

By FRANK JENKINS

In his annual report to the congress this morning, President Eisenhower paints for us first a bright and hopeful picture.

The nation, he says, has SNAPPED BACK STRONGLY from last year's recession. Production is DOWN and there is reason for confidence that business will show further improvement in the months ahead.

But— He then warns— "U.S. economic health is jeopardized by an upward spiral of wages and prices that continued even during the recession."

He appealed to congress, to consumers, to businessmen and to labor leaders to "join in a relentless war against this creeping inflation."

So much for the political side of the picture (we must remember that everything that happens in Washington is dominated by politics.) Let's turn now to a strictly BUSINESS view of what is going on.

In its Business and Economic Review for January 1959, the First National Bank of Chicago says:

"Non-farm employment in November increased slightly as employees previously involved in labor disputes returned to work. Employment usually declines in November, so a rise this year is a favorable sign.) Personal income rose almost one per cent above the preceding month to a RECORD annual rate of \$360 billion. Increased wage and salary payments accounted for the \$2.4 billion rise as several durable goods industries resumed production following reduced output in October.

"Consumer income for the full year is estimated at \$533 billion, a new HIGH despite the lower over-all level of business activity."

Note, please, that up to this point the Chicago bank paints a bright picture, as does the President.

But— It then adds— "However, prices have increased SOMEWHAT FASTER THAN INCOME with the result that purchasing power DECLINED SLIGHTLY in 1958."

That is to say: We're getting MORE dollars. They BUY LESS. That's inflation for you.

In conclusion: In principle, we're against inflation. In practice, we're for it.

That's why inflation is a tough problem.

### Offices Told To Catch Up

SALEM (AP)—All local offices of the state Unemployment Compensation Commission had orders to work all night Monday, if necessary, to catch up with the \$50,000 backlog of jobless pay checks.

The commission said it would be caught up by Tuesday morning. About 15,000 checks are involved.

These are checks that would have been mailed out Friday and Monday if the state treasury had not refused to honor warrants issued by the secretary of state's office.

State Treasurer Sig Unander refused to honor warrants signed by either of the claimants to the secretary of state's office—Howell Appling Jr. or David O'Hara.

However, when Gov. Mark Hatfield signed the bill late Monday to permit Unander to make cash available for unemployment and welfare benefits, the Unemployment Compensation Commission immediately went into action to get the checks out.

The commission already had sent the checks to its local offices.

The commission urged claimants not to come to the local offices to collect. They will get their checks in the mail.

Now, the checks will keep coming steadily.



THESE 25 YEAR members of the Klamath Production Credit Association gathered about a birthday cake just about to be sliced by A. R. "Orb" Campbell, Klamath Falls, member of the original board who is still functioning as a director. The annual membership meeting was held January 17. Table decorations were in keeping with the birthday anniversary. Twenty five year members were presented with pins and introduced to the assembled members, wives and guests. Seated, left to right are: Mrs. William Bell, Dairy; Mrs. Frank Toffell, Bonanza; William Bell, Frank Toffell, and George Stevenson, Olene. Standing, same order, Henry C. Gerber, Mrs. Gerber, Klamath Falls; Mrs. A. R. Campbell, her husband, Mrs. John Taylor and John Taylor, Miller Island District, Klamath Falls. — Photo by Guderian

### Red 'Tourist' Heads Home

WASHINGTON (AP)—Anastas I. Mikoyan left for Moscow today to report on his glad-handing tour of the United States and his inconclusive talks with top government officials.

The Soviet deputy premier arranged to travel by train to New York. He is due in Moscow Wednesday after an overnight transatlantic flight.

Mikoyan evidently was disappointed that he could not budge Eisenhower administration leaders from their restrictions on Soviet trade and their policy of standing firm against Soviet pressures over Berlin. He charged that the cold war is still on in the State Department.

State Department officials were disappointed that the Soviet visitor came up with no concessions in Soviet policy on Berlin and other German issues.

Mikoyan had his own explanation of that as he made his final appearance at a big Soviet Embassy reception Monday night.

"Why should we make concessions?" he asked a questioning newsmen. "Everybody is talking about concessions but no one is making them."

A highlight of the embassy reception was the unannounced appearance of Van Cliburn, the Texan who won an international piano competition in Moscow last spring.

### Army Troops Fire Missile

WHITE SANDS MISSILE RANGE, N.M. (AP)—Army field troops have fired off a Redstone surface-to-surface missile, capable of carrying an atomic warhead, for the second time.

The Redstone's second inland firing was accomplished Monday by troops of the 209th Field Artillery missile group as part of their graduation exercise.

It was the second reduced-range performance for the 200-mile-range missile.

The 69-foot ballistic weapon is undergoing practice firings at the missile range. It is tactically employed in the hands of the North Atlantic Treaty Organization forces in Europe.

### UNIQUE REQUEST

LA GRANDE, Ore. (AP)—William P. Wells, director of audiovisual aids extension and film librarian at Eastern Oregon College had a unique request.

It came from the supervisor of academic instruction at California's San Quentin Prison.

He requested a film — "The Cell."

Thornton argued that Hatfield, because he didn't give ex-Gov. Holmes a formal resignation as secretary of state which would have taken effect before Hatfield became governor last Monday, is still secretary of state, and not governor.

Justice Hall S. Lusk asked Thornton if he contends that Holmes is still governor. Thornton replied that he wasn't ready to give an opinion on that subject.

The Legislature, in a move to keep up unemployment compen-

### Little League Park

It is important that fans and supporters of the movement for a local Little League ballpark understand that there is no organized solicitation of funds for the project under way.

Those wishing to help should purchase tickets to the various functions planned to raise money.

Those wishing to make cash donations may contact Attorney Freeman Murray in the Underwood Building, so that the money may be properly deposited in the Little League Ballpark trust fund account.

### Weather

FORECAST—Klamath Falls and vicinity: Mostly fair and cold through Wednesday with a few snow flurries in mountains. Highs 28-36; low tonight 8-16.

High yesterday 37  
Low last night 18

Northern California — Fair except a few snow flurries likely over mountains of coastal north; cold tonight. Coastal winds northerly, 12-25 miles an hour.

CRATER LAKE  
High yesterday 25  
Low last night 16  
8 a.m. today 17  
New snow 1 in.  
Snow depth 34  
Last year 101  
Year before 78

Skies were partly cloudy with the sun trying to break through in the park this forenoon. Highway 62 open with chains advised. Chains required from Annie Springs to the rim.

### Alaska Chief Said Critical

SEATTLE (AP)—Alaska's Gov. William A. Egan was reported "extremely critical" today and an emergency operation was scheduled to relieve what surgeons said was complete paralysis of his bowels.

Egan, the first elected governor of the 49th state, was flown here Monday afternoon after failing to recover satisfactorily from a gall bladder operation in Juneau, Alaska, Jan. 6.

The gravity of his condition was not disclosed until this morning. Dr. Joel W. Baker, chief surgeon at Seattle's Virginia Mason Hospital, said Egan had developed a bowel obstruction and "complete paralysis" in complications which followed surgery two weeks ago.

Dr. Baker described the 44-year-old Democrat's chances of recovery as "somewhat less than 50-50."

### Mack Viewed For Position

County Judge Charlie Mack was scheduled for a conference with Gov. Mark Hatfield in Salem today to discuss a possible appointment to the State Tax Commission.

Contacted by telephone, Governor Hatfield admitted he was considering Mack for the post, but indicated that the appointment today was an exploratory conference, and that the appointment was not yet definite.

If Mack receives the appointment and accepts it, he would become one of three members on the State Tax Commission. The members of the commission serve at the convenience of the governor, and their salary is set by the Board of Control.

Salary range is from \$9,000 to \$10,500.

In the event, Mack resigns his post as county judge to accept the position, the governor would name a new county judge. The new judge would have to be a Democrat, the state having ruled some time ago that appointees to a county level office must be of the same party as the person resigning such post.

There were no indications locally as to who might be named to succeed Mack. Neither members of the Klamath County Democratic Central Committee nor members of the Hatfield for Governor Committee indicated anyone was being considered pending the actual appointment of Mack to the tax commission.

### Batista-ites Await Death

By ROBERT BERRELLEZ  
HAVANA, Cuba (AP)—Jammed into a prison normally housing 15 inmates are 561 followers of ex-dictator Fulgencio Batista awaiting trial on "war criminal" charges.

Some probably will go free. Others will die before Fidel Castro's firing squads.

The prisoners — Batista police, military men and informers — are housed in large cells with interlocking bars. Armed guards patrol the 20-foot walls.

Escorted by two unarmed guards, our party of U.S. newsmen was given an unhindered visit to the cells.

The prisoners were reluctant to talk.

Finally one young prisoner said he would speak English "because what I say now the guards may take back to the prison director."

Other prisoners gathered and began airing complaints. The two escorts drifted off to chat with other prisoners playing cards. They seemed to be on good terms.

### Frigid Vise Grips North

By THE ASSOCIATED PRESS  
Icy air tightened its grip across northern sections of the country today as new thrusts of snow, sleet and rain added further winter weather discomfort.

Below zero weather was the rule from east of the Rockies in Montana across North Dakota and northern Minnesota into Wisconsin. It was near zero in Michigan and northern sections of Illinois and Indiana.

Heavy snow warnings, with falls of five inches or more, were posted for the Oklahoma panhandle and southern Kansas into extreme west central Missouri. Snow was widespread from Montana to western Colorado and most of Nebraska and South Dakota while heavy falls were reported in parts of eastern Wyoming.

### DAG TO VACATION

UNITED NATIONS, N.Y. (UPI)—U.N. Secretary General Dag Hammarskjold leaves today for a brief vacation in the Bahamas.

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## IKE: U.S. HAS CHOICE

### House Solons Claim Budget Can Be Cut

WASHINGTON (AP)—The House Appropriations Committee starts work on President Eisenhower's 77-billion-dollar budget today with two key members saying it can be cut.

But the general tenor of comments among Democrats — who hold large majorities in both House and Senate—indicated that congress is more likely to raise than to decrease the total.

Maurice Stans, director of the Budget Bureau, and Secretary of the Treasury Robert Anderson were called before the committee to explain details of Eisenhower's spending plans for the year starting July 1.

Both Chairman Clarence Cannon (D-Mo) and Rep. John Taber of New York, senior committee Republican, said they believed the budget could be cut.

They never saw a budget that couldn't be cut, they said in separate statements. But they didn't say where or how much. The committee will work several months on those questions.

Following today's meeting of the 50-member group, the committee will break up into subcommittees to start whipping into shape more than a dozen separate bills providing the money to finance the budget.

The first of the subcommittee, and the largest, already has directed Secretary of Defense Neil McElroy to provide later this week details of the military portion of the budget.

About 60 per cent of the projected spending is for defense, with emphasis on missiles and space exploration.

That might not be enough, commented Rep. George Mahon (D-Tex), head of the Defense subcommittee. Mahon said he feared the defense budget "may have been shaved too close."

Cannon minced no words. He called the budget a political document based on "contingencies which no one expects to materialize."

He referred to Eisenhower's estimate that an expanding prosperity will add nine billion dollars to the revenue totals estimated for this year.

Numerous other Democrats contended with Cannon that the estimate was more optimistic than the economy now seems able to support.

Other officials, including administration experts, said the estimate is realistic—even conservative—in the light of booming corporation profits and a continuation of the business upswing.

### Six Children Die In Blaze

ASHLAND, Maine (AP)—Six children died early today in one of Maine's worst fire tragedies.

Four other members of Luther Tripp's family and two boarders escaped a flash fire that swiftly destroyed their rural home. The parents were injured in heroic rescue attempts.

The dead: Edna, 15; Ella, 12; Jeannie, 9; Alfred, 4; Barbara, 2; and Carolyn Tripp, 2.

Tripp, a 35-year-old lumber mill worker, and his 34-year-old wife, Mrs. Tripp, suffered severe burns. Mrs. Tripp also lost a lot of blood from a gash on one leg.

Rebecca, their 8-month-old daughter, was burned and suffered smoke inhalation.

Also burned, after two attempts to rescue some of the children, was Stanley Hickley, 20, Mrs. Tripp's half-brother.

Luther Jr., 10, and boarder Blynn Cox, 24, were unharmed. The survivors escaped by going out a front, second-floor window onto a porch roof.

Mrs. Tripp, with Rebecca in her arms, leaped from the porch into the snow-filled yard.

### Police Probe Blast Ruins

KEMAH, Tex. (AP)—Police probed the ruins of a small home on the Galveston Bay fishing town today on the theory that a blast which killed a family of six may have been planned.

"There is a possibility that the explosion which caused the tragedy may have been deliberately set off," said Galveston County Sheriff Paul Hopkins.

Truman Stone, sheriff's investigator, said he found a length of pipe leading from a butane tank to a point under a mattress of a collapsed bed in the bedroom. Stone said a jet on the tank was turned on.

The youngsters were Barbara, 7, Carol, 6, Neal Jr., 4, and Deborah 2.

### World News In Brief

UNITED PRESS INTERNATIONAL ECONOMIC — Washington — President Eisenhower submitted his annual economic report to Congress.

MIKOYAN—Washington — Mikoyan left Washington for Moscow.

CUBA — Havana — Castro confined to hotel suite with heavy lung congestion diagnosed as "touch of pneumonia."

ARGENTINA — Buenos Aires — Government mobilizes personnel of city transportation system in effort to break subversive general strike.

BUDGET—Washington — Democratic leaders not frightened by Ike's warning he will hold them responsible for any red-ink spending.

TAXES—Washington — Congress expected to reject Eisenhower's proposal for 1 1/2-cent-a-gallon increase in gasoline taxes.

VIRGINIA—Richmond — Governor begins effort to replace segregation laws.

FRONDISI — Washington — Argentine president arrives for state visit.

Philadelphia Or Chicago Loom As GOP Meeting Site

DES MOINES, Iowa (AP)—Republicans rejected "me-tooism" today with clear indications they will not follow the Democrats to Los Angeles for their 1960 presidential nominating convention.

GOP Chairman Meade ALCORN said his party is going to disregard the decision made by a Democratic site subcommittee, meeting in New Orleans last week to nominate that party's candidates in the Southern California city.

"There has been too much 'me-tooism' already," ALCORN said. "We are going to select our site and our date independently of what the Democrats have done."

ALCORN added that "the television and radio folks are not going to like our decision." The networks have asked both parties to meet in the same city to reduce the expense of transferring equipment.

With Chicago, Los Angeles, and San Francisco putting in formal bids today for the Republican convention, the contest appeared to

### Berlin Mayor Welcome Set

NEW YORK (AP)—American business leaders are organizing a hero's welcome for West Berlin Mayor Willy Brandt. The aim is to offset the propaganda impact of Soviet Premier Anastas I. Mikoyan's spectacular tour of the United States.

The State Department, too, is likely to go out of its way to make significant gestures to Brandt.

Brandt, symbol of an encircled city's defiance of Soviet communism, is expected to arrive in the United States by air Feb. 7. Receptions are calculated to demolish any notion that U.S. business might be willing to sell out Berlin for the sake of trading with the Communists.

The intention appears to be to disabuse both the Soviets and Western Europeans of any idea that courtesies extended to Mikoyan represented lack of support for a firm American policy, about Berlin.

Talk from Mikoyan of the possibility of a new approach to East-West differences has made the West Berliners and many in Western Europe nervous.

### Memory Expert Forgets Wedding Concession Made To Communists

SINTON, Tex. (AP)—O. A. Bill Hayes of Temple, Tex., a lecturer on memory training, has amazed audiences over the nation by correctly calling the names of as many as 400 persons after a mass introduction.

Monday Hayes notified the Sinton Parent-Teachers Assn. he would be unable to fill a speaking engagement. He said when he made the engagement several weeks ago, he forgot the date was his wedding anniversary.

### Antelope Trek Dates Announced

Chief Whitetail Phil Quisenberry has announced that the annual trek of the Order of the Antelope to Hart Mountain will be held this year on July 17, 18 and 19.

Members are reminded that advance reservations for the Blue Sky Hotel may be made with assistant herd sires in the various communities. Loctly Walt McIntyre is the man to see.

Anyone planning to invite a Wild Jackass candidate should present the name to the assistant herd sire rather than sending it direct to headquarters in Lakeview.

### Economy Aid Laws Asked By President

WASHINGTON (AP)—President Eisenhower said today the nation faces a grave choice—either self-discipline to prevent a damaging inflation, or government controls "which are alien to our traditional way of life."

Eisenhower sent to Congress his economic report, third and last of the major annual messages. It announced a virtually full recovery from the recession, forecast record income and production in 1959, and held out hopes of tax reduction reasonably soon thereafter.

It asked 31 laws to help "assure a vigorous growth of our economy."

But the message clearly was meant as an alarm bell to rally labor, business and consumers to unite with the government in defending the value of the dollar.

Wage rises that run ahead of increases in output per worker, Eisenhower said, push up prices, hurt sales and impair American competition in world markets.

Thus excessive wage costs obstruct the creation of new jobs, endanger the jobs of those now working, and: "In short, they are, in the end, self-defeating."

The President appealed to industry to redouble its efforts to hold the price line against "wage a ceaseless war against costs." He urged consumers to shop carefully for price and quality.

He called on Congress, for the third time in a fortnight, to abide by the spending cuts in the 77-billion-dollar budget which he sent to the Capitol Monday for the year starting July 1.

This, he told the legislators, would be "the most important single step in discharging the government's responsibility to help preserve the stability of prices and costs through the prudent management of its own affairs."

If government income and spending can be matched in the year starting next July 1, and if tax collections are swelled by the expected growth of income and business profits, Eisenhower said, then — "A significant additional step in tax reduction and reform can be taken in the reasonably foreseeable future."

More directly than in the past the President aimed his exhortation at unions entering wage negotiations. "Leaders of labor unions have a particularly critical role to play, in view of the great power lodged in their hands," he asserted.

"Self-discipline and restraint are essential if reasonable stability of prices is to be reached within the framework of the free competitive institutions."

### Hope Waning For Lost Boy

LEBANON, Mo. (AP)—Weary searchers have almost given up hope that 3-year-old Willard Eugene Jones Jr. is alive.

The boy wandered off into dense Ozark timber around his farm home Saturday afternoon. The temperature dropped to 19 degrees that night.

Sheriff Neil Brown called off the organized search temporarily Monday night. But determined volunteers, including 500 soldiers from nearby Ft. Leonard Wood, were to make another effort today, despite forecasts of freezing rain and snow.

The parents, Mr. and Mrs. Willard Jones Sr., and their eight other children have stayed close to the home, waiting for word.

### Legislature Gets Curfew Bill

SALEM (AP)—Legislation to establish a statewide curfew for children under 18 years old was introduced in the Legislature today by the House Judiciary Committee.

The bill is part of a package drafted by the Legislative Interim Committee on Judicial Administration to strengthen laws dealing with juveniles.

The bill provides that children under 18 have to be off the streets by 1 a.m. on Saturday, Sunday and holiday nights, and at midnight on other nights.

It would repeal all county and city curfew ordinances, leaving enforcement uniform on a statewide basis.

Another bill in the group would permit smoking cigarettes at the age of 18. The minimum age now is 18.

The penalty for violating the law would be \$100 fine for the first offense, and \$100 fine plus 30 days in jail for each subsequent offense. The present maximum penalty is \$1,000 fine and one year in jail.

The House State and Federal Affairs Committee introduced the

first batch of its bills to reorganize the state government.

The bills would: Direct the Department of Finance and Administration to manage branch office buildings, give it authority over construction of state buildings, and order it to submit a program for construction of Capitol buildings in each state budget.

Abolish the state Bond Commission, and transfer its duties to the state treasurer.

Give the state civil service director authority to run his department. It now is run by the Civil Service Commission, which would become an advisory agency.

Create a state personnel council to improve personnel management in state agencies.

Abolish the state Tunnel Commission, which was created in 1931 but which hasn't functioned for years. It was created to assist in building tunnels on state highways.

These reorganization bills were recommended by an interim committee. The biggest of the group would permit the governor to reorganize the state government, but

it hasn't been introduced yet.

The Senate didn't consider today the bill by Sen. Monroe Sweetland (D-Milwaukie) to permit the state auditing division to pay all state bills until the supreme court decides who is secretary of state.

Senate leaders feel there is no urgency, since the Supreme Court is expected to rule quickly on the secretary of state issue.

The Legislature took care of the immediate emergency Monday when it voted to let state Treasurer Sig Unander advance funds so that unemployment and welfare benefits can continue.

The Labor and Industries committees of both houses will hear testimony Tuesday night on unemployment compensation matters. The worst problem is what to do about the depletion of the unemployment trust fund, out of which benefits are paid.

At the same time, the Joint Ways and Means Committee will hold a hearing on the request by the Centennial Commission for 2 million dollars to finance the international trade fair and centennial celebration to be held in Portland next summer.

## Thornton Challenges Mark

By PAUL W. HARVEY JR.  
SALEM (AP)—The Oregon Supreme Court Monday heard a direct challenge to Gov. Mark Hatfield's right to be governor, as well as a protest over Hatfield's appointment of Howell Appling Jr. as Hatfield's successor as secretary of state.

The challenges were made by Atty. Gen. Robert Y. Thornton, who filed the suit claiming that David O'Hara, retired chief of state elections, is entitled to the office. O'Hara was appointed by ex-Gov. Robert D. Holmes.

Thornton argued that Hatfield, because he didn't give ex-Gov. Holmes a formal resignation as secretary of state which would have taken effect before Hatfield became governor last Monday, is still secretary of state, and not governor.

Justice Hall S. Lusk asked Thornton if he contends that Holmes is still governor. Thornton replied that he wasn't ready to give an opinion on that subject.

The Legislature, in a move to keep up unemployment compen-

sation and public welfare payments, passed a law Monday to permit state treasurer Sig Unander to make these payments. Gov. Hatfield signed it late in the afternoon.

Oregon hasn't been able to pay its bills because Unander will not honor warrants signed either by Appling or O'Hara.

But all the haste to sign the bill might be unnecessary. There is a probability that the court might rule within the next day or two, and thus decide who has the legal claim to the office.

Attorneys argued for two hours before a courtroom packed with 100 spectators.

Shields and Toozee argued that Hatfield's resignation — given to Holmes to take effect when Hatfield took the oath as governor — was all that is required.

Thornton called this resignation "ambiguous and equivocal," and said it violates a court rule against the doctrine that when an office holder accepts a new office, he automatically resigns from the first one.

Shields claimed this doctrine of implied resignation has roots deep

in the English common law, and it validates Hatfield's right to be governor and appoint his successor.

Thornton relied upon a state Supreme Court decision which held that state Rep. Earl H. Hill (R-Cushman, Lane County) should have resigned from the Legislature before accepting a post on the state Fish Commission. Shields countered that that decision applied only to legislators.

Toozee said Holmes had no right to appoint O'Hara because there was no vacancy in the office at that time. He also argued that Holmes had no right to reject Hatfield's letter of resignation.

Shields