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4— Salem, Oregon, Wednesday, February 15, 1950

Wildcat Federal Loans

One of the many reasons why the federal government is financing in the red are the operations of the Reconstruction Finance corporation in loaning millions of dollars to promoters of industrial and housing corporations, without security, loans that could not be obtained either from banks or insurance companies. Finis was written today to a loan of \$37,500,000 to the Lustron corporation of Columbus, O., and foreclosure follows. It follows similar proceedings for a \$7 million loan to the Waltham Watch company taken last week.

The RFC was organized under the Hoover administration at the start of the depression when bank loans, because of financial stringency could not be obtained to salvage or reorganize responsible industries and prevent their bankruptcy. It was a constructive effort, conservatively managed, and attained its objective. There were few losses, the loans were eventually repaid. Since the war, however, it has been a different story.

Lustron was organized by Carl G. Standburg, whose original investment, it has been charged in congress, was only \$1000 of his own money. Its object was the mass production of prefabricated homes for the postwar market, but the \$10,000 tab was too high for most would-be purchasers.

The company got its first assistance from RFC in 1947 under the veterans emergency housing act, since expired, which encouraged government assistance to the home building industry. The loan was scheduled for full repayment in 10 years.

Lustron never paid any interest or principal, and as late as last month was asking for additional government help. RFC has finally called a complete halt, ordering its legal counsel "to take whatever steps are necessary" to recover as much of the loan as possible.

The Waltham Watch loan was to refinance an old established concern with a large payroll, and intended to be utilized to install modern machinery for production to meet competition. This money seems to have been spent largely to pay up previous indebtedness to banks.

An investigation of these "wild government ventures" loans in congress and may lead to the RFC's winding up its affairs in an age when money is plentiful and there is little difficulty of financing sound enterprises.

Time to Compare Notes

The coming of warmer weather brings out the requests for funds—as well as buds on the trees.

Salem is gradually learning the proposed cost of city improvements as suggested for 1950.

The school board has a program for bonds that will amount to \$3,755,000 figured over a period of two or three years. The city itself has in mind an improvement program that will amount to some \$4,000,000 in the form of sewage disposal, drainage and airport improvement with a 10-year-range in mind. And then there is the program to take definite steps to figure a way to build an auditorium for the city.

Individually, the ideas behind the proposals are commendable. But how much can the taxpayers afford to pay?

When lumped together, these proposals will add up to a tax figure that could well scare the average taxpayer. As a result, the logical procedure for these groups interested in another few mills of the tax dollar would be to consider their total demands in light of the voter's hesitancy to go for anything but a minimum tax increase.

This would mean joint consideration by the school board, the city, and the auditorium association of the total demands. After all, that's the way the taxpayer will consider the bond issues at the polls in May. The voter will take a careful look over the ballot. Unless paring to the bone has been done by the groups pushing the measures, all bond proposals could suffer. Paring to the bone will not be sufficient, however. A pay-as-you-go approach to any bond proposal will be essential to win acceptance.

The public still doesn't know how much these proposals might cost. The sponsoring groups haven't presented the suggested bill yet. So there is time for sponsoring parties to compare notes so as not to make the bill so large all constructive proposals will suffer.

Russian-Red China Pact

The long negotiations between the Kremlin and the Chinese Reds are reported concluded, and the inevitable surmise is that Russia got whatever she wanted in the line of military and naval bases in Red China and commercial concessions in return for promised military aid and equipment.

The Chinese Reds, reports assert, are to assume the leadership in southeast Asia. At any rate, Red China seems to have come formally into the open as an ally of Soviet Russia in war and peace—and probably be absorbed, bit by bit, into the Russian empire.

The Nationalists are waiting to see whether the Reds get active Soviet aid in the Chinese civil war—in other words, help for the invasion of Formosa and Hainan island. They won't have long to wait.

Tao Hsi-Shan, one of Generalissimo Chiang Kai-Shek's closest advisers, predicts Chinese Red Leader Pao Tze-Tung's return to Peiping will be followed by a big purge of all elements, communist and otherwise, not considered 100 percent pro-Russian.

Wang Shih-Tseng, minister without portfolio at Taipei, said the pact was only a "smoke screen for an all embracing secret agreement. The whole thing is aimed primarily at the United States."

Japan is reported to be the real target of the pact and a communist peace offensive looms. Offensives are already under way in Indochina and adjacent countries and the outlook is as dark to the Allies as it is bright to the Reds.

Barrels Join Flying Saucers

Haltax, N. S., Feb. 14 (AP)—Now it's flying barrels. Capt. William Crowell of Dartmouth, N. S., reported today he had seen an object late at night rushing through the air with a trail of fire.

"The barrel-shaped object exploded in a brilliant burst of blue and orange flame," he said.

Crowell's report was supported by Doreen MacDonald of Enfield, N. S.

"I saw a flaming object roar through the night, and then burst into pieces and disappear," she said.

Dominion public weather office experts thought the object was a meteorite.

Life's Little Lessons

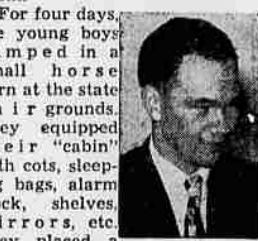


KRISS-KROSS

After It Was All Over, They Agree 'No Place Like Home'

By CHRIS KOWITZ, Jr.

A couple of Salem boys did a luxurious job of running away from home recently. Not content to just pack up a loaf of bread and a jar of peanut butter and hop aboard a freight train, these enterprising youths set up living quarters in a heated room.



For four days, the young boys camped in a small horse barn at the state fair grounds. They equipped their "cabin" with cots, sleeping bags, alarm clock, shelves, mirrors, etc. They placed a grille over a five-gallon can for a cook stove, and somehow got hold of some smudge pots to use for heating the premises.

Their "hideout" was complete... they even attempted to throw cops off the trail. Evidently sensing that police would search the fairgrounds for them, the runaway boys wrote a note saying "Billy—we have left the fairgrounds for good," and signed their names. The note was placed on another building at the fairgrounds.

Police, finding the note, were only assured more than ever that the boys were somewhere on the grounds. A few minutes later, the well-stocked "hideout" was discovered.

The boys had decided home was a pretty nice place.

Chatting with numerous old friends around downtown Salem yesterday was Spec Keene, ex-Williamette U. athletic coach, now athletic director at OSC. New dad among several prominent local businessmen: wearing of big, plastic, false noses. Some look quite authentic... While Williamette university was celebrating its 107th anniversary last Thursday, student body prexy Russ Tripp was celebrating his 23rd... Floyd Hastay, superintendent of ditto machine section for state offices, is rated a top-flight baker of angel food cakes. Rating is of good authority, for it comes from those who have eaten Hasty's prize oven product.

Four Salem women visit Portland, plan to catch 4:30 bus back to Salem. Get to bus depot at 4 o'clock, stand in lobby and start typical female conversation. Dispatcher calls out four times over public address system that Salem bus is loading. Women keep on talking and miss bus.

OPEN FORUM

Governor's Stand on 'Mansion'

To the Editor: For Governor McKay to find time and show the consideration to answer in person the many requests he receives to participate in the events staged by the people of his state, is a trait of democracy to be looked upon with favor rather than disfavor. So it seems to me bricks are being tossed at him when bouquets are due.

The gentleman in our state-house has, for years, conducted his own private business very successfully. Upon taking over the reins of the state of Oregon, he has guided us with equal intelligence and sound judgment.

If he sees fit to keep in personal touch with us, the people, by joining us upon our gala occasions rather than building himself a mansion with the taxpayers' money, is that to be frowned upon? I don't think so. Fact is, we like the idea of our state affairs being piloted by a man who is such a true adherent of democracy. More power to you, Governor! Stay the way you are!

MRS. NAN LOU THOMPSON
Rt. No. 3, Riverdale Pk., Salem

MacKENZIE'S COLUMN

Landed Aristocracy in England Has Been Fast Disappearing

By DeWITT MacKENZIE
(By Foreign Affairs Analyst)

Britain's experiment in socialist government represents not only an economic leveling off process but it involves a social readjustment aiming at the ultimate elimination of class distinctions.

Socialist Prime Minister Attlee made a brief and tempered reference to "class society" yesterday in a speech preparing for the coming general election. He said Britain's conservative party still believes in government by "a privileged class" but that under his labor (Socialist) government "we are moving away from that old conception of class society."

What Mr. Attlee had reference to, I take it, was the fact that prior to the comparatively recent rise of "labor" to power in England, it was the function of the aristocracy to govern.

This prerogative was based partly on a subconscious theory of "divine right" but more practically on the circumstance that the aristocracy was the only educated class. And by that same token of education the aristocracy was the only class which had the franchise. It was the widening of the franchise, of course, which was responsible for the birth and growth of the labor, or Socialist, party.

There has been a great change in the social structure of England during the last generation. Curiously enough this change has been due largely to the conservative party which, by the

unavoidable imposition of heavy income and death taxes, turned many of the aristocracy into wage earners.

The landed aristocracy, as this column has pointed out before, is rapidly disappearing, and was disappearing before the Socialists came to power almost five years ago.

However, the term "gentleman" still has a very distinctive meaning to a large percentage of the aristocracy of Britain. A gentleman is born and not made. That is to say, he comes from the upper classes.

A tradesman's son, who may have acquired the same education as the aristocrat, is not and never can be a "gentleman". Obviously this is a matter of terminology but it can be a very sticky one.

To illustrate: When I was living in England I knew an office in which two men had worked in close contact with each other for thirty years, yet they weren't on speaking terms. Why? Well, because one was a graduate of England's famous and aristocratic public school of Eton while the other (and by far the more brilliant) was educated in an ordinary council school.

Absolutely No Way to Figure Final Cost of Frightful H-Bomb

By DREW PEARSON

Washington—Atom scientists have secretly informed the congressional committee on atomic energy that there is absolutely no way to determine the cost of the frightful H-bomb until it is built.

However, they have further testified that the new bomb would cost a lot less than original estimates, which ran into billions of dollars.



This is because a great deal of equipment now used for making atom bombs can be reused or easily converted to the production of H-bombs. Officials of the atomic energy committee also have informed the committee behind closed doors that the hydrogen bomb can be made for considerably less than the estimated \$2,000,000,000 cost of the original atom bomb.

The atom chiefs revealed, in fact, that all they would need to get started on production of the H-bomb is \$80,000,000, chiefly for special facilities and new laboratory equipment. This \$80,000,000 is already well on the way to congressional approval, being included in the \$450,000,000 deficiency appropriation bill that passed the house last week though only a few house members knew they were voting for H-bomb funds. Taft Applauds Harry

When President Truman addressed congress recently, Senate Majority Leader Scott Lucas, sitting beside Senators Ken Wherry of Nebraska and Bob Taft of Ohio, had to do the applauding for the republicans. Finally he whispered to Wherry: "After all, this is the president of the United States. You ought to applaud whether you mean it or not."

Wherry moved his hands politely, but Taft kept his folded. Finally Lucas nudged Wherry again and asked him to suggest that Taft applaud, too. Taft ignored this, until Truman came to his appeal for a national science foundation, which Taft clapped wildly.

Then he turned to Lucas and remarked dryly: "I want you to know that I have complied with your request."

However, last week when Love said that Lewis had 400,000 miners in the palm of his hand, the mine boss said it was an "infamous lie" and added for emphasis, "Mr. Love, you are a liar by the clock."

Copyright 1950

London, Feb. 15 (AP)—The American dollar has become a red hot issue in the British election.

Winston Churchill's conservatives are trying to make the labor party admit publicly that it would have been in trouble except for Marshall Plan aid. The liberal party hammers away at the same theme.

But the labor party hasn't much to say about that issue. Its platform does not mention American aid at all. Its campaign orators don't talk about it much, either.

Conservatives and liberals tell the voters the labor government's socialist program would have been swamped by unemployment, sub-marginal diet and economic stagnation but for aid from overseas.

What they demand is that labor's leaders frankly acknowledge the effect of American aid and, more important, explain how they will prevent economic disaster when the Marshall Plan ends in 1952. So far labor hasn't answered that one.

British campaign platforms are called manifestoes. The liberal party manifesto for the national election on February 23 says:

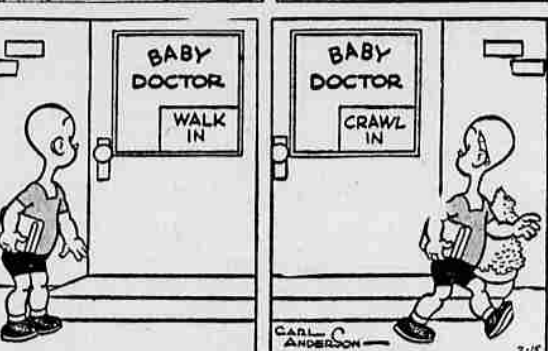
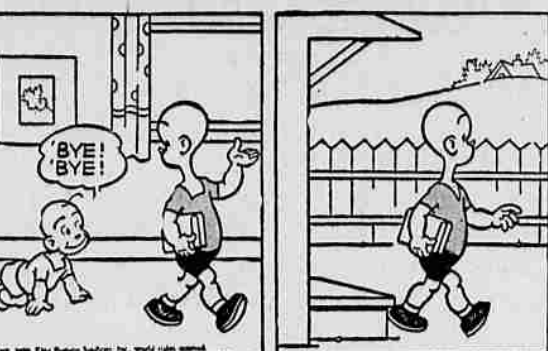
"The generous help we have received from our commonwealth partners and the United States has helped us immeasurably, but it will not long continue."

"We are living beyond our means. Unless we practice thrift and get full production, lower rations and mass unemployment are inescapable when American aid ends."

Churchill is slugging harder than that. He told American authorities during the war that when peace came Great Britain would be bankrupt. He holds now that only American aid prevented bankruptcy and enabled labor to carry on its socialist program.

The conservative party campaign guide quotes half a dozen big shot laborites on how the Marshall Plan saved Great Britain from disastrous unemployment and industrial decline. But the quotations all are a year or

Henry



POOR MAN'S PHILOSOPHER

Traveling Salesman Glad Rainy Days Not in His Line of Goods

By HAL BOYLE

Baltimore (AP)—The traveling salesman stood at his hotel window and looked out at Baltimore in the rain.

"Why is it all cities look alike in the rain?" he thought. "Look out at any city when it rains, and where are you—Baltimore? St. Louis? Milwaukee? Boston? Portland? Denver? Munich or London? They are all the same."

He glanced down at the wet street, where the water had collected in pools, making a sodden rosary.

"And the people," he thought, "they all look the same. Rain does it to them, too."

The salesman went back and scribbled a note to his boss.

"Old Cradge is still with us, Bob," he wrote. "He gave me a lot of trouble, but he finally ended up by giving us his usual order so well. I think I'll make the other two stops you mentioned before I pull back in."

That would make his home office happy, he knew. But about that other thing—the letter from his wife. The salesman moodily pulled it from his pocket and read it again:

"John, I can't take much more of this—your going away all the time. It was hard enough to stand while the children were young. But since they are going, I just get so lonely I can't go on this way. . . ."

The salesman lit a cigar and went restlessly to the window and looked out at the rain for a while. Then he came back and read some more from the letter:

"You keep saying I'm your whole life now, but I think your job is your whole life, and always has been. You know our anniversary was coming up, and how I feel about anniversaries. But when Bob said he didn't want to send a younger man on

Across the way, in the cornice of a weathered building, he saw two pigeons huddled, feather to feather, out of the rain's reach.

"I wonder," he thought, "if homing pigeons still have to go on delivering messages after they've finished raising their young?"

The salesman turned away. "I'll bet if they do, their wives don't understand why," he said out loud.

And he began to pack his grip. Pittsburgh tomorrow. Rain or shine.

Life in Socialist Britain

London, Feb. 15 (AP)—Life among the upper classes in socialist Britain:

"Wanted," said an advertisement in the personal column of today's Times, "a West end (Mayfair) resident who will house eminently presentable grass-widower in spacious luxury for six months. No other; social asset; very little cash. Write Box A-1188."



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