

IT SEEMS TO ME

By Charles F. Sprague

As prices go higher and living costs commence to pinch, more grumbling is noted. A little more price hiking and consumers really will rebel. Just now a considerable debate is going on over "who killed Cock Robin?"—just who is responsible for present high price levels.

Politicians like to play with this one. The blame, like a shuttlecock, is batted back and forth between political opponents. Republicans blame high prices on the Truman administration; Democrats blame it on Republicans. The simple fact is, however, that you cannot borrow \$250 billion and dump it into our economy without a price inflation. Where the supply of money and credit accumulates faster than capacity to produce the result is inflated prices until production gets into balance, or until the surge of excess money spends itself.

The government itself bears heavy responsibility for the price inflation. In the pre-war period clamps were put on prices but not on wages or prices of farm products. The government itself helped shoot wages up in its muster of men for defense plants. With wages and farm prices free wheeling for a year it never was possible to hold a rigid line to stave off inflation.

Charged against the Truman administration is an early readiness to toss controls overboard, like building in the fall of 1945. The president

(Continued on Editorial Page)

2nd Cease-Fire Ordered; Dutch Free E. Borneo

LAKE SUCCESS, Aug. 26 (AP)—The security council ordered the Netherlands and the Indonesian Republic again today to cease fire in Indonesia and clear the way for settling their dispute.

The Indonesians promptly said this was a "good thing." The Dutch said the cease-fire order could not be observed if the republic continued to "incite the Indonesians to murder the Dutch and burn houses."

It was approved by 10 nations, with Britain abstaining.

BATAVIA, Java, Aug. 26 (AP)—Fighting continued along the Java and Sumatra fronts today and the Netherlands took another step towards formation of a projected United States of Indonesia by establishing the self-governing territory of East Borneo.

West Borneo and East Indonesia already have been set up as self-governing territories by the Dutch.

The new territory embraces the whole eastern section of the great island of Borneo.

Fair Weather To Continue; Midwest Cools

Continued fair weather for today, with the highest temperature between 80 and 85 degrees was forecast by the local weather bureau Tuesday night. The maximum temperature Tuesday was 85 degrees. Some fog or cloudiness may be expected in the early morning.

PORTLAND, Aug. 26 (AP)—Humidity percentages clung to below the 30 per cent level considered hazardous in some western Oregon logging areas today but the weather bureau forecast cooler temperatures tomorrow and easing of the fire danger. Salem's reading was 27 per cent.

By the Associated Press

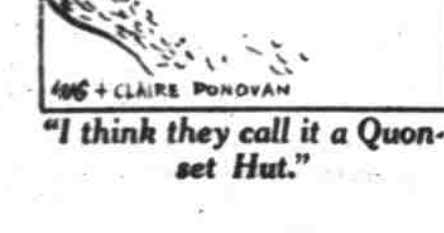
Rains appeared to have ended for at least a day over the mid-west corn belt, but comparatively cool air gave the hard-pressed crops and populace a welcome relief from heat and drought.

PRICE HEARINGS DUE

WASHINGTON, Aug. 26 (AP)—The joint congressional economic committee announced today that one of its sub-groups investigating the high prices of consumer goods will hold public hearings in six western cities, including Portland, beginning in October.

Animal Crackers

By WARREN GOODRICH



19 Republics Agree on Joint Defense Action

Kurds and Red Army Near Border, Says Iran

5 Killed In Home Blazes

By the Associated Press

Five people were killed in two home fires in Portland Tuesday night.

The first fire broke out in a three-story apartment building on 12th street, south of Washington. Five people were killed in the fire.

The second fire broke out in a two-story apartment building on 10th street, south of Washington. Five people were killed in the fire.

The fire in the apartment building on 10th street was caused by a gas leak. The fire in the apartment building on 12th street was caused by a gas leak.

The fire in the apartment building on 10th street was caused by a gas leak. The fire in the apartment building on 12th street was caused by a gas leak.

The fire in the apartment building on 10th street was caused by a gas leak. The fire in the apartment building on 12th street was caused by a gas leak.

The fire in the apartment building on 10th street was caused by a gas leak. The fire in the apartment building on 12th street was caused by a gas leak.

The fire in the apartment building on 10th street was caused by a gas leak. The fire in the apartment building on 12th street was caused by a gas leak.

The fire in the apartment building on 10th street was caused by a gas leak. The fire in the apartment building on 12th street was caused by a gas leak.

The fire in the apartment building on 10th street was caused by a gas leak. The fire in the apartment building on 12th street was caused by a gas leak.

The fire in the apartment building on 10th street was caused by a gas leak. The fire in the apartment building on 12th street was caused by a gas leak.

The fire in the apartment building on 10th street was caused by a gas leak. The fire in the apartment building on 12th street was caused by a gas leak.

The fire in the apartment building on 10th street was caused by a gas leak. The fire in the apartment building on 12th street was caused by a gas leak.

The fire in the apartment building on 10th street was caused by a gas leak. The fire in the apartment building on 12th street was caused by a gas leak.

Local Merchants Prepare To Combat Inflation When Credit Control Off

Board Prepares To Decide Rent Policy, Cases

By Conrad Franze

Staff Writer, The Statesman

After November 1 Salem shoppers will find relaxed credit controls, may encounter slightly increased prices and probably will open a lot of new charge accounts, it was predicted here Tuesday by local merchants and credit finance agencies.

Installation of controls on such items as household appliances, furniture and automobiles will be dropped on the first of November under a bill signed recently by President Truman. Existing controls, which will continue until that date, were instituted in early wartime under economic control authority within the trading-with-the-enemy act.

Fearful that ending of the controls may create a credit war among merchants, local tradesmen are cooperating with the Salem Retail Credit Bureau in instituting voluntary credit controls.

In an attempt to prevent customers from pyramiding their credit beyond their ability to pay, merchants and credit men are proposing individual regulation of down payments and time-to-pay. Most merchants welcome the end of installment controls, but some of them fear the "inflationary consequences."

"When individual credit is turned from a matter of convenience into a tool of competition by eager merchants, then both merchants and customers suffer," said Francis Smith, manager of the Salem Bureau, Associated Credit Bureau of America. In 1938-39, he cited, bankruptcy and liquidation caused a loss of about a quarter of a million dollars to Salem trading area merchants.

He thought that overloaded inventories would cause many local merchants to push sales via the installment route. Increased purchasing power through easier credit would have a tendency to boost prices—at least until the country is back in full production again.

Cooperation Expected

"Most merchants can and will cooperate in regulating credit into sensible channels," he said.

"However, merchants cannot regulate credit as a group or they will run afoul of the U. S. attorney general's decision of a year ago that such group action is in restraint of trade."

With the lifting of controls on automobiles, the way is open for dealers to go back to the pre-war practice of small down payments and long contracts. Both automobile dealers and finance agencies agreed that contracts should be lengthened to 24 months on newer models from the present 15-months maximum. It was indicated, however, that the one-third down payment probably would stand.

Salem business men agreed that the over-all result of the dropped controls would be increased purchasing. This, they felt, would boost credit accounts, which have already increased more in the Salem area during the past year than the national average. Scarce items, they felt, would become scarcer.

On the other hand, as one bank representative pointed out, Salem has a great many fixed-income state employees who may well benefit by easier credit terms. Also extension of contracts on household appliances to 24 months and reduction of down payments to 20 per cent may halt the present drain on individual savings accounts.

CHURCH GROUP MEETS

FIRST GROVE, Ore., Aug. 26—(P)—The fifth annual northwest regional conference of Congregational churches opened here today with registration topping 150.

Oil Agreement In Parliament For Debates

TEHRAN, Iran, Aug. 26 (AP)—The Iranian parliament was ready today to take up the controversial Soviet oil agreement as Iranian and diplomatic officials reported that "10,000 Barzani Kurdish tribesmen, backed by the red army" were assembled in Soviet Azerbaijan on the northwest frontier.

"This may be another move in a Soviet war of nerves on the eve of parliament's consideration of the Russo-Iranian oil agreement," said one high diplomatic source.

The oil agreement, signed by Prime Minister Ahmed Qavam in April, 1946, while Soviet troops still were occupying northern Iran, granted Russia oil concessions in five northern provinces with Russia receiving 51 per cent of the shares for the first 25 years.

The oil agreement already is the center of a political and diplomatic battle and many members of parliament have expressed the opinion it will be defeated.

Prime Minister Qavam has proposed to the Russians that the agreement be re-drafted.

Reserve Meets On Thursday; Pay Scale Set

The second organizational meeting to activate a naval reserve unit in this area will be held Thursday at 8 p. m. in building T514 at the Salem airport, local naval reserve unit chief, Lt. Cdr. Vernon Gilmore announced Tuesday.

This will be the last meeting until September 11, when it is hoped that activation of the unit may be accomplished, Gilmore said.

He reported a number of former navy men have applied since the first meeting a week ago, but said it seemed not to be known that membership of the unit is open to men within a 50-mile radius of the city.

Communications men and engineers' officers are particularly needed in the district director of the navy reserve, who is assisting in activation of units here and in Eugene, stated he feared misunderstanding about the pay for reserve personnel. One drill per week will be required of the men, he said.

The per-drill scale, as reported by Lasley, is as follows: Apprentice seaman, \$2.50; seaman 2/c \$2.67; seaman 1/c \$3; petty officer 3/c, \$3.33; petty officer 2/c, \$3.83; petty officer 1/c, \$4.50; CPO, acting appointment, \$5; CPO, permanent, \$5.50. The men are to be paid quarterly, Lasley said.

Both Gilmore and Lasley feel that vacancies will be filled rapidly this fall, putting all applicants over the 200 allotted billets on a waiting list. A number of university students are expected to apply when school starts to help defray expenses.

Ground Broken for New Bank



Ground-breaking is now underway at Fairgrounds road and Hunt street for the long-contemplated Hollywood district bank. Picture here shows the bank site, looking through the lot toward the Reimann sheet metal shop across Fairgrounds road. Bank will go up on far side of lot as here shown, facing Fairgrounds road, with parking area in foreground of picture. At work digging foundation trench in background are Otto H. Heinke, 3875 Center st. (left) and W. C. Howard, 3810 Center st. (Photo by Don Dill, Statesman staff photographer.)

U.S. Continues Work In Balkans' Problems

WASHINGTON, Aug. 26 (AP)—Handed another Russian rebuff, the United States today turned to new measures in last ditch fight to prevent Bulgaria from executing Nikola Petkov, anti-communist opposition leader.

The state department made it plain to reporters that urgent efforts are being made to prevent execution of Petkov's behalf will be continued.

Moscow rejected a direct appeal by the United States and Britain for conferences on the case of Petkov, who was convicted of plotting against the new communist regime. The Russians said they have confidence in the Bulgarian courts.

Meanwhile a formal reply is awaited from the Sofia government to an American plea for delay in executing Petkov.

The Bulgarian parliament today voted to expel all the agrarian deputies and dissolve Petkov's party.

Salem Woman Leaps from Hotel Window

PORTLAND, Aug. 26 (AP)—A young Salem woman leaped from a second story hotel room window in "sheer fright" early today and was taken to a hospital with a fractured pelvis and spine injuries.

Dorothy Meyers, 21, whose address was believed to be 1179 Chemeketa st., was quoted by police as saying she heard an altercation in the hallway outside her room, then two or more men tried to break down her door. She went to the window and jumped.

Three men were arrested on vagrancy charges.

MARINE DRILL TONIGHT

The marine corps reserve will hold the first of its regular drill sessions after a summer layoff tonight at 8 o'clock at the Salem airport in building T514, Leonard Hicks reported Tuesday night.

'If' Bomb-proof Cavern Abuilding, It's Hush-Hush

WASHINGTON, Aug. 26 (AP)—If there are any "atomic war" defense caverns under construction in the New Mexico desert, the armed forces made it clear today that they intend to keep all details a super-secret.

Weather

	Max.	Min.	Precip.
Salem	81	55	.40
Portland	81	55	.40
San Francisco	71	58	trace
Chicago	78	52	trace
New York	92	50	.50

Willamette river: -3.8 feet.
FORECAST from U. S. weather bureau, McNary field, Salem: Continued fair today and tonight with little change in temperature. Highest today 80 to 85 degrees, lowest near 50. Afternoon winds will interfere with dusting, other work will be favorable for all farm activities.

Security Area Includes from Pole to Pole

QUITANDINHA, Brazil, Aug. 26 (AP)—Nineteen American republics agreed today to fight jointly against any armed aggression occurring in a western hemisphere "security region" extending from the arctic to the antarctic.

The proposal, sponsored by the United States, was accepted unanimously by the delegates to the full inter-American conference committee on aggression and enforcement of measures after a 14-nation subcommittee approved it earlier.

2 Nations Out

The only nations not voting on the agreement were Nicaragua, which was not invited to the conference, and Ecuador, whose conference status now is in doubt because of the week end change of government by coup d'etat.

Delegates said approval by the full committee meant that its adoption by the plenary session of the conference was a foregone conclusion.

Under the agreement, the American nations will rise to immediate defense of the hemisphere if any attack occurs within the security region.

Canada May Join

Speculation arose among some delegates that Canada might join in the treaty in view that Canada was included in the "security region."

The full committee approved four of the nine articles which a subcommittee offered for its consideration.

They are:
Automatic assistance by all American nations when one of their number is attacked.
Determination by individual states to help the attacked nation on an emergency basis.
Holding of immediate consultations to examine what has been done and what more should be done to assist the attacked nation.

Holding of consultations when the "territorial integrity, sovereignty or political independence of any American state is affected" by aggression which is not an armed attack or by any other "factor or situation" that might endanger peace in the western hemisphere.

Territory Widespread

A Guatemalan move to have the treaty operate against "totalitarian regimes" and "fifth column activities" was defeated in a committee vote.

The vast "security region" would embrace the North American and South American continents, Canada, Greenland, Alaska, the Falkland Islands, South Orkney Islands, the south polar region (Antarctica), the Sandwich and South Georgia Islands of the antarctic and a 300-mile sea belt encircling both continents and taking in strategic island possessions of the American nations.

Pickers Called In Hops, Beans

With many Salem area hop yards boosting their picking wage scale to between 3 1/2 and 5 cents per pound, the Salem farm labor office issued a call Tuesday for more hop and bean harvesters.

Our Senators

Won 5-3