

# Capital Journal

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### STABILIZING THE NATIONAL DEBT

Secretary of the Treasury George M. Humphrey has just announced the details of an offering of 3 1/4 per cent fully marketable treasury bonds, to be dated May 1, 1953. They will mature June 15, 1953, but may be redeemed, at the option of the United States, on and after June 15, 1978. Interest will be payable on a semiannual basis on December 15, 1953, and thereafter on June 15 and December 15.

The announcement continues: "The amount of this issue allotted on cash subscriptions will be limited to \$1,000,000,000, or thereabouts, and may be paid for by credit in treasury tax and loan accounts. Payment at par and accrued interest from May 1, 1953, may be deferred over a period of three months, but must be completed not later than July 31, 1953. Exchange subscriptions will be received from holders of Series F and G savings bonds maturing in the months of May through December, 1953, of which there are about \$1,100,000,000 outstanding. The treasury also reserves the right to allot limited amounts of these bonds to government investment accounts."

This is the first effort of the Eisenhower administration to raise "new money" and is significant in that it is first step to carry out its pledge to put the nation's debt structure on a sounder foundation and a repudiation of the philosophy of debt management under the New Deal and Fair Deal. Their policy was for short term loans and low interest to enable the treasury to borrow at the lowest possible cost.

The consequence has been to leave the federal debt structure top heavy and vulnerable and resulted in perpetual short term borrowings and stimulated inflation in the post-war years. It permitted the treasury to nullify the purpose for which the Federal Reserve System was organized as the nation's agency of credit controls.

It is fundamental in sound public finance that in time of easy money a maximum portion of the debt should be funded on a long time basis and the short term floating debt reduced to a minimum.

This easy money policy has thus affected the national debt. Some 52.7 per cent of outstanding obligations were payable on demand or within one year; 80 per cent were due in five years; and 87.2 per cent matured in 10 years. In 1937, 41 per cent of the debt was longer than 10 years, 55 per cent over five years.

The new securities will be the first issued since 1941 of any maturity issued without aid of a "pegged" market provided by the the Reserve System, and place the debt in the hands of permanent investors.

### MALAN'S VICTORY IN SOUTH AFRICA

Bad news from South Africa. Early returns from what was recognized there as the most important election in the history of that British dominion, indicate that Daniel Malan's government will not only remain in power but with an increased parliamentary majority. On the early returns the government had won five seats from the opposition and lost none of its own.

Malan's party is composed principally of South Africans of Dutch and German extraction, the people who lost the Boer war to the British more than half a century ago, but who appear to be winning it back now.

They outnumber the British South Africans about three to two and tend to vote together. They are held together now by Malan's extremely narrow, reactionary racial program which aims to keep more than 10,000,000 Negroes and Asiatics under the heel of the white man by repressive measures.

The British population also favors "white supremacy" for they share the fears of their Boer neighbors of a colored uprising that would threaten the lives of all white people in the country, but they want to be more decent about it—if one can be decent in such a program.

No inhibitions bother Malan, who goes all-out. An indication that the vote tide was running his way was to be seen during the campaign when the opposition modified its own program in the direction of Malan's.

Now Malan is safely in again—assuming that the complete count bears out the early trend—and will probably go farther than ever. The effect will be to transfer from the ballot box to violence the delicate racial problem of South Africa. And in view of the preponderance of colored peoples down there the ultimate result of repressive measures seems too horrible to contemplate.

But whatever fate may hold in store, South Africa's white people have "asked for it."

### WELFARE ROLLS PUBLICITY MIXUP

The legislature does well to revamp the bill for public inspection of welfare rolls following the attorney general's ruling of unconstitutionality because the measure permitted radio publicity but forbade newspaper publicity, an obvious discrimination.

What form the changes now being made will take we are not advised, but it would appear that either of two would be all right. We think a ban on all forms of publicity would stick, eliminating discrimination between media. All public records do not have to be published. Income tax records are not, with certain exceptions. We doubt that the supreme court would hold the freedom of the press had been infringed upon if inspection were allowed but publication forbidden.

And if publication were permitted we think extremely few if any newspapers or radio stations would avail themselves of the dubious privilege. No one wants to humiliate the recipients, but many do believe the right of inspection would tend to relieve the rolls of some individuals who do not need the assistance.

### Disposing of Butter Surplus

Washington (AP)—Secretary of Agriculture Benson is trying to clear out government stocks of butter in an apparent effort to get the butter industry back into storing supplies for future consumer markets.

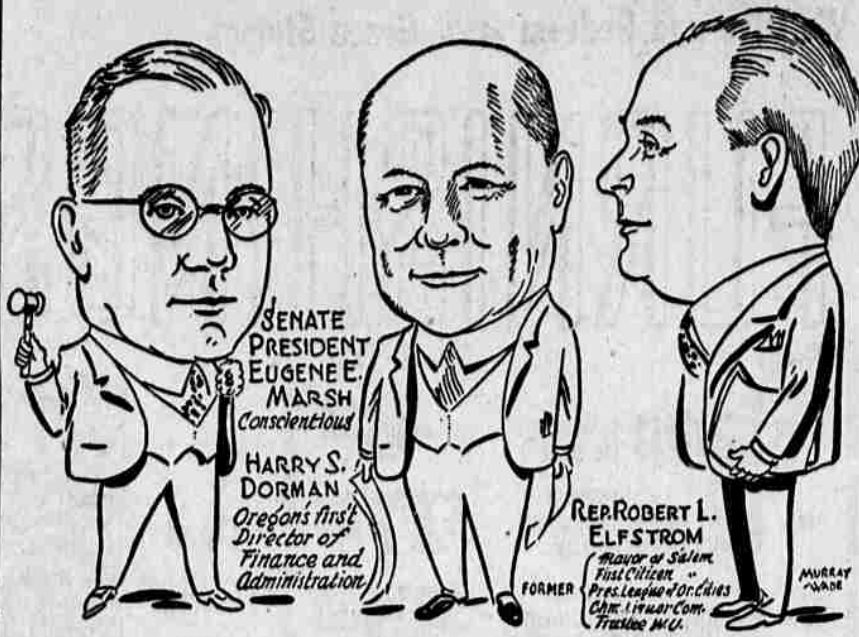
Normally, the industry and speculators buy any surplus production in the spring and summer and store it for sale in

the fall and winter, when production is low. Usually, they make money doing this because in most years butter prices are higher in the fall-winter season than in spring and summer.

But as long as the government holds large stocks acquired under farm price supports, there is little or no incentive for the trade to perform this function of storing for the future.

The department disclosed Tuesday that it had offered 50 million pounds of its butter to the Army at prices competitive with margarine.

### LEGISLATORS as Seen by Murray Wade



SENATE PRESIDENT EUGENE E. MARSH  
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*Mayor of Salem, Fiscal Officer, Pres. League of Oregon Cities, Chm. of House Com. on Finance, U.S.*

### WASHINGTON MERRY-GO-ROUND

#### Art of Fooling the Public Becomes a Major Industry

BY DREW PEARSON

Washington — Most people don't know it, but the art of fooling the public has now become a major industry. Millions of dollars are paid to public-relations firms to fool the public into thinking that the public has made up its mind on certain questions, when, as a matter of fact, the public-relations firm has made up the public's mind for it.

Here are two illustrations of this fooling-the-public racket just come to light.

One is the manner in which certain women's club leaders were paid off and civic associations were formed by Carl Byoir and associates on behalf of the railroads to combat the trucking industry.

The other is a secret memo by the same Carl Byoir to Craig Sheaffer, new assistant secretary of commerce, aimed at fooling the public into accepting a national sales tax.

Sheaffer, head of the fountain-pen company by that name, is the same man who kicked up a national furor by firing the director of the bureau of standards because he was allegedly unfair to auto-battery pepper-ups. Sheaffer's background seems to fit into the Carl Byoir technique of fooling the public. He was a heavy contributor to rabble-rousers Merwin K. Hart and Upton Close; once became indignant at the way one of his pens was tested by the bureau of standards.

Byoir, incidentally, is the same man exposed by a congressional committee as having received \$6,000 a month as a public-relations representative before Pearl Harbor. This deal was arranged by George Sylvester Viereck who later went to jail for failure to register as a Hitler agent.

HIGH-SOUNDING TAX STUDY  
The manner in which the unsuspecting public is fed publicity under the high-sounding name of some civic organization is illustrated by Byoir's organization of "The New Jersey Citizens Tax Study Foundation."

The average taxpayer would consider this a most worthy cause, dedicated to helping him lower his taxes. However, a study of the back-stage facts shows that the tax-study foundation was actually organized at the time Carl Byoir was launching his New Jersey battle of the railroads against the truckers.

Furthermore, one of the incorporators of this supposedly impartial citizens tax-study foundation was C. Colburn Hardy, the man in charge of Byoir's public-relations campaign for the railroads in New Jersey.

Also, court records reveal a long list of checks paid by the Byoir firm to Fred W. Goodwin, executive director of the supposedly neutral tax foundation. These payments during the latter part of 1951 and 1952 totaled \$3,700.58. In addition, two checks totaling \$300 were paid to the tax foundation by the Byoir firm direct.

Finally a memo written by Byoir's chief public-relations operator in New Jersey to other members of Byoir's staff during the trucks vs. railroads battle, reads:

"We are also assisting in the formation of a new group; New Jersey Tax Study Foundation... all literature, etc., from this group must be on plain paper and mailed from New Jersey."

Some of the eastern railroad executives who got eulogized into this public-relations campaign are not fully explained to them.

PHONY SALES-TAX PROPAGANDA  
Carl Byoir's latest plan for fooling the public, this time regarding taxes, proposes to make dupes of radio and TV panels, university discussion

forums, etc., in order to put across a national sales tax. This secret Byoir memo, dug up by the Madison (Wis.) Capital Times and written for the benefit of the new assistant secretary of commerce, Mr. Sheaffer, adopted the same technique of using civic organizations as fronts to fool the public.

"Initial impetus for the national sales tax," says the Byoir memo, "would have to come from a trade association, civic group, or by some 'name' spokesman demanding such a tax."

"It will be necessary first to create an event which will develop news items on the subject."

"Another method," continues the Byoir recommendation to the now assistant secretary of commerce, "would be a special one or two-day institute on the sales tax question held under the auspices of a business administration of a leading college. New York University through its Society of Business Advisory Professors, Columbia University through its Arden-Harriman Symposiums; Cornell, Northwestern, and many other colleges organize such sessions. They provide a good public relations vehicle for launching a point of view."

Switching to the use of unsuspecting TV and radio programs, Byoir recommended: "A good springboard is to originate a town meeting of the air (radio) for some place where an audience is available, such as a local chamber of commerce meeting. The fee for such organizations amounts to about \$1,500 and the topic selected is generally the one the home group selects. (Done very efficiently in Philadelphia for the MITAC account.)"

"Another forum interested in such a proposal is Keep Posted (TV)—Martha Rountree. An out-of-town origination would cost about \$3,000.

"Those to which the subject would be presented on its merits include Author Meets the Critic—by suggesting an economic book as a peg, On Trial, Chronoscope, Reporters Roundup, Meet the Press, Georgetown University Forum, Chicago Round Table, Northwestern Review Forum, and the CBS Cross Section, USA and You, and The World Series, plus many others.

"An essential element in all of this is some effective speaking personalities. The lecture platforms and radio-TV forums are leery of the small-fry economists and official (again) small-fry spokesmen for business, and turn a deaf ear to their use. Since tax subjects are considered proverbially dull, they require more than the usual showmanship to make such programs interesting. It will be necessary to have Mr. Sheaffer or someone of equal stature available as a 'star' speaker, and others as alternates....

"... A number of important associations are scheduled for meetings and offer opportunities for suggesting the sales tax topic or speakers on the subject. These include American management association, chamber of commerce, April 27-29; General Federation of Women's Clubs, May 25. Also scheduled are meetings of the Economic Club of New York and the Economic Club of Detroit, both important outlets."

The above strategy for concealed propaganda gives some indication of what the unsuspecting, sometimes gullible Mr. John Q. Public is up against when he tries to make up his mind on public issues.

ELINOR M. TODD, 9600 S. E. 82nd St., Portland, Oregon

WANT UTILITY DISTRICT  
Oregon City (AP)—A committee to work for formation of a Clackamas county people's utility district has been organized. Temporary Chairman Hugh Thornton, Clackamas, said petitions would be circulated, calling for a vote on the proposal.

MAY PREVENT MALARIA  
Atlantic City, N.J. (AP)—The new drug primaquine—already pronounced a cure for the most tenacious and prevalent form of malaria—may yet prove to be an actual preventive, a University of Chicago scientist says.

### POOR MAN'S PHILOSOPHER

#### Why Do Wives Take So Much Luggage?

By HAL BOYLE

New York (AP)—Now is the time for all wise husbands planning a vacation trip to do a little hard thinking.

Millions of American couples soon will be hitting the open road for a carefree jaunt together in the old family bus.

Did I say carefree? For the first 50 miles 9 out of 10 of these couples will be barking at each other like strange dogs.

"What did I marry—a woman or a department store?" growls the husband.

"Oh, shut up," snaps the wife. "I only packed the things I really need."

But the luggage compartment is so stuffed with bags the door pops open whenever the car hits a bump. And the back seat looks like a rummage sale. Every time the husband puts on the brakes a cascade of clothing, boxes and sacks bangs against his head and floods into his lap.

"Is this trip really necessary?" he whimpers.

"Oh, dry up," snarls his dear one. "If you had your way, we'd be travelling in overalls."

And so it goes. These arguments always arise. For a man has a firm faith you can go anywhere with a clean shirt, a razor and a toothbrush. But a woman packs for even the smallest journey as if she were bound for the moon.

There is nothing like a vacation trip to bring out the pack rat latent in every wife. "I haven't a decent thing to wear," she moans, and then starts unloading the closets. Her motto is "Just one suitcase more." And when the overloaded car groans on its bent axles she still somehow wants to find room for the canary, her marriage certificate and the family album.

What can a man do about it? Plenty, if he'll just show a little forethought. Such as:

1. Use common sense. Tell her marriage is a 50-50 proposition, and that you ought to be allowed to take a suit for

every dress she wants to bring along. However, as the average man only has about three suits, this argument usually falls flat on its face. She goes right on stuffing her wardrobe into suitcases.

2. Wait until she has packed everything portable except the television set. Obviously, all that junk won't fit in your present car. So call up an automobile agency and trade in your old car for a larger model. Gestures like this are expensive, but they always impress wives.

3. Take your wife to the nearest post office, paste a sheet of

three-cent stamps on her forehead, and mail her to your destination. Then go home and pack leisurely by yourself in peace.

4. Try an entirely new kind of vacation. Surprise your wife by telling her you're going to take her to a nudist colony.

Then you can simply hand her an envelope instead of a suitcase, and say:

"Start packing, honey. And don't start yelping about not having anything decent to wear. All you'll need is sunburn lotion, and we'll buy it when we get there."

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