

The Oregon Statesman

"No Favor Sways Us, No Fear Shall Awe"
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Credit Control and Inflation

The republicans in control of congress have shelved the Truman proposals for price-wage controls but are taking up his recommendations on control of credits and rents. They lack sympathy for any revival of OPA and have little faith in partial controls. So they turn to consider ways of restricting the flow of credit, and with pretty good logic to support the decision.

Inflation, which the president seeks to curb, is marked by the spiraling of wages and prices. It develops when there is relatively more money in the hands of the people (plus a will to spend it) than there are goods and services which the people desire. During the war the quantity of money was greatly increased through government borrowing, and production was greatly curtailed of goods for public consumption. Inflation was restrained by wage-price controls, aggressive bond-selling campaigns and increase in taxation. Controls were thrown off after the war in the belief that production would quickly catch up with demand. However, draining off part of our production (wheat, coal, steel, manufactured goods) to foreign countries without getting back equivalent values excites inflation. Hence, the immediate problem is to reduce the impact of our new foreign assistance on the domestic price level.

As far as production is concerned we are operating now at peak levels and have been for some years. This is certainly true in agriculture. The prospect is for a smaller wheat crop next year. It is true in mining of metals and coal and in production of petroleum. Steel mills are running virtually at capacity, and so are most other manufacturing enterprises. Increases cannot come without plant expansion or renovation or technological improvement, which take time.

If production may not readily be increased what about reducing the money supply? But who will cut wages? Higher prices are used to justify demands for further wage increases, and present full employment reinforces demands in excess of the rise in living costs.

However, purchasing power depends not only on the amount of regular income (wages, salaries, dividends, rents, interest, profits) but also on the use of credit. A freeze of credit, slow or fast, would quickly reduce buying power. What happened after the government stopped issuing war bonds was a resumption of private borrowing. Over seven and a half billion increase in the home mortgage debt is reported and a doubling of the amount of consumer credit (charge accounts, installment loans). Commercial borrowing by business has shown great increase as business concerns have borrowed for new buildings, for new equipment, for carrying inventories. The theory is that if brakes are put on credit, purchasing power will decline, production catch up with demand and prices level off or decline.

The techniques involved would be to restore controls on consumer credit (Revoke Regulation W, which expired November 1); raise reserve requirements for commercial banks; increase margin requirements for trading on commodity exchanges. The danger is that tampering with the credit structure might start a reverse cycle. Slowing down installment sales might result in shutdowns in factories making durable goods. Raising reserve requirements might force banks to call commercial loans and start a dumping of inventories or prompt banks to sell government bonds, thus lowering the price and making refinancing of short-term government issues more costly. It is apparent that monkeying with the credit structure is not without hazard.

As long as we have rising wage levels, full employment, easy credit, we shall have inflation, with or without price controls. As long as the buying power is in-hand, price control without adequate production will encourage the black market or the dissipation of buying power in areas not under control (pleasure-seeking, travel, gambling, philanthropies). We may undertake government restrictions on credit, but a more effective means is that of individual decision to be cautious in spending or borrowing. In the depression we found the major difficulty was unwillingness through fears either to spend or to borrow. A renewal of that conservatism, excessive then, would have a salutary effect now. Otherwise inflation will run its course to exhaustion of buying power of large groups because of excessive prices, falling off in demand, cutting of prices, closing of factories, unemployment—another NRA instead of OPA. The decision rests not merely with the government but with banks, businessmen, individuals.

The Bear Growls

Russia growls because little Iran's parliament has rejected an agreement which granted oil concessions to the Soviet Union. It accuses Iran of hostile action and rude discrimination in refusing to go through with the deal which was negotiated in Moscow over a year ago with Premier Ahmad Qavam.

Iran is guilty of discrimination because the British enjoy petroleum concessions in South Iran. However, the so-called agreement was written under duress when Russian troops occupied parts of Iran and Russia was encouraging an autonomous republic. The agreement called for ratification by the Iranian parliament, which was quite within its rights in rejecting the instrument signed under virtual compulsion.

Undoubtedly the support of the western powers encouraged Iran to raise the bars against Russia. But observing what happens when Russians get into a country it is not surprising that the bosses of Iran wanted to keep them out. They have only to look at the Baltic states and the Balkans to see what might happen to them.

Whether the bear's growl will be followed by a bite is doubtful, though Russia is in dire need of petroleum. Aggression there would promptly be taken up by the United Nations, and Russia seems hardly willing to draw its rebuke on the basis of overt aggression. Nevertheless, the world must recognize that the oil of the middle east is highly inflammable.

"Congregational Engineers"

Every job is a profession these days and the worker who can't tack at least the title of "engineer" to his name is just out in the cold, that's all. Plumbers are sanitary engineers, janitors are maintenance engineers, and icemen are refrigeration engineers.

The latest glamorous appellation is awarded to church ushers by a University of Omaha professor. He calls them "congregational engineers." And with that new rank the professor, who started the nation's first school for church ushers four years ago, calls for a more professional performance by the men who juggle collection plates.

It's thumbs down on the church usher who wears loud clothes, greets worshippers as though the Sunday service were a lodge meeting and hands out programs with the air of a newsie hawkling an "extra." Pointing to the smooth operations of business contact men and public relations experts, the professor frowns on congregational engineers who: gush; wear cigars, pencils or bright handkerchiefs in breast pockets; snub visitors; slight the "bum"; paw the women; seat husbands and wives separately, and leave the church when the minister begins the sermon.

The professor has a case. But we dread the day when trained congregational engineers, with all the savvy and aplomb of a department store floorwalker, form unions and in some fit of pique picket a church with signs that "God is unfair to ushers."

IT SEEMS TO ME

(Continued from page 1)

of course, that they have to pay more money to get good men, and they are doing it.

There is a real interest among many men in police duty. I found that out at the statehouse where in prewar days the job most frequently sought was that of member of the state police force. It wasn't just the salary that attracted but the type of work. Many men seem to have a yearning to be a policeman, just as others want to be engineers or aviators.

Others who do not want to be regular policemen ask for commissions as special agents, which are issuable by the governor. So far as I could see, they do this for no valid reason. They never make any arrests. Perhaps they want to flash a badge to get special favor at a ball park or get their car ahead of the line. Probably it is to satisfy an inner urge for authority, even if they never swing a billy or wear a gun. The badge pinned on the inside of their coats may inflame their ego. The authority of the governor to issue these passports to vanity ought to be greatly restricted.

There are plenty of men who think of themselves as detectives, too. This inclination may be prompted by some inborn suspicion of others which craves satisfaction in spying. Amateur detectives are worth about a dime a dozen. They get in the way of professionals, and only very rarely do they turn up with solutions to crime mysteries.

These stirrings in local police circles reflect the reorganization which comes after the war and indicate that the cities are seeking to improve their police establishments. They need to. These cities are growing, and they are attracting criminals from other parts. We can't rely on village Hawkshaws to do policing.



Bird of Paradise

Matter of Fact

By Joseph Alsop and Stewart Alsop

Headquarters: Washington, D. C.

Time Calls The Tune

BERLIN, Nov. 22 — Every responsible American and British official here shares the fervent conviction that after the failure of the London conference, urgent steps must be taken to form a provisional government in Western Germany. These are the practical men dealing with the practical situation. Their opinion deserves respect in any case. Their arguments, moreover, appear to be irrefutable by any realistic test.

They say first that it is vain and time-wasting to continue seeking or hoping for agreement with the Soviets. The Soviet control of Eastern Germany is squarely based on ruthless terror, and has the total opposition of the Eastern Germans, both political and economic, as its purpose. For the present, the Soviets cannot conceivably be persuaded to start afresh, with wholly new methods and purposes. Therefore, even Gen. Lucius D. Clay, whose highest ambition on coming to Germany was to achieve agreement with the Soviets, now frankly feels that there is no hope.

In the second place, the mere passage of time is pressing these Americans and Britishers who have the task of administering the most important part of the old German state. Their broad problem is neatly summed up in the currency issue. All four zones of Germany still printed by the Allies as their currency. But the currency is on the verge of losing all value, except as a sort of official script for buying official rations.

Soviets Cause Trouble
A large part of the trouble has been caused by the Soviets. They were negligently given dies to print reichsmarks by our treasury. They have printed uncounted billions, to pay their troops, to "buy" industries for Soviet account, and to meet all other occupation charges. They have consistently refused to agree to Germany-wide currency reform. A stage of acute danger has now been reached.

If the valueless reichsmarks are not soon replaced with money having some value, there is likelihood of a general catastrophe. There is also the certainty that the effort to rebuild Germany's economic life will fail. Therefore the task of currency reform must begin at once, and begin squarely in the Anglo-American and French zones.

Issuance of a separate currency for the Anglo-American and French zones will, of course, be practically equivalent to the division of Germany into wholly separate political entities. But this is not the only way in which time presses.

Leads In Dykes Appeal
There are no fully responsible governmental authorities in Western Germany today. The economic council of the Anglo-American

and the various land governments can make decisions. But being known to be impermanent, they cannot fully enforce their will. Thus far, the rationing system has continued to assure the great majority of Germans slender subsistence. But leaks in the dyke, little everywhere and some big as in the Ruhr, long ago began to appear.

In short, the rationing system must be quickly sustained and strengthened, as must the whole administrative machine by which Germany will be rebuilt.

Job Up To Germans
But the Western powers cannot adopt the blood-stained methods of the police state to carry out their decisions in Germany. The job can only be done, in the last analysis, by the Germans themselves. And this requires a still further step. It is now urgent not only to give the Germans of the west a currency of some value, it is equally urgent to give them a genuinely representative provisional government, which the German people can hold responsible for future failures. The alternative is administrative collapse.

From such political realities as these, there is no escape except into theory. In fact, the remaining open question is not whether another steatmate in London will be the sign for a radical reorganization of Western Germany. The question still open is whether the French will join with the British and Americans in setting up this new Western Germany which will allow the Germans to contribute to their own salvation.

Opposition Expected
It is to be expected that the extremists among the French will bitterly dislike the whole business. For two years, they have been demanding a divided Germany. They have been urging a forg of German federalism as decentralized and as unworkable as the American Continental Congress. They have been deaf to the argument that an unworkable German government would fail, that political and social poisons would be generated by this governmental failure, and that a German drive for national redemption on the old pattern would then result. Now, however that a divided Germany is actually in prospect, they have hastily changed their song.

Bankrupt Policy Urged
When advocating federalism, they said nothing of the natural German impulse towards national unity. But now they talk of nothing but the danger that a divided Germany will fly together around the nucleus of Berlin. Therefore, they urge a policy of bankruptcy indefinite prolongation of the present hopeless mess, with the certainty of ultimate collapse of administration thereby produced. These men would be less important, if it were not for the signs that General de Gaulle adheres to their view.

Fortunately, two new developments provide grounds for qualified optimism. On the one hand, the American policy makers have at last recognized the folly of our high handed past dealings with the French government. The practical situation in Germany does not permit endless delays for Anglo-French-American haggling. But the French will not again be asked, with ungenial brusqueness, to accept accomplished facts in Germany. This is part of the great

change typified in General Clay's own thinking.

Rehabilitation New Aim
A year ago, Clay could be accused of suffering from German localities. Now however, his whole thought is concentrated on the broad reconstruction of Western Europe, and he sees the rehabilitation of Germany as only a part in this larger whole.

Meanwhile, in Paris also, there has been a change of heart in many quarters. The currency problem, and the developing dollar deficit in the French zone of Germany, are both forcing the French to consider the need for a German administration that will really work. Two representatives of the French foreign office, Beaumarchais and De Labourlaye, have actually visited Berlin in recent weeks to survey the possibility of a tri-zonal merger. Thus there seems to be some possibility of a sound co-operative solution. After that, the task will be to make the solution a success.

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Public Records

CIRCUIT COURT
Paul C. Hansen and Mersa V. Hansen vs Clifford Jones Sumner and others: Suit to quiet title to real property.

Harley A. Borders vs George Alexander: Undertaking on appeal filed by plaintiff.

Orville Brosig vs Charles DeGuigo and others: Motions to make more definite and certain filed by defendants.

MARRIAGE LICENSE APPLICATIONS
Daryl F. Jones, 21, salesman, 396 Hoyt st., Salem, and Janet Burkert, 20, clerk-typist, Woodburn route 2.

Frank J. Jackson, 22, telephone installer, Astoria, and Helen Irene Roter, 17, bookkeeper, Mill City.

PROBATE COURT
Ole Satern estate: Order closing estate filed.

Everett L. Dake estate: Carl T. Pope appointed administrator and Gordon Skinner, Ada B. Boardman and Florence S. Mulcahy appointed appraisers.

Anna M. Espey estate: Order on

amendment to sale of real property authorizes sale at public or private sale or combination of both.

Merel William Burdick, guardianship estate: Order authorizes sale of real property.

DISTRICT COURT
William Wood Carlson, Donald, intoxicated on a public highway, fined \$50 and costs.

Charles Murray Leonard, Silvertown, no warning device (horn) on automobile, fined \$3 and costs.

John Alden Schurtz, Eugene, no tail light, \$10 fine suspended on payment of costs.

Walter A. Nystrom, jr., Salem route 7, box 159, defective muffler, fined \$3 and costs.

Napoleon E. Vanover, Tillamook, pleaded innocent to charge of non-support, waived preliminary examination and bound over to grand jury.

Grover C. Weaver, 735 N. Commercial st., charged with non-support, continued for plea to Monday, November 24.

MUNICIPAL COURT
LaVerne E. Hardy, 1370 Market st., pleaded guilty to interfering with fire department equipment, fined \$10.

Otto A. Marquardt, 305 S. 16th st., pleaded guilty to driving while intoxicated, fined \$200, license revoked for one year and 60-day jail sentence suspended.

Harold A. Harrington, 1249 S. Commercial st., violation of basic rule, fined \$10.

Joe Hayden, Eugene, violation of basic rule, posted \$10 bail.

Richard C. Lutz, Hubbard, violation of basic rule, posted \$7.50 bail.

Edward Carl Hawkins, Salem route 1, box 275, charged with reckless driving, posted \$50 bail.

Contractor Renounces American Citizenship

ONTARIO, Calif., Nov. 22 — (AP) Contractor Carl Harvey, 51, veteran of World War I, announced today he has "renounced my American citizenship" on the grounds that the government is "bureaucratic and dictatorial."

The culminating reason, he declared, is the refusal of the state unemployment commission to pay his daughter compensation after she had lost her job.

GRIN AND BEAR IT

By Lichty



DAV Sets Up Fund Office

Headquarters for the campaign to collect funds for the proposed Disabled American Veterans living memorial building has been set up on the main floor of the Sears Roebuck Co. State street store, DAV officials announced Saturday.

Contract to construct the building has been awarded to Henry Carl, Salem contractor, who was low among five bidders. Carl's bid was \$71,979.

The date on which construction would start had been set at December 1, but, the DAV board of trustees said Saturday, it would be delayed because approximate-

ly \$30,000 is still lacking of the needed amount. Mrs. Laura Johnson, president of the Gold Star Mothers, is chairman of the fund drive which will include all of Marion county.

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1 Bright diamond twinkles in the engagement ring. Matching wedding bands—all wrought of 14K gold. \$100

2 For him and her... richly fashioned wedding bands in a design to match her 3-diamond engagement ring. All of 14K gold. \$125

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