

# Spy Probe Nets Two More U. S. Citizens

WASHINGTON (AP)—Two men trained by the U. S. Army in the art of interrogation were held in \$50,000 bail each Friday on charges of probing into American military secrets for the Russian Embassy.

## In Spy Plot



YURI V. NOVIKOV  
Co-Conspirators Caught

U. S. agents in Vienna, where the two former Army intelligence men were seized on espionage charges, pressed their roundup with the arrest of at least two more American citizens for questioning.

American Embassy officials in Vienna have predicted a substantial number of other arrests will be made in the spy plot investigation — the first ever to be linked directly with the Soviet Embassy in Washington.

Novikov Expelled  
Yuri V. Novikov, second secretary at the Russian Embassy and alleged director of the spy ring, has been ordered expelled from this country but there was no indication Friday as to how soon he would leave.

Diplomatic officials said it is customary to allow a "reasonable" time for an ousted Embassy aide to get his personal affairs in order before leaving, but they predicted the State Department will start proceeding in the case of Novikov is not on his way home within a few days.

Said Co-conspirator  
Novikov, a 30-year-old career diplomat who served with the Red Army during World War II, was described by Special Assistant Attorney General Oran H. Waterman as a "co-conspirator" with the two ex-G. I.'s who were whisked back to Washington early Friday from Vienna.

The two, Otto Verber, 31, and Kurt Toner, 39, who served with U. S. Army intelligence during the last war and won American citizenship on the basis of their Army records, appeared briefly before Federal Judge Alexander Holtzoff.

Indictment Delayed  
Their formal arraignment on an indictment accusing them of delivering U. S. military information to Russian agents was deferred until Monday to give them an opportunity to engage lawyers.

Waterman asked for high bail for the two, but said he would set it in the light of the government's experience in Communist cases.  
For one thing he probably was thinking of Gerhart Eisler, the former Communist leader who jumped bail in 1949 and fled the country to avoid going to jail on passport fraud and contempt charges.

VIENNA, Austria (AP)—A German-born veteran of the U. S. Army's intelligence service is among several persons held for questioning about the operations of a Russian spy ring, U. S. officials said Friday night. He is Ernest Tislowitz, 40.

## Naguib's Grip Tightened by Political Cut

CAIRO (AP)—Egypt's strong man Premier Mohammed Naguib Friday night dissolved all Egyptian political parties and ordered that no party be allowed any activity for the next three years.

General Naguib also announced that 25 "suspect" Army officers have been arrested and are being investigated.

Naguib announced his government had ordered that all political parties' assets be confiscated and "used for the benefit of the country."

Naguib said the three year suspension of the parties was a "transitional period." He seized power last July 26 after forcing King Farouk to abdicate and go into exile.

## Slide Crushes Newport Home

NEWPORT, Ore. (AP)—A dirt slide first crushed, and then carried off the home of Glen R. Edenfield, a mill worker, four miles east of Newport Friday.

Edenfield drove into his yard just as the dirt started down from the steep slope behind his house. He ran inside and got his wife and two young children out. The slide crushed the back wall of the house, and caved the sides in. As the slide grew, the whole section on which the house stood moved several hundred feet down the hill, stopping about 50 feet short of Highway 20.

SALEM PRECIPITATION  
Since Start of Weather Year Sept. 1  
This Year Last Year Normal  
18.54 27.03 20.34

WASHINGTON (AP)—The government announced Friday that two subsidiaries of the M. A. Hanna Co., Cleveland, O., have agreed to undertake production of between 95 million and 125 million pounds of nickel from a deposit in Oregon.

Jess Larson, defense materials procurement administrator, said the agreement means the nation's supply of the critical metal will be boosted substantially during the next several years.

## Nursing Homes Proposed

State-operated nursing homes were proposed by a state physician Friday as a means of reducing public welfare costs.

Dr. Clinton Magill, part-time director for Oregon Public Welfare Commission, said nursing home costs are about one-third the amount of hospital costs and welfare cases fill about 1,800 nursing home beds per month but about 9,000 hospital beds in Oregon.

His remarks were addressed to Sen. Rex Ellis' welfare subcommittee of the Oregon Legislature's joint ways and means committee during a study of the proposed \$67,000,000 welfare budget for the coming biennium.

Principal Activity  
The meeting was principal legislative activity of the day as most of the House and Senate members went home after adjournment Thursday. The session reconvenes Monday.

Dr. Magill and Miss Lou Howard, administrator of the state welfare commission, were questioned by subcommittee members, particularly about rising costs contributing to the proposed budget of \$6 million more than the current budget.

Dr. Magill said there apparently is little chance of reducing medical aid costs estimated in the commission budget unless state standards are reduced materially. He said doctors already are charging welfare patients far less than the actual cost of their services.

Hope for Saving  
Magill said the outstanding hope for a substantial saving was in the field of nursing homes. He suggested the establishment of at least three state operated nursing homes, adjacent, if possible, to medical centers.

He said welfare patients are now being cared for in hospitals when they could be cared for more economically in nursing homes, if such facilities were available. Magill said there is a present shortage of nursing homes in the state with the exception of Multnomah and Marion counties.

Contract arrangements between the state welfare commission and private operators of nursing homes was proposed by Rep. Dave Baum of LaGrande. Under this plan Baum said, the commission would guarantee a minimum number of patients per month and thereby encourage more persons to engage in the nursing home business.

Miss Howard said such a plan would require careful study and Sen. Dean Walker, chairman of the senate ways and means committee, expressed concern that such a program would commit the state to a dangerous precedent.

Doubled Reduction  
There was some discussion of the controversial issue of making welfare rolls accessible to the public. Miss Howard also doubted whether such a proposal, if approved, would reduce the welfare costs by 10 per cent as estimated by some members of the joint ways and means committee.

It was emphasized by Miss Howard that the commission investigates every assistance case under its jurisdiction and that few, if any persons, are receiving funds from the commission to which they are not entitled.

Sen. Rex Ellis announced that all county welfare commissions would be called to Salem to justify increases in their budgets for the next biennium.

## Tidelands Shift Made Official

WASHINGTON (AP)—President Truman brushed aside hot congressional protests Friday and placed the vast offshore oil deposits under the command of the Navy.

TV. President issued an executive order setting aside the much-disputed offshore resources, valued at perhaps 40 billion dollars, as a Navy oil reserve.

WASHINGTON (AP)—The government announced Friday that chairman of the M. A. Hanna Company until his resignation in December. When Humphrey was selected for the treasury job he said he would sever all his business connections.

The new agreement, Larson said, has been under negotiation for 10 months, beginning long before Humphrey was considered for the treasury post. Larson told newsmen that so far as he knows Humphrey never had a direct hand in the negotiations, adding "there is nothing political in it. It is a business deal to get the country needed materials."

## Historical Statues Placed



Statue of Oregon pioneer Jason Lee is hoisted onto pedestal east of the Capitol here Friday. At work are (from left) H. S. Gray and Bert Frazer, Portland, and Richard Nordal, Salem. Nearby on Statehouse grounds is now statue of John McLoughlin. Both are 10-ton bronze replicas of statues placed in Hall of Fame at Washington, D. C.

## Iran Oil Settlement Seen Possible; British Hopeful

LONDON (AP)—Henry Byroade, U. S. assistant secretary of state, took a plane for Washington Friday night with what may be a successful plan to end the explosive 22-month-old oil dispute between Britain and Iran.

British officials apparently believed a settlement is within reach at last but they had their fingers crossed.

Premier Mohammed Mossadeq may tell U. S. Ambassador Loy Henderson in Tehran Saturday whether he accepts the main points of the plan, hammered out by Henderson and Byroade.

Henderson submitted a detailed draft of the plan to Mossadeq at a marathon seven-hour session in Tehran Thursday. Informed sources said the premier raised some objections and proposed some changes.

These were considered Friday night at a meeting between Byroade and British officials. The British were reported to have gone some way in meeting the Mossadeq objections, and the British reaction was messaged to Henderson immediately.

## And Death too, Sir?

WASHINGTON (AP)—Secretary of the Treasury Snyder said his goodbyes to treasury correspondents Friday.

"What do you think about taxes, Mr. Secretary?" one of them asked.

"They will continue," said Snyder.

HONOLULU (AP)—Mrs. James A. van Fleet, wife of the U. S. Eighth Army commander in Korea, arrived Thursday night after a two-month visit in Korea with her husband. She will visit in Hawaii for several weeks.

# Law May Block Wilson From Top Defense Job; Senate Delays Decision

## Two Buildings Destroyed in Pedee Flames

PEDEE—A spectacular blaze licked at the heart of this Polk County town early Friday, destroying two buildings and momentarily threatening to sweep the business district.

Firemen from four neighboring towns answered the alarm. Townspeople first discovered the blaze in the large Pedee Dance Hall Cafe building at 4 a.m. The flames had a good start then, they said. As the old-type, two-story structure flared up, the Pedee Tavern located just north, also caught fire.

In 30 minutes both buildings were a mass of flames. Fire departments from Dallas and Monmouth, each 15 miles away, responded. Falls City and Philomath also sent firemen.

Cause of the blaze and loss estimates were not determined immediately. The larger structure contained a restaurant and living quarters on the lower floor. The upper story was a dance hall. The living quarters were unoccupied.

Former owner Wallace Shannon sold the building several months ago to John Collins who lives at Salem and was there at the time of the blaze.

The tavern was owned by Mrs. Helen Gage Bennett. It was leased to S. P. Bingley who lost his entire stock of merchandise.

The Fritz Dyer garage, across the street from the fire, was badly scorched by the flames which also blistered paint and broke windows in the Fred Brassfield store.

Prompt arrival of fire departments was credited with saving the other store buildings here. They were summoned by Helen Johnson, proprietor of the Brassfield store.

## Dayton Angler Lost in River

NEWBERG, Ore. (AP)—Gordon James Anderson, 31, Dayton, grabbed frantically at brush along the Nestucca River north of Hebo Thursday, but the brush broke off and he was swept away in the river to his death.

He had been thrown into the river, along with Pete Slipper of Lafayette, when their boat capsized in the rain-swollen stream. The two had started out to fish.

Both clung to the overturned boat at first. Then Slipper grabbed successfully at brush on the bank. Norman Riley, Newberg, who had been fishing from the bank, ran over and pulled Slipper to safety. The branches Anderson grabbed broke off before Riley could get to him.

## City Policeman Hurt in Crash

OREGON CITY—Richard Boehringer, Salem city patrolman, was injured critically late Friday night when the auto he was driving and another critically headed south of Oregon City.

Boehringer was taken to Hutchinson Hospital with head injuries, injuries to his left hip and possible broken ribs.

Driver of the other car was listed by state police as Roger Sall, Butte, Mont. Extent of his injuries were not known. State police files indicate Sall, traveling south on 99E, apparently tried to pass a truck when Boehringer, going north, and he collided.

## GM Holdings Cause Balk In Committee

WASHINGTON (AP)—The Senate Armed Services Committee balked Friday at giving immediate approval to Charles E. Wilson as secretary of defense in the Eisenhower administration.

Chairman Saltonstall (R-Mass.) said the committee had decided it could not act on the Cabinet appointment until it had clarification of laws limiting the private business holdings of government officials.

Wilson has just retired as president of General Motors, but he still holds about 2 1/2 million dollars worth of stock in the giant automobile corporation. General Motors is one of the country's biggest defense contractors.

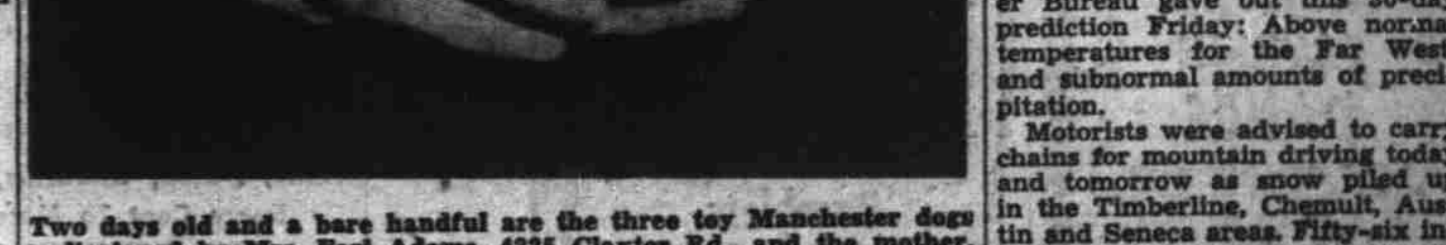
## Police Fear Foul Play to Mt. Angel Man

MT. ANGEL—Police were hunting early today for some clue to the whereabouts of William F. Dwyer, 70, retired railroad worker, who it was feared had become the victim of foul play.

Merle Grace, Mt. Angel police chief, reported he checked Dwyer's home in the 200 block of Elm Street here late Friday when the old man had not been seen for several days. He said he discovered evidences of an altercation and what was identified as blood stains on bed clothes and floor of the bedroom.

Marion County Sheriff Denver Young, Deputy Larry Wright, Sgt. Roy Hunt and Patrolmen Robert W. Dunn, Verlin Combs and Floyd Morrill, all of state police, were investigating the scene early this morning.

## Litter of Pups Bare Handful



Two days old and a bare handful are the three toy Manchester dogs displayed by Mrs. Earl Adams, 4225 Claxter Rd., and the mother, Dusky Penny Girl. Pups weighed a total of 8 ounces at birth; the litter is more numerous than usual for the breed. Manchester are bred by Mrs. Adams and her husband, who is Salem constable.

Weather

	Max.	Min.	Precip.
Salem	53	46	29
Portland	53	48	54
San Francisco	59	43	00
New York	58	35	trace

FORECAST (from U. S. Weather Bureau, McNary Field, Salem): Mostly cloudy with intermittent rain today, tonight and Sunday. Continued mild with high today near 52; low tonight near 42. Temperature at 12:01 a.m., 50 degrees.

## IT SEEMS TO ME

By Charles F. Sprague

The Parthians, on the eastern border of the old Roman Empire gave the imperial armies a lot of trouble. They wouldn't stand to be overwhelmed by the legions. Their armies would make raids and when attacked beat a retreat. But in turning to run they fired a farewell arrow which has attained literary immortality as the "Parthian shot."

## Cost of Living Shows Drop

WASHINGTON (AP)—The government Friday reported a drop of two-tenths of 1 per cent in the cost of living during the month ended in mid-December.

A 1 per cent decline in the retail price of food was chiefly responsible, the Bureau of Labor Statistics (BLS) reported. Egg prices dropped 10.7 per cent, the agency said, and meats, poultry and fish also were lower.

## Animal Crackers



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## Rain Remains On Forecast

Rain, and more rain, was forecast for Salem as precipitation totals passed up normal for January with still half a month to go.

McNary Field weatherman recorded .89 of an inch Friday to bring the month total to 7.15, well above the 5.72 normal for January. Despite the indicator, the Weather Bureau gave out this 30-day prediction Friday: Above normal temperatures for the Far West and subnormal amounts of precipitation.

Motorists were advised to carry chains for mountain driving today and tomorrow as snow piled up in the Timberline, Chemnitz, Astoria and Seneca areas. Fifty-six inches of roadside snow was reported at Santiam Pass with six inches of new snow.