The Oregon Statesman

"No Favor Sways Us, No Fear Shall Awe"

From First Statesman, March 28, 1851

CHARLES A. SPRAGUE, Editor and Publisher

Published every morning. Business office 280 North Church St., Salem, Ore., Telephone 2-2441

Entered at the postoffice at Salem, Ore. as second class matter under act of Congress March 3, 1879.

Member Associated Press

The Associated Press is entitled exclusively to the use for republication of all local news printed in this newspaper

Halt to Inflation

The most important item of record for the first year of the Eisenhower administration, as far as the domestic situation is concerned, was the halt given to inflation. Only in a relatively small way was this the result of positive action by government agencies. The economic cycle had crested; the materials to feed the fires of inflation—wars, scarcity of products—had run out. It was time for the turn of the tide. What the Eisenhower administration did was to permit the natural forces to operate, perhaps even to encourage them by continuing the policy adopted in the latter part of the Truman administration of withholding Federal Reserve bank support for government bonds. The drive for budget cuts accentuated the shift from the boom induced by deficit spending.

Now there is concern lest the downtrend gather velocity; and President Eisenhower in his radio talk Monday night sought to allay such fears. He promised that "every legitimate means available . . . that can be used to sustain the prosperity is being used and will continue to be used as necessary." That must have been an over-statement because the administration certainly isn't using all the tools in its kit to remedy the presently mild recession in business.

It would be a mistake to stoke in more fuel to re-fire the boilers of inflation. The time for stabilization of the price level has money. The moves of the government should be to head off both continued inflation and sharp deflation. In this respect the administration has attained considerable success in its first year in office, aided as it has been by the operation of common laws of economics. However it ought to be clear by now that government itself cannot control economic forces when they are in full flood. It just can't guarantee universal prosperity in perpetuity. Prosperity still depends principally on the choices and actions of the millions of people who make up the nation and the world.

Good Only to Look At

The theft of $160,000 in fresh currency from the Bureau of Engraving didn't look like a hard case to solve. And it didn't prove to be. Within a day or so officers of the law pinned the job on some suspects and recovered all or most of the money.

Fact is, the stuff was too hot to handle anyway. The thieves suffered from similar frustration that the chap who stole the painting Mona Lisa from the Louvre must have endured. All they could do was look at their treasure. The moment they started circulating fresh bills whose serial numbers had been well publicized they were exposing themselves to certain arrest.

What the culprits will learn now is that Uncle Sam reserves just about his heaviest hand in punishment for those who try monkey business with the U.S. currency.

Balanced Tax Program

The Coos Bay Times suggests that "the greatest gains in tax reductions should go to consumers rather than corporations." Its reasoning is that that would increase buying power for the products of corporations: "Only by putting added funds in the hands of individuals can the corporations be induced again to produce at top speed and to expand to keep up with demand."

The Times should be pleased then with the assured cut of 10 per cent in individual income taxes effective this year, while the cut of 5 per cent in corporation taxes scheduled for April 1st is in considerable doubt. Excess profits taxes have now expired but they were limited in their application. However, the effect of tax cuts is not just as simple as the Times implies. Purchasing power depends not only on money-in-hand or credit, but also on the will to spend. Sometimes that dries up, as we found out in the 1930s. Also corporations have tremendous purchasing power and so do their stockholders. Cuts in corporate taxes permit either more spending for capital investment by the companies or distribution of dividends to stockholders. Dividend payments have not kept pace with inflation or the rise in wage rates.

What we need is a balanced tax program. Corporations, like individuals, must be able to retain enough income for their financial health. Confiscation of corporate earnings would dry up the springs of enterprise. The consumer profits when corporate investment in research and in plant leads to production of better products for the same or less money; and that is what has been going on under the system of competitive enterprise. Already corporate taxes in many, many cases exceed the sums distributed in dividends, so that Uncle Sam is really a preferred partner. In the paring down of tax burdens corporations should share as well as "consumers."

Even though production of petroleum in the United States in 1953 broke all previous records, for the first time US production was less than half the world production. Back in 1945 the U.S. produced 66 per cent of the world's supply of oil; in 1952 that percentage slipped to 49.7. The biggest known reservoir of petroleum now is in the Middle East. Production there is increasing, and if Iran again gets into production the world will be drowning in oil. The steady growth in consumption, however, insures an early arrival at balance.

The younger generation in Spain is proposing to abolish that national institution, the siesta. In that country stores and offices close three hours for lunch, and remain open until seven or eight in the evening. Those wanting to shorten the lunch-siesta hour prefer to use evening hours for recreation. Surely the Franco government will tolerate no such revolution in Spanish customs. Next they might abolish the bull fight.

The Marshall, Tex., housewife who tried a Vivian Kellems on the internal revenue bureau over social security deductions on pay to domestic servants lost the last round in her appeal to the U.S. Supreme Court. She'll have to pay the tax, as the lower courts previously had decreed. Even Texans must bow to the U.S. courts.

Izee long was known only as a ranch headquarters and base for hunting in Grant County. Last year it gained national fame for ranking first in per capita contributions to the March of Dimes—$34. The national average is only 34 cents, so the Izee folk are 100 times more generous than Mr. Average Citizen.

GRIN AND BEAR IT — By Lichty

"Is suggesting idea for selling tricky new peace plan to capitalist peoples . . . is hearing they buy anything if is available on installment plan . . ."

Inside TV . . .

Colorvision OK But It Won't Be Cheap

By EVE STARR

NEW YORK — TELETORIAL: When color sets are available, will you be willing to pay from $800 to $1000 for a 14-inch screen? Will you fuss and fume when paying three to four times as much for servicing color sets as compared to black and white? And do you mind waiting for service?

And with the rising costs of colorcasts will you be willing to accept more spot commercials? Will you find it frustrating to return to monochrome, the normal gray picture? Not all shows will be in color.

At last week's mass clinic and press conference held by RCA's servicing and training division, these facts came to light along with the latest developments in servicing for the coming "color era."

At last week's mass clinic and press conference held by RCA's servicing and training division, these facts came to light along with the latest developments in servicing for the coming "color era."

But color TV is beautiful, and will be one of the outstanding developments of our generation.

• • •

HOST OF THE "TOAST": CBS will entertain the press to welcome Ed Sullivan (Toast of the Town — CBS) during his two-weeks in Hollywood. Ed's February 14th Valentine show will originate from here. The coast's favorite host will appear at local functions in and around Los Angeles and emcee the 20th Anniversary Party for MGM. "Show of Shows" with Sid Caesar and Imogene Coca will be "coasting" to Hollywood for at least four shows early this year—and there are rumors that three top New York shows, now live, will be permanently Hollywood-routed early in '54.

• • •

STARR DIGEST: "Freedom Rings" will present the work of journalism students from the University of Iowa. They'll be given the opportunity to write under the personal supervision of Richard Maubaum, head of the department. This first program of its kind is jointly sponsored by the University and the Ford Foundation . . . Henrik Ibsen's "Hedda Gabler" is a perfect vehicle for Tallulah Bankhead's hour-long dramatic debut . . . Singer Connie Russell will lend her voice and charm to Bing Crosby's radio show Jan. 17 . . . For the first time, there were Christmas and New Year cards available in braille . . . Since his appearance in "Three Sailors and a Girl," TV star Gordon MacRae has become the WAVES' favorite pin-up boy . . . Eddie Cantor says a man's hardest job is to convince his wife that even a bargain costs money.

(Copyright, 1954.)

Health Report Lists Infection From Pork

Six cases of mumps and seven cases of measles in Salem and the rest of Marion County were included in a health report for the week Dec. 26—Jan. 2, received Tuesday from the county health department.

Other diseases included one dog bite, four pneumonia, one salmonellosis (an infection from diseased pork) and two venereal disease cases in Salem.

In the rest of Marion County for the week there were one case of chickenpox, one of hepatitis (liver ailment), one pneumonia and one venereal disease. State institutions listed three cases of tuberculosis and three cases of venereal disease for this period.

Revision Study Of Constitution Set at Portland

The 1953 legislative interim committee to study revision of the state constitution will hold a meeting in Room 1214 of the Portland Trust Building in Portland Thursday night.

The meeting is open to the public and several phases of the constitution study will be discussed.

At previous meeting of the committee a number of persons suggested a new constitution, subject to approval of the voters, while others favored piecemeal amendment of the constitution as in the past. It would require a constitutional convention to rewrite the current constitution and refer it to the voters.

Gard to Select Speaker for GOP Meeting

Jess Gard, Republican national committeeman of Portland, will provide a speaker to head a program next Tuesday night for Marion County Chapter, Oregon Republican Clubs.

Ted Tibbutt will be chairman for the program, it was announced at the chapter's executive group meeting Tuesday noon at the Senator Hotel.

The group decided to plan a Lincoln Day observance for February and, starting in March, to conduct general chapter meetings on the second Wednesday night of each month. Chapter president is Gerhard Pagenstecher.

Quebec Cold, Argentine Hot

QUEBEC (AP) — The city of Quebec and the surrounding region dug out from under its biggest snowfall of the season Monday—nine inches of snow accompanied by sub-zero temperatures and 34-mile-an-hour winds.

BUENOS AIRES, Argentina (AP)— Buenos Aires suffered under a sultry sun Monday while thermometers registered the hottest day of the season—93.5 degrees Fahrenheit.

To Head Store

John Adlon, native of Oskaloosa, Iowa, and resident of Oregon for 11 years, will be manager of the new $3,000,000 Lipman Wolfe store in Salem. (Story on page 1.)

2 Burglaries Investigated

Buglaries at Washington School, 3165 Lansing Ave., and Hrubetz and Bushnell manufacturing company, 2880 S. 25th St., were under investigation by city police Tuesday.

Stolen from the school, which was entered sometime Monday night, were four quarts of motor oil, a pocket knife, 20 cents from a teacher's desk, basketball and paper punch.

Police said the building was unlocked when entry was made. Thieves entered the Hrubetz and Bushnell plant sometime at the end of last week, pried open a soft drink machine taking about $1, and stole a number of small tools and other items including gloves, a hat and two jackets.

It was not determined how entry was gained.

Death Claims George Wurster, 77, of Aurora

Statesman News Service

AURORA — George Wurster, 77, resident of Aurora for the past 45 years, died at his home early Tuesday morning.

He was a meat cutter prior to his retirement two years ago.

Wurster was born Nov. 11, 1876 in Stuttgart, Germany, and came to this country in 1890, living in Iowa and Chicago before coming to Aurora in 1909.

He was a member of the Knights of Pythias, Aurora, and Champoeg Lodge, AF&AM, Canby.

Surviving are his widow, Clara; three nephews and one niece; and a sister-in-law, Mrs. Anna Wurster, Aurora.

Funeral services will be held at 2 p.m. in Aurora Chapel of Everhart and Kent with Champoeg Lodge participating. Burial will be at Zion Memorial Park, Canby.

Couples Trade Property in Transaction

After several weeks of negotiation a property exchange transaction, involving three auctioneers and six properties, was completed this week.

New owners of the Gillaspie Auction Sales Yard at Corvallis, on which a home is located, are a Salem couple, Mr. and Mrs. Bruce Brahs, 5330 Windsor Island Rd.

In exchange, Brahs traded to Mr. and Mrs. Earl Gillaspie, Corvallis, a 285-acre ranch at Valley Junction; a 65-acre river bottom tract at Independence; the Brahs Meat Co., 1615 S. 15th St., and a 40-acre farm at North Santiam. Possession in all cases will take place next Monday.

Auctioneers involved in the transaction were Brahs, of Salem; Gillaspie, of Corvallis, and Claude Kilgore, Salem, who was the realtor representing both parties. The sixth property in the deal is some highway lots north of Corvallis which Kilgore received as part of his commission.

Value of the properties involved was not revealed.

Kiwanis Club Thanked for Gifts to Kids

Salem Kiwanis Club received thanks in person Tuesday for good deeds on behalf of the WCTU Children's Home near Corvallis.

Several Kiwanians recently visited the home and took gifts for the children. Yesterday the home responded by sending two cakes for the Kiwanis luncheon at the Senator Hotel, via one of the children, Dorothy Lockhart, and Mrs. William Schnebly, wife of the superintendent.

James L. Payne presided for the first time at Tuesday's luncheon as the club's new president. Speaker for the day was Albert Ziegler, New Zealand educator teaching in Salem this year.

BROOKS GI TO ARRIVE

SEATTLE (AP) — The transport Marine Lynx is scheduled to arrive here Thursday morning with troops from the Far East. Among them is Pfc. LeRoy Free, Brooks.

Majority View Sees Little Chance of Major Depression But Estimated Results Vary

By Stewart Alsop

Stewart Alsop

WASHINGTON — Almost everybody is asking, rather nervously, what is going to happen to the American economy in 1954. Almost all the experts, including the President's economic advisers, seem to have come up with about the same answer. The economy is going to slip back but only a little—by something like 5 per cent, or 10 per cent at the outside. But there is no agreement at all about what this slip-back means.

The official administration view, as voiced by men like Secretary of the Treasury George Humphrey and presidential adviser Dr. Gabriel Hauge, is that something almost completely painless called a "rolling adjustment" will take place. This is a mere shaking down here and there, involving no drastic over-all set-back. On balance, this is regarded as a healthy thing, inevitably in a free economy. It might involve some spotty unemployment — perhaps 3,-000,000 or a bit more — but this should prove temporary, involving no real hardship.

Opposed to this mildly reassuring official view as a minority view which is anything but reassuring. This is that a mere 5 per cent drop in the gross national product—which is being so generally predicted—will mean at least 9,000,000 unemployed. It will knock the budget completely out of kilter. It will impose the severest possible economic strain on our allies. And it may start a downward spiral which can be reversed only by the most heroic measures.

On the face of it, this gloom seems downright silly. As the administration spokesmen are fond of pointing out, a drop of 5 per cent in the gross national product will leave the economy still roaring along at a higher rate than in boom-time 1952. Yet the forebodings listed above are shared to some degree at least by most labor and liberal economists; by independent experts in such reputable organizations as the National Planning Association; and even, if only faintly, by some of the administration's own experts. It is therefore worth trying to understand a theory which gives rise to the forebodings.

• • •

This might be called "the Red Queen theory of the American economy." The Red Queen, it may be recalled, told Alice - in - Wonderland "Now here, you see, it takes all the running you can do to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that."

In the same way the American economy cannot go backward or even stand still. It must constantly expand. The annual expansion in national product must always equal or exceed the average annual increase in worker productivity of about 3 per cent. Otherwise, according to this theory, the producers do not have the wherewithal to buy what they produce; goods pile up on the shelves; and the downward spiral starts.

• • •

Dr. Leon Keyserling, chairman of President Truman's Council of Economic Advisers, and a leading spokesman of the Red Queen theory predicts flatly that a 5 per cent decline in the national produce would mean, not 3,000,000 unemployed, but more than 9,000,-000. He points out that a brief dip of a mere 1 per cent in 1949 pushed unemployment over the 4,000,000 mark. This same dip nearly forced the British into bankruptcy, and half-crippled the economy of Western Europe.

• • •

"If the national product falls 5 per cent," another adherent of the Red Queen school has remarked, "George Humphrey might as well put his head in a bucket." The chief source of government revenue is progressive taxation, and because of this progressive feature, any decline in the national economy is multiplied many times over in terms of revenue, leading to a huge deficit.

• • •

The corollary of the Red Queen theory of economics is that an expanding American economy can stand enormous government expenditures — and at least by implication, enormous expenditures are necessary for its expansion. The National Planning Association, for example, recently estimated that defense expenditures could be increased to around $70,000,000,000, without increasing taxes or widening the revenue gap. This is in line with Dr. Keyserling's theory that heavier defense spending, by stimulating the sources of government revenue, may actually increase the chances of a balanced budget.

• • •

To such believers in orthodox economics as Secretary Humphrey and Budget Director Joseph Dodge, all this is moonshine — and indeed it does have a rather Alice-in-Wonderland flavor. It remains to be seen who is right. But there is one point on which everyone, from Humphrey to Keyserling, now seems to agree. The federal government has an absolute responsibility to prevent a continuing depression and mass unemployment.

• • •

"If that's the only way to prevent a depression," one conservative businessman-turned-official pensively remarked recently, "we'll make the New Deal spenders look like pikers if we have to." The remark suggests how far the country has traveled since the dim dead days of the early New Deal.

(Copyright, 1953, New York Herald Tribune, Inc.)

Time Flies:

From The Statesman Files

10 Years Ago

Jan. 6, 1944

Site for the alumina-from-clay plant in Salem has been acquired by the government. The site was known to several generations of romantically-inclined youths as "Painter's Woods."

Cloaked in high secrecy for years, a new "rocket" plane emerged from British-American engineering laboratories, capable of extreme speed at high altitudes without using standard propellers.

Snow plows rolled over Oregon's highways this week in the wake of winter's first snowfall that closed several schools and sent motorists for chains.

25 Years Ago

Jan. 6, 1929

Proposals to deny licenses for any additional pool and billiard rooms on State Street from High to Commercial were contained in a petition signed by a number of business proprietors in the area.

State prohibition operatives participated in 88 arrests for violations of the liquor law in December, according to a report by George Alexander, state prohibition director. Fines aggregated $7925.

President-elect Hoover discussed with Secretary Mellon plans for a simple inauguration to be followed by a military and civilian parade with Secretary Mellon.

40 Years Ago

Jan. 6, 1914

Attorney General Crawford gave out a statement concerning his candidacy for the governorship of Oregon.

The navies of the world have built 101 battleships of the dreadnought type since the British navy launched the original dreadnought eight years ago.

Not since the Boers laid down their arms to the Britons in 1902 has the Rand been so near a state of war. Martial law was declared. Uprising among natives was feared by white residents of Pretoria.

IT SEEMS TO ME

(Continued from page 1)

his own plan. He would provide universal coverage and to finance it would impose a tax on every one having income of any kind—a sort of surtax on incomes. He would raise the minimum benefit to $45 a month. He thinks then it would be possible to discontinue old age assistance grants.

The administration plan was outlined by Secretary Hobby some months ago. It proposes inclusion of 10,500,000 persons who are not now covered by the social security system. It would continue the payroll tax and accumulation of a trust fund or reserve. Most of the plans would raise or remove the present limit on earnings of $75 per month as a condition for eligibility to receive the retirement annuity.

It is very doubtful if Congress is ready to provide universal coverage on some sort of a universal tax. Congress probably will want to keep the reserve fund as a cushion, the same as it holds huge reserves in the unemployment compensation fund. The excess of receipts over expenditures helps to provide the treasury with cash, though interest - bearing government bonds are issued to the credit of the trust funds. The contribution to a reserve also satisfies those who want to earn their security.

What is clear is that the social security system will be extended, and that benefits will over the years be increased. The present burdens on the treasury, however, may restrict the enthusiasms of the promoters of bigger and better pensions.