

Western Europe Has Power To Cause Crisis In American Gold Supply

Editor's Note—President Eisenhower last week ordered emergency action to stem the steady flow of American gold into foreign hands. Frank Cormier, experienced AP Treasury Department reporter and financial writer, assesses the scope of the problem in the first of three articles on the gold situation.

By FRANK CORMIER
WASHINGTON (AP)—The nations of Western Europe now have it in their power to rock the American financial system any day in the week.

All that stands between crisis

Parade Route

PORTLAND (AP)—The 1961 Portland Rose Festival's floral parade will go right through the new Memorial Coliseum and those who want to be under cover can buy arena seats and see it all indoors.

There are large doors at each end of the arena permitting entry of the floats and marching units.

Edward L. Casey, festival association president, said the Merrykhana Parade, a fun event, will be held Saturday night, June 3, and the floral parade will be Saturday, June 10. That means the festival will be extended two days and run through two weekends.

and stability is an intangible called "confidence" — confidence that the U.S. dollar will remain "as good as gold."

Foreign governments and their citizens own about \$18 billion of Uncle Sam's money. Most of these dollars are owned by Western Europeans and are deposited or invested in the United States. Theoretically, all could be used to buy American gold.

If all were used for this purpose, Uncle Sam's supply of bullion would be wiped out. There is only \$18 billion of gold in the government's coffers.

Such a disaster is virtually impossible.

For one thing, foreigners do so much business with the United States that they couldn't afford to exchange all their dollars for gold. Furthermore, to do so would wreck their own finances because the United States is the cornerstone of the free world economy.

This doesn't mean, however, that the current anxiety over Uncle Sam's persistent loss of gold is misplaced. The simple fact is that foreigners could cause a major crisis merely by exchanging a relatively small proportion of their dollars for gold in the span of a few days.

If foreigners bought \$1 billion of U.S. gold in a single week, this would be taken as a vote of "no confidence" in the dollar. Perhaps

even a lesser amount would turn the tide.

It is this possibility which last week prompted President Eisenhower to impose unprecedented restrictions on spending abroad under the military and foreign aid programs. His aim was to lessen the number of dollars moving into foreign hands; dollars that could be used to buy American gold.

Since July 1, foreigners have been buying American gold at the

rate of \$3.8 billion a year. Since Aug. 1, they have been ordering at an annual pace of \$4.1 billion. Since Sept. 1, the rate has risen to \$4.7 billion. Since Oct. 1, the flow of bullion has hit a spectacular annual rate of \$5.9 billion.

Compare this buying with the remaining U.S. gold supply: \$18 billion of which \$11.5 billion must, by law, remain in government hands as backing for part of the money supply.

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TWO ENGRAVED ASH TRAYS bearing a replica of the F-101B Voodoo interceptor were presented by Col. Rupert C. Welch, center, Kingsley Field commander, to Maj. Gen. Von R. Shores, commander, 25th Air Division, McChord AFB, Washington, left, and Col. Leon W. Gray, commander, Portland Air Defense Sector, Corvallis, right. The ash trays were made available by the McDonnell Aircraft Corporation, builders of the F-101B Voodoo used by the 408th Fighter Group at Kingsley Field.

Rare Skin Disease Was Turning Point For Reelected Japan Prime Minister

TOKYO (AP)—Hayato Ikeda, the victor in Japan's eighth postwar election, found faith and renewed self confidence in deep personal suffering.

The 60-year-old prime minister, whose pro-U.S. policies received a mandate from the voters, was the son of a wealthy sake manufacturer who spent his youth as a university student at Kyoto drinking deeply of the pleasures of that famed geisha capital.

Like many sons of the rich, he chose government service as a career. He might have remained an obscure official if a rare disease of the skin had not forced him to resign his post in the tax office in Utsunomiya in 1932.

from power because of a temper and a candor which are celebrated in Japan, traits which stirred him to retort to critics of his austerity measures: "Let the people eat barley if they can't afford rice."

But Ikeda has conducted himself during his four-month tenure with masterly control.

Recognizing that Kishi aroused hostility among the leftists and the general population by a general attitude of rigidity, Ikeda set about proving he could and would compromise if the opposition Socialists cooperated.

This approach won him new friends and helped channel away

much of the resentment felt against the Conservatives under Kishi's helm.

He injected new confidence into the nation's workers by promising them an increasing share in the expanding economy.

He has shown some signs of willingness to seek a rapprochement with Communist China, speaking of the need to trade with Japan's big mainland neighbor. But his foreign policy is based squarely on cooperation with the United States and the West. He rejects the Socialist theory that Japan must be neutral if it is to survive the cold war.

Finnish Press Critical Of Deportation Incident

HELSINKI (AP)—The Finnish press today sharply criticized the American expulsion of Finnish-born William Mackie, 51-year-old housepainter of Portland, Ore., on charges of communist activity.

Mackie was flown to Finland Saturday. He was born of Finnish-American parents on a brief visit to their old country. He has been living in the United States since eight months of age.

The liberal Helsinki paper Hufvudstads Bladet today asked ironically whether Mackie was "sent to Finland as a goodwill ambassador."

The socialist Paivan Sanomat noted editorially that Mackie, who doesn't speak Finnish, was expelled after being in the United States 50 years and said:

"He fought with the U. S. Army and he paid his taxes. His deportation to a totally strange country is an astonishing act, to say the least."

Other Finnish papers had urged

the Finnish president to refuse to receive Mackie. The Finnish consulate in New York, however, issued a temporary travel document for Mackie, saying that "as far as can be ascertained, he is a Finnish citizen."

In Helsinki Mackie is continuing his efforts to get the deportation order cancelled. The Finnish Painters Union has arranged room and food for him and offered him help to get employment.

Victim Recovers

NEPTUNE, N.J. (AP)—John Brodeur, 24, whose right leg was amputated after being attacked by a shark Aug. 21, has been released from Pitkin Memorial Hospital.

Brodeur, cheerful despite three months in the hospital, will stay at the home of the parents of his fiancée, Jean Fiorano, 22, of Jersey City. Brodeur was attacked while swimming off Sea Girt. His leg was amputated eight days later.

Science Shrinks Piles New Way Without Surgery Stops Itch—Relieves Pain

New York, N. Y. (Special)—For the first time science has found a new healing substance with the astonishing ability to shrink hemorrhoids, stop itching, and relieve pain—without surgery.

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