

**THE WEATHER HERE**  
FAIR TONIGHT and Tuesday, except for morning cloudiness. Continued warm temperatures. Lowest expected tonight, 48 degrees; highest Tuesday, 82.  
Maximum yesterday, 88; minimum today, 66. Total 24-hour precipitation, 0.1 for month; 0.1 normal, .33 of an inch. Season precipitation, 41.61; normal, 37.8. River height, -2.3 feet.

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## Baldock Plan Before Council In 3 Sections

Ordinances Replace Resolution to Permit Referendum

BY STEPHEN A. STONE

Three ordinance bills to be introduced and given first reading will again put the Baldock plan before the city council Monday night. It will be divided into three parts at the suggestion of the state highway department to conform to a logical division of the project.

All three of the bills provide that the referendum may be invoked at any special or general election.

Technically it wasn't necessary that the plan go to the council in ordinance form. The resolution already approved would have been sufficient as far as legislation is concerned. But the referendum can't be invoked on a resolution, and Mayor Robert L. Elfstrom explained that the city council was committed to the ordinance method so opponents of the plan would not be barred from referendum. Some members of the council voted for the resolution on that condition.

### One Way Grid System

One of the bills to be introduced Monday night provides the main one-way grid system.

It prohibits driving vehicles south on Liberty street from Oxford to Division, and from Belmont to Pine. It prohibits driving south on Capitol street from Court to Tile road.

It prohibits driving north on Fairgrounds road from Tile road to North Summer, or on North Summer from Fairgrounds road to Chemeketa or on Commercial from Pine to Belmont, or on Commercial from Division to Oxford.

The bill prohibits driving west on Court from Commercial to Capitol, or east on Commercial from Capitol to Commercial, or on Division from Liberty to Commercial.

### Truck Routes Defined

Truck routes are defined. Coming north they shall enter the city at 12th street, proceed to Court, to Capitol, and along Capitol, Fairgrounds road, and Portland road to the north city limits. Coming south they shall enter the city on Portland road, proceed to Pine as extended, to Commercial, and to the south city limits.

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## Capitol Planners Hold Session

The first meeting of the Oregon capitol planning commission, created by the 1949 legislature, will be held in the state house Monday afternoon.

The seven members of the commission will determine the length of their terms of office by drawing lots, after which a chairman and a vice-chairman will be chosen.

Under terms of the act it will be the duty of the commission to adopt a plan of development for the "capitol group" and no plans for public buildings to be erected within the group or a selection of site of such building can be made by any public official until the commission has investigated and made a recommendation to the state board of control.

Members of the commission are Sidney W. Little, dean of the school of architecture, University of Oregon; Robert W. Sawyer, editor Bend Bulletin; Paul B. Wallace, Salem; Herman Brookman, Portland architect; Milton L. Meyers, Salem; Dean G. W. Gleason, dean of the school of engineering, Oregon State college and Miss Elizabeth Lord, Salem.

## Texas Governor Dies on Pullman

Houston, Tex., July 11 (AP)—Governor Beauford Jester was found dead today in his Pullman berth on a train at the Southern Pacific depot. He was 56.

First word of the governor's death was received when someone at the station telephoned Homicide Lieutenant W. P. Brown of the Houston police department about 7:35 a.m. (CST). The lieutenant immediately dispatched three homicide detectives, Lloyd Barrett, L. L. Watts and Frank Murray, to the station to begin an investigation.

However, Brown said that as far as he knows the governor died a natural death.



West Salem Bank Greets First Depositors—New branch of the United States National bank with 10 employees opens for business this morning with Walter Musgrave, mayor of West Salem as first depositor.

## West Salem U.S. Bank Opened for Business

New West Salem branch of the United States National bank, housed in modernistic quarters beyond the dreams of any fugger or Portinari, bankers for the Christian world in the 15th century, opened for business this morning when Walter Musgrave, mayor of West Salem, became the first depositor.

West Salem branch occupies quarters 24 by 60 feet at 1117 Edgewater street and the new institution is the 39th Oregon branch of the parent institution with headquarters in Portland. Four windows are available for general banking business and a spacious vault with a sensitized burglar alarm of the sound type contains safe deposit boxes and space for record storage.

Rex Gibson will serve as manager and assisting him will be a staff of employees, most of whom were formerly with the Ladd & Bush branch and nearly all of whom are residents of West Salem. On the staff are: (Concluded on Page 5, Column 2)

A report to the American military government that all trucks must be completely unloaded for inspection indicated that this figure might be further reduced. An average of 300 trucks a day had been traveling the Helmsstedt road lately.

There has been no explanation yet from the Soviet military government for the "little blockade." Russian border guards said, however, they were acting on telephoned orders from their highest headquarters in Germany.

One truck leaving the British zone with 10 tons of glass for Berlin took an hour to pass the Russian check-point because of the unloading and loading provision. In the meantime no other trucks were allowed to pass.

## Hospital Drive to Start July 19

Hospital drive headquarters announced today that workers' guides, campaign material, donors' lists and the many other pre-campaign preparations are complete and ready for the more than 300 workers who will take the field Tuesday, July 19, to start the general drive for more hospital space for Salem.

The workers' guide contains complete information about the campaign, also a series of questions and answers, pledge cards, plus pictures and statistics that will aid solicitors.

Present headquarters will be maintained throughout the campaign at 335 North High street so that workers can pick up additional supplies and information.

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## Ching Seeks to Avert Nationwide Steel Strike

Washington, July 11 (AP)—The steel labor crisis swept into Washington today in its rush toward a possible nationwide strike next Saturday.

Seeking to avert a vast steel shutdown, Cyrus S. Ching, 6-foot-7 director of the federal mediation and conciliation service, prepared to hash out the disputes with both sides this afternoon.

He invited to the conference Philip Murray, president of the CIO United Steelworkers of America, and officials of several large companies including the pace-setting United States Steel corporation.

Before the negotiations between the Union and U. S. Steel fell apart last week in Pittsburgh, the union argued that the company could raise wages as much as 20 cents an hour and still reduce prices and make a substantial profit.

The company said higher wages would mean higher prices, and it refused any wage increase at all. Disputes over pensions and insurance benefits were deadlocked too.

## Senate Group OK's Cut in ECA

Washington, July 11 (AP)—The senate appropriations committee has approved a 10 percent cut in funds for the European Recovery Program, a member said today.

The senator, who asked that identification be withheld, reported the group agreed to \$3,778,380,000 to finance continued Marshall Plan operations.

The approved cut totaled \$420,620,000 which will come from the Economic Cooperation Administration's proposed budget for recovery operations during the fiscal year which started July 1.

ECA Chief Paul Hoffman had requested \$4,198,000,000 for the second year recovery program. The house cut this figure to \$3,568,470,000—but permitted ECA to spend the money in 10 and a half months if necessary.

The senate figure represented a compromise between those who favored the full ECA program and economy advocates who wanted to cut up to \$740,000,000 off the program.

The 20-member committee was called into a closed-door session by its chairman, Senator McKellar (D, Tenn.). In a lengthy public feud with Hoffman, McKellar had talked of cuts of as much as \$800,000,000 from ERP funds and, at times, suggested that Hoffman resign.

## State Hospitals Get U.S. Grants

Eugene, July 11 (AP)—Counties lacking a full-time health officer will lose federal reimbursement for the work after a three-months grace period.

The state board of health made the decision here over the weekend and said health district units lacking a full time health officer are Polk and Benton counties and the districts formed by Union and Baker counties.

Dr. Harold M. Erickson, state health officer, explained that because of the wartime shortage of physicians, federal payments had continued even if standards were not met. Personnel is now available, he said. The three months grace period hinges on hiring an officer or being committed to finding one.

Federal grants were approved for a new 100-bed wing to the Sacred Heart General hospital in Eugene, for \$95,000 to assist rebuilding a burned portion of the Fairview home in Salem; for a \$37,000 chronic disease hospital at Nyssa and for \$128,000 to cover one-third of a new detached hospital at the State hospital in Salem.

Final grants for federal funds for the 1949-50 fiscal year were listed as \$477,611. New items listed were \$12,208 for water purification and \$23,341 for heart disease work.

Federal reimbursements on county salary funds will be limited to separate quarters of the year. Unexpended funds applied to other quarters will not be reimbursed, the board said.

## Egg Prices Upped Another Cent Here

Top grades of eggs were boosted another cent here Monday morning. Eggs generally advanced from 2 to 3 cents through last week.

The new buying quotations are as follows: Extra large AA, 59 cents; large AA, 58 cents; large A, 56-59 cents; medium AA, 53 cents; medium A, 51-55 cents. The advances have come because of slackening in production during this season and the changes here followed stronger trends in the Portland market.

# Truman Scraps Tax Hike Favors Deficit Spending

## Pacific Power Can Cut Rates To Meet PUD

By JAMES D. OLSON

Private power companies serving territory invaded by PUDs are entitled to lower rates to meet competition providing loss of revenue by the lowered rates is borne by the stockholders and not the consumers.

This was the gist of an important ruling made Monday by George Flagg, public utilities commissioner, granting the Pacific Power and Light company permission to lower its rates in The Dalles to meet the competitive rates of the Northern Wasco county People's Utility district.

"The PUD is the aggressor in The Dalles," Flagg stated in his order "and has entered the field occupied by Pacific since 1910. It did not see fit to exercise its right to acquire the Pacific's property by condemnation and thereby eliminate the uneconomical duplication of facilities."

Flagg declared that duplication of service and facilities by utilities has long been considered unsound and uneconomical and to result in disadvantage of the consumer.

"In The Dalles there are now two utilities where formerly one existed," Flagg stated. "There is not enough business to adequately support both."

Flagg questioned the power of the public utility commissioner to determine which utility would survive and by his order virtually told both private and public utilities to slug it out.

"Pacific, if it fails to meet the rates of its competitor will eventually lose most, if not all, the customers which it has in The Dalles," Flagg's order continued. "This loss of business would result in loss of investment which in turn would adversely affect the customers of Pacific in other territories."

Flagg said that the rates proposed by Pacific and allowed in his order will not allow the private company to earn a fair return on its investment in that area, but made it plain that the losses entailed by the reduced rates must not be passed on to customers in other areas but must come out of the purses of the stockholders.

Flagg's decision in the case was in accordance with an opinion given by Attorney General George Neuner in which it was held that granting permission

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## Asiatic Union Called For To Oppose Reds

By JAMES D. OLSON

Baguio, Philippines, July 11 (AP)—President Elpidio Quirino and Generalissimo Chiang Kai-Shek tonight called for a union of the countries of Asia and the Pacific to "contain and counteract" the threat of communism.

The joint statement of the Philippines president and retired president of nationalist China was issued at the conclusion of two days of talks here. It said "a preliminary conference of the authorized representatives of those countries desiring to participate in the formation of the union shall be convened at the earliest possible moment to devise concrete measures for its organization."

"It is our hope that other countries in Asia and the Pacific will eventually respond to the highest aims of the proposed union," it said.

Chiang's statement "although I have come to the Philippines upon the invitation of President Quirino to confer with him in my private capacity, I shall as head of the Kuomintang (Nationalist party), undertake to advise and request the Chinese government to give its full support and to take steps to implement the agreement announced in the above joint statement."

It was not expected that India would participate in the union.

(Concluded on Page 5, Column 2)

## President Outlines Program For Increasing Production To Well Above \$300 Billion Mark

Mid-Year Economic Report Outlines Program To Offset Recession in Transition Period, Calls For Price Reductions But Not Wage Cutting

By MERRIMAN SMITH

Washington, July 11 (AP)—President Truman today jacked his anti-inflation program of higher taxes in favor of deficit spending by the government and a stepped-up attack on unemployment and declining production.

Making a complete about-face in six months, he shifted his sights from postwar inflation to threat of depression. He did not see any indication that depression is imminent, but described this as a "period of transition" and "declining national economy."

He said right action can assure continued prosperity.

In a mid-year economic report to congress, the president made these basic recommendations:

### Abandons Income Tax Increase

1. "No major increase in taxes should be undertaken at this time." In January he had asked for a \$4,000,000,000 general tax increase, which congress ignored.

2. He rejected congressional moves to slash excise taxes. The only exception was that he favored repeal of the three per cent tax on freight. He proposed granting business the right to greater allowances for past losses in computing corporate taxes. He urged those changes to stimulate business. He also favored restoring gift and estate taxes to the higher levels that prevailed before 1948.

3. He coldly turned his back on mounting congressional demands to cut government spending and prevent a federal deficit that some senators estimate may run to \$5,000,000,000 this year. He said this isn't the time to try to balance the budget; reduction of spending would increase the danger of depression.

### Cut Prices But No Cutting of Wages

4. He called on business to make further price reductions, but not by cutting wages.

5. He renewed his demand for a minimum wage of 75 cents an hour, instead of the present 40 cents.

6. He asked that unemployment compensation payments be increased.

7. He proposed federal expenditure of \$9,000,000,000 on public works over a three-year period.

8. He would permit the old age insurance payroll tax to rise to 1 1/2 per cent each on employer and employee next January, as now scheduled. The present rate is one per cent on each. He did not renew his earlier plea for new payroll taxes to finance a health insurance program.

### For Brannan Farm Supports

Other planks in his latest economic platform included "an improved program of farm income supports" as advocated by Secretary of Agriculture Charles F. Brannan; renewal of the reciprocal trade agreements law; increased benefits and expanded coverage under social security laws; and legislation to provide technical assistance for underdeveloped areas of the world in accordance with his "point four" plan.

In addition to a full retreat on his higher income tax plan, Mr. Truman asked for repeal of the three per cent tax on transportation of goods. He opposed any other changes in the tax laws which would cut overall federal revenues, and renewed his request for higher estate and gift levies.

To encourage business investments, he asked that provisions for carry-over of losses by corporations be liberalized. As another business aid, he proposed an extension in the maximum time limits on maturity of loans made to business by the reconstruction finance corporation.

### Increase Jobless Pay to \$30 a Week

For the worker, the president advocated broadening of the federal-state unemployment insurance system by establishing a nation-wide minimum benefit standard ranging up to \$30 a week for 26 weeks. The present limit is set by states. Only one state, New York, pays as much as \$26. The president proposed additional federal aid for states financially unable to meet the nation-wide standards.

While the president was openly concerned about the downward direction of employment and production, he found confidence in the fact that the economy is still at a high level.

"The kind of government action that would be called for in a serious economic emergency would not be appropriate now," he told congress in a 7,000-word report accompanying a lengthy mid-year analysis by the council of economic advisers.

## Britain Hopes for Dollar Issue Solution

London, July 11 (AP)—Britain hopes to find a solution to her dollar problem by September.

That is the upshot of a three-day, closed-door conference here between United States Treasury Secretary John Snyder, British Economic Chief Sir Stafford Cripps and Canadian Finance Minister Douglas Abbott.

Before Snyder left for Brussels on the next stage of his European tour, the three issued a joint communique. It promised fact-finding discussions right away and more ministerial talks in Washington in September.

### Rural Mail Carriers Meet

Eugene, July 11 (AP)—The Oregon State Rural Mail Carriers association adjourned Saturday afternoon after electing officers and picking Salem as the site for the 1950 convention. Lloyd Ferrell, Grants Pass, was named president to succeed Luther D. Cook of Salem. Warren Coombs, Eugene, was selected vice president; Floyd Carpenter of Monroe, second vice president; Eldon Malstrom, Adams, secretary

## Rainfall in Drought Area

(By the Associated Press)

Thirsting crops in eight northeastern drought-stricken states had their first real beneficial rain yesterday in 49 days.

A steady day-long shower brought almost an inch and a half of moisture to some parts of the area where crop damage had mounted into the millions of dollars.

Weathermen in New Jersey said the drought in that state had been washed out but farmers there and elsewhere throughout the northeast said more moisture would be needed soon. Crop damage in New Jersey alone has been estimated at \$31,000,000.

Although the rainfall measured only little more than a trace at some points it was sufficient generally to be a lifesaver to crops that were on the verge of doom.

In New England, where crop damage had mounted to \$10,000,000, many points reported an inch or more of moisture. Old Town, Me., had 1.46 inches.



Californians Held—Lt. James Oakey (seated, left), of the states attorney's office, questions four Californians who were seized in Chicago in connection with what police described as a "transcontinental string of robberies." They are being held without charge. Left to right (seated): Oakey, Miss Sarah Ruth Mullins, 24, San Jose, blonde night club hostess, and Charles Wolber, 25, Los Mossa; standing (left to right): Danny (Lucky) Kelly, 24, Los Angeles, and Robert (Red) Laird, Tecopa. Capt. Daniel Gilbert said all four admitted robberies of taverns, motels and motorists during car trip through California, Oregon, Washington, Utah, North and South Dakota, and three Chicago hotels. (AP Wirephoto)