

Japan Stuck Between Two Chinas

TOKYO (UPI) — There are two Chinese governments in the world and nobody knows it better than Japan. She does business with both of them.

Japan is standing at an important crossroads in her relationship with Taipei and Peking.

The Communist Chinese government, which has dominated the Chinese mainland for 13 years, wants to buy equipment for textile factories from Japan and pay for them on easy terms over a period of five years.

The Nationalist Chinese government, based on Formosa and dedicated to free enterprise, has registered a formal protest and appealed to Japan to back out of the deal. It wants nothing done to strengthen Red China's economy.

Japanese Prime Minister Hayato Ikeda and his chief cabinet ministers thus must make a decision that is bound to anger somebody.

If they approve the sale of synthetic fibre plants to Red China on credit terms, the Japanese will incur the ire of Nationalist China and its chief backer, the United States.

If they reject the deal, they may endanger Japan's rapidly reviving trade with the Communist Chinese mainland.

Trade With Taipei
Officially, Japan recognizes President Chiang Kai-Shek's regime in Formosa as the official government of China. From a business point of view, Japan's trade with Nationalist China is only a small fraction of her economic activity, but it is a profitable one. In her trade with Formosa, Japan has consistently made money.

According to official figures supplied by the Nationalist Chinese embassy in Tokyo, Japan sold goods valued at \$22,850,000 to Nationalist China in 1962. She purchased goods valued at only \$32.1 million from Formosa. The balance thus was more than \$30 million in Japan's favor.

From the big Japanese ports on the Pacific Ocean, a steady stream of machine tools and factory equipment flows south to Formosa. In return the Japanese buy large quantities of sugar, bananas and other foodstuffs and raw materials.

In its effort to industrialize, the Chiang Kai-Shek regime has turned largely to Japan, a low-price seller of vital industrial items.

The Japanese have held a large share of the Formosa market, despite the fact that American sales there have increased in recent years as a result of the extensive American aid program to the Chinese Nationalists. American imports occupied about 19.8 per cent of the Formosa market last year, compared with Japan's 44 per cent.

Trade With Reds
Japan's trade relations with Communist China present a more checkered picture. Rather than being profitable to Japan, the Japanese trade with the Red mainland is more of a barter arrangement, designed to enable both sides to come out even.

As with Nationalist China, Japan sells Red China capital goods and buys raw materials. She sends the Chinese Communists special steels, farm implements and chemical fertilizers. In return the Peking regime sells Japan corn, soy beans and coal. Japan could buy these things in the non-Communist world, but China's nearness helps cut the shipping costs sharply.

Japanese trade with Red China is deeply colored by politics.

In 1959, the Peking regime, which had been making fairly good economic progress at the time, grew angry at Japanese Prime Minister Nobusuke Kishi's open sympathy with the Nationalists on Formosa.

Seizing on an incident in which Japanese nationalists tore down a Red Chinese flag at a trade fair, the Chinese virtually severed trade relations with Japan. Japanese sales to Red China dropped from about \$30 million in 1959 to around \$2 million in 1960. But the split with the Soviet Union caused China to swallow its pride and reach out for more trade with the Japanese.

Japanese shipments to Red China were back up to \$16 million in 1960 and reached \$36 million last year with Red China shipping about \$42 million worth of goods to Japan. In November, a mission of "private Japanese business men" went to Peking and worked out a new agreement designed to enlarge the flow of goods.



Herald and News

STAR GAZER		
By CLAY R. POLLAN		
Your Daily Activity Guide According to the Stars		
To develop message for Thursday, read words corresponding to numbers of your Zodiac birth sign.		
ARIES	1	Don't
Taurus	2	Wait
Gemini	3	Try
Cancer	4	Love
Leo	5	Work
Virgo	6	Study
Libra	7	Travel
Scorpio	8	Money
Sagittarius	9	Health
Capricorn	10	Family
Aquarius	11	Friends
Pisces	12	Love

THE DOCTOR SAYS Rules Help Reduce Birth Defect Rate

When you go through nine months of impatient waiting, you want to be sure your baby will be perfectly formed in every respect. Birth defects used to occur in as many as 25 per cent of the babies in some areas. Now the proportion in this country is about 2 or 3 per cent.

Accurate figures are hard to get because many of the defects discovered are of little consequence and so are ignored. Others, although present at birth, do not become manifest until months or years later.

Medical scientists are now convinced that the proportion of birth defects can be further reduced; but first we must find the causes. Several have already been found, and each cause that is discovered gives us the clue to prevention.

The age of the mother appears to be one factor. Although most babies born to mothers who are under 20 or over 40 are normal, the percentage of birth defects in these age groups is significantly higher than in mothers whose age falls between these extremes.

Babies born to unwed mothers also show a higher rate of defects than those born to couples who are married. These factors (age and legitimacy) are probably not directly responsible for the defects, but are most likely linked with economic, emotional or nutritional factors.

We have known for several years that about 17 per cent of women who contract German measles in the first three months of pregnancy will give birth to deformed babies. No such definite

Wednesday, September 25, 1963 PAGE—5B
HERALD AND NEWS, Klamath Falls, Ore.

Tax Commission Warns Of Layoffs And Cutbacks

SALEM (UPI) — Personnel layoffs will result in "drastically curtailed or abolished services" by the State Tax Commission if the tax measure is defeated Oct. 15, the commission warned today.

A notice in the September issue of the Oregon State Tax Commission Bulletin warned that a 25 per cent department cutback "would have to be met by eliminating personnel, which would mean a resulting cut of services to the counties, tax practitioners, and the public in general."

The commission said the statewide property reappraisal program would be among programs cut, as would assistance to counties in the maintenance of uniform appraisals, and assistance in the auditing of merchandise inventories.

The commission said the merchandise inventories assistance program in the 1961-62 tax year resulted in discovery of more than \$11 million of true cash value.

State Recovers Welfare Funds

SALEM (UPI) — Statewide collections by the welfare recovery division of the Justice Department totaled \$54,558 in August, Atty. Gen. Robert Y. Thornton announced today.

He said \$53,682 was collected for child support, and \$875 in welfare fraud.

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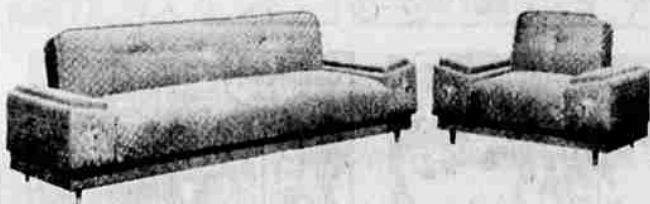
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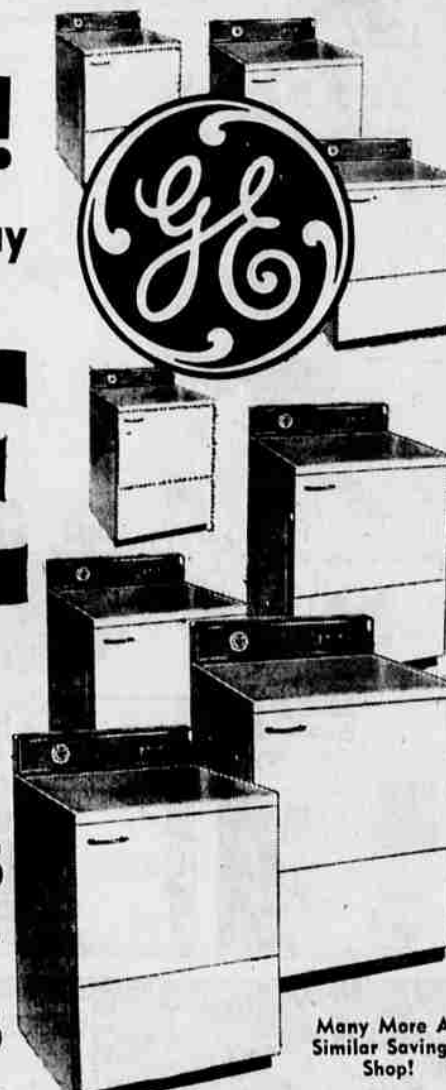
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