

IT SEEMS TO ME

By Charles A. Squire

Monday the American Telephone & Telegraph co. sold \$175,000,000 of its debentures to Morgan, Stanley & co. at slightly under par for a 2 1/2 per cent interest rate.

The community is apt to smack its lips over such a deal. The low rate is beneficial to the borrower. It shows that money continues "easy."

But there is another side to the picture. Those lending money receive a constantly lowering return for its use. Investments of this type are not so much held by individuals as by insurance companies, banks, savings societies, trust accounts, endowment funds, coming under the general head of fiduciaries, holders for the benefit of others.

As interest rates decline premiums for life insurance go up. Lower returns on endowment funds affect the income of hospitals, educational institutions, pension funds, welfare foundations. Colleges then are forced to raise tuition rates to get increased contributions. Research supported by endowment investments has less to work off. It truly becomes a grave question.

(Continued on editorial page)

Airmen Sink Many Ships Near Shanghai

By Spencer Davis

MANILA, Wednesday, July 25. (AP)—More than 350 far east air force bombers and fighters of all categories, returning to Shanghai Sunday sank or damaged 13 warships and freighters and hit three major airdromes.

Today's communique listed a destroyer, a 3,000-ton freighter transport and a small freighter definitely sunk; a destroyer escort, two submarine chasers, a 10,000-ton freighter-transport and six freighter-transports aggregating 27,000 tons probably sunk, and much small shipping damaged.

First line combat planes of both the fifth and seventh air forces, based on Okinawa, took advantage of the first break in weather since July 18 to drop bombs ranging from 20-pound fragmentation dusters to 1,000-pounders on shipping and airdromes.

An eight-ship enemy convoy proceeding toward Shanghai was bombed and dispersed by seventh air force Liberators before dawn Sunday, several hours before the heavy daylight attack.

An estimated 45 planes were caught on the ground and destroyed or seriously damaged at Kiangwan, Tachang and Tinghai airfields.

Australians Gain

MANILA, Wednesday, July 25. (AP)—Australian ground forces on Dutch East Borneo moved two miles further along the interior highway toward Samarinda and were within 50 miles of their objective Monday, General McArthur reported today.

The advance was aided by close ground support by Australian Spitfires, which caught a Japanese road convoy nine miles north of Mount Batochamp and probably destroyed 18 trucks filled with Nipponese troops.

Mrs. Kline Named

Mrs. Abner K. Kline of Salem, sales manager for Eyerly Aircraft company, was appointed Tuesday by Gov. Earl Snell to succeed Dr. A. O. Olson on the Marion county public welfare commission.

Animal Crackers

By WARREN GOODRICH



"Good gosh, Eddie—do you realize we've been eating \$675.00 worth of automobile?"

The Oregon Statesman

FOUNDED 1851

NINETY-FIFTH YEAR

10 PAGES

Salem, Oregon, Wednesday Morning, July 25, 1945

Price 5c

No. 103

Weather

Table with weather forecasts for San Francisco, Eugene, Salem, Portland, and Seattle.

Forecast (from U. S. weather bureau, McNary field, Salem): Generally fair today with normal July temperatures.

Round-Clock Bombing Opened

Daladier Joins Reynaud In Denouncing Petain's Dealings With Germany

Deal With Mussolini Not Favored

PARIS, July 24. (AP)—Under scorching cross-examination at the treason trial of Marshal Henri Philippe Petain, former French Premier Paul Reynaud revealed the secret fact today that in May 1940 France and Britain considered buying off Mussolini's entry into the war by giving Italy territorial rights in Africa.

Reynaud said he made the suggestion to Britain himself, although he opposed the plan. The plans were scuttled, he said, by the opposition of Prime Minister Churchill of Britain.

World figures by the dozen, and the hidden history of France's collapse and her armistice negotiations with Germany, were dragged into the limelight as former Premier Edouard Daladier joined Reynaud in testifying against Petain on the second day of the aged marshal's historic trial.

In the steaming, crowded courtroom, the 89-year-old former chief of the Vichy state, charged with intelligence with Germany and with plotting against the security of France, listened unperturbed, his face expressionless, as he heard Reynaud call him a traitor.

Petain heard Reynaud, the last premier of the French Third Republic, accuse King Leopold of the Belgians with treason;

2. Assert Petain had obstructed the rearmament of France as far back as 1934;

3. Declare that the late President Roosevelt sent an "extremely strongly worded" telegram to Petain, saying France would lose America's friendship if she dealt with the nazis.

4. Say that a French-British union, proposed by Churchill in France's last days, was "an ideal which some day must be realized," and

5. Describe his (Reynaud's) opposition to the armistice with Germany and give the reasons why the British attacked the French fleet in North Africa in 1940.

(More on Page 2)

Jap Revolution On Way, Declares Adm. Tom Gatch

LOS ANGELES, July 24. (AP)—Rear Adm. Thomas Leigh Gatch of Salem told a war chest rally today that Emperor Hirohito would meet the same fate as Mussolini and that the Japanese people would rise in one of the bloodiest revolutions in history to destroy their military leaders.

Admiral Gatch, judge advocate general of the navy, said the theory that the emperor is a God to the Japs was "pure bunk."

"We'll see soon just how venerated he is; I am certain he will die like Mussolini," declared the admiral. "But it is the Samurai, the 300,000 Japanese military leaders, who must be destroyed. I don't think we'll have to do the job. We are going to see one of the bloodiest revolutions in the history of Japan."

MOTHER DISCHARGED

Mrs. Louis Schmerber and her nine pound baby girl were taken home to Gervais on Tuesday, after a stay in the Deaconess hospital, where the baby was born July 18.

Newborn Baby Doing Fine After Nine Hours in Garbage Can

TACOMA, Wash., July 24. (AP)—A newborn girl who spent nine hours wrapped in newspapers and cradled in a garbage can today was "doing fine" at a hospital here tonight, attendants said.

Acting Capt. of Detectives Percy Gregg said the mother was Mrs. William Polesky, 24, wife of an army sergeant, and that she was under technical arrest at the hospital pending disposition of the case.

Three garbage men making their weekly round discovered the child when it wailed as one of

On Trial



Marshal Henri-Philippe Petain, chief of state of the Vichy French regime, wears his field marshal's uniform as he sits in court at the Palace of Justice in Paris at his trial on charges of treason and intelligence with the enemy. (AP WIREPHOTO by radio from Paris)

Senate In Drive for Rail Men

WASHINGTON, July 24. (AP)—The senate war investigating committee today put its weight behind the drive to recruit 75,000 railroad workers needed to help break the redeployment transportation job.

The committee joined defense transportation director J. Monroe Johnson in pleading for assignment of more workers to the overloaded western trunk lines.

Committee chairman Mead (D-N. Y.) promised to pursue the question with the war manpower commission, the war department, selective service, the railroad retirement board and any other organization that might be able to help.

Johnson suggested that the simplest solution would be to discharge enough experienced railroaders from the army, or at least furlough them.

When Mead asked what he was doing to recruit men, Johnson retorted, "Yelling my head off. What else can I do?"

Senator Mead said that surely the army wouldn't need as many railroad battalions on the Pacific atolls as in Europe.

Fires Checked But May Break Out of Bounds

PORTLAND, Ore., July 24. (AP)—Taking advantage of a lull on the northwest's major forest fire front, armies fighting the great Tillamook blaze scurried to re-deploy tonight to meet the roaring breakout that is expected.

All sectors were relatively quiet during the day, but humidity was down to the low thirties and stiff northwest breezes whipped the flames. Nearly 3000 men were around the 140-odd-mile perimeter of the burn.

Unless humidity rises and the winds die, "all hell can break loose," one fighter said.

Smoke blanketed the region, preventing effective aerial reconnaissance, but observers said spot fires set by wind-borne embers Sunday night were spreading and new ones were breaking out.

Flames Sweep Canyons A major battle was shaping at the southwest corner of the Willamette valley south of Jordan creek where debris-fed flames are burning hotly down canyons on both sides of the Portland mills camp.

In Polk county, flames leaped lines, increasing the perimeter of the fire to enclose 12,000 acres, a jump of 2,000 from yesterday.

The Willamette Lumber company's large mill at Dallas was closed and crews sent against the flames.

New fires were reported in western Lane county, and on the Kanisku national forest near Clarks Fork, Idaho, but their sizes were not determined. The Lane blaze destroyed a sawmill.

Brush Burned in Idaho A tremendous brush and range fire between Dietrich and Mindoka in south Idaho was reported to be nearing control provided weather conditions remain favorable. It had covered 200,000 acres on a 20-mile front.

Two major fires, one near Pomeroy, ash, and one in the Delanty-Snake river area, burned an estimated 300 acres of grain and 6000 acres of pasture land during the past three days.

Seedlings Destroyed Most seedlings planted in the Tillamook burn as reforestation have been destroyed by current fires, officials said today.

The memorial sign where the original Tillamook fire started on August 14, 1933, was blackened.

ESCAPEE FROM HOSPITAL William T. Smith, 45, inmate, walked away from the State hospital at 9 o'clock Tuesday evening. Police were notified to be on the lookout for him.

Fines Woman \$25 When Passes Up Jury for Meeting

PORTLAND, July 24. (AP)—Because Mrs. Margaret S. Meyers, St. Helens, went "off to a convention," Federal Judge James A. Fee today fined her \$25.

He said the fine would be remitted if the president of the women's auxiliary, rural mail carriers of America, "showed her patriotism by jury service."

Big Three to Await Results of British Vote

POTSDAM, July 24. (AP)—The Big Three conference will pause temporarily late tomorrow while British leaders go home to learn election results and discover who shall speak finally for Britain in the history-charting negotiations.

Prime Minister Churchill, Foreign Secretary Eden, and Clement Attlee, labor party leader, will fly to London for Thursday's announcement of the July 5 balloting.

New A gasoline books also will be issued at the same time. As in the past, schools and other public buildings will be the distributing points.

Also today, Secretary of Agriculture Anderson announced formally that there are no plans for soap rationing. He appealed to housewives to buy only what soap they need, "instead of starting runs on scarce stocks."

Anderson said manufacturers will be permitted to make a 10 per cent increase in the output of household heavy duty laundry type soap chips, flakes, powders, granulated and other similar types.

President Truman, Premier Stalin, and the British leaders held their eighth formal conference session today and another formal session may be held tomorrow before the Britons depart.

What special plans Truman and Stalin have for Thursday were not disclosed, but it was said they might confer on matters of purely Russian-American interest, such as continuing lend-lease, of post-war loans.

In the British election campaign no sharp differences were raised between Churchill and Attlee over foreign policy.

Navy Sets Up Point System For Reserves

WASHINGTON, July 24. (AP)—The navy today put into effect its announced program for release of certain older personnel on their request.

The program, under which approximately 30,000 reserve officers, warrant officers and enlisted men are expected to be eligible for release by next December 1, sets up a formula by which men will be allowed one point for each year of age figured to the nearest birthday and one point for each month of active duty since September 1, 1939.

To be eligible, reserve line officers, enlisted reservists, navy inductees and enlisted regulars serving under expired enlistments must have a minimum of 53 points. Reserve officers of the supply corps must have 55, and reserve officers of the civil engineers corps 57.

In order to prevent impairment of the operating efficiency of the navy, commanding officers within the continental limits were given three months to act upon applications of enlisted men, and commanding officers afloat and abroad were given six months.

Lt. Louis Pentney Reported Missing

HAYESVILLE, July 24. (AP)—Lt. Louis Pentney, navigator on a bomber, did not return to his base in England following a mission on July 5, his parents, Mr. and Mrs. J. W. Pentney, now of 1394 NE Euclid ave., Portland, have been notified.

Lieutenant Pentney attended Willamette university after graduating from Salem high school and enlisted in February, 1943. His brother, Capt. Robert W. Pentney, is a meteorologist stationed in Washington, D. C. Their sister, Marlene Pentney, is with her parents in Portland, where they moved a year ago.

Rationing May End Next Year

Plans for Book 5 in December Are Announced

WASHINGTON, July 24. (AP)—The OPA said today that rationing will probably continue through most of 1946, but held out hope that it may end late that year.

Announcing plans to distribute ration book five next December 3 to 15, price administrator Chester Bowles said:

"Supply agencies—the department of agriculture and the war production board—have told us that meats and fats, canned goods, sugar and shoes all will be in tight supply for some months to come, so it looks as if a ration book will be needed throughout most of next year.

"We hope that book five will be the last in the series of wartime ration books.

New A gasoline books also will be issued at the same time. As in the past, schools and other public buildings will be the distributing points.

Also today, Secretary of Agriculture Anderson announced formally that there are no plans for soap rationing. He appealed to housewives to buy only what soap they need, "instead of starting runs on scarce stocks."

Anderson said manufacturers will be permitted to make a 10 per cent increase in the output of household heavy duty laundry type soap chips, flakes, powders, granulated and other similar types.

Flax Industry Repays State Appropriation

Oregon's state flax industry has repaid in full to the state's general fund the \$339,000 appropriated several years ago to place the infant industry on a sound operating basis, the board of control was informed Tuesday.

Wartime sales have increased profits and the \$250,000 in the industry fund will be increased, members of the board declared.

Gov. Earl Snell's hopes that payments to flax growers could be increased cannot be fulfilled now without handicapping the cooperative flax plants, the board agreed. Prison labor is used almost exclusively in the operation of the state flax industry.

When the cooperative flax plants are thoroughly grounded, the state will retire from the flax business, board members indicated.

The board entered into a contract with the Otis Elevator company for maintenance of the 13 elevators in the capital group of buildings for \$349 a month. The company now has a contract for partial maintenance which includes labor costs but not the cost of parts, for \$133 a month. The new contract includes parts.

Contract for furnishing state police uniforms went to the Robbins-Stein company of Portland on a bid of \$3939.75. The contract includes 60 blouses, 86 breeches and 34 slacks.

In order to prevent impairment of the operating efficiency of the navy, commanding officers within the continental limits were given three months to act upon applications of enlisted men, and commanding officers afloat and abroad were given six months.

Point-free Lamb Fills Need in Local Markets

Salem markets stocked with point-free lamb served a brisk trade Tuesday, although meat dealers were not all smiles.

Those who kill their own or buy on the hoof for custom slaughter declared that a large percentage of the lambs ready for market are "good" or "choice" and so may not be sold point free.

Others, stocked with the commercial or utility grade lamb for which no red points need be charged, said it would be more desirable when not so freshly killed.

At no place was a "run" reported. Beef and pork continued to move slowly.

Wheeler Favors Charter; Would Limit Powers

WASHINGTON, July 24. (AP)—Stormy senate debate broke out today when Senator Wheeler (D-Mont) declared that while he would vote reluctantly for the United Nations charter, he would fight later to limit the use of American troops under it.

Senator Connally (D-Tex), Senator Barkley (D-Ky), and others immediately objected that to ratify the charter and then to refuse to back it up with troops to enforce peace would be to waltz on any agreement.

Senator Hatch (D-NM) challenged Wheeler to try to make his reservations now, and Senator Pepper (D-Fla) commented that Wheeler intended to vote for the charter simply to get on record "before the next election."

Wheeler called Pepper a member of "an international crowd" and Pepper retorted: "I shudder to think where we would be today if the people had followed you."

Wheeler's position was this: That John Foster Dulles, chief adviser to the American delegation at San Francisco, was of the opinion that allocation of troops was an issue to be settled in an agreement with the world security council, subject to senate ratification by a two-thirds vote.

Some senators disputed that, saying the agreement should be submitted to a majority vote of both houses.

U.S. to Be Obligated Senators Lucas (D-Ill), Hatch (D-NM), Hill (D-Ala) and Connally declared that when the senate ratified the treaty the United States will be under obligation to furnish troops.

Connally, chairman of the senate foreign relations committee, said the senate had the power to refuse to supply them, but he did not believe it would.

Husband Killed; Can't Find Wife

PLENTYWOOD, Mont., July 24. (AP)—Somewhere tonight between Spokane, Wash., and Portland, Ore., is a woman with a two-year old child, unaware that her husband was killed in a fall from a telephone pole, Sheriff Albert Erdahl said.

Erdahl said a three-state search for Mrs. Walter Olson was being conducted without success.

Heavy Unemployment Load Is Expected Here This Winter

The greatest unemployment since pre-war days may arrive in Oregon soon, the state unemployment compensation commission declared Tuesday in its monthly review pointing out anticipated changes in shipyard and aircraft plants' payrolls.

"By the end of this year," the commission said, "the number of workers remaining in the shipyard and aircraft plants in the Portland and Astoria areas probably will be back to the 1941-42 levels. While many of the emergency workers will return to their homes in other states, a substantial number of skilled and unskilled workmen will be looking for jobs.

Although claims activities in the commission's offices continued to ease off in June, the number of beneficiaries and the amount of benefits increased over May, the report indicates.

Airmen Cut Down Jap Fleet

Battleships and Carriers Hit in Naval Base Foray

By Murlin Spencer GUAM, Wednesday, July 25. (AP)—American and British carrier planes heavily damaged two Japanese battleships, two aircraft carriers, and three cruisers in coordinated attacks on Japan's great Kure naval base and at a Shikoku island port yesterday.

Today's communique disclosed that the bombing and bombardment of the Japanese homeland was carried into its eighth day of the past 15 when cruisers and destroyers moved inshore early this morning and shelled a seaplane base and an airfield on southwestern Honshu.

One hour later, a second communique reported that American and British carrier planes renewed their heavy attacks on Japanese warships and merchant vessels at dawn today after night fighters hit the Kure and Kobe areas in continuous sweeps over those vital military bases throughout the night. James Lindsley, AP correspondent, reported from aboard a Third fleet warship that it was the first round-the-clock bombing of Japan ever launched by the fleet.

The new carrier attacks centered in the Kure naval region and at Kobe.

About 2,000 Planes Attack Japan had possible its worst bombing of the war yesterday, for 625 B-29s joined in the strikes to attack off-bombed Osaka and Nagoya war industries. The total spreading ruin over the Nipponese homeland ran 2000 or more.

With reports from Admiral Halsey covering less than half of yesterday's action by well over 1,000 American and British aircraft in a 325-mile sweep from northern Kyushu through the inland sea to Nagoya, Fleet Admiral Nimitz announced these results:

The 32,000-ton battleships, the Ise and Hyuga, heavily damaged. Heavy cruiser Tone and light cruiser Oyodo left burning fiercely.

Heavy cruiser Aoba damaged. One large aircraft carrier damaged.

The British, attacking to the north, damaged a Kobe-type escort aircraft carrier in waters north of Takamatsu on Shikoku island. British Damage Mailed

The British also damaged two freighters near Suta, on the Shikoku coast, and sank a small coastal cargo vessel, three tuggers and four junks, all caught also in the inland sea.

Flagship reports said 18 Japanese took to the air, first resistance in 15 days. Eight were shot down by American pilots.

Between the two days' concentrated aerial assaults, Rear Adm. J. C. Jones, jr., took a small force of cruisers and destroyers to the southwestern tip of Honshu to bombard Kushimoto seaplane base and Shionomisaki airfield, a radio station and other military installations.

Soldier Loses Wife, Now His Dog Is Stolen

PFC John Trent, widower of only a few months, may come back from overseas to an empty home, if the persons who "borrowed" his dog, Sandy, don't have a change of heart. Sandy's friendliness may be his undoing, for he makes up easily with strangers and would willingly enter anyone's car.

The dog, short-legged, brown, and with a face showing its Pekinese ancestry, but bearing a resemblance to a shepherd dog, disappeared on Sunday from the home of Mr. and Mrs. W. S. Trent of route 2 box 25, Turner, where he has been living. They believe that Sandy was enticed into the car of a passing motorist.

PFC Trent, stationed in England, lost his wife in February and in a recent letter said "Sandy is all I have left now."

That's a special reason for Mr. and Mrs. Trent to want Sandy back, so he'll be here for John when he returns, and help lighten the soldier's loneliness.

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