay in" test of the strength of General Charles de Gaulle's free French movement in occupied and unoccupied France passed today without a clear decision.

For a week DeGaulle broadcast appeals to Frenchmen to remain indoors between 3 and 4 p. m. in occupied France and 2 and 3 p. m. in unoccupied France as a "proof" of sympathy for the free French movement.

The demonstration was timed simultaneously for both areas since the occupied territory is on German time, an hour earlier than unoccupied France's. (This would be 5 to 6 a. m. PST)

Streets were bare almost everywhere in both zones as the hour passed, but whether this bespoke a Frenchman's thoughts of DeGaulle and his movement or simply the day after the night before when a Frenchman's fancy fondly turns to thoughts of a new year's dinner and rest could not be determined.

The hour DeGaulle chose was unusual in that it coincided with his countrymen's beloved holiday dinner time.

In some French Alps and Riviera resorts, where the population is well acquainted with the British through the tourist trade, inhabitants indicated they had listened to and heeded DeGaulle.

During the "stay-in" hour, the streets were virtually deserted. But promptly at 5 o'clock, hundreds of promenaders poured out of homes for strolls along such avenues as Cannes' Boulevard Des Anglais.

However, in Lyon and Marseille it was impossible to tell what was a pro-DeGaulle demonstration and what was just New Year's day relaxation.

Man Dies in Leap From Fifth Floor

SEATTLE, Jan. 1.—(AP)—Bernard J. Murphy, 45, recently from California, leaped to his death from his fifth-floor room of a Fourth avenue hotel tonight, Corner Otto Mittelstadt said.

Mittelstadt said Murphy was eating in his room when he suddenly broke the glass from his window, raised on a stool and leaped out. He fell 70 feet. He had been seeking employment here.

77th Congress Opening Friday

President's British Aid Program to Provide Conflicts

(Continued From Page 1)

lish the central controversy of the session, the double-headed question of federal finances—taxes and appropriations—has already taken on enormous stature. There is to be a new tax bill, and there is much disagreement as to what it should contain. Probably any really hard work upon it will be postponed until the March 15 income tax returns can be inspected. House committees, however, will make a start upon the appropriations at once.

Some leaders have indicated the general objective would be to pare non-defense expenditures and increase tax rates and revenue to a point at which they will bring the government enough money to pay for everything except the defense and aid-to-Britain program at least.

Two Billion for Britain

The latter, it is expected, will be costly. Some, in a position to know, have estimated that it will require an outlay of \$2,000,000,000 to \$2,500,000,000 over and above the cost of America's own defense plan.

Other issues familiar to recent sessions of congress undoubtedly will be put forward. One group is already laying its plans for an effort to enact the Walter-Logan bill, increasing court jurisdiction over the acts of such federal agencies as the labor board, the securities commission and the communications commission. It was passed a month ago, but President Roosevelt vetoed it.

Another group is still arguing for modifications of the Wagner labor relations act, although recent appointments to the labor board have cost this group some adherents. And the house will be called upon to decide, very early in the session, whether the Dies committee on un-American activities is to be continued and how much money is to be set aside for its work.

4 Large Bombers On Way to Fight

FORT WORTH, Tex., Jan. 1.—(AP)—Four large American-made bombers destined for duty in the royal air force, landed here this afternoon for overnight stops.

Two twin-motored bombers flown from the Douglas Aircraft corporation at Santa Monica, Calif., will take off early tomorrow for New Orleans where they will be shipped to an "unknown" destination in England.

Two naval bombers from Consolidated Aircraft corporation of San Diego, Calif., anchored at Lake Worth in the same place used by four of the same type planes which have come through Fort Worth previously. They are scheduled for delivery at Elizabeth, N.C., and will be flown from there to Bermuda and thence to England.

Reno Gets Record Year in Weddings

RENO, Nev., Jan. 1.—(AP)—This divorce capital did a record smashing marriage license business in 1940, eight times as many persons being married than were divorced here during the year.

County Clerk Elwood Roemer said 15,913 licenses were issued compared with previous highs of 11,061 in 1939 and 8035 in 1938.

New Year's Quiet At FDR's Mansion

But President Is Busy With Message and Budget Talk

WASHINGTON, Jan. 1.—(AP)—It was a quiet New Year's day at the White House but a busy one for President Roosevelt.

The president slept a little later than usual and then went to work on his budget message to congress. He also put the final touches to his "state of the nation" report which he will deliver to congress next Monday.

He took time out at 5 p. m. (EST) to preside at a football game, the annual Shrine Charity contest in San Francisco.

The president saw the new year in. At the final stroke of midnight he proposed a toast "to the United States of America." Joining him were Mrs. Roosevelt, Mrs. Sara Roosevelt, his 87-year-old mother, the junior Franklin D. Roosevelts, Mrs. Dorothy Kemp Roosevelt of Detroit, and a few close friends.

Although there was no presidential New Year's day reception—President Roosevelt discontinued the custom his first year in the White House—this did not discourage John W. Hunefeld, 74-year-old house painter, who appeared at the gate as usual to be first in line.

Hunefeld claims the "first-in-line" title since he first began attending the New Year's day receptions in 1935.

RAF Raids Widely In Southern Area

(Continued from page 1)

Italian supplies in the campaign against Greece—bombed for the 33rd time.

Naples assaulted, as well as the suburb of Torre Del Annunziata, along with a chemical factory at Crotone, in southern Italy.

Fascist troops and motor truck concentrations "heavily attacked" in Libya.

Flames set off in a fascist military camp in Italian East Africa, near Gubba; stores and warehouses bombed at Asab; "numerous fires" left at Darghala.

Afield, the British continued today to shell the scarred and besieged Italian base of Bardia in Libya and general headquarters also reported without amplification that there had been patrolling and "artillery activity" on the frontiers of the Sudan and Kenya.

From headquarters at the slope line of Bardia, the British announced their patrols were operating regularly 75 miles inside Libya.

LIBERTY



Our Government, industrial, financial, labor and educational leaders are making comprehensive plans for greater progress in the preparedness program of the United States.

Collectively, and as individuals, it is our duty to THINK, TALK, and ACT constructively in doing our part so that greater speed may be made in the advancement and strengthening of our country.

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