

The Oregon Statesman

"No Favor Sways Us, No Fear Shall Awe"
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No China Trade

Certain tariff concessions negotiated with China in 1947 are being dropped by the United States. This was done because nationalist China has withdrawn from the Geneva agreement effective last May. The comment also is added that the United States has virtually no trade with the nationalists or with the Chinese communists.

That what was once a great and flourishing business which we had dreamed would expand greatly with the end of the wars has dwindled to small dimensions. A century and a half ago sailing vessels were active in the "China trade" and some came to be known as "China clippers." Boston merchants would load a ship with goods to be traded for furs to Indians on this coast. The furs would be exchanged in Chinese ports for silks, tea, etc. which would be sold in Europe or on our own Atlantic coast.

A half century ago there was a heavy business with China from our own ports. Wheat and flour went out in big volume from Columbia river and Puget Sound and returning ships brought rich cargoes of silk that was rushed by fast trains to eastern silk mills.

Revolution in China didn't interfere greatly with this trade, but the Japanese war did, for one purpose of the Japs was to dominate the China trade. The prolonged warfare brought China to prostration, and the communist civil war prevented recovery. Now the bamboo curtain has fallen to shut off much of the remaining intercourse with western nations. There is local trade, chiefly out of Hong Kong and China must import petroleum. But the heavy trade with China that was hoped would follow the second world war has not materialized. As tensions tighten in the far east the prospect for any revival of the old trade is pushed farther into the future.

This abnormal and unnatural situation surely cannot last indefinitely. In the past the broad Pacific has joined North America and Asia rather than divided them. When the lamp of reason is relighted then ships heavily laden will cross the ocean bearing the goods of commerce and the passengers to interchange culture of east and west.

Reds Go Underground

It must have been with a sigh of relief and a brisk rolling up of their shirt sleeves that CP members heard their official orders to go underground last week.

Comrades operating in the limelight of publicity feel about as comfortable and work about as efficiently as bats at high noon. The very nature of communist activity demands skulking around in the darkness, and the underground is the native habitat of all subversives.

So, with the announcement that the communist party in America is going into eclipse, the Reds have already got the drop on such proposed measures for forcing the comrades to operate open and above board as loyalty oaths and laws requiring party members to register. Said National Secretary Gus Hall:

"It is the duty of every loyal communist absolutely to ignore any federal, state or local law that requires communists to register. It would be a grievous breach of party discipline for a member to register, which would call for automatic expulsion from the party."

And Organization Secretary Henry Winston, addressing the same top policy-making meeting, added that "our party is very well equipped to carry on its work in spite of legal repressions."

U. S. Soldiers in Korea Feel New Confidence; American Units Brought Up to Full Strength

By Joseph Alsop

WITH U. S. FORCES IN KOREA, Sept. 1—The folly of making forecasts about this Korean war can be simply illustrated. After some days in the line with the hospitable 1st Battalion of the 27th Infantry regiment, this reporter briefly returned to the rear. Here, among the big wheels as the brass is called, the balloon was up. A great and menacing enemy effort was momentarily expected.

Next morning, however, a trip back to the front revealed no scenes of bloody carnage or last ditch stands. Instead, the enemy had begun a general withdrawal precisely where the big wheels had anticipated a massive onslaught. And by that afternoon my friends of the 1st Battalion were loudly rejoicing because the big wheels felt safe enough to pull the 27th Regiment out of the line, send it halfway across Korea, and reunite it after many weeks with its parent division, the 25th.

While one therefore wishes to avoid prophesy, it is none the less allowable to report that the men who do the actual fighting believe that the first great crisis is over in Korea. If they are right, the danger of a full-scale catastrophe has passed at last.

No one at home seems to realize how great that danger has been. Yet not so many days ago, Lt. Gen. Walton H. Walker called for total, immediate mobilization of all air transport in Japan, in order to evacuate as many American troops as possible after an enemy breakthrough that was expected in twelve hours. We then had no reserves to cover a withdrawal and no prepared positions to withdraw to. If our incredibly thin defense line had

been breached that day, even the greatest effort of air evacuation could hardly have prevented the loss of half our men and most of our equipment in Korea. Such was the danger.

Even now, the line remains alarmingly thin. Even now the line's security mainly depends on certain small crack outfits like the 27th Regiment and the First Marine Brigade, which are pushed into the line like corks whenever a break threatens. The men who do the fighting feel new confidence not because of any high level strategic gains, but because they consider the North Koreans are growing visibly weaker while we grow visibly stronger.

This recently altered balance of strength was strikingly evident in the fighting this reporter has just seen with the 27th Regiment's 1st Battalion. In what may have been its culminating effort as a cork, the regiment had been used to meet a serious enemy threat on the main highway to Taegu, the provisional Korean capital and hinge of our defense line. Although the North Koreans were locally driven by the 27th's aggressive exploitation of our superior artillery fire power and air superiority, the enemy commanders continued trying for a breakthrough for five more days before they at length withdrew.

But they had no air. They used their armor gingerly. They employed their artillery largely for counter-battery fire. They were even fairly sparing with their mortars. And the few prisoners taken testified that the North Korean divisions on this front were feeding their men only once every two or three days, and were hardly able to keep up their stocks of small arms and machine gun ammunition.

All this of course resulted from the attrition imposed by our resistance, plus the increasing isolation of the battlefield by our air power. The North Koreans are still being supplied by the

Soviets, but they are more and more unable to get the supplies to the front.

While the North Koreans are thus losing their offensive capability more rapidly than seemed possible, our own units are at last getting back the companies, battalions and rifle companies which "economy" docked from them. When people here speak of an American division, they are positively beginning to mean the real thing, and not a poor emaciated skeleton with "cousin of Louis A. Johnson" written all over its emaciation.

With 2,500 estimated aircraft within range of our Japanese bases, with great armies in Siberia, with satellite power in China, the Kremlin can of course reverse this whole new tendency of the Korean war in the short space of a single night.

But if the Kremlin does not choose to intervene here more directly, our existing forces are now probably sufficient to contain the whole strength of the North Koreans can muster. If this is true, even a fairly small additional force, if well equipped, can rather quickly strike at the enemy's unprotected rear, either by direct breakthrough, or by securing a beachhead, or even from an airhead. And once the North Korean rear has been successfully attacked, only the nasty task of mopping up will then remain.

In short, we might get out of this mess in Korea rather more quickly than seemed likely when catastrophe still loomed threateningly. As a nation, we shall then meet our greatest test, whether to continue to plod down the hard road to survival, or whether to listen again to the cheap politicians who have tried so hard to cover up the origin and greatness of the danger here, who even now are shamelessly concealing the grim toll of our dead, wounded and missing whose blood has been the heavy price of grandstand "economizing."

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ROUND TRIP TICKET ON THE GRAVY TRAIN



Eisler Aide Under Arrest In East Reich

BERLIN, Sept. 1—(AP)—Six high officials of the East German regime, including the deputy to Propaganda Chief Gerhart Eisler, were reported under arrest tonight after banishment from the red-ruled socialist unity party for anti-Sovietism.

Berlin speculated that Eisler, himself, may be next on the purge list. Eisler lost his place on the central committee of the party in a recent shakeup. But the pudgy international revolutionary, a fugitive from American justice, was still reported at liberty.

The Russian zone politburo warned that the purge would slash deeper "until foul liberalism is finished." Walter Ulbricht, former Moscow expatriate who is now East German deputy chancellor and secretary-general of the party, led the attack against the veteran comrades, who once were exiles in western Europe. He accused them of postwar

connections with "American spy Noel H. Field" and forming a "nest of class enemies" inside the party hierarchy.

All were charged with "lacking trust in the Soviet Union as the leading progressive force, in which no doubt is possible." Reliable information indicated the six who were banished had been jailed by the Soviet zone ministry of state security in advance of the purge announcement today. The zonal press office said it could neither confirm nor deny the report.

This office headed by Eisler, lost Deputy Propaganda Chief Bruno Goldhammer in the purge. Goldhammer has been pro-communist for 20 years. He was hounded by the nazis in half a dozen concentration camps until he escaped and hid in northern Italy on the Swiss border.

Mrs. Johnson Dies; Services Slated Today

Mrs. Mary E. Johnson, a resident of Oregon for more than 60 years, died Friday at a local hospital. She had observed her 69th birthday on Thursday.

Born Mary Wilson, Aug. 31, 1881, in Caney, Kan., Mrs. Johnson came to Oregon in 1888 and was married in 1903 to William H. Johnson, who survives in Salem. The couple had resided in this city since about 1912 and lived recently at 945 N. 16th st.

Mrs. Johnson attended the First Presbyterian church. Survivors, besides her widower, include two sons, J. Frederick Johnson and Fletcher W. Johnson, both of Portland; a sister, Mrs. Kate Landon, Woodburn; and four grandchildren. Services will be held at 3 o'clock this afternoon at the Clough-Barrick chapel with Dr. Chester W. Hamblin officiating. Interment will be in Belle Passi cemetery in Woodburn.

THIEVES DOUBT MAXIM
TORONTO, Sept. 1—(AP)—Thieves stole two wax hands from dummies in the "Crime Does Not Pay" show on the Canadian National Exhibition midway last night.

Safety Valve

Appreciate News On Graham Meetings To the Editor:

The Christian Service Guild of the First Evangelical United Brethren church of Salem wish to express our appreciation to your paper for each news item covering the Billy Graham evangelistic services in Portland.

Some of us have been able to attend the meetings but we are all greatly interested in reading about them.

Yours truly,
Ida Swenwood
Secretary Christian Service Guild.

GRIN AND BEAR IT by Lichty



"Maybe you thought it wise to put my wife on a low calorie diet, doc... but YOU don't have to live with her..."

Senate Approves 'First Installment' Of Tax Increase

WASHINGTON, Sept. 1—(AP)—The senate approved a \$4,508,000,000 "first installment" war tax boost by voice vote tonight after voting 42 to 36 to postpone until next January a decision on an excess profits levy.

The measure now goes to the house and probably to a senate-house conference to compromise the difference with a bill approved earlier by the house.

An acknowledged "stop-gap" measure to help fight inflation and start paying for the Korean war and rearmament, the bill would hike individual income taxes by about \$2,700,000,000 a year. It would add another \$1,500,000,000 to federal coffers through an increase in corporation taxes and gather other millions by plugging "loopholes" and making other tax law changes.

The bill is designed to go into effect for individual taxpayers October 1. On that date, if the bill is enacted into law in time, withholdings on wages and salaries, after personal exemptions, will jump from the present 15 per cent to 18 per cent.

The corporate tax would increase from the present rate of 38 per cent of the income to 45 per cent. Drives by Senators Douglas (D-Ill) and Humphrey (D-Minn) and others to put more revenue-producing provisions into the bill were killed off in rapid fire order, most of them by voice vote.

The successful move to postpone until January a decision on excess profits taxation was engineered by Chairman George (D-Ga) of the senate's tax-writing finance committee, and Senator Millikin (R-Colo.), the ranking GOP member. George contended careful study is necessary to avoid possibly serious damage to the economic structure.

Their plan, which requires that the excess rates decided upon by the next congress date back either to Oct. 1, or July 1, 1950, scuttled the proposal of Senators O'Mahoney (D-Wyo) and Connally (D-Tex) to write into the bill an 85 per cent excess profits levy, effective as of July 1. They argued for an immediate blow aimed at profiteering on the war.

Exempts Soldier Pay
The bill also:
1. Exempts the pay of GIs from all federal taxes, and exempts from taxation \$200 a month for officers in the combat areas designated by President Truman.

2. Speeds up corporation income tax payments to bring an extra \$4,500,000,000 or more extra dollars into the treasury during the next five years. This is done by requiring corporations to pay their previous year's taxes in the first six months of the following year, instead of the following 12 months as at present.

3. Speeds up factory retooling for the production of arms and other war materials by granting an accelerated amortization plan for industries established for this purpose. The amortization would take place over a five-year period, for tax reporting purposes, instead of the normal 15 to 30 years.

Among Mr. Truman's so-called "loop-holes" which the bill would plug is one relating to education and charitable institutions. These institutions would be required to pay regular corporation tax rates on their unrelated business activities.

Court Gives Lead Ballast to Henry Kaiser
PORTLAND, Sept. 1—(AP)—A federal court held here today that a Henry J. Kaiser company is entitled to the \$232,000 worth of lead it found in a surplus ship bought for \$65,750.

U. S. District Judge Gus J. Solomon ruled that the company, Consolidated Builders, Inc., a Kaiser subsidiary, bought the S.S. Leonard Wood "as is" in 1947. The ship was a troop carrier and attack transport.

The "as is", the judge said, included the 594.2 tons of pig lead ballast.

John R. Brooke, assistant U. S. district attorney who carried the government's fight to recover the lead, argued that it wasn't known that the lead was used as ballast. Manley Strayer, defense attorney, showed papers that indicated the sale was made "as is." Judge Solomon ruled that in such sales the government makes no value guarantee, and that the purchaser must take his chances.

Plan to Increase Hops Allotments Under Discussion
WASHINGTON, Sept. 1—(AP)—A proposal to increase supplemental saleable allotments for hops is under consideration, the agriculture department announced today.

The marketing agreement which regulates handling of hops grown in Oregon, California, Washington and Idaho provides that total preliminary and supplemental allotments may not exceed 80 per cent of each growers probable final saleable allotment unless the control board increases the percentage.

The proposal now under consideration would increase the total of these interim allotments to a maximum of 90 per cent, the department said, under certain conditions.

Claude Matteson Succumbs at Home in Salem
Claude Matteson, 67, a Salem resident since 1947, died Friday at his home at 3190 Doughton ave.

Survivors include his mother, Mrs. Ella Matteson, Puente, Calif.; two daughters, Mrs. Helen Price, Salem, and Mrs. Claudia Shure, Sunburst, Mont.; five sons, Cecil Jones, Salem; Lee Jones, Eugene; Paul and Glenn Jones in California; and Harry Jones in Kansas; four brothers, Dewey Matteson, Salem, and Kelley and George Matteson and Edward Gleason, all in California; a sister, Mrs. Maude Scroggins, Puente; and 11 grandchildren.

Funeral services will be arranged by the Howell-Edwards chapel.

Postal Receipts Advance Again
Uncle Sam's "greetings" and active duty calls don't add to postal receipts, but Salem postoffice scored a 13.5 per cent increase in receipts anyway in August.

Postmaster Albert C. Gragg said income was \$64,426 last month, compared with \$56,756 a year ago. He credited most of the boost to increased population and business of the area, pointing out that draft and reserve notices bear the government franking and do not require postage.

FLAX SEED PRICE CUT
WASHINGTON, Sept. 1—(AP)—The commodity credit corporation has lowered the domestic sales price floor on its stocks of bulk flax seed and raw linseed oil to be effective until next February 1.

WOUNDED MEN RETURN
FORT LEWIS, Sept. 1—(AP)—About 21 fighting men wounded in Korea have arrived at Madigan army hospital thus far, some of them members of the second division which left here a month ago.

BARBERS' PAY RAISED
PORTLAND, Sept. 1—(AP)—Portland barbers get a \$10 weekly increase in their guaranteed pay as a result of boosting haircuts to \$1.25 and shaves to a dollar.

FOR Insured Savings SEE First Federal Savings First Current Dividend 2 1/2% 1st Federal Savings and Loan Ass'n. 142 So. Liberty

BIG MOVIE NEWS WATCH FOR PRETTY BABY FROM WARNER BROS. ELISNORE SUNDAY!