



**PLANE EXAMINED** - A crowd watches as soldiers examine the bullet-riddled plane in which American pilot Matthew Edward Duke, 42, of North Palm Beach, Fla., was shot to death Thursday. He was shot as he was attempting to pick up four men and a woman on a highway near Mariel, about 15 miles west of Havana, Cuba. (UPI Telephoto)

## Inflation Forces Appear To Be Waning in United States

By ELMER C. WALZER  
UPI Financial Editor

New York - (UPI) - Inflation forces appear to be waning in the United States while they rise in Europe, a authoritative source reveals. "Business in Europe has continued so far this year to be characterized by swift expansion," says the Morgan Guaranty Survey, published by the Morgan Guaranty Trust Co.

"In a number of countries," the bank adds, "there is considerable threat of inflation, although central banks have moved to lessen the pressure by pursuing restrictive monetary policies."

Standard & Poor's, business and financial statistical and analytical service, says the disappearance of inflationary psychology in the United States is a matter of considerable official and general comment these days. Many in Wall Street ascribe the stock market's dullness and weakness from time to time to the lack of the inflation urge. When prices were rising steadily not long ago it was held that much of the buying of common stocks reflected a desire to insure investment against inflationary forces.

According to the experts, the tendency is for the market to rise in inflationary periods to compensate for the erosion of the dollar that inflation brings. Our lack of inflation psychology is ascribed to ample supplies of goods, surplus producing capacity, increased domestic and international competition, application of credit restraints by the federal reserve, and prospects for a federal budget surplus in the next fiscal year, says Standard & Poor's.

"However," says Standard, "shifts in inflation sentiment generally run to extremes, out of line with actual price trends. The price rise was small last year, inflation sentiment strong."

"Inflation sentiment is now weak, with the over-all price structure still on the firm and slightly firming side." Some causes cited as causes of waning inflation sentiment apply primarily to commodity prices. But commodities have lagged heretofore in the overall inflation of living costs while service costs have risen largely and are still pointing higher. Standard & Poor's notes that in March, the consumer price index was unchanged for commodities while the index of service costs rose to a new peak, and the rent index gained a small amount.

New highs also were set by costs of medical care, transportation services and household operations.

Thus, it is noted, living costs are still rising even though inflation psychology is waning. The Morgan bank notes that in two very important countries, Great Britain and Germany, the fear of inflation is coupled with concern over the balance of payments, though for different reasons. Great Britain is troubled by a deficit and Germany by a rather unwieldy surplus.

## Firm Quits Dock Lease at Astoria

Astoria - (UPI) - Port Manager R. J. Bettendorf said Thursday Zidell Explorations Inc. would not renew its lease on a section of Pier 2, Astoria Port Docks, which the firm has used the past six months for scrapping ships.

Bettendorf said there were possibilities for other scrap operations for the area. Zidell took option on the section about six months ago and scrapped two baby aircraft carriers. The lease gave the firm first a six-month option then a yearly lease with option to renew up to 10 years. Zidell decided against renewal after the six month trial.

## Questions and Answers Designed To Clarify Picture on Berlin Dispute

London - (UPI) - Soviet Premier Nikita Khrushchev frequently reminds the West that he is determined to squeeze the Allies out of Berlin sooner or later.

That the matter will come up at the summit meeting starting in Paris May 16 is a certainty.

The many statements about Berlin by both East and West have clouded the situation. The following questions and answers are designed to clarify the present picture as much as possible:

**Question:** What are the respective legal positions of the Western Powers and Russia in Berlin?

**Based on Agreements**  
**Answer:** Berlin's present status is based on Allied agreements with Russia in September, 1944, which specified what would be the Allied sectors of the city. These agreements and subsequent agreements at Potsdam spelled out what roads, canals, air corridors and railroads the Allies were entitled to use into and out of western-occupied Berlin. No time limit was set on these arrangements.

**Question:** What is behind Moscow's drive to oust the Allies?

**Answer:** West Berlin, with its 2,500,000 people and an area of 155 square miles is an outpost of the Free World within the Iron Curtain sphere. It is the West's show window inside the Communist world and a haven for refugees escaping from Red rule in East Germany.

**Question:** Is Khrushchev the first Soviet leader to make an issue of Berlin since the end of the war?

**Broke Soviet Blockade**  
**Answer:** Berlin has attracted Moscow's attention ever since the Allies took over the western part of the city. Stalin tried to freeze the Allies out by imposing a blockade of the city in 1948. The Allies mounted their famous air lift and broke the Soviet blockade in May of 1949. At that time, the United States had the atom bomb; Russia did not.

**Question:** What precipitated the latest Berlin crisis?  
**Answer:** On Nov. 27, 1958, Khrushchev gave the West a sudden ultimatum to quit Berlin. He served notice on the Allies that Russia no longer considered itself bound by post-war agreements on Berlin and that the occupation regime must be terminated.

**Question:** What is Khrushchev's plan for the city?  
**Answer:** Khrushchev has proposed that West Berlin be moved from inside the Iron Curtain to a so-called "Free City" and that Allied forces be withdrawn. (In effect, this would amount to West Berlin being swallowed up by the East German Communist regime and the western outpost removed from inside the Iron Curtain.)

**Question:** What sort of treaty for Germany does the West want?  
**Answer:** The Allies propose that the two Germanys be united through free elections.

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**MEDFORD TRIBUNE**  
MEDFORD, OREGON, FRIDAY, MAY 13, 1960

## Invention Used in British Cars May Benefit Americans

Detroit - (UPI) - U.S. motorists may get the benefits of an American inventor's genius in the next few years because a British car manufacturer has made a success of it.

Although the electromagnetic transmission was originally conceived by Jacob Radinow of the United States bureau of standards, it has been largely ignored by American car makers until recently.

It might have gone on in obscurity except for the fact that the British company, Smiths Motor Accessories, Ltd., developed it and put it into production for the Hillman Minx, which is now being imported into this country.

Now Eaton Manufacturing Co., which patented Radinow's idea after developing it, has convinced some American auto makers they should look into the possibilities of using the electromagnetic transmission on American compact cars.

It has been installed on a number of U.S. cars on an experimental basis being tested by American car makers simpler than the one on the Hillman Minx but it is still expected to take at least two years to work out an acceptable version.

Clifford S. Steadman, general manager of the English firm which makes the electromagnetic transmissions for the Hillman Minx, told Automotive News recently that this type of transmission was not practical for engines with displacement greater than 212 liters - 150 to 160 cubic inches. This would limit it to compact cars in the United States.

Steadman said the electromagnetic transmission was impractical for larger engines because manufacturing costs and the size of the transmission mount faster than its output. Just the opposite is true of the fluid couplings and torque converters used in American-made cars today.

The transmission is filled with a magnetic powder

which, when energized by electrical current, creates a bond between the power shaft of the transmission and the shaft which delivers power to the wheels of a car.

**Slippage Eliminated**  
This solid bond eliminates the slippage found in all fluid transmissions, and the lack of slippage increases the efficiency of the transmission. It avoids wasted gasoline and makes it ideal for economy cars where gasoline economy is an important factor.

The electromagnetic transmission also eliminates the "creep" that is common to all cars equipped with fluid transmissions. This is true because the electromagnetic coupling is either solidly connected or completely free of any connection, unlike fluid connections.

Handicaps of the transmission include the use of different transmission for standardized cars and compact cars made by the same manufacturer. This would decrease volume in production and increase unit costs.

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**Question:** What is the West's stand on Berlin on the eve of the summit meeting?

**Not Willing To Negotiate**  
**Answer:** The West is determined to maintain its position in Berlin and its rights of free access to the city. The West does not intend to recognize East Germany and does not want to free Russia from her obligations or to negotiate its rights of access with the Communist regime.

**Question:** What does Khrushchev intend to do?  
**Answer:** Khrushchev has said he will demand at the summit that Berlin be turned into a "Free City." He does not intend at present to cut the West's routes of access to Berlin, but the West would be at East Germany's mercy once it renounced its rights stemming from the occupation arrangements.

**Question:** What is the alternative?

**Answer:** Khrushchev has threatened that if the West refuses to settle the issue and to conclude a peace treaty with the two Germanys, Russia will sign a separate peace treaty with Communist East Germany. He has warned that, in such an event, the Allies would lose their rights of access to West Berlin, which, he says, is an integral part of East Germany.

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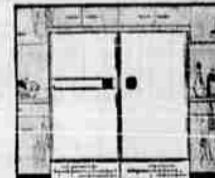
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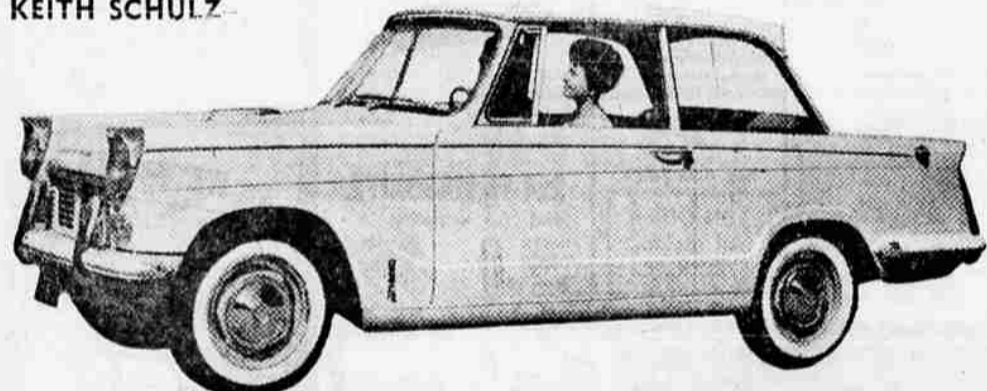
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## Colonists Wait Ecuador Visas

Terminal Island, Calif. - (UPI) - The second group of 78 colonials bound for the Galapagos Islands have been stranded here more than a month waiting for visas from the government of Ecuador.

Some of the colonists have been staying with friends and relatives ashore, but most of them are living aboard the Western Trader, tied up at berth 224.

The adventurers originally planned to spend only three to five days while they picked up visas and equipment for the voyage.

Capt. Lloyd Van Kirk said the visas probably have been delayed pending next week's elections in Ecuador. Colonization of the Galapagos Islands has become an issue in the elections.

The first group of 32 persons to leave from Seattle, Wash., arrived in the Galapagos Islands on the converted tuna clipper Alert and are waiting for the equipment to be brought by the second group so work can start on the colony.

The Island Development Company made a sizable down payment on a 64,000 acre plantation on San Cristobal islands for the colonists.

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