

SOYBEAN PRICES AT PROCEEDS

Day's News

By FRANK JENKINS
I wonder if you've been following the saga of the soybean during the past week. In these days when we're still flurrying with the idea that we can repeal the law of supply and demand and CONTROL THE MARKET PLACES by laws passed by congress (or the state legislatures, or the city councils, or what have you) the current story of the soybean is interesting. Let's brief it here.

On Tuesday of last week, soybeans began to display unexpected strength in the grain market. The next day (Wednesday) they shot to a NEW HIGH SINCE 1948 on the Chicago Board of Trade. On that day, May soybean future contracts hit \$3.49.

What caused it all?
Seeking a possible answer to that question, let's quote an AP market dispatch of last Wednesday (when the soybean bull market was just beginning to gather strength): "Buying in soybeans reflected strength in the soybean oil market, which in turn was based partly on a bill introduced in congress late yesterday (Tuesday) which would REDUCE THE AMOUNT OF THE CUT SCHEDULED FOR BUTTER PRICES ON APRIL 1."

That is to say:
Soybean oil is one of the principal raw materials of margarine. The price of margarine is competitively limited by the price of butter, with which it competes. The secretary of agriculture had already (at the time of this soybean flurry) announced a reduction in the parity support of butter which was generally expected to cause a drop of about eight cents per pound in the price of butter on the markets. Cheaper butter might be expected to CUT consumption of margarine.

Then—
Unexpectedly—
A bill is introduced in congress to REDUCE THE AMOUNT OF THE CUT SCHEDULED FOR BUTTER PRICES.
In other words:
If the bill became a law, the price of butter would STAY HIGHER, and presumably people would go on eating more margarine. If that happened, more soybean oil would be used and the price of soybean oil could be expected to go higher.

Speculators rushed into the markets and bid up soybeans to a new high since 1948 in what a big commission house termed "the most dynamic bull market in grain's history."

As of today, soybeans have dropped a little from their peak of last week. Today's market report says: "Soybeans dropped several cents at the opening and then recovered a good part of their losses in active dealings. The November future, representing the 1954 crop, bounced back above Friday's close."

It will be interesting to see what will happen to soybean prices if the bill to KEEP BUTTER PRICES HIGHER fails to become a law.

Let's put it this way:
Suppose this bill to keep butter prices higher had been introduced at the instigation of some smart speculators who had loaded up heavily on soybean futures. They'd have made a killing, wouldn't they?
Just by the INTRODUCTION of a bill in congress.

Things like that COULD HAPPEN at any time in a market that is controlled by MAN MADE law instead of by the economic law of supply and demand.
At least, the situation contains food for thought.

U.S. Answer To Guatemala Heard

U.S., Japan Sign Mutual Military, Food Aid Pact

TOKYO (AP)—Japan and the United States today signed a mutual defense pact to give the Japanese both guns and grain and hasten the day when American soldiers can withdraw from the island empire.

Labor Head Asks Funds Increase

WASHINGTON (AP)—Secretary of Labor Mitchell Monday asked Congress to boost his department's budget 40 million dollars in the next fiscal year, mostly to take care of increased unemployment compensation.

Mitchell told a Senate appropriations subcommittee he is working on the assumption that there will "continue to be a high level economy" in the next fiscal year but that "there will be some increase in unemployment."

Excise Tax Cut Bill In House

WASHINGTON (AP)—House speaker Martin (R-Mass) said Monday the administration will not oppose House passage of a bill to cut excise taxes nearly a billion dollars, but will seek to ease the reduction in the Senate.

He told newsmen after the weekly conference of Republican congressional leaders at the White House that President Eisenhower feels the proposed cut "goes a little too far."

General Dean Testifies At Marine Court Of Inquiry

WASHINGTON (AP)—Maj. Gen. William F. Dean, captive of the Communists for three years, testified Monday he would take poison if he ever were captured again, to make sure he did not reveal military secrets.

Gen. Dean, a Medal of Honor holder, testified as a defense witness before a military court of inquiry in the case of Marine Col. Frank Schwabe, who confessed falsely to germ warfare while a prisoner in Korea. The purpose of the inquiry is to determine whether court martial action shall be taken against the flier.

Comm. T-H Changes

WASHINGTON (AP)—The House Labor Committee Monday rejected an effort to knock union shop provisions out of the Taft-Hartley act.

Foreign Aid Total Given To Congress

WASHINGTON (AP)—President Eisenhower told Congress Monday that in a little more than four years the United States has given \$7,700,000 worth of guns, ammunition and other military equipment to strengthen free nations against the threats of Soviet power.

Puerto Ricans Rounded Up

NEW YORK (AP)—Federal authorities launched a swift roundup of nearly 100 persons of Puerto Rican extraction in New York and Chicago Monday as four grand juries started an inquiry into last week's fanatical shooting of five congressmen in Washington.

Forest Roads Badly Needed

WASHINGTON (AP)—The Forest Service expects to get back about 25 million dollars for the 7 1/2 million it wants to spend on forest roads and trails in Oregon and Washington.

Cold Weather In Gulf Area

By THE ASSOCIATED PRESS
The chill in the deep South Monday failed to match Sunday's killing frosts through the Gulf Coast states, but that was about all the comfort the readings in the 30s afforded.

Turks Release U.S. Vessel

ISTANBUL, Turkey (AP)—The American freighter Volunteer State, held three days by Turkish authorities investigating a hi-run collision at sea, has been allowed to continue her voyage to Genoa.

Weather

FORECAST—Klamath Falls and vicinity: Cloudy with occasional light rain through Tuesday. High Tuesday 51; low Monday night 40.

Vietminh Raid French Air Bases

By LARRY ALLEN
HAIPHONG, Indochina (AP)—French military authorities enforced a state of emergency in this vital seaport Monday following a Vietminh commando raid on a nearby landing field where American air technicians service U.S.-supplied transport planes for the French war against the Communist-led rebels.

Grand Jury Session Opens

Investigation of a Christmas Eve shooting affray in which a railroad worker was killed was started Monday by the Klamath County Grand Jury. Eleven other criminal cases are on the jury's docket.

Two Accidents Claim Three

YREKA, Calif. (AP)—An extensive search of the Klamath River near Yreka Monday failed to turn up a trace of three men lost in the river in separate accidents Saturday.

Police Seek Missing Man

A report of a local man missing since Friday evening was released to newspapers and radio stations by Oregon State Police this morning.

Magnuson Hits At GOP Policy

MIAMI, Fla. (AP)—Sen. Warren G. Magnuson (D-Wash) charged Saturday that while the national public power needs double every 10 years, the Republican administration is doing nothing to meet the problem.

Antelope Herd Plans Meeting

LAKEVIEW—The 19th convention of the Order of the Antelope will be held Friday, Saturday and Sunday, July 16, 17 and 18. It was decided by the board of control.

Miller To Head Lake Chamber

LAKEVIEW—Guy Miller, manager of the J. C. Penny Company, will be president of the Lake County Chamber of Commerce for 1954-55, as the result of election held by the board of directors at the chamber office Friday night.

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as Clyde Walsh worked. The job was being done at the Star Drug Building at 5th and Main streets.

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KLAMATH BASIN POTATO SHIPMENTS			
Shipped Today	Same Day Last Year		
34 cars	34 cars		
Total For Season			
1953-54	1952-53		
8572 cars	9276 cars		



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