



ON AGAIN—The Medford Corporation logging train, which runs between Butte Falls and Medford, was on time this morning after repair crews made quick work of relaying the 100 feet of track torn up when five cars of the 30 car train were derailed early Thursday morning. This particular section of track, just south of the Little Butte creek trestle, has been the scene of three derailings in the last four years. Workmen, above, had only one car to place back on the track when the picture was taken just before noon yesterday.

\$259,848,733 General Fund Budget Prepared by Smith

Salem — (U.P.) — Outgoing Gov. Elmo Smith today announced a budget has been prepared for submission to the 1957 Legislature calling for \$259,848,733 in general fund expenditures for the 1957-59 biennium.

The budget represents a reduction of more than \$20 million from the \$280 million originally requested by state agencies. It is \$38 million more than the budget for the present biennium.

No new taxes are required under the proposed budget.

Gov. Elmo Smith, 14, has the authority to submit a supplementary budget to the Legislature if he should disagree with Gov. Smith's proposed budget.

The governor said the budget was not only balanced, but provided a \$2 million safety margin.

Increases Unavoidable

"To safeguard the state, should there be a major emergency or economic recession, this cushion is an absolute minimum," Gov. Smith said.

In addition, the governor said, a \$1,500,000 fund was budgeted to the State Emergency Board to meet special emergencies and about \$2,500,000 set aside for salary adjustments recommended by the Civil Service Commission.

In addition to the general fund budget, \$439,805,800 was budgeted for "self-sustaining funds" such as state highways which are supported from special fees and licenses. There already is a substantial balance in most of these funds.

The governor said the budget was based on a continuation of economic conditions at near present levels. He said that while many departmental requests were pared, some increases such as higher education were unavoidable.

Using Surplus Funds

Although the budget requires no new taxes, the governor said: "I want to make it clear, however, that it will be necessary to use a large portion of surplus funds which we now have on hand to meet the requirements of the next biennium."

"Unless our tax collections far exceed tax commission expectations, the 1959 Legislative Assembly will face the problem of finding new revenue to replace this money which in effect is being taken from the state's present bank account," he said.

Almost \$262 million in general fund revenues were projected in the new budget, including the surtax on income which produced approximately \$40 million during the last biennium. The governor has recommended repeal of the surtax and has suggested equitable adjustments in the state's present tax structure.

Mrs. Pfost Renews Federal Dam Battle

Washington — (U.P.) — Rep. Gracie Pfost (D-Ida.) has renewed the battle by federal public power-minded members of Congress for construction of a federal dam in Hells Canyon.

Mrs. Pfost introduced a bill yesterday to authorize the \$308 million dam on the Snake river on the Idaho-Oregon border. Similar bills are expected to be introduced later by other House members and senators.

None of the measures apparently will take note of the fact that Idaho Power Company already has started a smaller dam that would preempt the site.

The position of federal dam supporters is that Congress has full power to reverse the Federal Power Commission's decision for three private dams in that stretch of the river.

Salem — (U.P.) — E. Bradley Daggett, an employee of the State Tax Commission, has accepted a position as an American advisor to the government of Iran.

as a substitute for a major part of the surtax revenues.

Approximately half of the \$38 million increase in the new budget is accounted for by education, exclusively of buildings.

The budget asks \$44,818,386 for higher education, an increase of \$11,814,960 over the present biennium.

Education Costly

Recommended for institutions is a budget of \$32,168,021, an increase of \$3,630,790; for basic school education, \$77,361,760 is budgeted, an increase of \$5,840,640.

Another major item was public welfare for which \$32,257,723 was requested, a decrease of \$317,372.

The governor emphasized that more than 50 per cent of state general tax revenue now goes for educational purposes. The big share of the remaining 50 per cent is for public welfare and state institutions.

"It is obvious that the financing of education activities constitutes the main single area of recommended expenditure increase," the governor said.

Budgeted for education, other than basic school, was \$4,139,629; fish, \$1,632,036; forestry, \$2,898,610; Board of Health, \$2,102,347; crippled children, \$885,398; National Guard, \$3,051,391; tax commission, \$5,617,619; building funds, \$20,293,209; all other, \$32,624,604.

About 40,200 Killed On Highways in 1956

Chicago — (U.P.) — The National Safety Council said today that 1956 highway slaughter in the United States was the greatest in any year of the nation's history.

The council's figures are as yet incomplete. But it estimated the number at 40,200. Its figures were based on actual reports from the states' traffic authorities for 11 months, and took into account the trend shown in December and the great number of year end holiday deaths.

And the council added a grim warning that there is no indication the reckless traffic toll will slacken in the near future.

U.S. Seeks Efforts To Unify Korea

United Nations, N.Y. — (U.P.) — The United States was expected to ask the United Nations today to make new efforts to unify Korea by peaceful means.

U. S. Delegate Edward S. Greenbaum was understood ready to present a draft resolution at the opening of the General Assembly's Main Political Committee meeting.

A U. S. spokesman said the delegation also hoped to resume "private talks under the aegis of the U. N." to solve the problem of Suez Canal management and navigation.

Neither the United States nor other Western delegations looked for extended debate on the Korea issue in view of the refusal by Communist North Korea to accept free all-Korean elections to be held under U. N. supervision.

Junior Chamber of Commerce Announces Finalists for Distinguished Service Honor

The Medford Junior Chamber of Commerce has announced names of five finalists for the annual distinguished service award to be presented in a special banquet program at the Rogue Valley Country club Jan. 25.

Finalists are Robert A. Johnson, 20 Valley View drive; Dr. William J. Thompson, 209 Fluhrer bldg.; Ray Johnson, 117 Vernadale place; Clifford M. McGinty, 2110 Whittle ave.; and Clifford Ouellette, 1532 Terrace drive.

Presented Annually

The award is presented annually to a man between the ages of 21 and 35 who has been outstanding in community leadership and service during the 1956 calendar year. The winner need not be a member of the Junior Chamber of Commerce, it was explained.

Robert Johnson, an engineer and manager of the General Electric company apparatus sales division, has been campaign

leader for the United Medford Crusade and a UMC board member. He has also been a camp committee member for the Girl Scouts organization; member of the Jackson County Chamber of Commerce industrial and membership committees; and a member of the local Kiwanis organization.

Other Finalists

Dr. Thompson has been a director of the Medford Safety council; executive board member for the governor's state committee on children and youth; a supporter of the local Boy Scout program; past president of the Medford Toastmasters; and past president of the Jackson County council for children and youth.

Ray Johnson is manager of radio station KMED. He has been a solicitor for the Rogue Valley Memorial hospital drive; board member for the Medford Pal club; chairman of the Jackson County Chamber of Commerce Roundtable; Kiwanis club board

Commission Chairman Shot

51st Year

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MARIE McDONALD DISAPPEARS

First Witness Against Ambuehl Testifies Today

Former Waitress Says Drugs Kept in Room

Mrs. Wilma Scott, former waitress and partner in Stan's Y club in north Medford, this morning told a circuit court jury that her apartment had been used as a narcotics storage place last summer by Donald LaVerne Ambuehl, 31, of 1615 Crater Lake ave.

Mrs. Scott, now a resident of Los Angeles, was the state's first witness in the trial of Ambuehl. He is charged with unlawful possession and control of narcotics.

Rented Apartment

The witness said Ambuehl, manager of Stan's Y club until his arrest last July, had paid rent on an apartment for her at the Medford Plaza apartments last June. She testified that he retained a key to the apartment and over her objections brought a teapot full of narcotics for storage there. She said she later found a sack full of narcotics in a closet.

Mrs. Scott said she refused to live in the apartment and used it only to change clothes. She said she slept at the home of a friend, Mrs. Alice Dell, and eventually told her friend of the purpose for which her Plaza apartment was being used.

Contacted Detective

She testified that Mrs. Dell contacted Clifford Lacy, former city police lieutenant, later connected with Burns Detective agency. She said Mrs. Dell assisted Lacy in obtaining a sample of the drugs stored in Mrs. Scott's Plaza apartment.

Mrs. Scott told the jury she visited the Plaza apartment at 2:30 a.m., July 18 to change clothes and left after Ambuehl came there and refused to leave. She said she was leaving the building, Lacy and two other men unknown to her searched her purse and followed her to the home of Mrs. Dell, where they instructed her to remain.

Return Later

She said Lacy and the two others returned several hours later and escorted her to the apartment where the teapot once contained the drugs was examined. Mrs. Scott said she was then informed of Ambuehl's arrest. Mrs. Scott said she did not hear from Ambuehl until after he had posted bail. She said he telephoned her and asked to see her, stating she was the only one who could help him.

A meeting was not arranged at that time, she said, but later arrangements were made for her to meet him at Four Corners. She explained that she went to Four Corners on the date and at the time planned but became frightened before Ambuehl appeared and left. She did not see him again until a week later when she was having dinner at Omar's restaurant.

Mrs. Scott said that she and Ambuehl had an exchange of (Continued on Page 11)

"I Thought I'd Surprise You"



Vaccination Program To Start Here Soon

Plans for the free Salk polio vaccine program here are nearing completion, according to the Jackson County Medical society. Parents' consent forms for children are now in the hands of the teachers. Each child will take one of these consent slips home from school Monday, Jan. 7, for parents' signature.

Forms Needed

The children must have these signed before they can be vaccinated, the society pointed out. Purposes of the forms are to give the health department the needed information and to show proof of the parents' consent.

The society said it is hoped these slips will be returned to the schools Tuesday or Wednesday at the latest. The medical society is in the process of making doctor assignments for the 42 vaccination stations to be established throughout the county at the various schools. The actual days for vaccination in each school will be announced later, members said.

Pre-School Children

Parents are urged by the society to observe the vaccination schedule at the nearest school to them. They may bring pre-school children to school for free vaccinations.

The society's aim is to vaccinate all children between the ages of 1 and 20 who have not already received Salk shots. The number of unvaccinated youths is believed to be more than 10,000 in the county, the society said. Doctors participating in the program are doing so on a voluntary basis.

Snow Flurries Due Here on Week End

Light snow flurries, possibly mixed with rain, are predicted for the Medford area over the week-end, according to the Medford weather bureau.

It will be generally cloudy with showers or snow either Saturday or Sunday, weatherman reported. Medford area residents will have continued temporary relief from fog, however.

Snow flurries, though not in heavy amounts, are predicted for higher elevations, the bureau said.

Bill Submitted on Indian Timberlands

Washington — (U.P.) — Rep. Edith Green (D-Ore.) yesterday introduced a bill in the new Congress that would forestall any immediate "fire sale" of valuable timberlands on the Klamath Indian reservation in southern Oregon.

Her bill would delay any sale of Klamath timber for nine months after an appraisal program is completed. It was the only way, she said, to prevent tribal holdings immediately from selling out under the Klamath Indian reservation termination act.

A similar bill died in the last session of Congress when it failed to gain the support of the Indian bureau.

Weather

FORECAST: Cloudy tonight and Saturday with chance of a few showers or snow flurries. Low tonight 23, high tomorrow 35-38.

TEMPERATURE

Highest Yesterday 27

Lowest This Morning 23

Our Skies Tonight

Sunrise 7:41 a.m.

Sunset 4:52 p.m.

Moonset 8:42 p.m.

First Quarter Jan. 8

PROMINENT STAR

Sirius, low in southeast at moonset

VISIBLE PLANETS

Mars, high in south 6:11 p.m.

Jupiter, low in east 11:44 p.m.

Saturn, rises 5:32 a.m.

Venus, rises 6:18 a.m.

Authorities Fear Actress Kidnaped; FBI Enters Case

Abductors Leave Notes, Phone Calls

Hollywood — (U.P.) — Blonde actress Marie (The Body) McDonald, 32, disappeared from her home in her night clothes early today and police feared she had been kidnaped.

The supposed abductors left a kidnap note and a trail of anonymous telephone threats, one of which declared, "Don't call anyone if you want to see her alive again."

FBI agents entered the case on standby, pending a decision to take over officially.

"It looks like kidnap," said Police Inspector Henry Kerr after Valley Division police conducted an investigation from the time of her disappearance, shortly after midnight.

Kerr said there was "only a remote" possibility that a hoax or the sort of publicity stunt that occasionally has enlivened the Hollywood scene was involved.

Gate Was Forced

No clues to the supposed abductor's identity were discovered in the initial investigation.

Crime laboratory expert Ray Pinker of the Los Angeles Police Department said evidence indicated the front gate, electrically opened from inside the house, had been forced to gain entrance to the palatial, fence-surrounded home in the San Fernando Valley.

Miss McDonald's ex-husband, wealthy shoe manufacturer Harry Karl, told police a young male voice, extremely nervous, told him over the telephone about 2:10 a.m.

"I've got Marie. Don't call anyone if you want to see her alive again," he said. The mysterious caller must have gotten his telephone number from Marie because he has an unlisted number.

A similar anonymous call was made to Miss McDonald's mother and she rushed to the home where servants already had found her bed empty, the three children sleeping peacefully in adjoining rooms.

The former Powers model and "Scandals" girl, who hasn't made a movie in six years, apparently was abducted shortly after midnight. She was wearing only her night robe and a pair of black flat slippers, according to police.

A kidnap note, partially penciled and partly composed of words clipped from newspapers, was found by police in the black mailbox outside the fence surrounding the McDonald residence.

"Don't call police. She won't be hurt to get money. We will get in touch with you," it read.

Police Inspector Henry Kerr said Miss McDonald's boxer dog, Duke, was roaming the fenced-in yard when they arrived in response to a telephone call from Miss McDonald's mother, who telephoned them immediately after she got the anonymous call.

Miss McDonald's room was undisturbed except for signs she had retired, although the telephone was off the hook.

Welfare Recipient Wounds Two Others In Klamath County

Fred Peterson Killed By Bonanza Pensioner

Klamath Falls — (U.P.) — A disgruntled welfare recipient today opened fire with a .38 caliber pistol in a Klamath County Welfare Commission meeting, killed the commission chairman and wounded two other officials, one of them critically, police reported.

Dead was Commission Chairman Fred Peterson, about 70, a former county school superintendent. In critical condition was County Commissioner Jerry Rainus, about 50, of Malin, Ore. Also wounded was Mrs. Alpha Urquhart, 51, county welfare administrator.

Held for the shootings was 76-year-old Guy Earl Cramer, Bonanza, Ore., who had entered the commission meeting claiming his welfare checks had been too small.

'Well, I'm Through'

When Peterson attempted to silence the aged pensioner, Cramer said "Well, I'm through."

He then pulled a gun from his left coat pocket and fired at Urquhart. He then shot Mrs. Urquhart who was seated at Peterson's right and then he fired at Rainus who was seated near the door.

Commissioner Martin Swanson grabbed Cramer before he could fire again and pinned him to the floor. Officers said Cramer was carrying two guns.

Narrowly missed by the barrage of bullets was County Judge U. E. Reeder and County Commissioner Ed Gowen who were seated at the end of the table.

Cramer was jailed in the same building where the shooting took place.

Austrian President Dies After Stroke

Vienna — (U.P.) — Theodor Koerner, Austria's first directly elected president, died at his suburban home today. He was 83.

An official communique said the President died at 3:15 p.m. Vienna time at his villa at Grinzing, a suburb of Vienna.

The communique gave no cause of death. But a government source said Koerner died after he suffered a stroke.

Koerner had suffered a slight stroke last July 28, a few days after he opened the Salzburg Music Festival. He broke off his vacation in the Styrian village of Murtztal to return to Vienna for medical treatment.

He recovered after weeks of serious illness, and eventually resumed his duties as President.

Koerner died four months before he would have completed his six years as constitutional president. He was elected May 27, 1951. After his illness, he had made known he did not intend to run for reelection.

DOW-JONES AVERAGES

New York — (U.P.) — Dow-Jones final stock averages: 30 industrials 498.22, off 0.98; 20 railroads 156.42, up 1.56; 15 utilities 69.07, up 0.33, and 65 stocks 174.89, up 0.35. Sales today were about 2,710,000 shares compared with 2,260,000 shares Thursday.

New York — (U.P.) — Police focused their search on suburban Westchester county today for New York's mad bomber whose homemade explosives have injured 15 persons here and touched off a nationwide bomb scare epidemic.

Medford Area To Get Biggest Telephone Rate Increase

Rate increases granted Wednesday to Pacific Telephone and Telegraph company will affect Medford, Central Point and Jacksonville more than any other part of Jackson county, reports indicate.

The rate increase was granted by the Public Utilities commission. Throughout the state, the increases will affect subscribers served by 75 exchanges in seven rate groups arranged in the order of the number of telephone installations served.

Biggest Increases

Medford-Central Point-Jacksonville and Klamath Falls are in the 10,000 to 25,000 installation rate group. In these areas, monthly rates for one-party lines will increase 35 cents; two-party lines, 20 cents; and four-party lines, 20 cents.

This means that charge for single-party lines will increase from \$5.40 to \$5.75; two-party,

\$4.15 to \$4.35; and four-party, \$3.00 to \$3.50.

The 5,000 to 10,000 installation group includes Rogue River, Albany, Jefferson, Astoria, Grants Pass, Oregon City, Pendleton and Corvallis.

Rogue River Rates

Rate increases for single party lines will be \$5.15 to \$5.50 (35 cents); two-party, \$4 to \$4.15 (15 cents); and four-party, \$3.20 to \$3.35 (15 cents).

Ashland falls into the 2,000 to 5,000 installation group along with Baker, Cottage Grove, Dallas, Echo, Falls City, Hermiston, Prineville, Seaside, St. Helens, Stanfield, Tillamook and Umatilla. Their increases for single-party lines will be \$4.90 to \$5.20 (30 cents); two-party, \$3.85 to \$4 (15 cents); and four-party, \$3.10 to \$3.25 (15 cents).

The rate hikes do not apply to extension telephones, which will continue to be \$1.25 for residence lines.