

In The
Day's News

By FRANK JENKINS

Two things happened this morning to take our minds, at least for the moment, off Sputniks, missiles and Russia:

1. The Federal Reserve Board reduced the interest rate on loans to member commercial banks from 3 1/2 per cent to 3 per cent. This was hailed generally as the end of the 2 1/2-year-old "tight money" policy.

2. Following this action on the part of the Federal Reserve Board (and presumably influenced by it) stocks scored a sharp advance in the most active trading on the New York exchange in 17 years.

Why?

What happened in Wall Street is a highly technical matter and this writer is no stock market technician.

But this much is clear:

When the market opened this morning THERE WERE MORE BUYERS THAN SELLERS. When there are more buyers than sellers PRICES RISE.

Let's go on from there.

When people buy, they are usually in an optimistic mood. When they sell, they are apt to be in a pessimistic mood.

So—

What happened in the stock market may be accepted as reasonable proof that—Sputniks or no Sputniks, missiles or no missiles, Moscow or no Moscow—a lot of people still have faith in the future of our country.

That is IMPORTANT.

Without faith in our country, we get nowhere.

A word is in order here about the stock market.

There was a time when the stock markets were looked upon as the preservers of the big money interests. That time is past. At the present time, more than EIGHT MILLION people own securities listed on the New York Stock Exchange alone. That means eight million individuals. Most of these individuals represent family groups. So this eight million figure represents a rather considerable group in our total population.

And—

It must be remembered that these eight million people represent only the owners of securities listed on the New York Stock Exchange. They do not include those who own securities listed on the nation's other exchanges—the American exchange in New York, the exchanges in Boston, Chicago, St. Louis, Kansas City, San Francisco, Los Angeles and numerous others—not to mention the securities bought "over the counter."

Owners of shares in American business enterprises are very, very numerous indeed. Stock ownership is no longer confined to the very rich. It includes all kinds of people.

That makes what happened this morning all the more interesting.

Jury Selected
For Beck Jr.

SEATTLE (AP) — The state began presenting its case in the grand larceny trial of Dave Beck Jr. late Thursday after a jury of nine men and three women had been selected.

Beck, son of the retiring president of the International Teamsters Union, is charged with misappropriating funds from the sale of two union-owned automobiles. Beck's father faces similar charges and is scheduled to go on trial Dec. 2.

Attorneys for the prosecution, who had time only to present routine evidence that the two cars were owned by the union and were subsequently resold, said the state would prove private buyers paid for the two cars with cashier's checks which went to young Beck.

Youth Admits Killing Child;
KF Hitchhiker Aids Arrest

RENO, Nev. (AP) — John Lawrence Miller, 15-year-old reform school fugitive, was captured by Reno police early Friday and admitted, Capt. Daryl Read said, that he suffocated a 22-month-old girl at Los Angeles Monday.

"I felt like I wanted to kill somebody and she was around so I killed her," Read said Miller admitted in a signed statement.

Read said a hitchhiker, Lloyd Difani, was given a ride from Klamath Falls, Ore., recognized the fugitive and notified police when they arrived in Reno in a stolen car.

Miller was surrounded by policemen at a service station shortly after 2 a.m. Read said the youth surrendered without resistance, but said he would have shot someone if he knew how to use the stolen pistol he carried. Miller was booked on a charge of wanted for murder in Los Angeles.

Read said Miller readily dictated and signed a statement admitting he killed 22-month-old Laura Wetzel.

Miller told of going into the home of Mr. and Mrs. Stafford Thurmond after escaping when he returned to the Fred C. Nellis School for Boys last Sunday, Nov. 10.

"I went in the back door of the house," the boy's statement said. "It was unlocked and I knew

Navy Gives Account
Of Airline Disaster

HONOLULU (AP) — Seventeen broken bodies and recovered wreckage, showing many signs of fire, yielded clues Friday that a Pan American luxury air liner ditched with shattering force in the ocean a week ago only 23 minutes after making a routine position report.

As search was pressed for the 27 other occupants of the Honolulu-bound air liner, investigators pieced together these bits of evidence:

Twelve of the first 17 bodies recovered had on life jackets—suggesting the 36 passengers got word to prepare for ditching during the 10,000-foot descent.

Three wrist watches were stopped at 5:27 p.m.—only 23 minutes after the plane, "Romance of The Skies," reported her position as 1,028 miles east of Honolulu—but with never a word of any trouble.

There was "some evidence of

fire" in the "considerable debris consisting of mail, cushions, miscellaneous buoyant parts," the aircraft carrier Philippine Sea reported.

The bodies were found yesterday as the carrier combed a more than 100-mile-square area 955 miles northeast of Honolulu with a flotilla of small boats picking up debris from the Romance of the Skies, which vanished with 36 passengers and a crew of eight.

With small boats from all ships in the area working under helicopter guidance, the Navy said it expected "to exhaust the possibility of survivors and recover all available bodies and significant material from the area" by 5 p.m. today.

All the bodies found were shoeless; most wore lifejackets and all had "external injuries and multiple fractures," the Navy reported. "The cause of death is considered to be the extensive injuries and fractures," the Philippine Sea radioed.

Coast Guard Capt. Donald MacDiarmid said the evidence "indicates the pilot did not have everything go sour suddenly or he would not have had time to warn people to get into jackets and get their shoes off. I would assume the pilot ditched the aircraft."

Removing the shoes is routine ditching practice for planes at sea.

A Navy officer said there could be three reasons why the plane Honolulu-bound from San Francisco, sent no distress signal. "That's the big mystery," said the officer, who declined use of his name.

He said there could have been a fire, a propeller could have flown off, or a meteor could have hit the plane.

He considered the loose propeller the likeliest cause.

Helping the Philippine Sea were the destroyers Epperson and Renshaw and the Coast Guard cutter Bering Strait. All had small boats working over an 11-by-3 mile area where the bodies were found floating among debris.

The bodies were found 88 miles north of the plane's course to Honolulu. The Navy said this was due to natural drift and the time was about right for the bodies to have risen to the surface.

Identities of the bodies were withheld pending notification of kin.

The Navy issued strict instructions to preserve the remains by refrigeration, since embalming might interfere with pathological tests which might throw some light on how the victims met death.

Climaxing the biggest peacetime search in the Pacific, one of the Philippine Sea's planes yesterday morning reported the first find—nine bodies floating among debris.

One still was lashed to a seat by its safety belt.

In San Francisco, Pan American and Civil Aeronautics Board investigators continued to search plane records and personal backgrounds of the 44 people aboard for some clue to the big riddle: How could a four-engine plane with the most modern radio and safety equipment vanish at 10,000 feet altitude over a calm sea without sending out some hint that it was in distress?

AFL-CIO President George Meany said actions of the Bakery Workers executive board constitute "failure and refusal to comply" with an Oct. 23 order of the AFL-CIO Executive Council.

The council had ordered the Bakery Union to clean house or face ouster from the federation, and listed certain specific actions to be taken by this Friday to eliminate what it termed corrupt influences.

In the executive board action which Meany criticized, the Bakery Union agreed to hold a new convention to elect officers. But it refused to debar President James G. Cross from running for a new term and to reinstate Curtis R. Sims, ousted secretary-treasurer and opponent of Cross.

Cross said he bowed out of the picture, announcing that he would seek reelection as head of the 142,000-member union.

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JUVENILE PROBLEMS were given a thorough airing in the course of a day-long hearing being held Friday in the Klamath County Library by members of the Legislative Interim Committee on Judicial Administration in Oregon. Among those present to hear testimony were, left to right, Mrs. Muriel D. Lezak, member of the Oregon Prison Association, Portland; Alfred F. Condey, Klamath Falls, chairman of the morning session, and Circuit Judge Ralph M. Holman, Oregon City, chairman of the interim committee. Hearings were held Friday afternoon, and a night session will begin at 7 o'clock.

Nixon Backs
Foreign Aid

DENVER (AP) — A plea for continuation of foreign aid was made by Vice President Richard M. Nixon during a quick aerial trip to Denver.

He said, in an extemporaneous address last night, that the mutual security program "which the President will ask the Congress to approve . . . is just as important, and could be more important, than the military appropriations he will ask."

The vice president spoke at a dinner meeting of a conference on university contracts abroad, sponsored by the Committee on Institutional Projects Abroad of the American Council of Education.

The vice president said it is necessary to strengthen the economy of newly developing nations throughout the world "so they can be independent of any foreign domination—including that of the United States itself." Independence, he said, is the best assurance the nations will not fall to communism.

These peoples, Nixon told the group, are primarily those who formerly lived under colonial rule and the majority of them are members of races other than the white race.

"They want recognition of their dignity, of their equality as nations and as individuals," the vice president declared.

The United States and its allies, he said, will fail to win them over unless they are convinced they are accepted sincerely.

He displayed the same outward calm shown during the days after his indictment and during his trial. He said nothing, and after the sentence was promptly let away by two officers.

In a statement to the court the prosecutor, Asst. U.S. Atty. Gen. William Tompkins, did not press for death.

Instead, he urged Judge Byers to impose "a substantial and very strong sentence in this case."

Abel's court-appointed attorney, James Donohue, pleaded that his client be spared death, contending the prosecution had failed to indicate any specific instance where Abel had actually transmitted U. S. military secrets to Russia.

Donohue also argued that if Abel's life were spared, there might come a time when this country would wish to exchange him for some American intelligence agent captured in Russia.

Abel was convicted on three counts: Conspiracy to transmit national defense information to Russia; conspiracy to obtain such information for transmission to Russia; and failing to register as a foreign agent.

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Reserve Banks Loosen Up
On 'Tight Money' Policies

WASHINGTON (AP) — The Federal Reserve Board gave the nation's leveling-off economy an unexpected shot in the arm today by cutting back its discount rates in four sections of the country.

The immediate effect is to make it easier for banks to obtain money for lending to businesses and the general public. And it appeared to herald an easing of tight money policies that have accompanied a two-year business boom.

A spokesman for the Federal Reserve Board said the action was "recognition that inflation, at least temporarily, has ceased to be the dominant factor in the economy."

He emphasized, however, the board's belief that there is no reason for any public alarm that a business recession may lie ahead.

The board announced late yesterday that, effective today, the discount rate would drop from the 2 1/2 per cent to 3 1/2 per cent to 3 per cent at the Federal Reserve banks in Atlanta, New York, Richmond and St. Louis. Similar action by the eight other reserve banks is expected soon.

The action came at a time when seasonal demands for money are high. Both businessmen and purchasers tend to increase their borrowing as the Christmas shopping season approaches.

The discount rate is the interest which the 12 regional Federal Reserve banks charge their member banks on borrowed funds. Banks borrow from the reserve system when they need extra money to meet the demand for loans. A low discount rate encourages them to borrow in order to make commercial or personal loans, thus helping to keep the economy rolling at a brisk pace.

Wall Street was generally surprised and pleased with the news. It was called "constructive," "stimulating," "forthright and courageous," and recognition by the Federal Reserve Board that "the forces of inflation are receding."

That, however, wasn't a unanimous opinion. One major bank official said, "I'm astonished and speechless . . . I regard it as wholly unwarranted."

The announcement came after the New York stock exchanges were closed, but in San Francisco stocks climbed sharply after the news and trading was brisk.

It was only three months ago that the reserve banks raised the discount rate from 3 to 3 1/2 per cent. A Federal Reserve spokesman said at the time that the board's efforts to restrain the expansion of credit because "the main light is still against inflation."

There was no additional action at the gapping hole in the north end's Ravenna Boulevard, where the main trunk sewer is 145 feet deep under a hill.

But more rain, predicted for Friday night and Saturday, would add to the danger of a wider collapse that could topple houses into the break that already has swallowed pavement, sidewalks and trees from the boulevard's center strip.

Police set up a 24-hour patrol of the area, north of the University of Washington Campus. Health authorities warned parents to keep children and pets away from the area, but said there was no general hazard.

He said considerable revamping of Jupiter-C weapon research rocket is needed to adapt it for satellite launching.

Medaris said too he thought it unwise to announce schedules in advance. He commented that "we learned from the Russians" about the wisdom of saying nothing until there was certainty. But he said he thought there was "about a 90 per cent degree of probability" for success on the Army's first try.

He noted that President Eisenhower had set March for launching of Navy's first fully instrumented satellite, with test firings of small spheres scheduled in December.

The Army's cylindrical satellite, said Medaris, will be outfitted fully with instruments and will weigh about the same as the Navy's 20-pound spheres.

Until last week, the Navy-supervised Project Vanguard was the sole American satellite launching program. After Russia fired a two space satellites Tuesday, Secretary of Defense McElroy ordered

the Army to begin preparing for launching satellites.

A spokesman asked Medaris if the Army was in a "back-up role" to support the Navy's Vanguard Project. Medaris replied crisply that "the requirement placed on us is distinct from Vanguard," although the same type of recording instruments will be used by both services.

Medaris said the Army has between three and nine Jupiter-C test vehicles available at Redstone Arsenal in Huntsville, Ala. But he stressed it is not simply a matter of dusting them off and mounting the satellite noses.

The Jupiter-C, used as research device in connection with ballistic missile development, has three rocket engines in it. To be used as a satellite launcher, the vehicle must have four or more propulsion units, Medaris said.

The Army satellites are being produced at the Jet Propulsion Laboratory, a civilian contract organization in California, Medaris said.

After the Jupiter-C vehicles are revamped, they must go through extensive tests.

So, Medaris said, "this hardware isn't something I could turn down to Patrick tomorrow," Patrick Air Force Base, at Cape Canaveral, Fla., is the missile test center from which the satellites will be launched.

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20 Per Cent Tax
Cut Looks Certain

By PAUL W. HARVEY JR.

SALEM (AP) — House Democrats Friday accepted in principle a 20 per cent income tax reduction proposed by the majority of a Senate-House Conference Committee.

The action apparently paves the way for adjournment of the 19-day old special legislative session Friday night or Saturday.

They said they wish a few hours to study the proposal, which was accepted by a 5-3 vote Thursday night by the conference committee. It has the approval of both parties in the Senate and House Republicans.

The compromise provided for a 22 1/2 per cent tax reduction, but the tax commission came up with new estimates that it would actually be 20 per cent.

The House Democrats, who had proposed minor amendments Thursday night only to have them rejected by the conference committee, issued the following statement:

"Our purpose was to give the taxpayers substantial relief without jeopardizing the state's future financial position and essential budget needs."

"The eight days of negotiations have brought forth a compromise on a tax relief program for Oregon, on which some of our members have reservations as to its fiscal wisdom."

"Although many believe the reduction plan may be too high—bearing the seeds of a potential deficit—it was the best that could be worked out under the circumstances."

The Republicans had demanded a reduction of 30 per cent, while the Democrats wanted to hold it to 10 per cent.

The three House Democrats who are on the conference committee will study the mechanical details of the bill to see if there are any errors.

The compromise would provide total tax relief of 37 million dollars this biennium, leaving 22 millions of the 74 million surplus for the next biennium.

The compromise calls for an 18 1/2 per cent reduction in personal income tax schedules, plus fringe benefits.

These additional benefits provide for loss carryover and accelerated depreciation as a benefit for business, and additional tax benefits for the blind and persons over 65 years old.

Another provision in the compromise is that whenever personal income tax collections exceed \$5 million a year—an unlikely possibility—there would be an automatic tax decrease to prevent building up surpluses in the future.

The decrease would amount to 1 per cent for each million dollars collected above that figure. The House Democrats objected to this.

Their other objection was to a small part of the proposed rate schedule of 3 to 9 1/2 per cent, in contrast to the present schedule of 4 to 11 1/2 per cent. The House Democrats proposed that the proposed rate in the \$3,000-\$4,000 bracket be changed from 7 to 2 per cent, and that the rate on income over \$8,000 be changed from 9 1/2 to 9 per cent.

Sen. Walker J. Pearson (D), Portland, Senate Taxation Committee chairman, urged Speaker Pat Dooley (D), Portland, Friday to accept the compromise. Pearson says he fears that if the House Democrats don't accept it, the 19-day-old special session might run another week.

Gov. Holmes was present at Thursday night's caucus when the House Democrats proposed the "amendments."

This is the President's 16th visit to the Augusta National Golf club since his election in 1952.

They plan to remain at the Augusta National Golf Club until about the middle of next week.

Eisenhower boarded his plane, Columbus III, only a few minutes after taking part in a Cabinet meeting and attending the swearing-in of Dr. James R. Killian Jr. as his special assistant in charge of coordinating military-scientific development.

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Snow Slows
State Traffic

By THE ASSOCIATED PRESS

Overnight mountain snow gave Oregon motorists trouble and the Weather Bureau