

Large State Budget Deficit Due Despite Revenue Rise; Headache Ahead for Solons

State Budget Director George Aiken announced Saturday that there will be a sizeable deficit in the 1949-50 budget despite an increase of about \$30,000,000 annually in state and local revenues.

Aiken made the prediction after slashing virtually all capital outlay requests of the Oregon State institutions and many other items.

The increase in the state and local revenues was reported by the state tax commission in a financial statement here Thursday. Largest increase was in the county, city, school and other local revenues and in individual personal income taxes.

Aiken said the state budget for the next biennium, starting July 1, 1949, is nearing completion and should be ready for presentation to Gov. John H. Hall not later than December 15. Governor Hall, as state budget officer, must pass on the budget before it is referred to the legislature for final consideration.

To Provide Serious Problem
Governor Hall and Aiken agreed that the state general fund budget requests, reduced from approximately \$135,000,000 to less than \$100,000,000, will provide a serious problem for the legislature. General fund revenues for the next biennium were estimated at approximately \$75,000,000.

"While most capital outlays have been pruned from the state budget that does not mean that expansion of state institutions can be halted," Governor Hall declared. The governor said his information indicated that the current \$10,000,000 institution building program merely had caught up with the state's current demands, but that additional facilities will be needed within the next few years.

Similar Situation
A somewhat similar situation exists at the higher educational centers, Governor Hall averred, where all present buildings are taxed to capacity. He said a large part of the \$4,000,000 of state building funds allocated to the state board of higher education have been expended or obligated. Less than \$200,000 remains in the \$5,000,000 of state building funds allocated to the state board of control for institution betterment.

Senator Dean Walker, long chairman of the senate ways and means committee, declared here this week he has no cureall program for the state's financial ills.

"No One Knows How"
"It is apparent that the legislature will have to meet the situation, but no one knows how at the present time," Walker said. Based on figures for the past year it is likely that the liquor profits, now used for public welfare purposes, will continue to decline, with demands for more relief money inevitable.

Most legislators here this week refused to discuss the new old age pension law approved by the voters at the general election other than to agree it would develop into a financial headache.

Other substantial increases in appropriations are certain to be sought at the 1949 legislature by the state board of education, for salary boosts for state workers, state board of higher education, and by other state agencies.

The suggestion has been made that a group of legislators confer with Governor Hall and Aiken before the state budget is approved by the former, but no definite decision has been reached.

Bids Expected On Vet Bonds

Several bids are expected to be received for the \$2,000,000 bond issue, scheduled for sale by the state department of veterans affairs here Tuesday, officials announced Saturday.

The bonds originally were offered for sale November 5 but no bids were received at that time. Investors attributed lack of bids at the November sale to passage of old age pension bill at the general election which, they said, had confused the state's financial situation. This situation now has been ironed out, officials averred, to the extent that investors are anxious to bid on state securities.

Although limited funds have been available since November 5 a large number of veterans' farm and home loan applications have been fully processed during the past month. Many other applications have been investigated and approved pending sale of the \$2,000,000 bond issue.

Young GOP Passes List Of Resolutions

(Story also on page 1.)

"Not threatening or demanding, but letting you (the party officials) know we're on the way," was the Young Republican watchword conveyed Saturday night by new president Vivian McMurtrey, Portland, at the state convention closed here. Steve Anderson, retiring head, added that the issue is not one of "young vs. old."

Cancelling scheduled Sunday morning sessions, the 1 1/2-day meeting ended with a banquet at the chamber of commerce, attended by numerous party leaders. Business sessions during the day were at the armory. There they adopted resolutions, with few battles, which called for: A governor's commission to determine incidence of gambling in the state, which forms should be suppressed and which should be legalized and taxed, after a debate over the resolution's purpose, finally recorded as being "with a view to terminating the allegations of culpability of some law enforcement authorities."

Laws to prohibit racial discrimination in public places and to establish a state fair employment practice code for private and public employes.

More Resolutions
A survey of housing requirements; a governor's commission to recommend how to modernize the state government; establishment of the office of lieutenant governor; provision for governor's succession by an officer elected on a statewide basis; revision of the legislative districts to align with population changes; setting up legislative sub-districts as a "grass roots" move.

Making the Columbia basin development plan an actuality and prohibiting diversion of Columbia waters until needs of this watershed are met; endorsement of the legislative interim committee's 20-year highway program; establishing a state labor college in Portland; eliminating geographical limits on law officers' arrests; state financial backing to local sewage disposal programs; elimination of prewar residence requirement for state veterans' loans; setting up a permanent Young Republican legislative committee; prohibition of party leaders from dealing with state contracting agencies except as principals.

Only resolution not approved proposed a separate system of federal courts for labor-management disputes, which was tabled. A move to cut the top age limit for members from 40 to 36 years was defeated.

Gov.-Elect McKay Talks
Speakers during the day included: Governor-elect Douglas McKay, Salem, who called for "a good program and selling of it," and proof that "we don't represent special interests."

Mrs. Marshall Cornett, Klamath Falls, national committeewoman, who called for a program of education for leadership in bringing "Lincoln's principles down to the present."

Ralph Cate, Portland, national committeeman, who urged sincerity in the party, use of ideas from all segments, and uniting behind new leadership.

Portland Speakers
Mrs. George T. Gerlinger, former national committeewoman, and Mrs. John Y. Richardson, vice chairman of the state cen-

tral committee, both of Portland, also spoke briefly.
Defeated for the presidency was Robert Nielson of Eugene, elected assistant chairman.
Other new officers include the following:

Named to Committee
Named to the state executive committee, with a two-year and a one-year term from each congressional district, were Max McMillin, Silverton, and Phil Blaine, McMinnville, first district; Jean Berg, Hood River, and Charles Reynolds, LaGrande, second; Harold Holmes and Marilyn Johnson, both of Portland, third; Robert Carmichael, Springfield, and Clay Meyers, Eugene, fourth.
The executive committee is to name the state secretary and a vice chairman for each congressional district.
Russell Tripp, Willamette university student, was banquet toastmaster.

Pedestrian Hit By Automobile

Mrs. E. W. Johanson, 745 Ferry st., received slight head injuries Saturday evening when she was struck by a car driven by Herman W. Fry, jr., 1075 Electric st., at the intersection of State and 12th streets.

Mrs. Johanson was given treatment by Salem first aid men and was later taken to a physician by Fry.

Fry was cited by city police on a charge of failure to yield right of way to a pedestrian.

Forum Decries Water System At Silverton

SILVERTON, Dec. 4.—Too much pollution in winter and too little water in summer were decried at a Friday night public forum, called by the Junior Chamber of Commerce to discuss improvement of Silverton's water system.

Bruce Billings, former member of the U. S. Forest service, lead the round table discussion and reported on a survey of the Abiquia watershed area from where the present supply is obtained. Dr. W. E. Grodrian, president of the Junior Chamber, presided and present in the forum were Mayor C. H. Dickerson, Councilmen C. H. Weiby and Errol Ross, councilman-elect George Wiesner, who is also president of the Silverton Rotary club; Allan Gribble, president of the state Isaac Walton league, and Dr. P. A. Loar (vice president of the Silverton Planning commission, and city health officer.

Brought out at the meeting were the serious sources of stream pollution above the present location of the water-intake for Silverton, with the conclusion that the present chlorination system might not be wholly adequate during the rainy season. The water is now pumped into the system at a cost of about \$300 a month, according to statements made at the forum, and members expressed the thought this might be lessened after the building of a dam.
Three suggestions made were

Harry Hughes Top Winner At Corn Show

By Lillie L. Madsen

Farm Editor, The Statesman
CENTRAL HOWELL, Dec. 4.—Harry Hughes of Woodburn won sweepstakes here tonight on his hybrid 355 exhibit at the annual Marion County Corn show. The 10 ears in the exhibit were grown on Willamette soil without irrigation.

Although limited funds have been available since November 5 a large number of veterans' farm and home loan applications have been fully processed during the past month. Many other applications have been investigated and approved pending sale of the \$2,000,000 bond issue.

Professor R. E. Fore, Oregon State college, who judged the Marion county event for the sixth consecutive year, expressed surprise at the quality and quantity of corn shown in the face of the poor planting and growing seasons of spring and early summer. Central Howell Farmers Union sponsored the show with T. R. Hobart chairman, assisted by Harry Riches, Dan Steffen, Clarence Johnson, William Hattberg and Eldon Watts. Preceding the show, the auxiliary, headed by Mrs. John VanLaanen, served a ham dinner to 178.

Charles Rinehart, jr., Silverton Future Farmer youth, described his recent trip to Kansas City; Larry Adams of Woodburn gave a vocal solo, and Charles Fitzgerald, Ray Dean and Ran Schatt, Gervais, gave a group of vocal selections accompanied by Elaine Reed in a brief FFA program. Showing of pictures of agricultural interest, by Harry Riches, county agent, completed the entertainment.

Winners in the yield contest were Elmer Jeskey, Aurora with 67.4 bushels of shelled corn to the acre; Ray Rutschman, Silverton, 63.4; Eldon Watts, Silverton, 59.7; Pohlschneider Brothers, St. Paul, 54.3; Claude Steusloff, Salem, 53.8; William Roth, Silverton, 52.5; Frank Bernard, Salem, 50.9 and Henry Beutler, Salem, 49.8.

Wayne Johnson, Jefferson topped in the annual judging contest, with Howard Klopfenstein, Cecil Roth and Wayne Steffen, all Silverton; Eldon Beutler, Salem and Roland Schatt, Gervais, following.

Winners in the adult corn showing were Harry Hughes, Alvin McLaughlin, A. E. Hughes, Dave Dryden, Harry Smith and Bob Andrews all of Woodburn. Four-H club winners were Fred Prantle, Woodburn; Wayne Goode, Salem; Wayne Johnson, Jefferson; Elvin Goode, Salem, and Glen McLaughlin, Woodburn. Winners in the FFA division were Victor Dryden, Woodburn; Tom Moser and Wayne Steffen, Silverton; Merle Leaghty and Dalton Davis, Woodburn and Harold Watts, Silverton.

About two-thirds of the people who obtain divorces in the United States have no children; most of the rest have only one child.

Chambers Bird Judged 'Best'

A blue check cock racing pigeon owned by Doug Chambers of Salem last night was judged grand champion of the Second Annual Cherry City Racing club's exhibit at the YMCA. Chambers won the Art Edwards perpetual trophy for having "best bird in show." A record number of 157 birds were entered, and were judged by the veteran A. Wisenborn of Portland.

Schuss Buys Winona Chalet

Al Schuss, Salem insurance man and former sports-caster, announced Saturday he has purchased the Winona Chalet, night-spot and restaurant on the Salem-Dallas highway.

Schuss said the sale was completed Saturday night following negotiations with the present owners, Mr. and Mrs. Jack Scott of Salem. He said Scott would remain on as chef and Mrs. Scott as hostess. The same type of fine food will remain on the restaurant's menu, Schuss advised customers.

Schuss said the business would remain open through next Saturday night and then close for a short period while alterations and remodeling are being completed. Announcement of the re-opening date will be announced when it is definitely determined when the work can be finished.

Man Slightly Hurt As Car Hits Pole

William Shattuc, 415 Market st., suffered minor injuries when his car struck a telephone pole in the 2700 block on North Front street Saturday night. The front end of the machine was damaged. Shattuc was arrested by city police on a charge of being intoxicated in a public place and committed to the city jail.

the building of a rock dam one mile upstream from the present intake; a dam about five miles upstream above some of the present pollution, or a dam 13 miles upstream on a site which might be obtained on state-owned lands where pollution could be controlled. The expense of the latter suggestion made it seem impractical to the majority of those taking part in the forum. The use of wells was dismissed as impractical also, as the city already has three with only one producing. Mayor C. H. Dickerson reported

receipt of two cars of pipe, payment and installation of which would absorb a large part of the accumulated surplus in the present water fund. He said replace of pipelines, and laying of new pipe for additional users were badly needed.

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• Spring Glory 22.63	• Melrose 32.25		• Old Lace 24.50	
• 1810 21.38	• Nocturn 26.00		• Old Master 25.75	
• Wild Rose 22.63	• Old French 26.00		• Old Colonial 25.75	
	• Strabours 26.00		• Old Mirror 24.50	
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