

By Charles A. Sorenson

In spite of all the unfavorable publicity that the RFC got because of the concessions to political pressures made by its directors, a study of its 1951 report shows that it has continued to function successfully. During the years since it was established by Congress on recommendation of President Hoover its earnings have reached over half a billion dollars, after paying interest to the treasury on its capital funds and meeting its administrative expenses. This is on its lending activities. In operation of its reactivated synthetic rubber plants it earned nearly \$12 million in 1951, nearly a million on its tin smelter operation, and nearly ten million on its trading in imported tin.

RFC was organized primarily to help banks and railroads tide over the strains of the depression period. That function is no longer necessary as banks and railroads are generally in strong financial position. Most of the RFC lending now is to small business. In 1951 90 per cent of its loans were for amounts of \$100,000 or less. In total money involved however loans for \$500,000 or over were much the largest. Many of the RFC loans are on a participating basis with local banks.

Of special interest are the comments of Stuart Symington as administrator (he has since resigned) on the operation of the government's synthetic rubber plants. He wrote:

"Under management contracts with private corporations, RFC (Continued on editorial page 4.)"

GI Insurance Dividend to Start in March

WASHINGTON (AP)—A dividend of 200 million dollars will be paid this year—starting in March—to about five million holders of national service life insurance, the Veterans Administration announced Wednesday.

This will be the first regular dividend on such insurance held by veterans and servicemen. VA said. Previously the VA has paid two special dividends on NSLI, one in 1948 and the second last year.

The 1948 dividend totaled \$2,800,000,000 and went to nearly 16 million persons. The dividend last year was estimated at 685 million and was paid to about six million policy holders.

The payment to the vast majority of policy holders will be \$60, VA officials said. Generally speaking, the VA said, the dividend rate to individuals will be the same as the 1951 payment. This amounted, in most instances, to 50 cents for each \$1,000 of insurance for each month the insurance was in force.

Boy Wounded In Head by Bullet Blast

Statesman News Service WACONDA — A six-year-old boy suffered a half-inch head wound here Tuesday afternoon when he pounded a .22 calibre cartridge with a hammer at his home, State Police reported.

The boy, Donald J. Funkhouser, Gervais Route 1, was taken to a doctor for three stitches, police said. Power linemen working in the vicinity administered first aid to the boy before his parents returned home. The boy had just returned from school.

A playmate told police the boy had taken his parents' rifle, partially dismantled, outside to try to fire it. Failing that, he put the cartridge on a brick and hit it with a hammer.

Police said the force of the explosion broke the brick in two. A piece of the cartridge lodged in the boy's forehead.

IKE DELEGATE FILES

Howard Dent Jr., The Dalles, filed today for delegate to the Republican National Convention from the second congressional district. He favors General Eisenhower for president.

Animal Crackers



"Well, I see you survived the holiday!"

Truman Proclaims 1952 'Crucial Year' In Global Struggle

WASHINGTON (AP)—President Truman proclaimed 1952 a "crucial year" in the struggle of the United States and the Free World to re-arm against the threat of world war III Wednesday.

Warning that Soviet Russia is expanding her armed might, atomically and otherwise, the President declared solemnly that the threat of another global conflict is still "very real."

And he appealed to Congress to avoid "political fights" that might harm the nation in this presidential election year.

With Prime Minister Churchill of Great Britain listening intently in the gallery — and a huge unseen audience following his words by coast-to-coast radio and television—Mr. Truman told a joint session of Congress: "The world still walks in the shadow of another world war."

Such was the grim tenor that ran through much of the President's annual "State of the Union" message in which he staunchly defended his leadership and scoffed at his critics as "timid and fearful men."

Echoing the late President Roosevelt's dictum that "the only thing we have to fear is fear itself," Mr. Truman said in commenting on the cold war with Russia: "The only thing that can defeat us is our own state of mind. We can lose if we falter."

In general, Mr. Truman pledged this country to help build up the Free World's defenses against the threat of aggression and to seek peace by following the "hard road" between war and appeasement. "Peace is our goal—not peace at any price, but a peace based on freedom and justice," he said.

(Additional details on page 4.)

Mobilization to Slash Civilian Goods Quotas

WASHINGTON (AP)—Congress got the grim news today that the mobilization program has reached the point of direct choice between guns and butter and the preference is going to guns.

That was the substance of testimony by Manly Fleischmann, Defense Production Administrator, before the Senate-House Preparedness Committee.

In reference to one scarce metal, nickel, he did not phase it just that way. But he made the point emphatically in an outline of the cuts planned in output of major civilian items for the quarter year beginning April 1:

Major household goods—such things as television sets, radios, refrigerators and ironers—to 45 per cent of the pre-Korea level, down 10 per cent from present production rates.

New houses—cut from the present annual rate of 850,000 to 660,000.

Automobiles—At least 7 per cent below the current rate.

The production chief said "military requirements have been met" in the allocation of scarce materials and "the question of guns against butter has not been squarely presented up to now."

But he said the issue "is being presented now" in the case of nickel, with the military and "essential" industries getting more than 96 per cent of available supplies. And in the Detroit automobile manufacturing area, he said, the choice has become "a question of automobiles against ammunition."

Churchill Talk Bridges Split Over China Policy

WASHINGTON (AP)—President Truman and Prime Minister Churchill, bridged their split over China policy Wednesday in proclaiming a solid Anglo-American front against the Communist threat in Asia and the Middle East as well as Europe.

In a communique issued shortly after Churchill left for New York and Ottawa, they also formally announced that American use of atomic bomber bases in England is subject to joint decision with the British government in time of emergency. Churchill had sought this assurance from Truman in writing.

The communique made these other specific points:

1—Neither the President nor the prime minister believes that war "is inevitable" and both are willing "at any time to explore all reasonable means of resolving the issues which now threaten the peace of the world."

2—The two will continue "close consultation" on developments which may increase the danger to peace, and they share the hope that war "with all its modern weapons shall not again be visited on mankind."

3—The British and American governments will give "all assistance in their power" to bring into being a European defense community which "is the best means of bringing a democratic Germany as a full and equal partner into a purely defensive organization for European security."

4—On the Middle East with its critical Iranian and Egyptian problems the two men "found a complete identity of aims" and directed Secretary of State Acheson and Foreign Secretary Eden "to work out together agreed policies" for dealing with this situation.

They endorsed the project for a Middle East Command.

5—On the Far East, the communique asserted "a broad harmony of views has emerged from these discussions."

6—Good progress was reported and early agreement was forecast on measures to provide Britain more American steel and the United States with additional supplies of aluminum, tin and other defense production materials from British sources.

7—The issues of rifle standardization and creation of an Atlantic Command was left open for further consideration.

Jail Escapee Found in Jail

Louis Percy Tucker, Westfir, who escaped Armitage Day from a six-months sentence in Marion County Jail, has been located serving time for disorderly conduct in Seattle city jail, Sheriff Denver Young announced Wednesday.

Tucker, sentenced here for petit larceny, walked away from a kitchen detail. Seattle reported that he began serving a 90-day sentence there Nov. 29. When that is completed, he will be returned to Salem to finish his sentence.

PAUL BAIRD DIES

DEPOT BAY (AP)—Paul Baird, 64, the founder of this community on the Northern Oregon coast, died in Chula Vista, Calif., Wednesday.

Missourian Made To 'Eat Crow' Due To Oregon Turkey

ST. LOUIS (AP)—When it comes to talking turkey Missouri Gov. Forrest Smith probably will moderate his statements a bit in the future.

Two months ago Gov. Smith challenged fellow governors to enter their largest state's turkey in competition here at the National Turkey Federation convention. The governor was sure Missouri would win.

But when judges announced their findings Wednesday night Missouri came in sixth in the competition.

A 49-pound, 8-ounce entry owned by Loren A. Johnson of Scappoose, Ore., was the champion. Missouri's bird was a scrawny 40-pound, 15-ounce.

Commercial Club Forms At Liberty-Salem Heights

Statesman News Service SALEM HEIGHTS—An organization to work for the civic and community betterment of the fast-growing Liberty-Salem Heights district, was set up here Wednesday night by 30 residents.

Giving the new organization the name Liberty-Salem Heights Commercial Club, the proponents elected temporary officers, adopted a temporary charter, and appointed the chairman of three committees which will serve for 90 days until the club is formally set up.

Elected temporary chairman was Donald Gardner, who served as unofficial chairman of the meeting at the Salem Heights Community Club. Other temporary officers are Rollo Wilson, secretary, and Neale

Crane, treasurer. Chauncey Del French, who explained the purposes of the new club to the assembly, was named chairman of the charter committee. Assistants to him are Archie McKillop and Joseph Meier. Publicity chairman is Mrs. Louis Kirsh. McKillop was also named membership chairman.

Everyone in the area from the south city limits to Boone Road, and from the Willamette River to McNary Field is eligible for membership. Those paying membership fees within the next 90 days will become charter members, the club officers said.

The second Wednesday of each month was designated as the meeting date.

45 Abandon Freighter in Pacific

PUC Assistant



Warne H. Nunn, appointed Wednesday as assistant public utilities commissioner for Oregon.

Warne H. Nunn Chosen Aide To PUC Chief

Appointment of Warne H. Nunn of Salem as assistant public utilities commissioner was announced Wednesday by Commissioner Charles H. Heltzel.

Nunn, now classification supervisor with the State Civil Service Commission, will have as his principal responsibilities with PUC the procedures and personnel management and training.

Flanery, who resigned, entered state service in 1924 with the state traffic patrol, in 1931 became assistant manager of the Secretary of State's motor vehicle division and on June 1, 1943, was named

George H. Flagg, Commissioner of the Oregon State Highway Department, were not disclosed.

Nunn graduated from Salem High School in 1937 and from Willamette University in 1941. He served one year with the U. S. Farm Security Administration before entering the armed forces in World War II.

The new assistant commissioner is married to the former De-Jones Metz of Salem, and they have three children. Their home is at 675 S. Church St. Nunn is the son of Mrs. J. M. Coburn of Salem.

North Oregon Road Route in U.S. System

Change of state highway markers to U. S. Highway 26 will bring a Northern Oregon route into the Federal Aid System as part of a new cross-country route from Ogallala, Neb., to Astoria, State Highway Engineer R. H. Baldock said Wednesday.

State highway markers along the route will be changed to US 26. Where the route goes along existing federal routes, US 20 and US 101, the road will be marked with both US 26 and the present number.

The route in Oregon will run from Nyssa to Vale via US 20, from Vale to Prineville on the John Day-Ochoco route (US 28), Prineville to Madras on State Highway 27, Madras to Portland on the Warm Springs-Mt. Hood Loop route (State Highway 50), Portland to the Coast via the Sunset Highway (State Highway 2), and then to Astoria via the Oregon Coast Highway (US 101).

The route from Prineville to Eugene, now US 28, will become US 126. It crosses the Cascades through McKenzie Pass.

Another change to be made is in the route from Maryhill, Wash., along the Washington side to the bridge at The Dalles, through The Dalles, and down State Highway 23 to its junction with US 97. The number will be changed to US 197, and will be an alternate route for US 97.

Russ Soldiers Join Yanks at Austria Dance

VIENNA, Austria (AP)—A group of Russian soldiers danced at an American-sponsored sports event here Wednesday night.

GI's cheered them lustily. It was the first time since the end of World War II that troops from the East and West have mingled here on such a friendly footing.

The appearance of the Russians at the "International Sports Night" in an American Army recreation hall in Vienna was unexpected. They were invited three weeks ago, but they didn't accept until today.

French and British occupation troops also took part. The Soviet acceptance was believed to part of a new campaign of cooperation and friendship the Russians began recently in Vienna.

But, while Western diplomats pondered the significance of the Russian action, from 500 to 600 soldiers of the Western Armies gave its political aspects hardly a thought.

Instead they gave more spontaneous applause to a 10-man and three-girl Russian Army folk dance group than they gave any of their own athletes.

Brig. Gen. William T. Fitts, Jr., U.S. Military commander in Vienna, said, "Maybe we can have more such evenings."

THE WEATHER

City	Max.	Min.	Precip.
Salem	44	39	.52
Portland	45	35	.31
San Francisco	45	35	.31
Chicago	33	27	trace
New York	41	29	.01

FORECAST (from U. S. Weather Bureau, McNary Field, Salem): Cloudy with occasional rain today becoming showery tonight. Little cooler with high today near 40 and low tonight near 34. Salem temperature at 12:31 a.m. today was 38.

SALEM PRECIPITATION Since Start of Weather Year, Sept. 1 This Year 25.00 Last Year 29.42 Normal 18.25

Carlsen's Ship Still Helpless

LONDON (AP)—The broken and battered American freighter Flying Enterprise was riding out another Atlantic storm early Thursday.

U. S. Navy reports from the scene predicted with some reserve that she would be ready for renewed attempts to take her in tow again at daylight.

The Navy report said the heavy weather worried Capt. Kurt Carlsen, but he and his one companion on the helplessly drifting ship hung on doggedly. With the captain is First Mate Kenneth Dancy of the British towing tug Turmoil.

The Enterprise, listing as much as 80 degrees as she rolled in a new gale, still was taking on water and riding lower.

A midnight report to U. S. Navy Headquarters in London said the sea was running up 10-foot swells.

The Enterprise was about 30 miles south of the Lizard, England's southernmost point.

"Enterprise still has good righting moment," the report continued, "with no change in list or roll at 2000 hours. In radio conference Carlsen expressed appreciation for message from parents. Said he deeply touched to know so many people in world interested in seeing little Flying Enterprise safely reach port."

Plans for re-igniting tow include rigging lines around bits at bow to give Carlsen and Dancy firmer footing from which to work.

"No attempts to be made before daylight. Weather still makes any plan impossible now."

The lifesaving ship Satellite, with breaches-buoy and rough seas boat-launching equipment, set out early Thursday from Penzance to join the Flying Enterprise convoy. Her job is to be ready with her variety of rescue gear in case of extreme emergency if Carlsen and Dancy must jump from a sinking ship.

Carlsen was entering the 16th day of his ordeal, much of it spent alone.

Health Survey Starts Today



Volunteer workers will take to the field today to begin a countywide survey to determine health needs and services in Marion County. The project is supervised by Marion County Health Council, a voluntary organization. One of the interviewers will be Mrs. L. S. Shuford (left), 1035 N. 19th st., here doing a little practice work with her neighbor, Mrs. Albert M. Anglin, 1020 N. 18th St., and son Steve. (Statesman photo.)

Vessel Cracks In Storm

SEATTLE (AP)—The 45-man crew of the storm-battered freighter Pennsylvania abandoned the ship Wednesday night as it wallowed bow down in heavy seas off the British Columbia coast.

The men aboard the vessel radioed their decision to leave the stricken ship at 4:28 p. m. Three hours later the SS Cygnit III, a vessel in the vicinity, said the crew had left the ship at 4:30.

Overboard the men face another grave peril—glant waves and high winds.

Seven vessels are rushing to the scene as fast as storm conditions will permit but Coast Guard officials in Seattle said it probably

Monmouth Sailor On Stricken Ship

PORTLAND, Ore. (AP)—The crew list of the freighter S. S. Pennsylvania, in distress in the North Pacific includes Edward D. Crawford, oiler, Monmouth, Ore.

will be daylight before any can reach the distressed men. They said the decision to leave the ship would indicate it was in grave danger of sinking and the men had little or no choice.

The 7,800 ton ship's No. 2 hold was flooded with water and a 14-foot crack had opened on her port side. She was en route to Japan Wednesday when the nighttime SOS came, six hours after she first reported the hole in her side.

More Water Aboard By noon, the ship was taking water in the engine room and No. 1 hold and its steering gear was crippled. The deck load was being torn loose.

Seven vessels in the area and from Pacific coastal points immediately sped to the Pennsylvania's aid. They were still at least 12 hours voyage from the stricken ship and its endangered crew when the decision to abandon the vessel was announced.

Four Life Rafts The vessel had notified the Coast Guard it had four life rafts aboard but did not say what their normal capacity would be. It was believed, however, they could easily carry the crewmen if the rafts were of normal size.

The scene of the sea's latest victim was about 465 miles northwest of the northern tip of Vancouver Island, in one of the Pacific Ocean's most turbulent areas.

Winds up to 47 miles an hour were whipping the sea Wednesday night and Coast Guardsmen said there was little indication of a letup.

Sails for Japan The Pennsylvania sailed from Seattle Saturday with a general cargo for Japan and had stopped at Vancouver, B. C. Its master, who apparently left the ship with his crew, is Capt. George F. Plover of Portland, Ore., a veteran with the States Line, operators of the ship.

The Pennsylvania was in distress on her last trip to the Orient, when she also developed a crack. It put into Portland, Ore., where repairs were made.

One Extra Name The crew list released by steamship line officials in Portland contained 46 names. It was believed likely that one man may have left the ship either at Seattle or Vancouver, B. C., although the disparity has not been explained.

Two planes, one an Air Force Air Rescue Service craft and another a Coast Guard seaplane, are to leave during the night. The Air Force plane will carry a droppable life raft.

(Story also on page 2.)

Blizzard Stalls Cars In East Oregon Area

A windstorm that piled drifting snow high on Eastern Washington and Oregon highways Wednesday carried a blizzard down into Central and Southern Idaho Wednesday night.

Hundreds of vehicles were stalled on highways in all directions from Spokane and the State Highway Department urged motorists to stay home except in extreme emergency.

Spokane County Engineer William Egger described conditions as "the worst they have ever been."

Some of the stalled vehicles were those of road crews trying to keep ahead of the wind that cut visibility to near zero. The Washington Highway Department said small blade plows in many cases proved too light to cut into the drifts. And of its four rotary plows, one was stuck in the snow near Davenport, Wash., since early morning.

The storm brought several inches of new snow to Northern Idaho and by evening had turned into blizzard proportions as it moved south toward Boise. The Idaho roads south of Lewiston were closed Wednesday night.

There were no hardship cases reported Wednesday night despite the many stalled cars. Oregon State Police reported a number of accidents, but none serious. Some 50 cars were stalled on U. S. Highway 30 north of Baker, Ore., in the afternoon.

Clair Brown of the chamber submitted the proposal to a directors' meeting last night at the Senator Hotel. He said the site near Salem Airport is a natural for industrial development as the city expands.

The property is owned by Salem Agricultural Housing, Inc., which has discontinued use of the labor camp there. The incorporation was formed four years ago by Salem growers, packers and other businessmen to set up the camp for the purpose of attracting migrant farm labor.

Brown said the property was offered to the City of Salem for park purposes but there was no indication the city is interested in it. He thought the property might cost in the neighborhood of \$10,000.

Chamber President Robert W. Feha said a study of Brown's proposal would fit into the 1952 chamber industrial program which was approved last night as top chamber objective of the year.

Under this project, plans are starting for a five-year program to attract new industry, probably with separate financing.

(Additional chamber news, page 2.)

Eugene Faces Parking Problem

EUGENE (AP)—Downtown property owners have been told they must find more parking space or business will be forced into suburban areas.

Frank E. Cox, Berkeley, Calif., parking expert, told a Chamber of Commerce meeting that multi-story parking centers are the answer. He said surface lots are too expensive.

"In proposing this exchange," Rothwell said, "I believe our pupils will obtain a firsthand view of the Southern Negro problem and of the agricultural and business of that area. They also will study the method by which the Civil War is taught in Southern schools."

There are no Negro families residing in Mantowoc, a city of 27,000.

Only 11th and 12th grade pupils will be considered for the exchange, Rothwell said.

Wisconsin, Georgia to Swap School Students

MANITOWOC, Wis. (AP)—Sixty youngsters from Wisconsin and Georgia will swap high schools and homes temporarily this winter under a plan announced here Wednesday.

Supt. Angus B. Rothwell of the Manitowoc Public Schools said arrangements were in the making to send 30 pupils to Macon, Ga., and receive the same number here.

Details of the program, to be staged either in February or March, are being worked out with Dr. Mark Smith, Macon school superintendent.

"I believe this is the first interstate exchange of high school pupils ever contemplated in this country," Dr. Rothwell said.

Under the plan, the only cost to the pupils chosen will be for transportation. Housing and food will be provided by the families involved, the Macon and Manitowoc

48 mph Wind Blasts Salem

Howling winds whirled through Salem Wednesday morning, causing little damage but making a lot of noise. After reaching 48 miles an hour at 7:30 a. m., the winds gave way to rain in the afternoon. And scolding rain was predicted for today with reduced wind.

The gusts at the CAA control tower at McNary Field were recorded as between 40 and 63 miles an hour, the reason for cancelling the Salem steps of two morning flights of United Air Lines.

TRUMAN MESSAGES DUE WASHINGTON (AP)—The White House announced Wednesday that President Truman will send his economic message to Congress on Wednesday, Jan. 16, and his budget message on Monday, Jan. 21.