

# Republican Central Committee In High Spirits Over Victory

United Press International. The Republican State Central committee gathered in San Francisco last week end in high spirits to debate future party strategy.

The Republicans were happy because their candidate, Del Norte County Supervisor Donald H. Clausen, had won a decisive victory in the special election held in the First Congressional district to fill the seat held by the late Clem Miller.

Clausen received 79,340 votes to 65,317 for William Grader, the officially endorsed Democratic candidate, in the unofficial returns. An

independent Democrat who lived outside the six-county district, John C. Stuart of Auburn, got 1,651 votes.

Republicans pointed out that Democrats held a registration edge in the district and that Democrat Miller had carried it a month after he was killed in a campaign plane crash. Caspar W. Weinberger, Republican state chairman, hailed Clausen's triumph as a "clear indication" that a man (Grader) who ran on President Kennedy's coattails alone could not be elected. However, Democrats rejected this thesis.

Meanwhile, it was announced that Clausen would be appointed to the House Public Works committee.

Elsewhere, there were these developments:

**Legislative:** The Legislature completed its third week as it did its first—with a spate of bill introducing. Under the rules, the first 30 days are given over almost entirely to introduction of bills, except for matters of "urgency." The Assembly and Senate met each day for short periods, but the members were in their offices for long periods, consulting on possible legislation and getting acquainted. In the assembly this year 34 of the 80 members are in the legislature for the first time.

**Eisenhower:** Former President Eisenhower, in an article in the Saturday Evening Post, said Richard M. Nixon, "did have a point" in his attacks against the press following the recent California gubernatorial campaign. Eisenhower said that throughout Nixon's career "it seemed that a considerable segment of the press was on his back."

**Braceros:** It was reported that the U. S. Department of Labor has been conducting investigations into the conduct of the Mexican Bracero program in the Imperial valley. The report came in the midst of indications that federal action may be taken to curtail the program, which has been an important factor in the California farm-labor picture.

**Movies:** A labor-management committee on foreign movie production met with Secretary of Labor W. Willard Wirtz to seek aid in eliminating trade conditions that let Americans make films abroad. Pat Somerset, president of the Hollywood Film Council, said that subsidies given film operations by certain foreign governments had reduced the number of films made in the United States and specifically in California.

**Smog:** Four Russian researchers on smog visited Los Angeles, and the city gave them a good exhibition of one of its most famous commodities. The bluish haze limited visibility to about 1/4 of a mile. The Russians told their hosts there was no smog in Russia, but were hard put then to explain why they were known as smog researchers.

**Shelter:** Twenty-four Livermore families submitted themselves to a week end survival test in a privately built underground shelter. The 36-hour test included shutting off ventilation from the outside for a nine-hour period. Dr. Arthur Hudgins, a nuclear physicist and a director of Survival Associates Inc., pronounced the experiment a complete success.

**Mamie:** Mamie Eisenhower recovered from a virus infection at the Eisenhowers' winter home near Palm Springs. Sources said she became ill shortly after arriving in California Jan. 7. But by the end of last week she had resumed a normal schedule of activities.

**Business:** The California Public Utilities Commission staff said the Pacific Telephone and Telegraph company was earning \$32 million a year more than its authorized income for business in the state, but a company official disputed the statement. Pacific Telephone's Counsel asserted that the staff computations contained numerous errors. Elsewhere, it was disclosed that the FMC Corporation of San Jose had agreed to purchase the American Viscose Corporation of Philadelphia for \$116 million in cash.

**Bentley:** James A. Bentley, 27, was executed in the San Quentin prison gas chamber for the fatal shooting of a Fresno liquor store owner. Bentley had to be hospitalized for a nervous condition several days before his execution and was transferred the day before to the small holding cell near the gas chamber.



## Your Money's Worth

By SYLVIA PORTER  
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### HOW DEFICIT IS FINANCED IS KEY POINT

The key point about the \$98.8 billion budget President Kennedy has submitted for the year to start July 1 is not that it's in the red, 1964's historic budget is billions in the red, this is fact and nothing Congress is going to do will change this fact.

Rather, the key point to the health of our economy and our dollar is how this deficit is financed.

The method of financing the deficit can (1) lay the base for another inflationary upsurge and weaken our dollar's value at home and abroad. Or it can (2) have some stimulating impact on our economy, just because the government is putting more money into our pockets than it is taking out in taxes, but not dangerously flood the business stream with extra money, not set off another speculative spiral, not undermine our dollar's value here or abroad.

This is the crucial point, yet it is so much in the sphere of technical high finance that only a woefully small minority in or out of Washington grasps what it means.

To underline the enormous importance of it, consider what is happening to this year's budget deficit.

We are in this fiscal year to end June 30 running a budget deficit now estimated at \$8.8 billion. Most of the money to cover this deficit already has been borrowed by the Treasury.

How has it been borrowed? Almost entirely outside the banking system—which is the heart of the whole matter.

U.S. corporations have bought large amounts of the Treasury's short-term securities, have put their extra cash into Treasury I.O.U.s instead of spending it. Foreign investors and foreign central banks have bought big chunks of the Treasury's I.O.U.s, have been investing their extra cash instead of spending it. There is nothing inflationary about these operations at this time.

Had the Treasury borrowed the money from the U.S. banking system, though, the picture could be drastically different. For when banks buy the Treasury's securities, they simply place a deposit in the Treasury's name on their books; they put up only a fraction of their own cash. When these deposits in the Treasury's name are on the books of the banks, the Treasury has the money to spend.

As the Treasury spends the money for goods and services, the extra cash goes into the hands of the public in the form of profits and paychecks. This means Americans across the nation have more buying power—and unless the supply of goods and services also rises, the base for potentially inflationary price increases is established.

Today, there are no shortages of goods and services in our land—quite the contrary. Today, the supply of money and credit is ample, but it is not flooding the business stream. The Treasury has managed its borrowing in a primarily non-inflationary way. The Federal Reserve System has kept its control over the money supply. The result is that price inflation is hardly our problem now.

What about next year's mammoth budget? It must be financed mainly out of savings—not out of bank-created money, insists Federal Reserve Board chairman Martin. President Kennedy has said flatly and publicly that he agrees with this. Treasury Secretary Dillon and Treasury Undersecretary Roosa go along with this too. So does the President's chief economic adviser, Dr. Walter Heller. None of these men—and they are the key policymakers in the money field—is kidding.

Interest rates will be kept high enough to attract non-bank investors to U.S. Government securities.

A rise in the rate paid on U.S. savings bonds from the present maximum of 3 1/2 per cent to say, 4 per cent would be a reasonable move to appeal to little individual investors. When and as big tax cuts go into effect, the Federal Reserve will assume a defensive role—meaning it will keep a lid on the money supply.

Next year's deficit, no matter what its size, need not do so either. It all depends on how the deficit is financed—and that, I repeat, is the heart of the matter.

FOR THE COLD - Cold weather has again hit the Pittsburgh, Pa., area. Richard Kier, 17, shows a novel way of keeping his ears and nose warm. (UPI)



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## The Family Council

Editor's note: The Family Council consists of a judge, a psychiatrist, three clergymen, three editors and a women's editor. Each article is a summary of a family disagreement presented to the Council. The Council deals with problems, major and minor, encountered by guidance counselors and social workers. Edited by Mrs. Alma Deany. (Copyright by General Features Corp.)

**Mrs. L. B.** - She shouldn't leave the baby in Gary's care.

**Mrs. M. A.** - Why not? He adores having a baby sister.

**Mrs. L. B.** - I've been a close friend of Mrs. A. for many years. That's why I'm presenting this matter to the Council. She won't listen to me.

She was divorced from her first husband, and has a 10-year-old son. Two years ago she remarried and has just given birth to a lovely daughter. She doesn't seem to see all the problems this brings up in her son's life. But others do. I've noticed him putting his hands to his ears when people gush over the new baby. If possible, he runs out of the room.

Nevertheless, Mrs. A. insists that Gary is wild about the baby and she plans to use

## Three Hurt as Car Hits Log on Road

Three persons were injured last night when their car struck a log across Agate rd. at White City, state police reported this morning.

Daryl Dee Moore, 18, of 905 South Central ave., the driver, and a passenger, Ronald William Moore, 15, same address, were treated at Sacred Heart hospital for minor injuries and released. Donald L. DeRushie, 21, of 332 Mary st., Medford, another passenger, was reported in fair condition this morning while being treated for a possible concussion, bruises and abrasions. All three persons were taken to the hospital by Medford Ambulance service.

The log apparently had dropped from a load being moved across the road, state police said. The car turned over landing on its top after hitting the log.

A second one car accident yesterday occurred on the Sams Valley highway near Tresham lane. No injuries were reported, state police said. The car, driven by Harry Allen Hunt, 62, Tillicum, Ore., was going east on the highway when the rear axle broke. The car went out of control and into a ditch on one side of the road where it struck and cut off a power pole.

## Christmas Tree Growing Course Set

Oregon State university is offering a short course on Christmas tree growing according to Earle Jossy, Jackson county extension agent. The meeting will be held Feb. 5 in room 208 of the Memorial Union building on the campus in Corvallis.

Registration will begin at 8 a.m. with the program starting at 9:30 a.m.

Discussion will include bush and weed control, disease problems in trees, the effect of weather and nutrition to tree growth and insect problems in trees.

The public is invited to this meeting. There will be a \$2 registration fee to cover expenses.

## President To Be Here With Choir

Loyed R. Simmons, president of California Baptist college, Riverside, Calif., will accompany the college choir to Medford when they sing tonight at the Southern Baptist church, 764 Lozier lane.

The 40-voice choir, under the direction of James H. Walker, will present a concert of sacred music which will include selections by the Les Chantierres, the girls' cappella choir.

The concert, open to the public, will begin at 7 o'clock. Prior to it members of the choir will be guests of the congregation at a potluck dinner at 6 o'clock at the church.

## SUSPEND PUBLICATION

Phoenix, Ariz. - The Arizona Journal, faced with a public auction to satisfy \$175,000 in unpaid taxes, has suspended publication until Monday.

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