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Booming Economy

Economists are not infallible. Who is? But they are trained to make educated guesses as to the future, and more and more in recent years they have been proving that their research and their slide-rule conclusions are getting more accurate all the time.

A majority of them are now convinced that, over the next couple of decades anyway, the nation will continue to boom, and at an accelerated rate of growth. They have differed only as to its extent and speed.

THIS is not to say that there will be no downs as well as ups—for there will be cyclic changes, and there will be temporary and local dislocations.

(There is evidence to show that Oregon—western Oregon in particular—is undergoing a sort of "mild depression" at the moment; with the lumber market at a postwar low.)

But the economists see signs that in the medium long run the American economy will grow at a fantastic and accelerating pace (always barring, as they say, a major war, which would throw everybody's calculations out of kilter).

With the economists in general agreement, business is making plans for what may turn out to be the greatest expansion in history.

THE telephone industry—both the giant, nationwide Bell system, and the independents which operate a much larger share of the total number of telephones than is generally realized—is one segment of the economy which puts virtually no limit on its expansion potential.

Why is it so confident of the future?

Well, for one thing, the economists say that any chance of a major, 1930-type depression is just about gone, and for a number of reasons, chief among them the direct and indirect controls over the economy now in the hands of the federal government, the depression-born attitude of government responsibility for economic welfare, and the improved know-how in handling economic policies.

The expanded rate of growth of the population is another built-in factor stimulating the economy as a whole. A host of new technical developments is even now increasing productivity to new levels. Average take-home pay is up, and with it a demand for new products, and more of them—in other words a higher standard of living.

ALL of this is cumulative. And the economists agree that before long the United States will be pouring out goods and services at a rate of \$500 billion, compared to today's rate of some \$400 billion.

Early in 1955, President Eisenhower forecast this magic point would be reached in 1965. Other estimates see even higher levels 10 years from now. A congressional committee predicted a rate of \$535 billion by that year. Others range upward to a figure of \$635 billion in 1965, which would result if the average growth of the last two years were projected forward.

WHAT does all this add up to in human terms—in terms that you and I and our wives can understand?

For one thing it means jobs will be going begging—particularly in the skilled and semi-skilled trades, and in the professions—until the labor force catches up with the demand.

For another, it means that the average income of Mr. and Mrs. America will increase.

It probably also means a more frenzied pace, a stiffer level of competition in business, and a higher premium on executive ability.

Conceivably, it could also lead to an easier, more relaxed life in the non-business world; a higher level of education, and a growth in intellectual, moral and spiritual skills and values.

If this is true, perhaps the benefits will outweigh the rather obvious drawbacks implicit in this picture. We hope so.—E.A.

Shastonians

It would be interesting to know, really and truly, whether or not the sponsors of the "State of Shasta" are dead-serious in their efforts to carve a 49th state out of northern California.

Our hunch is that they ARE dead-serious in their objectives—but that their objectives are less the creation of a new state of the union than a new state of mind throughout the rest of California.

THE movement is not new, as Frank Jenkins pointed out in his column yesterday, when he reported the "State of Shasta" idea is about 100 years old. And just 15 years ago there was agitation for the formation of a "State of Jefferson," including several southern Oregon counties as well.

All of these have been reflections of economic needs, not political ones. The current movement may be the result of action by the California legislature designed to bring northern California water to southern California, although the sage Charles Sprague of the Statesman thinks it may be a movement to dramatize the need for roads in the big, lightly-populated eight-county area.

WE do not predict any success in the formation of a State of Shasta. (Look at the trouble Alaska and Hawaii have had—with far better cases for statehood than the Shastonians.)

But it is a pleasant divertimento to watch the gyrations of the pro-new-state publicists and their cohorts. And it is a mighty relief from much of the doom and gloom news of the world in recent months.—E.A.

Nehru May Seek Improvement in U.S.-Red China Relationships

By CHARLES M. McCANN United Press Correspondent



Charles M. McCann

His program is still incomplete. But it is expected that he will go to Gettysburg for at least two days of informal, intimate conferences with President Eisenhower. There may be talks in Washington too.

Nehru has just played host to his good friend Premier Chou En-lai of Red China.

It is known that the future of United States-Red Chinese relations played a big part in the numerous conversations Nehru and Chou held.

Dispatches from India leave no doubt that, on the basis of these talks, Nehru will try to sell President Eisenhower the idea that he ought to seek an agreement with the Peiping government.

It has already been arranged that Chou shall go back to India as soon as Nehru returns home, to get a first-hand report of Nehru's talks with the President.

Nehru feels strongly that co-operation between the United States and Communist China would benefit both countries and would remove any threat of war in the Far East.

Nehru would like to see the United States recognize the Red Chinese government. He also feels the admission of Red China—the world's biggest country in point of population—to the United Nations is essential.

The United States, like many other free countries, never has

recognized the Red Government which conquered China in 1949. Technical State of War

In fact, the United States and Red China are in a technical state of war because the Korean armistice has never been followed by a formal peace treaty.

The United States also is the chief sponsor of a tight Allied embargo against the sale of strategic goods to Red China.

The sole diplomatic contact between the two countries has been maintained in Geneva, Switzerland. In Geneva, the

United States ambassador to Czechoslovakia and the Red Chinese ambassador to Poland have been meeting about once every two weeks since Aug. 1, 1955.

These meetings concern the release of American prisoners still held up by the Chinese Communists. The talks have resulted in no progress for many months.

Discussion of "related matters" is on the program for the Geneva meetings. But the United States wants the prisoners freed before it talks about anything.

Low-Income Tax Form Simpler This Year; Revenuers Preparing

By ROBERT E. MORISON United Press Correspondent

Washington (U.P.)—If you made less than \$5,000 this year and had less than \$100 in outside income, stop making extra worry for yourself.

Pay your taxes the simple, easy way. Use form 1040A, the punch card which a bureaucrat can rattle through a machine instead of shuffling by hand.

The Internal Revenue Service reported with consternation today that some six million persons went to all the trouble last year of filing regular tax form 1040 when they could have done the job with the simpler punch card. That made more work for both sender and receiver.

To make sure this doesn't happen again, the tax agents are sending punch cards to this lower income group this year.

Of course, some individuals who get them may find that their deductions total more than 10 per cent, the maximum allowed by the automatic punch card. In that case the revenue service advises using form 1040.

The tax collectors, however, figure this won't apply to many people in the below \$5,000 bracket.

Double Dose Mailings of the tax forms begin about the end of this month. You'll be getting yours about the same time the Christmas bills start coming in. Each form will be accompanied by a do it yourself booklet or sheet.

About 18-million wage earners will get the 1040A punch cards, six million more than a year ago. Some 27,251,000 will get the longer 1040 forms. About 3.6 million forms will go to those who must file an estimate of income and pay their tax quarterly.

Another 6.7 million packages will go to businessmen who get extra forms for such items as capital gains. And another 18 million tax form packages will go to farmers.

In addition to mailings to these five groups, the Government Printing office is grinding out an extra 42 million 1040As and 105 million 1040s for distribution at the 900 Internal Revenue offices. These are for persons who need more than the two they receive or are not on the Internal Revenue mailing list.

The so-called "tailored mailing" originates from Internal Revenue's two big processing centers at Kansas City, Mo., and Lawrence, Mass.

The 1956 forms will have somewhat larger type for easier reading. And there is one change on the form 1040A. The taxpayers using the punch card may compute his tax and send along a payment on anything he may owe above his withholding tax instead of just filling out the form and waiting for a bill.

However, the taxpayer using this form may, if he chooses, let Internal Revenue figure his deficiency or refund, just as he has in the past.

In The Day's News By Frank Jenkins

In Sweden's capital city of Stockholm this morning brass fanfares sounded out solemnly to mark the award of 1956 Nobel prizes to eight scientists and a poet.

More than 2,000 persons, including the king and queen of Sweden and members of the royal family, witnessed the event. A breathless hush fell over the audience assembled in the great hall of the Stockholm Concert House when the winners entered by a side door.

It was an impressive occasion. WHO were the winners? Of the eight scientists, FIVE were Americans. One was a German. One was a Russian. One was a Briton.

WERE hearing a lot of talk to the effect that the United States is losing out in the scientific race with Russia. The 1956 Nobel science awards don't bear out that contention.

What are the Nobel awards? There are five of them—in five different fields:

- 1. For the most important discovery or invention in the field of physics.
2. For the most important discovery in chemistry.
3. For the most important discovery in physiology or medicine.
4. For the most distinguished literary work of an idealistic nature.
5. For the most effective work in the interest of international peace.

WHO was Nobel? He was a Swedish engineer, the son of an inventor. He was the inventor of dynamite. His first discovery was a nitro-glycerin explosive—which, nearly a century ago, terrified the world almost as much as the atomic bomb in our time.

So he went to work to make a safe and USEFUL explosive. Dynamite was the result. While his discovery was in the nitro-glycerin stage, Nobel was regarded with horror as almost a public enemy. His discovery made him rich, and in his will he set up a fund of \$9,000,000 to be used to award the Nobel prizes annually.

All his later life, he suffered from a feeling of guilt at having created a substance which caused so much death and injury in the world. The Nobel prizes represented an effort at atonement on his part.

IN the later part of his life, he worked on synthetic rubber, artificial silk and many other similar products. He was also fond of literature, and wrote several novels and plays, none

of which were highly successful or popular. They account, however, for his award for the most distinguished work of an idealistic nature, which was won this year by Spanish-born poet Juan Ramon Jimenez. (Don't pronounce it JIM-i-nez. Nobody likes to have his name pronounced wrong. The correct pronunciation is He-MAY-nes.)

IN this modern world, we don't pay too much attention to poets. There was a time, however, when poetry represented almost 100 per cent of all literature.

That was back in the centuries when almost no one could read, and the literature of the day was provided by the minstrels and the jugglers who recited their poems to assembled listeners.

The French, who have a great literature, wrote almost no prose until about the closing decades of the 17th century. Back in those days, people wanted rhythm with their literature.

Polio Kills Boy After Vaccine Shots

Seattle (U.P.)—The Health Department Tuesday reported the death of a 15-year-old boy from poliomyelitis and said he might be the first in the nation to die of the disease after receiving three doses of Salk vaccine.

James Thompson, Mount Vernon, Wash., died Nov. 29 of bulbar polio at a Bellingham hospital.

He had received three shots of the vaccine, the final one in August.

Dr. Lucien Coquet, Skagit County health officer, said the boy apparently was one of the comparatively few persons who do not respond to immunization.

"It never was claimed that Salk vaccine is 100 per cent effective in providing immunization," said Coquet.

Exams Announced for Substitute Clerk

The civil service commission has announced examinations for substitute clerk for the Phoenix post office.

Applicants must reside within the delivery area of the Phoenix post office or be bona fide patrons or employees of the Phoenix post office.

Additional information and application forms can be obtained from any post office.

It is estimated that 3,500,000 persons left American farms to dwell in cities in the period 1940 to 1950.

Problem of Inflation Seen Major Issue in 1957 in Washington

Washington (CQ)—Inflation and what to do about it are certain to provoke major debate on Capitol Hill in 1957 as the nation's boom keeps rolling along.

With the cost-of-living index at a new high of 117.7—up 3 per cent since February after three years of relative stability—and with credit increasingly tight, the perennial tight-vs.-easy money dispute is expected to flare again even before the 85th Congress convenes in January.

On Dec. 10, Rep. Wright Patman (D-Tex.) is scheduled to open a two-day hearing on monetary policy before the Economic Stabilization subcommittee of the Joint Economic committee.

Lead-off witness will be Elliott Belt, editor of Business Week, who proposed recently that Congress create a National Economic council to coordinate monetary and fiscal policies of the independent Federal Reserve system with those of the Treasury.

Patman and other members of Congress contend that the six successive boosts in the Federal Reserve discount rate since April, 1955, have helped to squeeze small businessmen out of the money market by raising the cost of borrowing. Defenders of Reserve policy say that the strong demand for funds from an economy running at capacity rather than high interest rates, accounts for the tightening of credit all along the line.

As for the doubling of the discount rate from 1 1/2 per cent to 3 per cent in 16 months, they say it was essential to keep pace with mounting inflationary pressures.

Both the Administration and Congress are certain to call for steps to ease the credit squeeze on small business. Shortage of mortgage funds for home buyers prompted action to spur the flow of credit by raising interest ceilings on FHA insured mortgages. But the administration's overall concern still rests with the forces of inflation.

Biggest Problem According to the new chairman of President Eisenhower's Council of Economic Advisers, Dr. Raymond J. Saulnier, "how to avoid the upward movement of prices" will be our biggest problem for several years. Saulnier's appointment has increased speculation that the administration may ask Congress for authority to impose consumer credit controls. He helped to administer the Federal Reserve's regulation W, covering the terms of installment buying, during the Korean war.

Last January the President asked Congress to "study the problem" but the legislators decided to await the results of a study by the Board of Governors of the Federal Reserve system. That study is nearing completion and may decide whether the administration asks Congress to renew the authority which expired in 1952.

Ironically, the case for installment buying controls was stronger last January, when a study was suggested, than it is likely to be next month, when the President's Economic report may argue for a grant of stand-by authority.

From January, 1955, to January, 1956, total consumer credit outstanding jumped by \$6.2 billion or 20 per cent. The increase in installment credit alone was \$5.4 billion, of which \$3.6 billion was in automobile paper—a rise of 36 per cent in one year. Meanwhile, disposable personal income was rising by only about 6 per cent.

This year, by contrast, consumer credit outstanding had increased by only \$2.2 billion through September, with autos counting for about half of the rise. Although the total amount of credit outstanding had passed the \$40 billion mark, the rate of increase had slowed perceptibly from the hectic \$600 million-a-month pace of 1955.

Saulnier has pointed out that most of the installment debt incurred by consumers during the 1955 buying push will be paid off next year, possibly provoking a note or credit-financed surge that would add speed to the wage-price spiral. In such an event, the administration's battle to hold the line might be aided by a priority to set minimum down payments and maximum time terms on installment purchases.

Congress, ever reluctant to grant the Executive branch additional control powers, is not likely to get very excited about standing authority unless the administration makes an all-out effort to persuade the legislators of its necessity. An such an effort would meet determined resistance from many business spokesmen who agree with William J. Cheney, executive vice president of the National Foundation for Consumer Credit, says Cheney, in Nation's Business:

"The very existence of standard legislation is a deterrent to production. . . . No one would feel free to invest huge sums of money in making finished products only to have those products blocked up in inventory, with no purchaser, by a sudden application of federal controls."

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OSEA Chapter Holds Christmas Dinner

About 75 members, families and friends of the Medford chapter, Oregon School Employees Association, attended the annual Christmas dinner recently in the cafeteria of McLoughlin Junior High school.

Guests included Elliott Beck, assistant school superintendent; Mrs. Virginia Wait, cafeteria supervisor; and personnel of the city school cafeteria.

Christmas songs were presented by eighth and ninth grade girls under the direction of Rauppon Barlow, of Hedrick Junior High school.

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NATIONAL EDITORIAL ASSOCIATION AFFILIATE MEMBER

Flight o' Time Medford and Jackson County History from the files of The Mail Tribune No. 20, 30, 40 and 50 years ago.

10 YEARS AGO Dec. 12, 1946 (Thursday) First plans for annual banquet of Jackson County Lincoln club made at a meeting of committee members.

From A. O. Perry's Ye Smudge Pot column: The Outdoor Girls are now being to the high hills to ski, and coming home with their hands as red as if they had washed the supper dishes.

20 YEARS AGO Dec. 12, 1936 (Saturday) U. S. Senator Gerald P. Nye of North Dakota entertained at breakfast in the Medford hotel by Mayor George W. Porter.

City officials and representatives of Medford service clubs congratulate the Medford Zonta club at charter dinner at Medford hotel.

30 YEARS AGO Dec. 12, 1926 (Sunday) Yreka comes to official stop on the air mail route, due to fog in Medford area.

A study of field work on forage crop production is being conducted by the Oregon Experiment Station in different parts of Oregon.

40 YEARS AGO Dec. 12, 1916 (Tuesday) Southern Oregon representatives to state legislature endorse L. E. Bean of Eugene for speaker of the house.

Irrigation is an ardent advocate in W. V. Barnum, a well-known orchardist, whose place lies between Medford and Phoenix.

50 YEARS AGO Dec. 12, 1906 (Wednesday) City council meets in an adjourned session last evening, all members being present except Councilmen Demmer and Johnson.

Senator Teller of Colorado introduces resolution in U. S. senate to admit New Mexico as a state, independent of Arizona.

What's Your I.Q.? Nine or ten correct is superior; seven or eight is excellent; five or six is good.

- 1. Was Boabdil (a corruption of Abdallah), first or last king of Granada?
2. The nickname of Henry Clay was P. . . ?
3. Do most Arabians claim descent from Cain, Abel, or Seth?
4. Boabdil was permitted to reign by consenting to hold Granada as a tributary to which monarchs?
5. Do boas live chiefly on small mammals and birds?
6. Are the great Seria oil-fields in Borneo, Singapore, or Syria?
7. Is the proton the basic constituent of all atoms?
8. Were Ziess camera lenses originally made in Switzerland or Germany?
9. "Luscious" is a corruption of delicious. Are both "luscious and delicious" contractions of delicious?
10. "Good drynk therato lyequs and fine."—Relig. Antiq. What does "lyequis" mean?
Answers: 1. Last 2. "Peacemaker." 3. Seth. 4. Ferdinand and Isabella 5. Yes. 6. Borneo. 7. Yes. 8. Germany. 9. Yes. 10. Delicious.