

Rehearing Ordered In Tax Surplus Suit

Rearguments will be heard by the state supreme court here on August 11 in the suit brought by former Gov. Charles A. Sprague to restrain the transfer of state income tax and corporate excise tax surpluses to the state's general fund.

A rehearing petition in the case was filed July 27 with the supreme court following its previous opinion upholding Circuit Judge George R. Duncan's decision that the surplus funds are part of the general fund.

The suit on which the court based its opinion was filed by Sprague who charged that these surplus funds were earmarked as a property tax offset and could not be used for any other purpose.

The petition filed last week by Sprague said that the court's opinion was based on an assumption without warrant in the record, of legislative ignorance of the effect of legislative acts and stated that it defeats admitted purposes of the property tax relief legislation.

Officials estimated there is approximately \$35,000,000 of these surplus funds at the present time and that they probably will be increased to more than \$50,000,000 by the end of the current biennium.

Salem Police Fly Goodwill Plane to Reno

A good-will entourage, consisting of four members of the Salem police patrol, will leave Salem this morning at 6 a. m. by plane for Reno, Nevada, where they will extend Salem and state greetings to the city officials of Reno.

The men will fly in two planes of the Eagle Flying Service, Salem, which have been reserved for the good-will trip.

Officers making the trip are Leonard Skinner, Joseph Schuetz, Orrin White and Vernard Schmidt.

They will carry letters of good will and introduction from Gov. John Hall and Salem Chief of Police Frank Minto to Reno Chief of Police Greason and also a letter of greetings from City Manager J. L. Franzen to the mayor of Reno.

The officers also will carry descriptive material of Salem and beauty spots of Oregon from the Salem Chamber of Commerce.

Individually designed table centerpieces advertising the Oregon State fair, furnished by the state fair commission, will be presented to city officials of Reno by the officers. They will present Chief Greason a rug, a present of the Oregon Flax Textiles, Inc.

Contracts Show Hop Price Rise

A total of 39 contracts involving the purchase of hops from Portland county hop growers were filed with Marion County Recorder Herman Lanke Wednesday.

All the contracts were made out by the S. S. Steiner, Inc., local hop dealers. Purchase price, as stated in the contracts, called for 70 cents per pound on early fuggles, with adjustments to be made if the market price increases. Leaf and stem contents up to 10 per cent is permitted.

Last year's hop contracts recorded at Lanke's office show that prices were subject to OPA regulations. Some contracts, however, quoted prices last year on early fuggles averaging 52 cents per pound.

Details Given on Santiam Bridges

PORTLAND, Aug. 4 (AP)—A North Santiam highway bridge over Breitenbush river will be a 440-foot-long structure, the public roads administration reported today.

Earlier the administration said bids on two North Santiam highway bridges would be opened August 18. The Breitenbush river bridge will be a mile and a half north of Detroit.

The other bridge, two miles west of the first, will span Tumble creek. It will be a concrete girder bridge 132 feet long.

Angell Denies Potatoes Marked for Destruction

WASHINGTON, Aug. 4 (AP)—A rumor that the government might destroy surplus potatoes was attacked today by Rep. Angell (R-Ore.), who wrote the president that he hoped "the rumor is unfounded."

Angell urged that any surplus foods be given to low income families rather than be thrown away.

GABLE'S FATHER DIES

VAN NUYS, Calif., Aug. 4 (AP)—The father of actor Clark Gable, William Henry Gable, 78, died today at his home here of a heart ailment.

Funeral arrangements were awaiting word from his son, who is in Europe.

Envoys Confer in Moscow

European Union Wins Support In Italy, France

By The Associated Press

The American, British and French envoys in Moscow conferred for three hours last night after responsible sources said one of the three already had received his first official reaction from home to the talks with Prime Minister Stalin Monday night.

It was not disclosed which of the three embassies received this first report. When all three have received their instructions swift diplomatic developments were expected to pave the way for the next step aimed at easing the east-west deadlock over Berlin and perhaps all Europe.

Secretary of State Marshall told reporters at his news conference in Washington he was unable to comment on Moscow developments. The secretary radiated none of the optimism reported in Moscow and other capitals.

The American air supply line to Berlin broke its own record again yesterday, carrying 2,104 tons of supplies into the Russian blockaded city in 303 flights. With an estimated 1,000 tons flown in by the RAF.

Italy's Foreign Minister, Count Carlo Sforza, declared his country is ready to join a union of European nations as the only cure for Europe's economic and political difficulties and the hope of peace. He said Italy is ready "to accept Britain" and "will join in this great pacific work."

French Finance Minister Paul Reynaud also urged a United States of Europe in a speech in Paris. He expressed hope Great Britain "will join in this great pacific work."

In Greece, government columns advancing from east and west joined and cut in two the "free Greece" of communist guerrilla chieftain Markos Vafiades. The junction was made in the neighborhood of Kerassovon and was made possible by the storming of Klepiti Height by two battalions moving from the south.

King Abdullah of Trans-Jordan told a news conference in Amman his "Arab nation does not exclude any possible compromise in Palestine that secures justice and prevents unnecessary bloodshed."

Lodge to Erect Salem Building

Plans for a \$35,000 Knights of Columbus council headquarters building and Catholic center in Salem are almost completed, council officials said Wednesday.

An architect's sketch of the plant, to be constructed at Shipping and North Cottage streets, was viewed at the Tuesday night meeting of the council. It is to be a one-story building, complete with meeting, dining and recreation rooms. A second story is to be added later.

Grand Knight S. L. Ripp said that construction would probably start on completion of a current fund drive.

It also was decided Tuesday to hold a picnic in cooperation with the Catholic Daughters of America. The picnic will be on Sunday, August 15 in Silverton city park.

Silvermaster Testifies



WASHINGTON, Aug. 4 (AP)—Nathan Gregory Silvermaster, former government official, testifies under oath that "I am not and never have been a spy or agent for any foreign government."

Ex-Official Mum on Red Record, Denies Spying

WASHINGTON, Aug. 4 (AP)—Nathan Gregory Silvermaster, accused of spying for Soviet Russia, related today that a White House aide and a cabinet officer protected his wartime government job after naval intelligence tried to get him fired.

Silvermaster produced a letter he said was written by Robert P. Patterson, then secretary of war, clearing him after Lauchlin Currie, for years a top White House assistant, had called on Patterson in Silvermaster's behalf.

The middle-aged Silvermaster, a witness before the house American activities committee, flatly refused to say whether he ever was a communist, but he asserted he never was a spy. He said the naval intelligence report was an unjustified smear and that he had been cleared after investigation by various agencies, including a chief of the U. S. secret service.

Recalls Case

In New York, Patterson said that to the best of his recollection Currie called him during the war about a case in the board of economic warfare involving a man he thinks was Silvermaster. He ordered an inquiry, he said, and told Currie later that the war department did not object to the man staying in BEW. He added he has every confidence in Currie.

Currie, in Scarsdale, N. Y., said he recalled "being consulted in 1942 about a security report made by military intelligence on Silvermaster," but "I never saw nor passed on this particular report" since the "decision rested solely with Undersecretary Patterson, in whose judgment I had every confidence."

Testimony that both the navy and the civil service commission had tried unsuccessfully to pry Silvermaster loose from his job with the board of economic warfare was given to the committee. He stayed on four more years—until 1946.

Louis Russell, a former FBI agent and now a committee investigator, testified that the civil service commission looked upon Silvermaster as a communist. And Elizabeth Bentley, who says she was formerly a soviet agent, repeated her story that Silvermaster furnished information that went to Russia.

Charges Laid

Russell said he learned that as far back as 1920 Silvermaster was regarded as an "underground agent" of the communist party. Since then, he testified, evidence indicates Silvermaster has been "everything from a fellow traveler to an agent for the OGPU (Russian secret police)."

Silvermaster worked for the government 12 years in various jobs, including service with the resettlement administration, maritime labor board, farm security administration, board of economic warfare and war assets administration.

Weather

	Max.	Min.	Precip.
Salem	72	54	.00
Portland	68	50	.00
San Francisco	61	43	.00
Chicago	71	51	.13
New York	77	58	.01

Salem precipitation (From Sept. 1 to Aug. 1)

This Year	Last Year	Average
47.06	56.68	57.64

Phone Crusaders Combat High-Rising Meat Prices; Anti-Inflation Bill Pushed

GOP Gives Up Anti-Poll Tax Fight in Senate

WASHINGTON, Aug. 4 (AP)—The GOP substitute for President Truman's anti-inflation program was rammed through the house banking committee tonight on a 16-8 vote.

It calls for restoration of wartime curbs of installment buying, and a moderate tightening of bank credit.

GOP leaders were pressing a drive to adjourn the extra session of congress possibly Saturday night, or at the latest next Tuesday.

Earlier they had abandoned an anti-poll tax bill in the senate, saying a five-day southern filibuster prevented action at this session.

A senate-house committee tentatively approved, meanwhile, a housing bill which Senator McCarthy (R-Wis.) said is principally designed to stimulate production of lower cost homes.

The measure is far different from the Truman-backed Taft-Hendley-Wagner bill designed to spur the construction of 15,000,000 homes in 10 years. For one thing, the T-E-W bill contains a provision for government-financed and publicly-owned homes for low-income persons, a provision which McCarthy said is absent from the new bill.

Ignored Proposals

The anti-inflation bill approved by the house banking committee flatly rejects Mr. Truman's call for reimposition of selective price and wage controls and rationing.

It ignores his proposal for a \$4,000,000,000 excess profits tax.

The republican measure was headed for a house vote tomorrow. Written by Rep. Wolcott (R-Mich.), chairman of the banking committee, it won committee approval on what was reported to be a strict party line division.

It provides:

1. Installment buying controls up to March 15, 1949.

These controls in wartime usually required a one-third down payment on such things as automobiles, stoves, house furnishings, and electrical appliances. The remainder had to be paid in 15 months.

2. Increased reserve requirements of federal reserve banks from 6 to 7 per cent and increased reserves against demand deposits. In central reserve bank cities (New York and Chicago) the maximum requirement can be increased from the present 26 per cent to 29; in reserve city banks from 20 per cent to 23; in country banks, 14 to 17 per cent.

3. Every federal reserve bank shall maintain reserves in gold certificates of not less than 35 per cent against its deposits, and reserves in gold certificates of not less than 40 per cent against its federal reserve notes in actual circulation. The present requirement in each category is 25 per cent.

The idea behind increasing the reserves is that the higher they are the less money the banks will have to put out in inflationary loans.

Funds to Limit Immigration

WASHINGTON, Aug. 4 (AP)—A shortage of funds will limit to about 40,000 the number of refugees to enter the United States in the next 11 months, Ugo Carusi, newly named displaced persons commissioner said today.

This is less than half the amount of immigration contemplated for the period under the displaced persons law passed in June.

Carusi said his conclusion is based on a study of what can be done with the "inadequate" \$2,000,000 budget appropriated by congress to finance the immigration.

Safe Driving Prize Fails to Cover Cost Of Traffic Offense

PERU, Ind., Aug. 4 (AP)—Sponsors of the current motorists' "courtesy drive" here blushed and averted their eyes when George Kehler, 28, appeared before Justice of the Peace Mable Personnet on a reckless driving charge today.

Kehler received a \$5 award Monday for safe and courteous driving. He pleaded guilty to the reckless driving charge today and shelled out the \$5, plus \$10 in costs, to pay the fine.

Commission Plan Outlined; Petitions Due

A proposed city commission government for Salem was outlined Wednesday night as the sponsoring committee prepared to start circulation Saturday of petitions seeking to put the proposal on the November ballot.

Judicial departments separate from other city administration and civil service to cover all but five elected city officials feature the proposed charter amendment drafted by Attorney Elmer Amundson, a member of the 10-man sponsoring committee headed by former alderman Lloyd F. LeGrier.

Highlights of the plan presented in Salem labor temple:

Present offices of a paid city manager and unpaid elected mayor and seven aldermen would be abolished.

City affairs would be administered by three-member city commission including a mayor-commissioner and two other commissioners, each to head a separate combination of present city departments.

Both city attorney and city judge also would be elected. Recall of elected officials by petition or election would be added to present city charter.

Civil service board appointed by the city commission would govern qualification, examination and hiring of all other city employees, including department heads, with temporary appointments limited to six months duration.

(Additional details on page 2.)

Met Cancels Opera Season; Unions Blamed

NEW YORK, Aug. 4 (AP)—The world-renowned Metropolitan Opera today cancelled its 1948-49 season because, it said, demands for union wage increases could not be met.

If the cancellation stands, it will be the first time in 50 years that the Met has failed to present a season of opera.

The opera association said its decision was caused by "failure to reach agreements with all of the 12 unions representing the employees."

Shortly after the announcement one of the top three unions, local 802 of the AFL American Federation of Musicians, said it had reluctantly withdrawn demands for a wage boost in an effort to reach a settlement with the opera.

The opera's stars had not yet signed contracts for the next season.

George A. Sloan, chairman of the board, and Charles M. Spoford, president, said in a joint statement that in the face of a 1947-48 deficit of about \$250,000 it would be "imprudent to the point of irresponsibility" to meet further demands "involving still higher costs of production."

Chain Calls Cover South, Due in Oregon

CHICAGO, Aug. 4 (AP)—A telephone crusade against high meat prices mounted as hogs hit record price peaks today.

Housewives in scattered parts of the country phoned one another to stay out of butcher shops, but the phone calls did not reach the Chicago livestock market. It was there that the new all time high hog peak — \$31.50 a hundred pounds — was reached.

Some long distance cheer came from the grain markets. Corn price sank to a new low for the year as the largest corn crop in history approached maturity. Traders estimated the crop might top 3,500,000,000 bushels.

The butcher boycott, spread by telephone calls, centered mainly in Texas. It began in Dallas, where the Dallas Federation of Women's clubs urged housewives to buy no meat from August 9 to August 16. Women in several other Texas cities took up the plaintive cry.

Chain telephone calls also were being used to support the no-meat campaign in Miami, Fla., and Atlanta, Ga. Those who got the calls were supposed to phone five friends at Miami, urging them to join the crusade. A housewife spread the campaign at Atlanta calling her friends and acquaintances and then picking names from the phone book.

In Louisville, Ky., housewives also were reported to be participating in a telephone campaign against high meat prices.

Added Sour Note

The agriculture department added a sour note for consumers who might be thinking of meat substitutes. It said there was no prospect of lower chicken and egg prices before next year. Thanksgiving turkeys will cost more than last year; the department predicted.

PORTLAND, Aug. 4 (AP)—Housewives here were asked tonight to start a boycott of meat counters and a spokeswoman for the Portland League of Women Voters said it would start a telephone campaign in the morning.

Mrs. Ellen Mills Ewing and Mrs. Drew Lawrence announced a public meeting of women's club representatives of Friday to set up a similar organization.

"We're going to refuse to buy food items priced too high—one at a time," Mrs. Ewing reported. "First will be beef, then potatoes, and down the line."

Hopes Raised For Lost Plane

PARIS, Aug. 4 (AP)—A second message for help received by a French ship at sea raised hopes tonight that \$2 persons aboard a giant Air France seaplane missing since Sunday on a trans-Atlantic flight.

Last night the French frigate Levertier intercepted an SOS. Today a radio call for help described as "extremely feeble" came with the call letters "BCR." Air France officials said this indicated the message was from the missing plane.

Ships and planes have been thrown into a search for the plane, a 73-ton six engine Latécoere 631. It disappeared on a flight from Port de France, Martinique, to Port Etienne, Mauritania, French West Africa. The plane was last heard from 1,200 miles off Dakar.

Cigaret Price Rise Recorded

"Eighteen cents is the general price prevailing in most Salem taverns and restaurants for cigarettes following nationwide price rise this week.

Prices at local stores which had been charging 14 cents last week have now been upped to 15 cents or two packs for 29 cents. Other stores have upped the price from 15 to 16 cents per package.

Restaurants and taverns here were getting 16 cents for most brands last week and were charging 18 cents or two for 35 cents Wednesday.

Wife Sprains Neck While Attempting to Open Jar

PORTLAND, Aug. 4 (AP)—Go right on, ladies — the doctor says your quite justified in summoning your husband to open those tight jars.

Agnes Jans, Willamina, tried to open a jar herself. Doctors attending her at a hospital here, said she sprained her neck.

OUR SENATORS

Won 3-1, 8-3

IT SEEMS TO ME

By Charles A. Sprague

The city has had to postpone construction of its interceptor sewer because of lack of adequate supplies of cement and steel. The shortage in cement is delaying work on the new state office building. Recently it resulted in no bids for some paving at Albany.

A local cause of the shortage is the diversion of cement to the Dorena dam. A special type of cement is required for that work, and large quantities of it. The mills furnishing the material had to concentrate on it and then make mechanical readjustments to revert to making their regular brands.

Steel is another matter, but besides heavy demand for regular uses have come government orders for steel for rearmament and for the ERP. The pinch in supplies has been predicted for several brands.

These shortages point up the unwisdom of pressing for too much government work at the present time. Sure, we want flood control dams and power dams and reclamation dams; but we do not have to have them all before supper-time. Sure, the delays are risky both for flood losses and for handicap to industrial and agricultural development. But costly too is the inflation which the government spending is inducing.

During the depression it was argued that public works should be done principally in periods of slack industry. In fact we accumulated a shelfful of projects for the anticipated postwar depression. However instead of a business slowdown we have had a business bulge. Yet this is used as an excuse for pushing these government projects, particularly power. We shall pay dearly for our haste.

President Truman urged the special session of congress to

(Continued on Editorial Page)

Sec. Peterson Under Fire Due To Press Ban

PORTLAND, Aug. 4 (AP)—The Affiliated Milk committee of Portland Women's clubs tonight called for the resignation of State Director of Agriculture E. L. Peterson.

Mrs. Frederick Fritz, committee secretary, said the organization was asking the resignation because of Peterson's refusal to permit reporters to appear at hearings now being conducted by the state milk control board.

The hearings are due to end tomorrow. Earlier Gov. Hall, republican gubernatorial nominee Douglas McKay and democratic gubernatorial nominee Lew Wallace had condemned the director's decision.

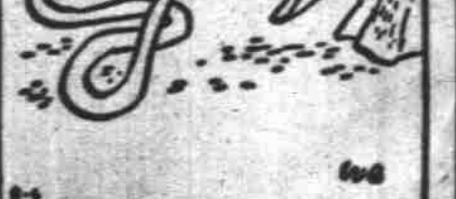
Peterson has explained he believed the hearings would involve confidential milk marketing data and the publicity might "embarrass" the milk distributors involved.

Results of the hearings are to be announced after the session, however.

EGGS TO CLIMB CENT

PORTLAND, Aug. 4 (AP)—Wholesale prices of all sizes of grade AA eggs are due to climb one cent a dozen on the market here tomorrow, the trade reported today.

Animal Crackers



"Boy, what a nightmare—almost choked myself to death!"

Angell Denies Potatoes Marked for Destruction

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GABLE'S FATHER DIES

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Funeral arrangements were awaiting word from his son, who is in Europe.

County Takes Over 4 Corners Roads

Establishment of LaBranch and part of Mabel avenues in the Four Corners area as a county road was affirmed by Marion county court Wednesday.

The two streets connect East State street with the Turner road. Establishment of them as a county road and improvement on them was requested by the Four Corners rural fire protection district to facilitate fire protection.

Weather

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San Francisco	61	43	.00
Chicago	71	51	.13
New York	77	58	.01

WINDCAST (from U.S. weather bureau, McNary field, Salem): Partly cloudy today and tonight with occasional periods of clearing. Slightly warmer afternoon temperatures with high this afternoon 78; low tonight 53. Conditions favorable for harvest activities with winds in afternoon and evening intermingling with spraying and dusting.

Salem Precipitation (From Sept. 1 to Aug. 1)

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