

Trading With Chinese Reds Poses Dilemma for Japanese

By ROBERT CRABBE
United Press International
TOKYO (UPI) — There are two Chinese governments in the world and nobody knows it better than Japan. She does business with both of them.

Japan is standing at an important crossroads in her relationship with Taipei and Peking.

The Communist Chinese government, which has dominated the Chinese mainland for 13 years, wants to buy equipment for textile factories from Japan and pay for them on easy terms over a period of five years.

The Nationalist Chinese government, based on Formosa and dedicated to free enterprise, has registered a formal protest and appealed to Japan to back out of the deal. It wants nothing done to strengthen Red China's economy.

Japanese Prime Minister Hayato Ikeda and his chief cabinet ministers thus must make a decision that is bound to anger somebody.

If they approve the sale of synthetic fibre plants to Red China on credit terms, the Japanese will incur the ire of Nationalist China, and its chief backer, the United States.

If they reject the deal, they may endanger Japan's rapidly reviving trade with the Communist Chinese mainland.

Trade With Taipei

Officially, Japan recognizes President Chiang Kai-shek's regime in Formosa as the official government of China. From a business point of view, Japan's trade with Nationalist China is only a small fraction of her economic activity, but it is a profitable one. In her trade with Formosa, Japan has

consistently made money.

According to official figures supplied by the Nationalist Chinese embassy in Tokyo, Japan sold goods valued at \$62,550,000 to Nationalist China in 1962. She purchased goods valued at only \$32.1 million from Formosa. The balance thus was more than \$30 million in Japan's favor.

From the big Japanese ports on the Pacific Ocean, a steady stream of machine tools and factory equipment flows south to Formosa. In return the Japanese buy large quantities of sugar, bananas and other foodstuffs and raw materials.

In its effort to industrialize, the Chiang Kai-shek regime has turned largely to Japan, a low-price seller of vital industrial items.

The Japanese have held a large share of the Formosan market despite the fact that American sales there have increased in recent years as a result of the extensive American aid program to the Chinese Nationalists. American imports occupied about 19.8 per cent of the Formosa market last year, compared with Japan's 44 per cent.

Trade With Reds

Japan's trade relations with Communist China present a more checkered picture. Rather than being profitable to Japan, the Japanese trade with the Red mainland is more of a barter arrangement, designed to enable both sides to come out even.

As with Nationalist China, Japan sells Red China capital goods and buys raw materials.

Food Prices Will Remain Stable, Claim

CHICAGO—With many of this year's crops harvested and an abundant selection of foods in sight, we can hopefully look forward to food prices at the supermarket remaining generally stable as they have for more than a decade, Paul S. Willis, president, Grocery Manufacturers of America, incorporated, said here today.

"The government's standard market basket of foods can now be purchased at the grocery store at about the same prices which prevailed a decade ago, while items other than food in the cost-of-living index have increased an average of more than 18 per cent during the same period," Mr. Willis stated.

"So actually food has been a major factor in holding down the over-all cost of living index," he added.

Slight Decline

The government's latest consumer price index for August, showed a slight decline in food prices over the previous month, Mr. Willis noted.

"About a year ago, adverse weather conditions affected some of the fresh fruit and vegetable crops. The resulting shortages which occurred temporarily increased prices for these items, and this raised the food price index earlier this year. Now prices are gradually declining again," Mr. Willis added.

"Compared with a decade ago, food gives the consumer more value for the dollar than virtually any other item in the consumer price index. Also, consumers on the average are able to buy their food requirements for only 19 cents of their after-tax income dollar compared with 23 cents a decade ago. This is the lowest percentage in all history, and lower than anywhere else in the world," he pointed out.

Seizing on an incident in which Japanese nationalists tore down a Red Chinese flag at a trade fair, the Chinese virtually severed trade relations with Japan. Japanese sales to Red China dropped from about \$30 million in 1959 to around \$2 million in 1960.

But the split with the Soviet Union caused China to swallow its pride and reach out for more trade with the Japanese.

Japanese shipments to Red China were back up to \$16 million in 1960 and reached \$36 million last year with Red China shipping about \$42 million worth of goods to Japan. In

November, a mission of "private Japanese business men" went to Peking and worked out a new agreement designed to enlarge the flow of goods.

Faces Decision

This year, Japan expects its "two-way trade" with Red China to reach \$150 million, with a slight balance in China's favor. In volume, this will be close to Japan's Formosa trade.

Through most of last year, the Japanese balked at granting China time payments. In December, Peking broke this down somewhat by winning deferred payments on a large shipment of fertilizer. There were further concessions during the spring on a small steel and farm implements shipment.

Now Peking wants to buy two

synthetic fibre factories, with five years to pay.

Officially at least, the United States takes the position that trade with Red China is a matter for Japan to decide. However, embassy staff members here have been at pains to let the Japanese public know that the United States would like Japan to look to the free world for trade expansion.

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Seven People Appear In Circuit Court Here

Charles L. Maccagno, 26, of route 1, box 220, Rogue River, was arraigned in Jackson county court on a charge of uttering and publishing a false check, the district attorney's office said yesterday.

He pleaded guilty, imposition of sentence was suspended for five years and he was placed on probation. Maccagno was directed to make restitution.

A pre-sentence report was ordered for Aaron Cornelius Heisman, Jr., 18, of 2832 15th st., Seattle, Wash., who pleaded guilty to charges of breaking into a Medford restaurant.

Walter Dale Balla, 19, of Tahoe Valley, Calif., was returned to probation after a hearing on charges of violating his probation. He was originally placed on probation on a charge of ob-

taining property by false pretenses.

John Arthur Hopton, 19, of route 1, box 46B, Jacksonville, was sentenced to 2 1/2 years in the Oregon Correctional institute this morning in circuit court on a charge of burglary not in a dwelling.

John D. Abel, 52, of 622 Southeast M st., Grants Pass, being held on a charge of forgery, had trial date set for Oct. 21 at 9:30 a.m.

Jerry Dwayne Stewart, 24, of route 1, box 61B, Eagle Point, was sentenced to six months in the county jail and had execution of sentence suspended for two years. He was charged with unauthorized use of a vehicle and was ordered to make restitution to pay for the damage to the automobile.

Bank Computer Center Moved Under Ground

By ROBERT L. FIENBERG
GLOUCESTER, R. I. (UPI) — One of the first non-government underground computer centers in the United States was opened here recently.

The \$500,000 structure, located beneath an apple orchard, houses the accounting operations of the Industrial National bank of Rhode Island.

The center is designed to resist atomic blast, hurricanes, tornadoes and external explosions.

The bank, America's second oldest and one of New England's largest, decided on the project when Secretary of the Treasury Douglas Dillon urged protection of banking records in event of atomic attack.

The site was selected after a thorough study of possible nuclear targets in the state and an analysis of the various yields of the most likely nuclear weapons to be used.

Target Site

Statisticians concluded that Providence would be the target site and that a five megaton thermonuclear device probably would be used, delivered by ballistic missile and detonated at optimum height.

The site of the center is 10 miles from the Providence area, reducing the chance of a direct hit to one in 1,000.

After the location was chosen, it was decided to harden the building to withstand envelopment by a 20 pound per square inch overpressure resulting from a nearby explosion.

The center was built with reinforced concrete roof slab from 22 to 40 inches thick and buried under two feet of earth. The entire building is encased in a waterproof neoprene covering to ensure against seepage.

The center has a double set of blast doors protecting the entrance and designed for almost instant sealing from the outside. No two doors will be open at the same time.

Sealed Structure

Every opening to the outside is protected by fast-closing blast valves. Whenever the pressure in the air exceeds four pounds per square inch, the valves immediately close, sealing the structure from the outside.

The computer and its auxiliary equipment take most of the space. Additional space is devoted to generators, air conditioners and other equipment.

Space will be rented to towns, cities, banks and corporations for storage of microfilm, computer tapes and other duplicated records.

The remainder of the interior space is devoted to emergency living quarters and conference rooms. The center is supplied with emergency rations and supplies to last for 30 days.

A more definite problem exists in Rhode Island aside from nuclear attack. The state has been plagued with severe flooding after hurricanes since the mid-1900s.

The location of the bank's accounting equipment outside of the city in the computer center means that hurricanes and other disasters should have no effect on the facility's ability to operate at all times.



HAPPY LITTLE GIRL—A freckle-faced little girl in a straw hat and short starched dress rolls her eyes and mugs for the camera on the set of a Hollywood movie. The kid could pass anywhere for a tall nine-year-old but underneath the makeup is veteran actress Shirley MacLaine, having the time of her life in her latest motion picture. (UPI)

Lightning Bolts Costly To Buildings

of 732 institutional buildings — churches, schools, hospitals and government structures — were hit by major destructive lightning bolts in 1962, says the Lightning Protection Institute.

Church steeples apparently attracted many of the strikes and church building losses were very high, says the institute. A total of 351 churches were hit, with total loss of \$6,581,656, or an average loss per church of \$18,758.

Veal Round Steak Hit

Here's a change to achieve a meat dish worth a gourmet's blue ribbon. It's done with veal round steak and a package of dried onion soup. Dredge veal round steaks in seasoned flour and brown. Dilute onion soup with water and simmer veal round steaks in onion soup mixture for about one and one-half hours or until tender.

Scotland's lowlands represent only about 10 per cent of the country's area but contain about 75 per cent of the population.

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