

# Capital Journal

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## FOREIGN OR U.S. GENERATORS

General Electric has written the Army Engineers at Walla Walla protesting the award of a contract for the largest rotating electrical generators ever to be built, to an English company on a lower bid than was made by G. E. They will be used in the power plant of the new McNary dam on the Columbia.

Protests against contract awards to foreign companies are not new, but General Electric's protest is based on an especially interesting angle. It is that although the English bid was considerably lower the taxes government agencies in the United States would receive if G. E. built the generators would more than offset the immediate saving.

G. E.'s bid was \$4,292,701. The English bid was \$3,651,476. In addition the English company will pay the government an import duty of \$422,000, bringing the immediate saving on this bid to \$1,062,225, which was the reason the Army Engineers gave the English company the job.

General Electric argues that if the generators were made in the U. S. taxes amounting to approximately \$1,159,000 would be paid to federal, state and local governmental units, leaving a substantial net saving.

Probably G. E.'s letter will have no effect on the generator contract, already awarded. For we doubt that our laws authorize an agency buying materials to consider taxes in bids. Congress might well consider making such consideration mandatory on future jobs, for it is a cost factor.

But we are chiefly interested in the claim, probably only too well based, that taxes amount to about a fourth of what General Electric, or presumably any other manufacturer charges for its products. Here is a major factor in living costs which the average citizen is prone to forget, though well aware of what he pays to the government directly.

And we also wonder: If an English company can pay our tariff and still underbid an American company by 15 percent on equipment in which the U. S. is supposed to lead the world, what chance have we for export business in the future? Particularly if our companies keep on increasing wages to workers and do not get at least an offsetting cut in taxes.

Exports are only a small percent of American industrial output, but they have been slipping steadily in the past year or two. This is one of the principal reasons for factory layoffs. We have enough foreign business that its loss could push us into a sharp recession. And production costs that do not permit us to meet foreign competition clearly mean the loss of this business, to say nothing of such losses as the McNary generator job right here at home.

## STRAW VOTE ON THE GRID

We note that our journalistic comrade, the Statesman is to conduct a straw vote on Salem's one way grid. We considered doing this ourselves, but decided against it because our past experience in other cities suggested that in an issue of this kind several dissatisfied persons would take the trouble to fill out a coupon for every satisfied person who would vote for the grid. The result would be, as we think the Statesman will find, a distorted expression of the popular attitude.

We hope there will be a full discussion of the pros and cons of the grid during the coming weeks and months. We are sure there will be, for everyone who lives in or visits Salem is interested. We've heard lots said on both sides, and we feel mixed reactions ourselves, generally well pleased but sometimes irritated when we have to travel six blocks with a car in order to get to a place two blocks away.

If Salem's grid is to be ultimately decided by the public, which is right and proper, once it has been tried long enough for people to make up their minds, the place to settle it is by an advisory ballot at the coming May or November election. A large percentage of all the people vote then, and the result means something.

## STATE WORKMEN'S COMPENSATION LAW

December issue of the Oregon Historical quarterly contains an interesting article on the state's "Workmen's Compensation Law: Notes on the Beginning" by William A. Marshall, long a resident of Portland but now of Seattle, Wn.

Mr. Marshall was a member of the committee that drafted the act, was on the first administrative commission, served under five governors. He was later deputy commissioner of the Federal Longshoremen's and Harbor Workers' Act in charge of the five Pacific Northwest states and Alaska.

The Workmen's Compensation Act was one of the measures enacted during the administration of Governor Oswald West that modernized Oregon, and made the state a leader in welfare legislation. In his first message to the legislature in January, 1911, he stressed the necessity of providing aid to industry workers suffering accidental injury on their jobs.

The legislature passed the act and at a special referendum election confirmed the action of the legislature forty years ago on November 4, 1913. Mr. Marshall has presented a brief record of its history, modifications and expansions in the years since. Preparatory was an initiative bill sponsored by the American Federation of Labor, modifying and repealing old common law rules passed November 10, 1911, the employers' liability act, also suggested by West.

The Workmen's Compensation Act was bitterly fought by some employers at first and by ambulance chasing damage case lawyers, but its beneficial results were thus summarized in a supreme court opinion written by the late Thomas A. McBride some years after its enactment in a case invoking the act:

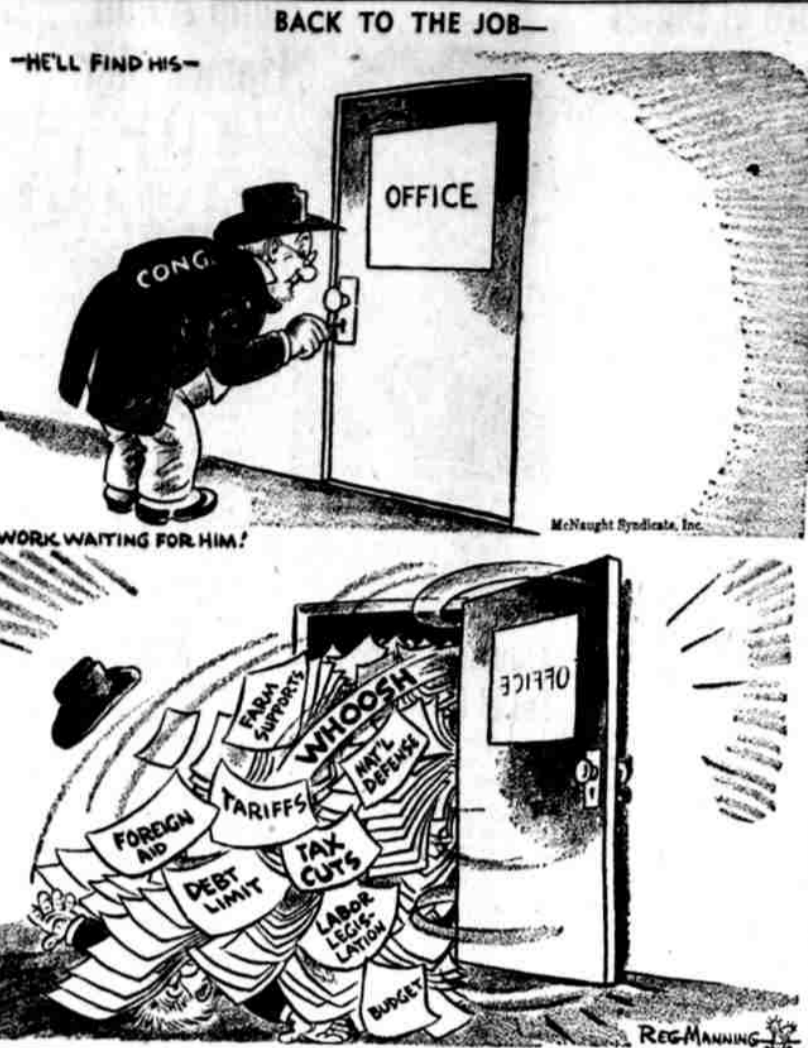
"In fact it may be doubted whether any subject of labor legislation has ever made such progress or gained so general reception of its principles throughout the world in so brief a period. It has been a boon to both the employer, the unemployed men and community, which the latter could only offer to the injured laborer the charity of the almshouse, instead of that just compensation which he may now receive without the humiliation of pauperism or the loss of self respect."

### PICKET LABOR TEMPLE JOB

DENVER (UP)—Pickets for the AFL Teamsters Local 13 marched back and forth at the construction site of the AFL Labor Temple. The teamsters claim a non-union driver is being used on the job.

### MUSICAL ROBBERS

Wilmington, N. C. (UP)—The proprietor of a roadside cafe told police that two young men sipped soft drinks and played "From Rags to Riches" on the cafe's juke box last night before robbing him of \$100.



## WASHINGTON MERRY-GO-ROUND Liberal Advisers Now Have The Ear of Pres. Eisenhower

By DREW PEARSON

Washington—If you talk to Wall Street or to certain conservative GOP leaders today you would almost think that Franklin D. Roosevelt was in the White House. This results from the liberal advisers now influencing Ike and is the biggest change to come over the administration as it prepares to do battle with Congress.

One year ago the President leaned almost exclusively on millionaire businessmen for advice. Gen. Lucius Clay of Continental Can, Sidney Weinberg of the Goldman-Sachs investment firm, Alton Jones of Cities Service, were not only golfing partners but business advisers. Today he still sees big-business advisers, but relies more on his White House staff.

Even millionaire Secretary of the Treasury Humphrey, rated the closest cabinet member to Ike, does not have quite as much power as before. Instead, here are the men who are chiefly charting the Eisenhower program through Congress in this most crucial year of his administration: THE PALACE GUARD

Kevin McCann, president of Defiance College, Ohio, a liberal on domestic issues, one of Ike's chief speech writers and advisers.

Dr. Arthur Burns, former Columbia professor, now chairman of the Council of Economic Advisers, New Dealish in his economic slant.

Charles Moore, former liberal public-relations counsel to the Ford Motor Co., who helped stabilize Ike's drooping popularity.

C. D. Jackson, former publisher of Fortune Magazine, chiefly responsible for Ike's atom-pool speech, also credited with stopping the popularity sag.

Robert Cutler, Boston banker with liberal Republican ideas, close friend of Justice Felix Frankfurter who masterminded his appointment. Cutler is secretary of the National Security Council, to which Ike has entrusted deciding defense problems.

Max Rabb, assistant to Sherman Adams and adviser on immigration-minority problems; sometimes called the David Niles of the Eisenhower administration.

These are the men with whom Ike consults most of late, the men who have molded a program which they believe will win back both liberal Republican and Democratic support.

They realize, of course, that the time is late. But what they may not realize is the bitterness of right-wing GOP opposition and the fact that some of the latter are planning a conservative isolationist third party if Ike swings too far to the left.

OLD-AGE PENSIONS  
Significant illustration of what Eisenhower is up against from GOP reactionaries and big business is the current backstage battle over old-age pensions. This affects several million oldsters, though few people understand what's been happening. Here are the two opposing factions battling inside the Republican party.

Faction No. 1—The White House wants a liberalized Social Security bill with a \$10 increase of old-age pensions, but paid for by spreading the salary base on which the wage-earner is taxed.

Faction No. 2—Is headed by Congressman Curtis of Nebraska with the quiet support of Congressman Dan Reed of New York. They want liberalized pensions, but have adopted the U. S. Chamber of Commerce plan of paying for them by dipping into the trust fund already accumulated. This would make farmers and others, who originally said they didn't want pensions, now benefit from the funds deducted from the salaries of wage-earners.

Important for the U. S. Chamber of Commerce, this plan would reduce the general tax burden paid by business. However, not even all Republican members of Curtis' Social Security committee studying Social Security will accept the U. S. Chamber of Commerce formula. Here is the inside story of what happened.

When Nebraska's Curtis was made chairman of the subcommittee to study Social Security, he carefully avoided putting Bob Kean of New Jersey, a Republican who is an expert on the subject, on his committee. Instead he picked Republicans whom he described as "unprejudiced," but who actually knew little about pensions. They included GOP Congressmen Baker of Tennessee, Goodwin of Massachusetts and Tom Curtis of St. Louis, Mo.

BIG-BUSINESS STAFF  
But he also picked a staff thoroughly prejudiced—in favor of the U. S. Chamber. They included Rita Ricardo Campbell, wife of the U. S. Chamber's No. 2 economist; Howard Friend of the Indiana Chamber of Commerce, which has now been made the Indiana unemployment compensations program one of the weakest in the nation; and Karl Schlatterback of the Brookings Institute, long an opponent of Social Security.

Also on the Curtis staff are Howard Metz of the Brookings Institute, a rabid critic of Social Security, and a drafter of the Taft-Hartley act, and W. R. Williamson, formerly with

## Lively Race Ahead

Astorian-Budget  
Gov. Paul Patterson's announcement he will run for the Republican nomination to succeed himself is no surprise to most Oregonians, who expected him to do so. His announcement ensures a lively primary campaign between Gov. Patterson and Secretary of State Earl Newberry, who was several weeks ahead of Gov. Patterson in announcing candidacy intentions.

Both the governor and secretary of state are politically strong, and their contest is going to be one of the most interesting primary races in Oregon in a good many years.

George, former chairman of the finance group and now its senior Democratic member, wields considerable influence among his colleagues. Both he and Flanders voted in the committee against the increase last August.

Chairman Millikin (R-Colo.) of the Finance Committee, who supported the bill, declined to say whether he had been asked to try to revive it early in the session. But high Treasury officials have left no doubt they still feel the increase is essential! The national debt now is within less than 500 million dollars of the ceiling.

Millikin also said in an interview he feels Congress should proceed very carefully before voting to lower the social security tax back to the level prevailing up to Jan. 1, as the administration has asked.

The tax before Jan. 1 was 1 1/2 per cent of a worker's salary up to 3,600 a year, paid both by the employee and employer. It went up to 2 per cent.

Millikin said he personally favored the 1 1/2 per cent rate. But he said he wanted to see "all the figures" on administration plans to broaden social security coverage before he decides whether the 2 per cent tax is needed.

George, on the other hand, said he favors freezing the tax at 1 1/2 per cent for two more years. He said the present 19-billion-dollar trust fund is ample to assure social security payments for at least the next 10 years.

Flanders and Sen. Carlson (R-Kan.), who also serves on the Finance Committee, said they favor the 1 1/2 per cent rate, and Carlson said he was confident there were sufficient votes in the Senate to put the tax back down to the 1953 level.

However, such a move would have to originate in the House. There some key Republicans including Chairman Daniel A. Reed (R-N.Y.) of the Ways and Means Committee (favor the 2 per cent rate. Rep. James C. Davis (D-Ga.) announced he would offer a bill to restore the 1 1/2 per cent rate, with refunds retroactive to Jan. 1.

This would save the federal government money and reduce taxes to business, but White House advisers consider it inadvisable. The battle illustrates the cross fires like faces inside his own party.

Travellers' Insurance, but who has become so vigorous in his views that he has parted company from insurance groups.

This staff has now brought out a report. However, the congressmen for whom they made the report, namely the subcommittee, did not issue the report. And the reason they did not issue it is that Chairman Curtis knew he couldn't persuade them to sign.

Curtis himself issued a report, but not his committee. However, Resolution 243 instructing the ways to means committee to study Social Security did not say it wanted a report from a staff. It specified that it wanted a report from congressmen themselves. Yet they haven't issued one.

Reason they haven't is that the staff report proposes transferring those on state relief rolls to the federal security \$18,000,000,000 trust fund. Also it would let new pensioners, not having paid into this fund, benefit from what others paid in previously.

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## POOR MAN'S PHILOSOPHER

### Card System in Offices Held as Means of Cutting Down Gossip

By HAL BOYLE

NEW YORK (UP)—The average wife complains her husband doesn't talk enough at home. The average employer complains that same husband spends too much time exercising his vocal cords at the office.

Both the wife and the boss are absolutely right. Naturally. But what can be done about it? How can the boss get this husband to gab less while he's on the job, and the wife make him give with a little more conversation after he comes home and takes off his shoes?

The problem as I see it is quite simple. The hired hands come to work full of overnight woes they are eager to pour into any ear. All day long they lope from desk to desk telling their troubles.

But when they return at eventide to their little castles and the good wife begs, "Tell me what's new at the office?"—Well, what can they reply? They don't know anything new, because they have been so busy bragging about their own problems they haven't had a chance to listen to the other fellow. Besides, they don't want to talk. Their jawbones are worn out already.

Now, here is a simple, easy way to solve this problem in a way to please everybody concerned—hired hand, boss and wife. You do it with cards.

When the employees arrive for work, they are handed cards and are allotted 15 minutes in which to write down all the interesting things that have happened to them since the day before. Cards are filled out in quadruplicate. One goes to the boss, the others are put on "Condition of Staff" bulletin boards, located by the office water cooler and in the men's and ladies' rest rooms.

Here is a typical card: Name of employee—"Joseph X. Blow, Jr." State of Health—"Dreamed I was shipwrecked last night and woke up feeling seasick. Took sodium bicarb. No help. Any suggestions? May have to go home before noon if don't get better."

State of Wife's Health—"She was born tired." And the Children—"My little fellow sure said a cute thing last night. I was sitting there reading the paper, and all of a sudden he pointed at a picture and said, 'Glub, glub, da-da,' and he isn't even three years old yet. How do you like that?"

Family Finances—"Paid last installment on my car this week. Buying new car next week if can make old one hold out until then."

Other Problems—"New neighbors moved in yesterday. Look pretty crummy to me, but too early yet to tell whether they'll be real problem."

Remarks—"Saw dogfight between collie and airedale on way to work this morning, but don't know how it came out as I was driving through red light at time and couldn't stop. First airedale I've seen in years. Had one as boy, though. Good dog, too."

Suggestions to Improve Office Efficiency—"I still say it wouldn't break any hearts if they'd pass a little more money around in this place. Payday here is like standing in line at the poor-house."

The future of this "staff information" card system is that it would have the time wasted on gossip in the ordinary office—roughly two-thirds of the work day. Each time an employee went to the water cooler or the rest room he could read a few more cards.

He would be satisfied himself because he would know that by posting his card he could let everybody in the office know his woes, whereas, by the old vocal method he couldn't be sure of reaching more than half of them every day. And he would go home at night bursting with fresh gossip to tell his wife.

In fact, the only thing wrong with this system is that a wife might have a hard time shutting her husband up. But at least that would be a new problem for her—and love will always find a way to solve that one.

REPEAT SPEEDER  
WALLA WALLA, Wash. (UP)—Rancher John Alheit, 78, paid a fine for speeding and then chucked as he told police it was the second time he had been cited for a traffic violation. For the first time, he said, was 55 years ago when police hauled him in for racing his horse down Main Street.

To detect flaws in railroad tracks, a new device employing an ultrasonic beam is strapped to the backs of track-walkers on British railroads. The device indicates immediately any track imperfection.

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