

Tempo of China War Excites Washington, London Peace Feelers

By PHIL NEWSOM
U P Foreign News Editor
The dangerously increased tempo of the China war excited peace feelers in both Washington and London today.
Both nations feel that a little war suddenly could become a big war.
The British Foreign office disclosed it had discussed with both the United States and New Zealand the possibility of initiating cease fire moves through the United Nations. Only yesterday, President Eisenhower said in his Washington press conference that he would welcome the United Nations' use of its good offices in seeking a cease fire.
On Generalissimo Chiang Kai-

shek's Formosa, immediate reaction toward the peace talk was resentment. The Nationalist Chinese fear the United States will abandon them, and by accepting the "two China" idea force them to give up forever their hopes of reconquering the mainland.
Nor are the Reds likely to be immediately receptive.
But all the elements of an international explosion were present. Nationalist warplanes ranged 300 miles along the China coast today, lashing at Red shipping from the Port of Amoy to the tip of the Tachen Islands, sometimes referred to as stepping stones on the invasion route to Formosa itself.

The Nationalists were attempting to cut off the Red flow of supplies to the endangered Tachens where earlier this week a Red air fleet made up of MIG jet fighters and Russian-built bombers delivered the heaviest blow of the "little war" and opened the way to Red conquest of Yikiangshan Island.
Among the targets in today's retaliative Nationalist attacks was the Red port of Swatow, directly opposite from Formosa across the 200-mile-wide Formosa Straits.
The Nationalist bombers hit and sunk the 1,700-ton British

freighter Enendale in the harbor.
The British government in London ordered an immediate protest.
International spark No. 2 is the U. S. Seventh Fleet.
The United States has been precise in warning the Reds that

the powerful Seventh Fleet will protect Formosa and the nearby Pescadores.
But the question mark is how far that defensive perimeter extends. How far north into the Tachens does it reach?
What would the United States do if a Red torpedo boat suc-

ceeded in sinking a U. S. warship as Red torpedo boats recently did succeed in sinking a U. S. built destroyer escort in the hands of the Nationalists?
Some of the questions may have been answered by Secretary of State John Foster Dulles today in his secret briefing of Democratic and Republican leaders in Washington.
Also present at the conference was Adm. Arthur W. Radford, chairman of the Joint Chiefs of Staff, who recently visited the Far East and who has been an advocate of a Red China blockade if the Communists fail to free 11 imprisoned American airmen.

The secretary of state, who has said that fallen Yikiangshan was of no strategic importance and whose position has been slow to anger, faced actual or implied criticism from a number of influential leaders.
Among them is Senate Republican Leader William F. Knowland who saw the Tachen aggression as the first of a "collection of nibbles which would inevitably lead to a big bite."
At the moment it would seem that any outside attempt to arrange a cease fire between the Nationalists and Reds would have to be undertaken by Britain, or at least by some other nation besides the United States.

Ike Envisions High Employment Level During Next Year

Washington — (U.P.) — President Eisenhower said today that "the vigor of the recent recovery" points to a "high and satisfactory level of employment and production" in 1955.
In his annual economic report to Congress, he said that continued economic expansion, coupled with further cuts in federal spending, "should make possible... a general, though modest, reduction in taxes" next year. But he repeated that a tax reduction will not be justified this year.
"Glorious Future" Seen
As for long-range prospects, Mr. Eisenhower held out the possibility of "a glorious economic future" with national production rising from the present annual rate of 360 billion to 500 billion dollars or more within 10 years.
He also warned in his generally optimistic report that the government will not permit a bull stock market to run away and upset the nation's economy. "Continued economic recovery must not be jeopardized by overemphasis of speculative activity," he said.
Mr. Eisenhower promised that the government will keep a "close watch" on the stock market and other financial developments. The Senate Banking committee also will investigate the Wall Street boom next month.
Gradual Braking
But the President said that any government brakes on the rising stock market will be applied gradually.
The 203-page report contained 33 specific recommendations for action by Congress or the states to create a favorable climate for economic growth. Most were repeats from the President's State of the Union and budget messages. His principal new proposals were that Congress "substantially" increase the maximum fine for violating the Sherman Anti-Trust act, and that the states liberalize unemployment compensation payments.
He based his forecast for a prosperous 1955 on the expectation that spending by consumers and state and local governments will continue to rise, likelihood of "some rebuilding" of inventories, a good outlook for construction and export trade, prospects for an upward turn in plant and equipment and expenditures, and a slowdown in the decline in federal spending.
Mr. Eisenhower termed last year's economic decline "relatively mild and brief" and said 1954 "will go down in history as one of our most prosperous years." But he conceded that some localities and industries, particularly manufacturers of durable goods, "suffered seriously."
Cites Business Upturn
The decline was halted last fall and business generally turned up, he said.
"When the year ended... a general economic recovery was in process," he said.
"The vigor of the recent recovery, which has already made up half of the preceding decline in industrial production, suggests that economic expansion will probably continue during

coming months."
Because the business future is so bright for this year, Mr. Eisenhower said, his recommendations now are directed primarily at long-range economic growth rather than any immediate stimulating effect. Nevertheless some upward thrust on the nation's economy would be felt this year if his recommendations are carried out, he said.
His recommendations included a 10-year 101 billion dollar highway program, raising the minimum wage from 75 to 90 cents an hour, further liberalization of the home mortgage program and a step-up in school construction.
Mr. Eisenhower emphasized his belief that America's prosperity is based on its free enterprise system.
Wants Jobless Pay Hike
Mr. Eisenhower proposed that unemployment insurance payments be increased to at least half of a jobless person's regular earnings and that the minimum period for such payments be 26 weeks. He said payments now average about 34 per cent of regular earnings.
He also urged extension of unemployment insurance coverage to employees of state and local governments and to those working for firms employing less than four persons.
He recommended that old-age and survivors insurance be extended to federal employees.

State Revenue Department Seen In Senate Measure

Three Bills Offered For Reorganization
Salem — (U.P.) — Three measures moving toward governmental reorganization and possibly eventual establishment of a state department of revenue were introduced in the Oregon Senate today with indications of opposition to all three.
One measure would replace the three-man tax commission with a single commissioner. Several legislators already have expressed opposition to this change, one that was recommended by Gov. Paul L. Patterson in his message to the 1955 Legislature.
Separate Motor Division
A second bill would take the motor vehicle division out of the secretary of state's office and make it a separate department under the appointive power of the governor. This was opposed by Secretary of State Earl T. Newberry—not on a personal basis, he observed, since the change would not take place before he leaves office.
The third measure would transfer administration of the state inheritance and gift tax laws from the state treasurer's office to the State Tax Commission. State Treasurer Sig Unander opposed this move as a matter of timing.
Transfer Favored Later
The governor in his inaugural talk said the transfer of the gift and inheritance tax division should not be made at this session, but should come only after the tax commission has been reorganized under the one-man commission.
The three bills offered today were recommended as the first step toward governmental reorganization that might lead in another legislative session or two to creation of a department of revenue.

China Raids Hit Red Ships



RED CHINA LAUNCHES "LITTLE WAR"—Newspaper locates Yikiangshan, northernmost outpost of the Tachen Island Group, Chinese Nationalist defense chain which protects Formosa. First full-scale invasion of China's "little war" was mounted from Red China-held Tachen, which pounded Yikiangshan with artillery fires as MIG-escorted bombers conducted aerial sortie and also hit the main island of Tachen.

Buffer Zone Set Up Along Border Between Costa Rica, Nicaragua

The Organization of American States today set up a buffer zone between Costa Rica and Nicaragua to prevent border incidents that might touch off a Central American war.
A charge that Costa Rica's new "air force" violated Nicaraguan territory yesterday already has brought Nicaraguan troops hurrying to the border.
Luis Quintanilla, Mexican head of the OAS commission investigating the revolt, said international ground and air patrols will be established along the frontier today to prevent any further incidents.
He said the patrols will cover an area 18 1/2 miles wide and 6 1/4 miles deep on the "narrow neck" between Lake Nicaragua and the Pacific ocean, where most of the fighting in the revolt has taken place.
At latest reports, the fighting front of the revolt was near Santa Rosa, 30 air miles south of the border and considerably below the proposed buffer area. The principal effect of the

OAS patrols would be to hamper communications between the rebels and the Nicaraguans accused by Costa Rica of fomenting the revolt.
It was not certain immediately whether the patrols would try to block the sea lanes bypassing the border.
The Nicaraguan charge of border violations arose from an air raid yesterday on La Cruz, in the border area where the rebels are reported massing reinforcements for a "last-ditch" stand.
Two of the four F51 fighters the United States sold to Costa Rica for \$1 each machinegunned the border village yesterday, and a converted DC3 airliner dropped 23 bombs on the nearby cow-pasture airfield used by the three-plane rebel "air force" before it vanished early this week.

Islands Aflame As Nationalists Battle Invaders

British Freighter Caught in Attack
Taipeli, Formosa — (U.P.) — Chinese Nationalist fighter-bombers carried out their second consecutive massive attack against Communist shipping today, and a British freighter was reported sunk in Swatow Harbor.
The Nationalist planes hit a 300-mile stretch of the South China coast from the Amoy-Swatow section north to the threatened Tachen Islands in an all-out effort to ease the Communist threat of new invasions. Freighter Caught in Attack
Official naval sources in Hong Kong said the 1700-ton British freighter Enendale was caught in an attack Wednesday night in the Communist port and sunk. The captain and crew were reported safe.
The Nationalists flew more than 200 sorties for the second consecutive day in an effort to halt the flow of Communist reinforcements to invaded Yikiangshan Island and to other "jumping off places" in the Tachen group 200 miles north of Formosa.
The Nationalist planes ranged from Amoy 300 miles north to Tachen while Defense Minister Yu Tachen discussed "matters of great importance" with U.S. Ambassador Earl L. Rankin. Yu called the attacks purely a defensive action, a spokesman said. Battleships Aflame
The island battleships were aflame at both ends with debarred Nationalists on Yikiangshan battling Red invaders in a desperate fight for survival while Nationalist artillery hurled more than 500 shells against Red-held Chushu Island near Quemoy, just off of Amoy.
The Nationalists, using American-made F-74 Thunderjets, claimed the sinking of a large transport northwest of Hailchen and the damaging of four large 2000-ton ships in Swatow Harbor. In addition they hit "numbers" motorized junks.
Flame-Throwers Active
A Defense Ministry communiqué confirmed that Nationalist resistance had not yet ended on the rocky island of Yikiangshan although the Communists were using flame-throwers to root out the last of the defenders.
Communist guns from nearby artillery barrage against the defenders four days after Peiping claimed the capture of the island outpost.

Judge Is Assigned To Circuit Court

Circuit Judge E. H. Howell, Canyon City, has been named by the Oregon supreme court to hear cases in Jackson county during the temporary absence of Judge H. K. Hanna, who has been ill, according to circuit court officials.
Judge Howell is expected to arrive here Sunday evening. He will be here for one week.
Judge Hanna has been receiving treatment at Sacred Heart hospital. He expects to return to his home within the next few days.
Judge Orval Millard, regularly assigned to this district, is expected to hear cases here Saturday morning.
Pending actions include the sentencing of Marion Franklin Piening, 50, of 425 South Grape st., who has pleaded guilty to manslaughter charges in connection with the death of Margaret Ann Cornell, and pleas from Fred Warden, 31, of route 1, box 350K, Medford, charged with manslaughter, and Jack Dwight McCoy, 26, of 129 Wightman st., Ashland, charged with attempted rape.

Russians Release William Verdine

Berlin — (U.P.) — The Russians today freed American Pvt. William A. Verdine after nearly six years of imprisonment.
The 28-year-old soldier from Starks, La., was turned over to American authorities in Berlin and he was rushed to the Army hospital for a thorough physical examination.
An Army announcement said Verdine "will remain under military restriction while the circumstances under which he became absent without leave are thoroughly investigated."
Verdine disappeared from his unit in West Germany Feb. 3, 1949, and he was listed as absent without leave.
An Army spokesman said he will be under guard at the hospital.
Dulles Briefs Congress On Far East Situation
Washington — (U.P.) — Secretary of State John Foster Dulles today let Congress in on what he thinks may happen next in the explosive Far East.
He scheduled a secret diplomatic military briefing for Democratic and Republican congressional leaders on the "general situation in the Far East," particularly the significance of the fighting off Formosa and the prospects for freeing American airmen held by the Chinese Reds.

Red China Sentences 21 'Armed Agents'

Tokyo — (U.P.) — Communist China has handed out death sentences or imprisonment to 21 "armed agents" allegedly arid dropped by the United States and Nationalist China into Kwangtung Province in 1952, Radio Peiping said today.
The official voice of Red China announced that the sentences were pronounced by the Kwangtung Provincial People's Court Jan. 11.
The broadcast said 11 of the "agents" including two Nationalist "group leaders" were sentenced to death and the remaining 10 to life imprisonment or terms of varied length.
Peiping, Red China's propaganda voice, said the "agents" were part of a contingent of 60 persons dropped in four groups "from American planes manned by American personnel."

UAL Convair Planes Grounded; Rescuers Scan Sea for Craft

By UNITED PRESS
Three airmen were killed, a naval amphibian was missing in the Pacific, and United Air Lines cancelled all its Convair flights following a "one chance in a thousand" crash landing today.
United Air lines' Convair flights in and out of Medford were cancelled today, and the company was planning to maintain most of its regular schedules with the use of DC-3 aircraft.
The airliner has been operating 14 Convairs, and only 18 DC-3s, so all schedules could not be met. It is hoped the Convair can be checked and placed back in service shortly.
The three airmen were trapped inside a B26 bomber which crashed and burst into flames in a wooded area near Utica, N.Y., early today. The bomber was flying from Turner Air Force Base at Atlanta, Ga., to the Griffis Air Force Base at Rome, N.Y.
In the Pacific, meanwhile, nine planes and three ships joined the search for a Navy PB5A which was missing and feared down with seven men aboard.
The closest call among the two emergency landings yesterday was near Dexter, Ia., where Pilot E. W. Anderson brought a United Air Lines Convair Mainliner down in what he described as a "high bouncing, one chance in a thousand" crash landing.
The plane, which had developed control trouble, belly-flopped on a frozen field, bounced over a highway and plummeted into a snow-covered corn field, but none of the 36 passengers or three crewmen was injured.
Early today in Chicago United cancelled the flights of its 54 other Convairs pending an investigation of the control trouble.

Moving Fairground Buildings Slated; Court To Ask Bids

A call for bids on purchase and removal of five buildings at the Jackson county fairgrounds, to make way for construction of the new armory building, will be issued Sunday by the Jackson county court.
Buildings included in the group are the Rogue Valley ballroom, a building used by Eckerson Roofing company and local radio amateurs, and two unoccupied buildings.
A sixth building, used by the Footlighters little theater group, is to be moved, and will continue to be used by that group. Bids Due Feb. 21
The sealed bids will be received at the county court's offices in the courthouse until 10 a.m., Feb. 21, when they will be opened publicly and read. All bids must be accompanied by 10 per cent of the amount of the bid.
A condition of the sale is that the buildings and any debris remaining as a result of the removal must be off the premises on or before April 30.
The buildings have been numbered one through five for purposes of identification.

County Delegation Is Told Highway Work Being Studied

Portland — (U.P.) — A delegation from the Jackson County Chamber of Commerce appeared before the State Highway commission yesterday to ask for highway improvements in southern Oregon.
Chet Hubbard, chairman of the chamber's highway committee, and Bob Root and E. B. DeVoe, all Medford, urged the commission to:
1. Improve the Flounce Rock section of the Crater lake highway.
2. Strengthen the Diamond lake road to permit timber hauling.
3. Consider the possibility of a new route from Medford to Klamath Falls via Eagle Point, McAllister Soda springs and Lake O' Woods.
Under Consideration
The commission said all these are under consideration, and reassured the delegation that there would be no objection to private construction of the Soda Springs-Fish lake section, has had been believed.
The commission, in other action, denied a request from the Medford city council to widen and resurface South Riverside ave. from Ninth st. to Central ave., estimated to cost some \$100,000; and filed a suggestion for improvement of the Lake O' Woods and Greensprings highways at a cost of about \$5,500,000 each.
The commission also received a low bid of \$16,100 from the J. C. Compton company, McMinnville, for furnishing 7,000 cubic yards of crushed stone for maintenance of the Little Butte highway east from Eagle Point.

Nautilus Under Orders To Submerge at Sea

Groton, Conn. — (U.P.) — The atomic powered submarine USS Nautilus went back to sea today under orders to submerge for the first time.
The Navy did not announce officially the departure of the \$55,000,000 submarine nor how long the Nautilus would remain at sea.
The miner also said he has found copper and silver, and has plans for developing those discoveries, although another process is necessary. The mine now producing is located about two miles off the road to McKee bridge, a little distance this side of the bridge. Silvers, who has a wife and family here, has lived in Medford for 24 years, and has prospected and mined for much of that time.
Mining Activity Quiet
Gold mining activity in southern Oregon has been fairly quiet in recent years, since the rich veins of the early discoveries have thinned out and the price of gold was pegged at \$35 per ounce, which makes most marginal mining uneconomical.
Silvers is the first report of a rich discovery made here in a number of years.

Neuberger Cites High Campaign Costs; Calls for Strict Ceiling on Spending

Chicago — (U.P.) — Sen. Richard L. Neuberger (D-Ore.) said today that even his own campaign expenditures were "shockingly high" and called for enactment of a "strict ceiling" on campaign funds.
Neuberger told a news conference that television has added tremendously to the cost of campaigning. He said the "big campaign" technique is a "threat to democratic society."
Neuberger, here to address a Bonds for Israel rally, said his own expenditures in the campaign last fall totaled \$103,000,

and that his opponent's were even higher.
He said he is working with a group of "interested political scientists" on a ceiling proposal. But he said he did not know whether the proposal would be submitted during the current session of Congress.
Based On Voters
Neuberger said the ceiling probably should be based on the number of registered voters per state.
"It should be low enough to force the candidate to go out and meet the people instead of relying on television," Neuberger

O&C Payment Suit Filed in Washington

Washington — (U.P.) — Distribution of a \$7,000,000 fund among 17 Oregon counties on the basis of 1954 legislation was sought today in a suit on file in Federal District Court.
The suit was filed by attorneys for 17 of 18 counties containing former Oregon and California railroad grant lands. Clackamas county did not join in the suit.
The funds, now held by the federal government, resulted from timber sales from the land. The formula for their eventual distribution among the counties was set by a 1937 act and was subsequently upheld by a circuit court decision.

Dow Jones Averages

New York — (U.P.) — Dow Jones final stock averages: 30 industrial 393.93, up 0.72; 20 rails 159.63, up 0.63; 15 utilities 62.62, up 0.52; 85 stocks 146.13 up 0.17.

Weather

FORECAST: Partly cloudy tonight and Friday. Low tonight 28. High Friday 42.
Temp. Highest Yesterday 49. Lowest this Morning 28. Prec. to 4:30 a.m. Today, Trace

Medford Man Finds Deposit Of Gold In Applegate Mine

George Silvers, 315 Mary st., has found a rich deposit of free gold on his placer claim in the Applegate valley, he reported this week.
Within the past 30 or 40 days he has taken out about 10 pounds of gold and shipped it to the U. S. mint in San Francisco, through a Grants Pass bank which is licensed to accept gold shipments as Medford banks are not. (At the current gold price of \$35 an ounce, 10 pounds would be worth some \$5,600.)
Used Hand Pick
Silvers has been working the 20-acre claim for about three years, until lately by hand-pick. He has now installed a mill and has three or four men to help him. The claim is one of several he has in the area west of Jacksonville.