

left-handed Christmas present to holders of government bonds (except the Series E, F and G) when they pulled the price plug in the open market. As a result the price on the last public issue of victory bonds dropped kerplunk mree-quarters of a point, which is a big move in the government bond market.

For several months the federal reserve banks have been buying government bonds, supporting the price at 101 for the 21/2s 1967-72. Previously from April to September federal agencies sold \$1,800 million worth of bonds to hold prices down. Its purpose in buying has been not merely the protection of investors but to hold est rates on government bonds. The move last Wednesday was evidently designed to a.d in the fight against inflation.

Since a great deal of the curexpansion of credit to private other schedule changes. (Details borrowers, it is argued that the in column 4.) way to chill inflation is to put a crimp on credit. Already word Suburban's discontinuance, Wyatt has gone out to commercial banks to post caution signs in their lending departments. The sharp bump of Wednesday on the government time offered to buy the Salem Subond market is one way to em- burban system. phasize the advice.

Discontinuance of the three-bus suburban transportation system follows by three weeks the granting of a 10-year operating franchise by the city council to Oregon Motor Stages, the established city bus lines operator which recently extended its service into suburban areas around Salem.

Wyatt's disclosure Friday was followed by an announcement from Oregon Motor Stages, through its Salem manager, R. J Davidson, that OMS already is working out new routings which will cover the principal areas now served by Wyatt but not by OMS. These are the Swegle school area, Center street beyond Lancaster a firm line against higher inter- drive and the Browning avenue and Boone road areas between Liberty road and the Pacific highway south of Salem.

New Services

Davidson also announced Sunrent business activity is based on day bus service to Chemawa and changes. In the announcement of Salem

charged "freeze - out tactics by

The law sets up a formula which determines auto

the Oregon Motor Stages which

recently added a Chemawa weekday bus schedule. The service beginning this Sun-

through 6:35 p.m.

avenues for Chemawa.

Fog to Dispel

Today, Says

throughout the day, and fog.

which will drift in this morning,

is expected to lift early this af-

day will add a bus to service the

Life Insurance Firms Escape

Income Tax

Krusie reported.

WASHINGTON, Dec. 26 -(AP) Nearly all life insurance companies will pay no 1947 federal ncome taxes due to technicalities of a 1942 law, Secretary of the Treasury Snyder revealed today. Snyder suggested in a statement that congress direct "immediate" attention to changing the law. He expressed belief the life insurance companies would cooperate in making "fair and equitable"

The companies paid \$34,462,000

in federal income taxes in 1944. the latest year for which the treasury said it could supply figures, but officials said that Oregon Motor Stages" and declar- payments had been running ed that the OMS firm had at no around that since 1942. The \$34,462,000 taxes were paid on a net income of \$1,157,272,000.

Davidson, however, denied that

Other major oil companies represented in this area said they had no word of any price increases, but in the past when one major company has increased its price

the others were soon to follow. area of the Pacific highway and TONYO, Dec. 26 - Eldeki Toto. Lancaster drive, leaving down-Standard of California also town Salem hourly from 8:15 a.m. boosted fuel oil 40 cents a barrel and diesel and light fuel oils 1.2 on Sundays and 6:15 a. m. on week-days through 7:15 p. m. This cents a gallon. bus will leave the intersection of In its announcement, Standard

the highway with Lancaster drive said it had maintained its crude. at 35 minutes past the hour price for the past month "in the face of nation wide price increases

Chemawa-bound passengers will be able to take the Fairgrounds

52 Missing Shipwreck

> MANILA, Saturday, Dec. 27-(AP) Nine persons were rescued from tribunal adjourned for the weakthe Danish passenger liner Kina, end 40 minutes later.

which sank in a Christmas day Tojo's American attorney, typhoon that wrought millions of George Blewitt of Philadelphia, dollars in damage to Manila and had read only 20 pages of a 245- ing mostly underground, saved the the central Philippines, but 52 oth- page, 65,000-word prepared state- day for city residents. ers aboard the ill-fated ship were ment in which the man who en- Commuters Stuck gineered the Pearl Harbor assault

Today's storm swept over southeastern New York, New Jersey, Pennsylvania, Connecticut, Rhode Island, Massachusetts, Maine, Maryland, Dela-

ware and even Washington, D.C. snowfall ranged from one inch in Maine to New York's 25.4 State Holiday inches. **Toll at 5 After**

It wasn't officially rated as a blizzard, but it had all the effects of one.

witness stand at his war crimes Greatest death toll was New York's six, nearly all attributed to over - exertion in fighting Plane Grash drifts and wintry blasts. Connecticut had five deaths, for a similar reason. There were three in New Jersey, two in Pennsylvania, and one in Massachusetts. The 25.4-inch reading was re-

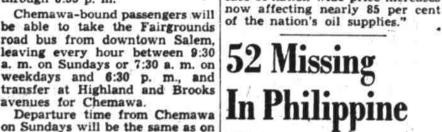
corded at 7:50 p.m. by the U.S. weather bureau. Virtual chaos was the result of the storm in New York City. *

Rail and bus transportation was hard hit and sometimes halted. Airplanes were on the ground

-packed in snow. The giant New York port lay lifeless.

City transit vehicles struggled mightily to keep going, and just

In another Christmas tragedy, Freewater basketball coach tumever. Great throngs filled railway bled to death from his father's stations and bus terminals, wait- automobile as they drove to Walla ing vainly for trains and a few Walla to see Santa Claus. Two pedestrians were fatally pace and then fighting to get on injured by automobiles in other them. One bus moved a block in holiday accidents. Mrs. Arlene Dingman, 26, was killed near her home town of Portland, and William E. Chitwood near his home at Beaverton.



on Sundays will be the same as on weekdays. The new service north goes from Highland avenue to the Pacific highway and north to Lancaster drive, then up Lancaster

drive to the first road and returns to the highway at the Green Ap-

still missing today.

trial any criminal responsibility in the recent war. **Tojo Disclaims**

Criminal Acts

war time premier of Japan who

engineered the Pearl Harbor

assault, today denied on the

In Recent War TOKYO, Dec. 26-(AP)- Hideki

Tojo, wartime premier of Japan, went on the witness stand at his war crimes trial with confident smiles today, but the 11-nation

barely did. The subways, operat-

don rancher, and Lee McKnight, 34, Condon laborer, who had gone for a plane ride just after their Christmas dinner. The light craft, owned by Palmer, had crashed about a half mile from the landing strip on the Palmer ranch-apparently, inves-

By the Associated Press

12 miles west of Condon brought

Oregon's Christmas holiday acci-

dent toll to five today. The plane held the bodies of

Fred Palmer, 30-year-old Con-

Discovery of a crashed plane

tigators said, just after the takeoff. Mrs. Palmer started a search Christmas night when her husband failed to return, and a nearby farmer, B. B. Smith, came upon the wreckage yesterday.

of government bonds all suffered "paper" loss. If bonds had been bought at par they still could be sold to let the holder come out even. If they are held till maturity par is all they will bring anyway. Those who bought when issues were up to 102 or 103 will lose if they sell and of course they will lose if they hold to maturity.

The big question is how far the rise in interest rates will go; or in other words how far the drop in prices of government after the last war Liberty bonds cil omitted references to routes Deputies to Aid night. Light rains were forecast with coupons of 4 per cent sagged down into the 80s. There is no (Continued on editorial page)

Hall, Newbry Absent From City Until Jan. 15

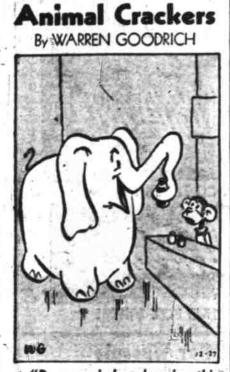
Neither Gov. John H. Hall nor Secretary of State Earl T. Newbry will return here until January 5 unless an emergency should arise. it was announced at their offices Friday.

Governor Hall, now in Portland, will spend a few days at his summer home at Lincoln beach while Newbry is at his home in Ashland completing plans to move to Salem as soon as he can obtain a house or apartment.

Civilian Employes on Guadalcanal Rioting

HONOLULU, Dec. 26 - (AP) American civilian employes of the are uncertain. U. S. army on Guadalcanal have engaged in fights and sabotage in and return home, the Pacific command reported today.

The trouble became so serious that last month 100 army engineers were called out to put down a "general disturbance" and seven alleged civilian leaders will face a court-martial next week, the army said.



"Do you mind exchanging this bubble-bath for a larger size?"

his com used tactics. OMS expanded its lines according to public demand for additional evening and Sunday service, and according to its city permits, he declared. He also asserted that sale of Salem Suburban to OMS was discussed at a recent meeting of OMS officials from Portland and Salem Suburban officials, but that the price

asked was to high. **Omitted** Suburban Routes

Although city officials had encouraged Oregon Motor Stages to bonds will go. It is recalled that offer suburban service, the counbeyond city limits in the franchise jected.

> In subsequent hearings on suburban and intercity routes before the state public utilities commission, Oregon Motor Stages sought

to retain its established routes near Salem. A decision is expected after January 1. The PUC hearing was necessitated by the new state law bringing bus operations within three miles of a city under state PUC jurisdiction. Such

routes were previously exempt from public utilities regulations. Salem Suburban did not appear at the hearing.

Personal Plans Uncertain Wyatt, who has operated su-

burban buses since May, 1940, said Friday he had no arrangement for disposing of his three buses is negotiating with Salem school ton January 7 and Woodburn central Oregon. January 8. district. He added that his person-

al plans for the immediate future Several patrons of the Wyatt bus system maintained in the council and the public utilities commission that Oregon Motor

Stages had begun operating in the most populous sub...ban areas, and expressed approximition that if Wyatt's firm was sorted out of business, some areas near Salem Price Review of Past Year Shows Prosperity Continued To and expressed appr s insion that would be left without transportation of any sort.

OMS officials asserted, however, that it would extend its routes to service the additional area if Wyatt discontinued his bus service.

Roseburg Suburbs Veto Annexation

some slow-up in buying by consumers whose wages have not ROSEBURG, Ore., Dec. 26-(AP) consistently increased in ratio Suburban areas around Roseburg with the cost of living.

By Marguerite Wittwer Wright

Prosperity continued its devil-

wake higher all-around prices in

Writer, The Statesma

today voted against joining the Local businessmen spot no signs city-a proposal that would have increased the city area four-fold of recession yet, one spokesman said, but the general scene indiand raised the population from cates a gradual return to "normalabout 7,500 to an estimated 13,000. cy." There was little or no in-The vote in Roseburg proper was crease in dollar-volume this year; overwhelmingly in favor of exbusiness is still good but not tending the city limits to include booming, he said . . . partially bethe surrounding area. But outlycause consumers are, watching ing residents rejected it in four separate districts by a total vote of their budgets to live within cur-

rent incomes rather than spend-487 against, 221 for the measure. ing savings.

Another observer said he esti-TO CLORINATE SEWAGE mated wages of approximately This year began with a sharp come in next spring.

it into Coos Bay, in order to protect oyster beds from pollution. tumble in local butter prices not

for each year the percentage of Weatherman investment income from life insurance corporations that the companies can deduct from taxes

ple market.

Rising temperatures and interto maintain reserves for the benefit of policyholders. mittent rains today and Sunday are expected to drive away the For 1947 income, Snyder said, the deduction works out as 100.66 fog which has hampered visibility in the Salem area for the per cent which not only means past several days, the U.S. complete tax exemption on income from life insurance reserve weather bureau at McNary field funds but also a tax credit against reported Friday night. The weatherman predicted that

ternoon.

income from accident and health the thermometer would register insurance reserve funds. a high of 45 degrees today and would skid to a low of 35 to-

ordinance, when representatives of the Salem Suburban firm ob-

Tax Returns

Taxpayers of Marion county previous night, the bureau said. will be assisted in preparing federal tax returns by visiting deputy gree below freezing Friday morn-internal revenue collectors in Sa- ing at about 5 o'clock and by 10 lem, Silverton and Woodburn next a.m. had risen to only 32 demonth.

Portland internal revenue office noon rains dispelled the fog. announced Friday that deputies will be available to help farm- ditions for this area and for virers prepare form 1040-ES and tually all sections of the state

others prepare their income tax were expected to continue forms covering the calendar year throughout today and Sunday, State Highway Engineer R. H. of 1947. It is expected the deputies will be at local postoffices. Baldock reported Friday. Motor-The schedule for Marion county ists were warned, however, includes tax deputies in Salem against frosty spots and packed and other equipment, although he January 13, 14 and 15, in Silver- snow in sections of eastern and als for 1948 must be made by Jan-

Visiting dates at other nearby

cities include: Lebanon, January MARSHALL APPOINTED 6 and 7; Scio, January 8; Albany, WASHINGTON, Dec. 26 -(AP)-President Truman designated Sec- first of the year. Decrease in de- of the commodity exchange ad- either by electricity or candle, and January 12, 13, 14 and 15; Monattempts to break their contracts public hearing before Salem's city mouth, January 8; Independence, retary of State Marshall today to mand for licenses Friday was at-January 9; Dallas, January 12; supervise the \$40,000,000 emer- tributed to many persons being on ence he did not know whether any snow cleared from around fire hy-Newberg, January 12 and Mc-Minnville January 8 and 9. France, Austria, Italy and China. day over the weekend. Minnville January 8 and 9. Most of the list were small traders. Most of the list were small traders. (Additional details on page 2.) Minnville January 8 and 9.

rent 91 cents.

up to 94 cents.

A surplus of cold-storage eggs

early this year (60 cents per doz-

en, large) kept prices fairly even

through spring, but October

brought 80 cent price tags which

skidded to 72 cents and then went

Planes and salvage tugs search- seeks to convince the world that communities were stuck, howed the waters around Samar, near he led Japan in a war of selfwhere the Kina broke up, without defense.

finding a trace of wreckage. Nei-As he approached the stand for ther did they sight the liferafts on this climactic performance after which all aboard took refuge be- 19 months of trial with 24 other fore the 9,823-ton motor vessel defendants, the bald, brown little sank. Three of the passengers were man flashed a grin at his com-American women panions in the prisoners' dock.

At least 20 other ships were He smiled slightly as he firmdamaged or imperiled by the type ly planted his "chop" - signature phoon. Five persons were dead seal - on the oath as a witness. and more than a score injured in At the outset of his statement, hard-hit Manila, where buildings Tojo briefly outlined his military were unroofed and trees uproot- and political career, calmly ad-

mitted his "political and admin-Seventy per cent of the Chinese istrative responsibility," but deestablishments in Tacloban were nied any criminal responsibility. destroyed in a fire which was Then the court adjourned until spread through the heart of that Monday, December 29. Attorney capital of Leyte island by the ty- Blewitt estimated it would take phoon's winds. him slightly more than two full

A temperature of 39 degrees The storm, unseasonably late, days to read the Tojo affidavit, was recorded at the field early hit Manila at 6:55 a.m. Christmas which reiterates the self-defense this morning, which was five degrees higher than that for the locity reached a peak of 120 miles

China sea.

ed.

grees. The temperatures continu-The U.S. treasury department's ed to rise and late Friday after- Lull in Car License Meanwhile favorable road con- Business Noted

ture department tonight but it The demand for 1948 motor vethrew no immediate light on the hicle licenses slackened at the hot question of whether governstate motor vehicle division here ment officials used "inside infor-Friday but was expected to hit a mation" to read speculative prof-

tures market on the Chicago Board

the annual check of automobile The department did not identilicenses, involving 1948 renewals, fy any of the names as to occupawill start immediately after the

buses operating at a crawling

three hours. Many a commuter gave up, and as a result, hotels were besieged with requests for rooms.

Business enterprises dismissed employes long before normal quitting time, to give them a chance to get home. Acting Mayor Vincent Impellitteri ordered city departments to do likewise. Lines of stalled and snowbound parked cars lined some streets, as well as regional highways. Some Women List other thoroughfares resembled deserted snow - drifted country

lanes. Mid-Town Vacant

At 6 p.m., only one car could be the New York Dress institute reseen moving on Manhattan's fam- stored her to the top of the annual ous Fifth and Madison avenues in list of the "ten best-dressed womthe midtown area.

State police were trying to reach on foot about 20 cars, be- by fashion authorities, in the orlieved to contain soccupants, in der named, are: Mrs. William The milk supply, with deliveries Mrs. William Rhinelander Stewnearby Westchester county. hampered, was said to be suffi- art, Mrs. Byron Foy, Mrs. John C. cient to last through tomorrow. 'Greatest Emergency' Fire Commissioner Frank J

Quayle said tonight the city faced "the greatest emergency in of San Francisco. the history of the New York fire

continuous duty. "Our streets are practically im-

passible," he said. requested The commissioner tion and Administrator J. M. Mehl that Christmas trees not be lighted, ministration told a news confer- urged all property owners to keep

Gallop Through Salem in 1947---Dragging Along Inflation Inflationary prices in almost evimmediate future. Electrical ap- chasing power through release of look."

ported luxury items were avail- It was predicted that overloaded able for Christmas shopping-all inventories would cause many local merchants to push sales via Cotton goods are still scarce and the installment route but Salem expensive and no lef-up is in sight, credit association urged members

products, as well as meat. Milk, although one merchant reported to hold the price line by regulatdown to 17 cents per quart in spring cotton, women's wear was ing credit into sensible channels. June, is now 19 cents and further wholesaling at less than last sea-Fixed - income workers were benefitted by longer credit terms

new, odorless plastic merchandise helped check the widespread drain 19 cents per large loaf in August and the wide price range attract- on individual savings. By December there were no signs of credit The lack of building materials buying getting out of fland in Sa-

Mild seasonal advances in meat when the current 90-day contracts continued to hold up construction lem but some merchants favored in October, especially steel pipe, return of federal control to limcement, gypsum products and it purchasing power and combat

Authorizing rent increases up to level hit two months ago, one Sa- mid-year. Nationally housewives chrome and brass fixtures, porce-15 per cent after July further inlem dealer said, but this month were urged to save fat but the lo- lain tubs and sinks, hardwood NORTH BEND, Dec. 26-(R)-The 10,000 working men and their even hamburger jumped six cents cal market was overstuffed and flooring, construction lumber, cer- creased the Salem cost of living. state sanitary authority ordered families in the Salem area were in some places. Butchers expect the disposal problem caused deal-this town today to screen and 15 to 20 per cent under the level continued high prices; beef will ers to discourage salvaging. Since pumice building blocks, paint, about 11 per cent and by this chlorinate sewage before dumping required by rising costs of living. be short until grass-fed animals October the market has been good some heating equipment. Still month 80 per cent of the boosts but lean meat means less fat to hard-to-get: toilets, steel pipe, filed were for the 15 per cent in-Sugar rationing went off in be saved. Prices were high on plaster, brick, roofing. Sheet metal, crease.

'Wallie' Heads **Best-Dressed** NEW YORK, Dec. 26 -(AP)- The

Duchess of Windsor received post-Christmas congratulations today as en

Others voted among the top ten Wilson, Mrs. Millicent Rogers, Mrs. Howard Hawks of Los Angeles, Mrs. Geoffrey Gates, and Mrs. William Wallace (Ina Claire)

Also scoring votes among the Named on the list were persons department" and said every avail-who were active in the wheat fu-able fireman had been assigned to of professional standing, were three dress designers and a de-

signer's wife: Mrs. Adam Gimbel (Sophie), Mrs. George Schlee (Valentina), Mrs. Orson D. Munn (Carrie Munn) and Mrs. Gilbert Adrian (Janet Gaynor), wife of the Hollywood designet, Adrian. For the duchess, the new list represented a comeback in the fashion world. In 1943, she shared first place with Mrs. Clare Boothe Luce and then dropped to 10th the

next year. She climbed up to fifth in 1945 and to second last year. Mrs. Paley is the wife of the chairman of the board of the Columbia Broadcasting system. Tall, willowy Mrs. Williams, a perennial on the list, favors clothes from Paris, while Mrs. Byron Foy, the former Thelma Chrysler, was among the first of the New York style-setters to adopt the "new

QUICKIES



"Don't be so awkward-you're always tripping over the prayer

followed by other foodstuffs, and June in time for summer canning, most war - short merchandise temporarily, is in better supply. war-short soaps and shortening and some rushed stores instituted available for the first time this were abundant at steady prices. their own rationing to prevent a year and there is no indication ery field were complicated this take-the-hindmost gallop through The nervous butter market with complete sell-out before supplies a decline is forthcoming in the year with the increase of pur-Salem this year leaving in its seasonal variations was reflected were replenished The nation-wide grain crop fail- pliances, steel goods and many im- federal credit control in August.

here by a roller-coaster price the continuing sellers' market and chart: butter per pound was 78 ure complicated by extensive specents in January, 64 cents in May, culation in the wheat market and climbing in June, 93 cents in Sep- government buying for export was at high prices. tember, 81 cents in October and cited locally as reasons for ingoing up this month with the cur- creased prices of bakery and dairy

increases may come if the price of son's.

prices in June were followed by a with flour dealers expire.

October. Lately meat has held the salvaging - was a paradox by some fixtures. Now available: inflation.

The year saw a great influx of and reduction of down payments feed goes up substantially. Bread prices have risen steadily - from

to 22 cents recently. One local ba- ed many buyers. ker said prices may rise again

A hangover from the war - fat

scarcely noticeable decline during



WASHINGTON, Dec. 26 -(AP)-A list of 1,240 traders in wheat was made public by the agricul-

new high for the year early next its. week. Automobile license renew-

uary 1.

State police have indicated that of Trade on April 30, 1946.

