

By FRANK JENKINS

The business picture, as reported from Washington this morning:

In January the Federal Reserve Board's index of industrial production fell by one per cent to 102. Slumping automobile production contributed heavily to the industrial decline. Factory, mine and utility activity was only two per cent greater last month than in 1957, the base year for the index.

Production slowdowns and layoffs caused the national income to drop to an annual rate of \$406.3 billion, the lowest since last June. Industrial activity has fallen 7 per cent and materials are down 8 per cent.

The Department of Commerce reports that in the same period personal income dropped by \$600 million to an annual rate of \$406.3 billion. This compared with last October's record rate of \$409.7 billion. The report adds that most of the January income decline reflected a reduction in industrial payrolls.

Wage and salary payments in manufacturing dropped at the rate of \$400 million a year last month, while marketing payrolls were down \$300 million. (Larger payrolls in GOVERNMENT and service industries partly offset these declines.) Income of business and professional people dropped \$200 million to the rate of \$35.5 billion a year.

And so on. The BUSINESS picture as reported by these government departments is a dark one.

Let's turn now to the stock market.

The business wires tell us this morning that yesterday the stock market rally ROARED through its third straight session. Selected electronics and aircraft and missiles were strong as prospects for more spending on space age projects was announced.

Yesterday's overall volume on the New York Stock Exchange was 5.07 million shares compared with 5.2 million on Wednesday, adding an estimated value of 1.9 billion dollars to the quoted value of stocks listed on the exchange. The American Stock Exchange equalled last Friday's total of two million shares, the greatest since the year-end session of December 30, when turnover on the American Exchange was 2.44 million shares. Prices moved generally higher.

After three hectic days, there appears to have been a slight slackening of stock market activity. At noon today (Eastern standard time) the Dow-Jones industrial average stood at 651.94, an up of .08.

Hmmmmmmmmmm.
Business is DOWN.
The stock market is UP.

Why this paradox?
This answer naturally occurs: With the government announcing new and greater SPENDING every day, with the sky apparently the limit, and with the certainty that this new spending will go on the cuff, INFLATION looks like a sure bet. Good old inflation — with its assurance that whatever you buy today will be worth more (in paper dollars) tomorrow.

To the speculator, it looks like happy days are here again.

More Lags Reported

WASHINGTON (AP)—Two new government reports show a further lag in the economy with industrial output dropping for the sixth straight month in January and incomes falling for the third month.

In one report, the Federal Reserve Board said Thursday that production at mines, factories and utilities dropped 1 per cent to a point 8 per cent below the record level achieved in January, 1960.

In a separate report, the Commerce Department said personal income dropped by \$600 million last month to an annual rate of \$406.3 billion. This compared with last October's record rate of \$409.7 billion.

The board said a sharp cutback in auto assemblies, which has continued this month, was only partly offset by a better than seasonal pickup in steel.

The board's industrial production index dipped by one point in January to 102—only 2 per cent greater than the average for 1957.

Further declines in production of business equipment, clothing, furniture, auto parts and some non-durables were noted by the board. Petroleum output increased and appliance production held steady. There was little change in activity in mining and utility industries.

The Commerce Department report said most of the January income decline reflected a reduction in manufacturing payrolls.

Weather

Klamath Falls and vicinity:
Mostly cloudy with occasional snow or sleet mixed with rain today. Partial clearing tonight. Considerable sunshine Saturday. High 37-43. Low tonight 23-35.
High yesterday 42
Low last night 28
Precip. last 24 hours .03
Since Oct. 1 7.63
Same period last year 4.35

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KLAMATH FALLS, OREGON, FRIDAY, FEBRUARY 17, 1961

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Weather

Northern California: Occasional rain. Point Arena and Redding northward and increasing cloudiness elsewhere today. Clearing in north this afternoon or evening. Snow for a few hours in northern mountains today.
Mt. Shasta-Siskiyou area: Occasional snow today. Clearing tonight. Fair Saturday. Colder tonight and Saturday.

Flurry Of Diplomacy Raises Hope Of Averting Clash Over The Congo



OLDTIMERS who explored the skies in the infancy of civilian aviation will be honored at a dinner meeting Saturday night of the Klamath Chapter Oregon Pilots Association. The 7 o'clock dinner will be served in the newly opened Satellite Restaurant in the air terminal building at Kingsley Field. Alan D. Greenwood, Lakeview, state director of aeronautics in the '30s, will talk on aviation in that era. Left to right are Dick and Dorothy Smith, new managers of the Satellite; "Pappy" Newlin, one of this country's first flyers, and Lloyd Derby, who first soloed many years ago.

Six Die In Missile Pit As Crane Falls On Them

ROSWELL, N.M. (UPI)—The giant 35-ton crane rumbled toward the edge of the intercontinental missile launching silo under construction.

The 75-foot towering boom of the mechanical monster swayed as the caterpillar tracks neared the lip of the gaping hole in the earth.

Suddenly the ordinary cacophony of construction was obliterated by the screech of twisting steel, the dull rumbling of crushed concrete, followed by the anguished screams of stunned workers 170 feet below.

The mechanical monster came crashing down, pulling men, equipment and structural steel

with it. A rain of flaming gasoline fell on the men in the bottom of the 32-foot-wide tube after the crane's gas tank exploded near the top.

The accident Thursday killed six men and injured 14 others. Two of the injured were not expected to live.

It was the second worst accident in the history of the U.S. missile bases. The worst happened May 22, 1958, when an Army Nike-Ajax ground-to-air missile exploded on its launching rack at Leonardo, N.J., killing 10 men. That accident happened at an operational missile base.

The Roswell base still is under construction. Eight catwalks ring the silo at intervals of about 20 feet. Some men were on these catwalks when the crane toppled over. At least one was swept 14 stories to his death.

The crane operator jumped clear just in time to save himself. The more quick-footed workers at the bottom of the silo ran into a tunnel leading off from one side to escape the fire and falling debris. Those who hesitated were killed.

It was not possible to determine exactly how many men were in the silo when the crane started to fall, but at least five of those killed were at the bottom.

Canadian-U.S. Chiefs Confab

OTTAWA (AP)—Next week's talks between President Kennedy and Prime Minister John Diefenbaker will be watched here with unusual attention because of recently impaired relations between the United States and Canada.

Canadians, both inside and outside the government, have expressed hope that Kennedy's invitation to Diefenbaker will become the first step toward a new era of good neighborliness.

While the Canadian prime minister plans to spend only Monday in Washington, the discussions may lead to more detailed talks later.

Canadians seem pleased that Diefenbaker is among the first government chiefs invited for consultations with the new U.S. administration. Some Canadians have felt that the U.S. government has been taking Canadian-American friendship for granted.

It seems unlikely that this initial get-together will deal with widely publicized irritants in U.S.-Canadian relations, including Canada's trade with Cuba and Canada's unfavorable balance of trade with the United States.

Liberia Proposes UN, Congo Groups Confer

By WILLIAM N. OATIS

UNITED NATIONS, N.Y. (AP)—Liberia proposed today that the leaders of all political groups in the Congo meet with the U.N. Security Council and Secretary-General Dag Hammarskjöld in an effort to avert a threatened civil war.

Liberian Ambassador George Padmore, one of the two African members of the 11-nation council, laid before the council a suggestion made earlier in the week by Liberian President William Tubman. He proposed that the peace parley be held either at U.N. headquarters, in the Congo or in a neighboring country.

Padmore spoke as his delegation continued working behind the scenes with representatives of the United Arab Republic and Ceylon, the other African and Asian members of the council, on a peace plan which they hoped might win the support of the Soviet Union and the United States.

A flurry of diplomatic activity raised cautious hopes of averting a direct East-West clash in the African republic stemming from the slaying of Patrice Lumumba.

The three African-Asian members of the 11-nation council—neutrals Ceylon, pro-Western Liberia and the left-leaning United Arab Republic—were expected to put forward today a compromise resolution backed by 18 other countries.

Basically, the emergency section of the proposed resolution—1. Urged U. N. troops in the Congo to use force if necessary to prevent civil war.

2. Demanded Belgian and other non-U. N. foreign military personnel, mercenaries and political advisers leave the Congo immediately.

3. Called on all countries to prevent such personnel from going there, and

4. Called for an immediate and impartial investigation into Lumumba's death.

Some supporters of the African-Asian plan were counting on a united front of the nations from the two continents to bring the big powers into line. Other diplomats feared the Soviet Union

would remain adamant in its opposition to U. N. action and veto the resolution.

From the Congo came a report that Congo President Joseph Kasavubu's new premier, Joseph Iléo, has begun negotiating with rival political leaders to broaden his new Leopoldville government into a coalition.

The 11-nation U.N. Conciliation Commission sent to the Congo by Secretary-General Dag Hammarskjöld before Lumumba's death also submitted recommendations echoing the African-Asian draft resolution.

A long-range section urged that the Congolese Parliament—suspended last September after President Kasavubu fired Patrice Lumumba as premier—be convened immediately and that all Congolese armed units be reorganized and brought under discipline and control to keep them from interfering in politics.

The resolution in preliminary form came much closer to ideas put forward by Hammarskjöld and the United States than a Soviet resolution already before the council demanding the dismissal of the secretary-general and an end to the U.N. Congo operation within a month.

Uncle Sam Wants Info On How Money Spent

NEW YORK (AP)—How much does your family spend—and for what?

The government wants to know. So it's going to revise the make-up of the cost of living index, last updated in 1959.

A lot of things—tranquilizers, for instance—have become noteworthy items in the American economy since then.

And changing times have raised many other questions, such as whether the price of hamburger should figure in the compilation. The latest monthly index issued by the government was last December's 127.5—meaning that prices of items listed were 27.5 per cent over what they were in the 1947-1949 period, which is the 100 base.

The Labor Department plans a comprehensive survey of consumer spending habits because it believes the reporting value of some

of the hundreds of items that figure in the index may be outmoded.

The survey will start in the New York metropolitan area Monday.

Bank Bandit Is Caught; One Killed

LAKE CHARLES, La. (UPI)—The young Negro bank robber ordered his three hostages, two women and a man, out of the car and shot them as they fled.

When one of the women squirmed in the dirt on a side of the road, he pulled out a knife and stabbed her again and again to make sure she was finished. The other two lay sprawled on the ground and "played dead." It probably saved their lives.

It happened Thursday night before closing time at a branch of the Gulf National Bank. The branch stays open late on Thursday.

Less than three hours after the bandit stuffed \$14,040 into a little black suitcase and kidnapped the three bank employees, he was arrested at a roadblock driving the car belonging to Mrs. Julia Ferguson, 50, who died en route to a hospital. She had been stabbed in the throat and near her heart.

Mrs. Dora McCain, 30, and Jay Hickman, 30, manager of the branch, were reported to be recovering from their bullet wounds. Doctors took a bullet out of Mrs. McCain's neck early today. Hickman was shot in the shoulder.



A HUGE MOB of screaming student demonstrators, carrying a picture of ex-Congo Premier Patrice Lumumba, storm toward the American Embassy in Cairo, Egypt. The students protesting the death of the former Congolese premier attacked and ransacked the U.S. Library inside the American Embassy compound.

Embezzler Of \$2 Million Given Term Of 15 Years

SIoux CITY, Iowa (UPI)—Mrs. Burnice Iverson Geiger, who admitted embezzling \$2 million from the accounts of her friends and neighbors at the Sheldon National Bank, today was sentenced to 15 years in prison by a federal judge.

Mrs. Geiger, the slightly graying only daughter of the bank president, stood impassively before U.S. District Judge Henry N. Graven as he pronounced sentence, her hands gripping the table. She could have received a prison term of 17 1/2 years.

She remained tight-lipped until the end about the big remaining questions in the case, why she took the money and what she did with it.

When the judge asked if she had anything to say to her own behalf, Mrs. Geiger, her head tilted slightly to the left, replied, "No, sir, I have not."

Graven asked again if she had anything to say that might mitigate the punishment and then said, "Do you have any information for the court?"

To both questions, the woman replied, "No, sir."

However, Dist. Atty. F.E. Van Alstine shed some light on these questions in his presentation to the court.

"Mrs. Geiger got to indulging in speculation of her own and the money was disposed of in various ways," he told the court.

He said one of the principal ways was speculation on the Board of Trade which amounted at times to \$1,000 a month over a period of many years.

He explained that she had withdrawn customers' ledger sheets from bank files to cover shortages. Some of the money was loaned to local people, and some, for one reason or another, were allowed to draw on their accounts at the bank without records being kept of the credit, he said.

Van Alstine also said that up to January of 1960, the shortage at the Sheldon National Bank was about \$1 million. He said a little more than an additional \$1 million was withdrawn in the past year.

He said Mrs. Geiger's husband, operator of a Sheldon hardware store, had no apparent knowledge of his wife's speculation.

When household expenses ran higher than income from the store and her salary from the bank,

they were "taken care of" by the bank, Van Alstine said, meaning by Mrs. Geiger's embezzlements.

Van Alstine also said "one of the people who drew on Mrs. Geiger for about \$140,000 to \$150,000 has been the subject of an FBI investigation in San Francisco."

He said the person died a few days ago "in an accidental fire in his apartment."

He did not identify this person but he apparently was referring to Samuel Marvin Harris, 54, a widower, who died last Saturday morning in his apartment in San Francisco. The death was ruled accidental.

Judge Graven sentenced Mrs. Geiger to five years on each of the first three counts against her with the terms to run consecutively, a total of 15 years. On counts 4 through 35, he sentenced her to five years each with the terms to run concurrently with count 1.

No fines or costs were assessed. She could have been fined a total of \$175,000.

Harris once did some interior decorating at the Geiger home in Sheldon and was named in four of the 35 counts to which Mrs. Geiger pleaded guilty in Jan. The total amounts involved in the Harris counts were \$1,652.53.

Express Concern Over Demolition Of Building

Members of the Klamath Merchants Association expressed concern during a meeting Thursday afternoon that the recently-formed Park and Shop Corporation, a first cousin of the association, is receiving some criticism for tearing down the historic old Pelican Theater building.

The death of a landmark is always unfortunate, say merchants, but the city must progress as others around the country are doing. The obsolete should be replaced, and the Pelican Theater was obsolete.

For four years the building has served practically no purpose at all and has simply been aging on valuable soil, say merchants.

The lot is perfectly positioned for parking, and the downtown area is suffering a rather acute parking problem, they add.

Such replacement of outdated buildings is going on even in cities like San Francisco that resist change. The famous old Fox Theater there soon will come tumbling down, merchants here report, to make room for modernization.

That building was constructed in the same year as and at several times the cost of the Pelican.

Meanwhile, the merchants learned, the Park and Shop movement is progressing nicely, and everything points to an April 1 inauguration.

The old theater is resisting destruction more emphatically than expected, the merchants say, but demolition is progressing surely.

The Park and Shop Corporation is leasing the Pelican lot at the corner of Eighth Street and Klamath Avenue and more parking space nearby that will be used if necessary.

Negotiations are underway for other lots around the city, and members of the corporation say they may begin operation with lots elsewhere.

They are designing a master plan for a parking lot system that would provide all the space needed in the downtown business core, including Pine Street and Klamath Avenue.

Keep Watch For Balloon Space Ball

WASHINGTON (AP)—Scientists searched the skies today for an American balloon satellite hurled aloft on a major space mission.

The civilian space agency said late Thursday night that the 12-foot sphere probably had achieved orbit. Confirmation was awaited from watchful trackers.

The agency said the fourth stage of the Scout rocket, from which the inflatable sphere was ejected, went into orbit. This led to the estimation that the polka dotted satellite probably had achieved orbit.

Scientists were on patrol equipped with the electronic ears and eyes of radio and radar and with telescopic cameras. Nothing has been heard from the balloon since radio signals were picked up at 9:20 a.m. Eastern Standard Time Thursday as it zoomed over Woomera, Australia.

BIRTHDAY BONANZA

BLACKSTONE, Mass. (UPI)—One... two... three... four...

All of Mr. and Mrs. Arthur Sweeney's four children celebrated their birthdays today with one big party and four small cakes.

One cake had four candles. Another had three. A third had two. And the fourth had one.

It was the first Feb. 17 in five years that Mrs. Sweeney, wife of a factory worker, was not in lying-in hospital. Her children were born as follows:

Doris—Feb. 17, 1957.
Jeanne—Feb. 17, 1958.
Lucille—Feb. 17, 1959.
Leo—Feb. 17, 1960.

Family Sees Sky Object

LAKEPORT, Calif. (AP)—A Lakeport family watched a brightly glowing object for nearly half an hour in the sky west of here Thursday night.

Robert Sneed, a local insurance man, sighted the object at 9 p.m. an estimated 20 degrees above the horizon over Cow Mountain west of here.

He and his wife and son, Victor, a local photographer, went to a small hill where they watched it "until it went out" at 9:25 p.m.

Sneed said Victor took two photographs of the object and said he would develop the film today. Through field glasses, Sneed watched the object carefully and said it seemed to stand still but appeared to have some movement, possibly a spinning motion.

Senate 'Wind' Always Blowing

WASHINGTON (AP)—The Senate was not in session Wednesday. The House met for three minutes.

But the Congressional Record, official transcript of congressional doings for the day, runs 31 printed pages.

Six pages are devoted to business—the three minutes of proceedings, lists of members who have taken their oaths of office, bills introduced and communications.

Twenty-three pages are filled with undelivered speeches, newspaper articles and the like inserted by members.

Two pages are taken up by summaries of committee action and programs for today.

DID YOU KNOW?

* The plans being studied to alleviate crowding at KUHS without building another high school?
* That Bell's Hardware started in 1934 with consolidation of Klamath Hardware and Baldwin Hardware?
* That First Federal Savings and Loan Association has paid over \$5,000,000 in dividends in 28 years?
* That Altamont School was named for one of the area's great race horses?
These, and many, many other pertinent facts about the Basin will be included in the 144 pages of the Herald and News Progress Edition which will be published Sunday, Feb. 26. The edition will feature more than 1,000 illustrations and pictures in the advertising and news that will go into this first Klamath County Progress Edition.
Reserve your extra copies now by calling TU 4-8111. Only 25c, mailed anywhere in the United States, 50c.