

# State of Union Message Sets Stage for Congressional Battle on Interest

## Recommendation For Investigation Touches Off Debate

Washington — (U.P.) — President Eisenhower's State of the Union message set the stage today for a major congressional battle over high interest rates.

It was touched off by his recommendation Thursday that Congress authorize a citizens' commission to conduct a sweeping investigation of the nation's financial system and its credit policies.

The administration's so-called "tight money" policy, under which lenders are charging the highest interest rates in 20 years was certain to be a central issue in such an investigation.

Congressional Democrats, mostly in the House, immediately served notice that they want Congress itself and not a presidential commission to make the investigation.

**Boils Down Issue**  
Rep. Wright Patman (D-Tex.) said the issue boiled down to this:

Congressman who favor continuation of the Federal Reserve board's "hard money, high interest" policy, which it says is aimed at combating inflation, will favor the idea of a presidential commission.

Those concerned about the "damage" that "tight money" is doing to home builders, small businessmen and farmers, who are finding it difficult to obtain credit, will want the Democratic-controlled Congress to do the job.

Patman already has proposed such an inquiry by the House banking subcommittee which he heads. His resolution drew support from Speaker Sam Rayburn (D-Tex.) indicating that it might be called up for an early House vote.

Patman said a presidential commission would be composed of "biased" banking and big business interests.

**Martin Backs Ike**  
But Republican Leader Joseph W. Martin Jr. (Mass.) said the GOP would overwhelmingly back the President's proposal and oppose Patman's inquiry. He said the latter "could turn into a witch-hunt."

Actually, there was no assurance that either investigation would be approved.

In the Senate, the idea of a citizens' committee got a cool reception from Democrats, even from those who, unlike Patman, favor the current "tight money" policy as a necessary curb on inflation.

**Joint Probe Suggested**  
But some suggested that the investigation of the economy be carried out by a joint Senate-House committee. Others noted that a Senate banking subcommittee headed by Sen. A. Willis Robertson (D-Va.) already has scheduled public hearings Jan. 28 on a 300-page bill to overhaul federal laws governing banking and other financial institutions.

Administration officials said the President's call for an investigation of the economy did not mean he thinks there is anything drastically wrong. They noted that there has been no such broad inquiry into the financial system for at least 30 years and that the last one led to some major reforms.

## Economists See Line on Wage, Price Increases

Washington — (U.P.) — President Eisenhower's plea for business and labor to go easy on price and wage hikes comes at a time when prices have been rising almost steadily for a year and wages are at a record level.

Government economists said there is a possibility that wage contract settlements this year may fall, more or less, within

the President's formula for holding the line against inflation. They were more uncertain on the price outlook.

In his State of the Union Message Thursday Mr. Eisenhower called on business to avoid unnecessary price increases, particularly those induced solely by high demand and material shortages.

He called on labor to keep increases in wages and fringe benefits "reasonably related" to increases in productivity. Wage hikes that follow productivity-out-put per worker—do not cost management any money.

**Wholesale Prices Rise**  
In the past year wholesale prices have risen 4.4 per cent

and consumer prices 2.4 per cent, following several years of relative stability. That stability, however, was due largely to declining farm prices which offset price rises in other fields.

The initial and unofficial reaction of labor economists to Mr. Eisenhower's productivity formula for wage increases was a flat "no." They said he overlooked labor's fundamental point in bargaining: Where profit margins increase, wages should go up, regardless of productivity.

But the fact is that a number of major wage contracts, including those in the so-called wage "pattern-setting" steel and automobile industries, are long-term affairs that provide for automatic wage hikes this year.

**May Set Pattern**  
The bulk of these "built in" wage hikes run from six to nine

cents an hour and are lower than increases negotiated last year. They may set the pattern for wage negotiations in other industries in 1957.

Government economists said the productivity rise this year, in manufacturing at least, may outstrip the wage boosts or offset them.

On the price front, they are more uncertain because of the demand in such basic items as steel and oil. Steel prices have been rising and shortages have developed in steel for highway and other construction. The Suez Canal shut-down set off price rises recently in oil and products such as household oil and gasoline.

In addition, freight rate increases in may bring price increases in many different consumer items.

## Recommendation for Probe of Monetary Policies Gets Praise

New York — (U.P.) — Leaders in business and finance today hailed President Eisenhower's recommendation for a complete re-examination of the nation's monetary credit and tax policies.

They agreed that such a sweeping inquiry into the adequacy of the nation's financial position was long overdue, the last one having been made in 1938.

The President proposed the study of the fiscal and monetary system in an address before Congress Thursday.

Sentiments for such a study have been growing in recent months, particularly in view of the Federal Reserve System's tight money policy.

America's economy has undergone major social and economic changes in the 50 years since the famous Aldrich Monetary Commission made the last comprehensive study of financial in-

stitutions. That study led to the creation of the Federal Reserve System.

Additional changes followed the Senate Pecora investigation in the early 1930s. That inquiry resulted in the formation of the Securities and Exchange Commission and other banking reforms.

Cyrus Eaton, Cleveland industrialist and chairman of the Chesapeake and Ohio Railway, voiced the opinion of many experts when he said the banking system has failed to keep pace with the nation's industrial growth.

Eaton, concerned that a lack of credit could stifle economic growth, called for a revamping of the banking system, including creation of regional banks capable of making individual loans ranging up to \$100 million dollars. This is about double the present loan limit for the nation's biggest commercial banks.



**BOLTS MEETING**—Democratic Rep. Wayne L. Hayes of Ohio, member of House foreign affairs committee, stalks from closed-door meeting with Secretary of State John Foster Dulles. Hayes charged the Administration was trying to "tie the committee's hands" with confidential information.

## Ike's Budget To Have Funds for Dalles Dam

Portland — (U.P.) — Sen. Harry M. Jackson (D-Wash.) said today the budget which President Eisenhower will present to Congress next week will include \$19 million for The Dalles dam and \$18.5 million for Ice Harbor dam.

Jackson, in a telephone call from Washington, D.C., to the Oregon Journal, said that in addition the budget would contain recommendations for other expenditures, including \$1,150,000 for the mouth of the Columbia river and \$1.6 million for the upper river fish sanctuary above Bonneville.

Congress already has spent about \$198 million on The Dalles dam which has a total cost of about \$270 million. About \$10 million has been spent on Ice Harbor, which will cost about \$135 million.

## Court Records

**MUNICIPAL COURT**  
Jerald Deemon Couch, improper left turn, \$5; defective equipment (headlight), \$5.  
Don V. Hunning, violation basic rule, \$10.  
John Harvey Petersen, excessive noise (pipes), \$10.  
Rosa Hawley, violation basic rule, \$10.  
Sheila R. Hale, improper left turn, \$5.  
Jim Damian Estremado, violation basic rule, \$10.  
Alan Rurt Ballard, disobeyed stop sign, \$5.  
John Turner, violation basic rule, \$10.  
George Hatler Robertson, following too close, \$10.  
John Elliott Strong, disobeyed stop sign, \$5.  
Cecil Oliver Wilson, violation basic rule, \$10.  
William Leroy Buchanan, disobeyed stop sign, \$5.  
Ralph Warren Gillespie, disobeyed traffic signal, \$5.  
**DISTRICT COURT**  
Robert William Kimbrell, overload, \$45.  
Donald Francis Sonner, violation basic rule, \$12.50.  
Tuba Clay Kinney, no license on motor vehicle, \$6.  
Arthur Leonard Shoemaker, violation basic rule, \$12.50.

## Quotes From the News

By UNITED PRESS

Hollywood—Police Chief William H. Parker announcing kidnapers of actress Marie McDonald will be charged with violation of the "Lindbergh" act when caught.

"If we can prove the Marie McDonald case is a kidnaping and catch the kidnapers, we will ask that they be prosecuted under the Little Lindbergh law which carries the death penalty."

New York—Garry Davis, who once renounced his U.S. citizenship, entering this country as a "parolee";  
"This parole would indicate that I am a prisoner. What do I have to do, report to the police every three months. This is my country, I am a resident here."

Washington—An inaugural committee spokesman on an invitation sent to Sen. Estes Kefauver (D-Tenn.) "in appreciation of your efforts" to reelect President Eisenhower and Vice President Nixon:  
"Apparently somebody goofed."

Washington—Former Secretary of State Dean Acheson believing the British-French-Israeli attack on Egypt never would have occurred if he had still been in office:  
"If you reach the point when your best friends aren't telling you what they are doing, something's wrong with the works."

Canon City, Colo.—(U.P.)—John Gilbert Graham's wife on his scheduled execution this week for the time-bombing death of 44 persons aboard an airliner:  
"I guess pity's the only thing I have left."

Washington—Sen. Harry F. Byrd (D-Va.) failing to understand Mr. Eisenhower's proposal for an investigation of the national economy by an independent citizens commission:  
"We've been studying it year after year."


## Legislature To Get Proposal on Bondsmen

Portland — (U.P.) — A proposal calling for state-wide licensing of professional bail bondsmen will be placed before the Legislature next week by

the city of Portland.  
The measure would bring bail brokers under control of the state insurance commissioner, the same as bond and surety companies. City officials here said they believed state-wide licensing would result in uniformity and more stringent control to the business.



**SEES NO DISARMAMENT**—Arthur F. Dean (left), chief U. S. negotiator in Korea after the armistice, told a special Senate disarmament subcommittee in Washington that he sees no chance now for an effective disarmament agreement with the Soviet bloc. Dean is shown here with Chairman Hubert Humphrey (Dem., Minn.), center, and George Finch, writer and adviser on problems of international law.

  
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