



CHART SHOWS steady rise in population, 1940 through 1954, plus look at relationship of employed to unemployed. Bottom part indicates total employable force broken into number employed (shaded area) and number of unemployed. (AP)

Prosperity Disappointing

Reds Watching U.S. Economy

By RELMAN MORIN (Fourth in Series)

NEW YORK (P)—Every time you draw a paycheck, it worries a man in Moscow. His name is Eugene Varga. He is the leading Soviet economist. He watches you and your earnings like a hawk. Why? Because he has staked his reputation—and possibly his neck—on the prediction that millions of Americans will be out of work in these days. He says the United States is due for another crippling depression. He has been hopefully predicting this for years.

On Aug. 5, 1947, for example, Varga announced that the big collapse in American economy was in sight, "and may already have begun."

Soviet policy most probably is based on the proposition that the United States must suffer a severe economic setback after World War II. The graph, for 1950 years, indicates that this always happens, not once but twice, after fighting stops.

The importance to Moscow, in planning the moves in the "cold war," is all too obvious. Yet today, nearly 10 years have elapsed since V-E and V-J days, and the big crash never developed. There were slumps in 1949 and 1953. However, if these were incipient depressions, they failed to follow the familiar tracks of 1921 and 1932.

Foreign aid, the Korean war, rearmament, and a huge defense budget all affected the economy. But was there anything else? The great question today is this: Do American managers and planners possess the know-how, plus legislative machinery, to head off a depression in its early stages?

Says the economist, Dr. Sumner Slichter: "Surely, the days when Americans must accept pronounced ups and downs of business as inevitable are fast coming to an end." A top federal financial official put it this way: "I think we have learned a few things. We have seen that can be done when a depression is starting. But we still have a long way to go."

Sen. Flinders (R-Vt.) ranking member of the Senate Economic Committee, said: "We have sufficient protection in the existing legislation. We don't need more laws. What we needed is the wise administration of those we have."

Discussing the question before an audience of finance executives recently, Harry Corner, Wall Street analyst, told them: "There is no going to be a depression in the foreseeable future."

Of course, people were saying that in 1929, too. But some changes have been made since then. Today, the Securities and Exchange Commission holds wide

OUR WEATHER

Considerable cloudiness today. Clearing, windy and much colder tonight. Tomorrow, mostly fair and cold. Low this morning, 40; low expected tonight, 15; low expected tomorrow night, 23. High yesterday, 54; high expected today, 59; high expected tomorrow, 38. Sunrise, 7:26 a.m.; sunset, 5:47 p.m. More Weather Data on Page 14

powers over the stock market. It can require corporations to furnish complete financial information about a new stock issue. It can censor proxies and revoke investment bankers. And it can compel "insiders" in a corporation to pay over to the stockholders any gains found to have been made in stock operations through information

not available to other holders. The all-important functions of maintaining a sound money and credit base—which influences prices, employment, and the general level of economic activity—rests with the Federal Reserve. About half of the banks in the nation are members of the

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BRIDE WON'T LEAVE JAIL WITHOUT DOG

ST. JOSEPH, Mo. (P)—A teenage bride who's been in jail the past 10 days has a chance to return to her Portland, Ore. home—but she won't leave without her dog, Sandy.

Patricia Messick says she and Sandy have been companions since she was two. Yesterday a plane ticket for the 15-year-old girl arrived from her mother, but it doesn't include Sandy. There's an air travel charge of \$80 on him and St. Joseph residents are trying to raise the money.

The girl and her dog have remained in jail because she was without funds. They're not lawbreakers.

Patricia's husband, Leo, also is in jail, charged with issuing a bad check. He hasn't been able to raise \$2,000 bond.

Western Winds Blow 15-Degree Cold Here

Cold wave's coming! Look for a 15-degree low by morning. The Weather Bureau made the announcement today as it charted the progress of a strong cold air mass coming down from the North.

Cold weather warnings are up all the way from Southern New England to Florida. In Asheville, the cold is already making itself felt. The temperature had dropped a degree or so by noon.

This is no freakish storm coming up from the Southwest, or streaking through a hole in the mountains. This is a straight-up-and-down cold which will be felt in the big Eastern communities as well as the winter-stricken Southland.

New York City will bed down

No Appeal On Phones

RALEIGH (P)—There will be no appeal by the state in the Southern Bell Telephone case. Atty. Gen. Harry McMillan issued a statement yesterday in which he said that after careful consideration he had decided that an appeal to the courts would be in rates more favorable to the public.

The Utilities Commission Tuesday declined a petition by McMillan requesting it to rescind the Dec. 17 order granting Southern Bell a rate boost of \$2,595,000 a year.

McMillan said he had concluded that under the existing statutes the courts would not reverse or modify the commission's order.

EVENING PRAYER

Almighty God, our heavenly Father, we most humbly ask Thee to teach us how to pray. We know so little about praying, and we have such need of Thee. Grant us the teaching of Thy Spirit that we may know how to come to Thee in true spiritual worship. For Jesus' sake. Amen.

Enemies Resolution Allows Preventive War

'IF IT TAKES LEGISLATION' Road Commission Warned By Hodges

RALEIGH (AP)—Gov. Hodges told the Highway Commission today in blunt language how he expects it to carry out its job. He told the commissioners he expects them to see the state as a whole the way other boards and commissions see it. Later he told newsmen that "if it takes new legislation" to accomplish this "we'll have it." He told the commission that as far as he is concerned a 150-million-dollar bond issue is settled in the negative. And as far as he is concerned the state should not consider new bond issues for any other purpose at this time. For the next two years, he said, the state should operate "on a pay-as-you-go basis."

The governor told the commission he had already taken steps to bring the Highway Commission under the same system of budgetary controls as other state departments and agencies. Hodges estimated that with state and federal revenues now in sight, the commission will have 100 million dollars, or more, available during the next two fiscal years for road building—as distinguished from maintenance and other highway fund expenses.

He said that if the commission devotes as much of this as possible to primary roads, "I believe you will have a good program, and in my opinion that will be about as much as you can do." The governor's appearance before the commission marked the latest chapter in what he said the press had described as a "hassle" with the commission. It began about two weeks ago when the Highway Commission presented the governor a report calling for a 60-million-dollar program to raise the primary road system. It called for a 150-million-dollar bond issue and increased tolls on the state's toll roads. Last week Hodges told the General Assembly he could not support the bond issue.

Today the governor told the commission that its report was "not a good report, not a convincing report."

He said that as governor he had to consider the bond issue from the standpoint of the state as a whole and reminded the commissioners the state "is rather short" financially right now. He also reminded them that the Legislature is confronted with the prospect of raising \$2 million dollars in new taxes for the general fund. "The bond issue so far as I am concerned is closed for the next two years," Hodges declared. "Of course the Legislature can reopen it without my recommendation. In my opinion we should not ask the people of the state to vote on any bond issue now."

In this way the governor threw cold water on the possibility of a bond issue for permanent improvements at state institutions.

The governor said that shortly after he took office he asked the Budget Bureau for data on the Highway Commission and found it had "very little details" and that the Highway Commission had operated independently "budgetwise by custom and tradition."

He told the commission that yesterday he issued a memorandum to Atst. Budget Director D. S. Coltrane. In this he instructed Coltrane to inform Highway Commission Chairman A. H. Graham "as to what further data, if any, you need from the Highway Commission in their appropriations request."

The memo also said, "It is our desire that the same kind of budgetary information and controls be exercised in connection with the

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TWO TOP U. S. ADMIRALS CONFER ON FORMOSA PROBLEMS Robert Carney, Chief of Naval Operations, and Arthur Radford, Chairman of Joint Chiefs. (AP)

Pushed Or Jumped

Passenger Found By Tracks

SALISBURY (P)—A man identified as Campbell W. Willingham of 5724 Roswell Rd. Atlanta, a Georgia Revenue Department employe, was found lying beside the Southern Railway tracks seven miles north of Salisbury today, injured seriously.

Willingham, 32, taken to Rowan Memorial Hospital here, said he was beaten, robbed and thrown off the train. Another passenger told officers Willingham kicked out a window in a Pullman smoking car and jumped from the southbound Southern near the Yadkin River bridge in Davidson County.

Willingham's left leg was crushed and he suffered severe cuts and bruises. Railroad officials said the train probably was going about 70 miles an hour at that point.

The injured man told Sheriff Arthur Shuning he is a brother of Harold Willingham, speaker pro tem of the Georgia House of Representatives. Shipping telephoned Willingham, who confirmed that he has a brother with that name who was en route home from New York.

Harold and other relatives planned to come here later in the day. He

Sailors To Miss Hong Kong Leave

HONG KONG (P)—The American naval attaché's office said today a scheduled call for Hong Kong by the U. S. cruiser Pittsburgh has been canceled and the ship diverted to "other areas."

A spokesman said the warship's new destination was "unknown." The cruiser had been here for a leave visit.

Financier Slain

Serge Rubinstein Found Dead

NEW YORK (P)—Financier and draft dodger Serge Rubinstein was found dead today, bound and gagged, in his lavish Fifth Avenue mansion.

Clad in black pajamas, he was lying on his back in his third-floor bedroom. The room had been ransacked. Drawers of a built-in wardrobe had been pulled out.

The bed had been slept in. Police termed his death an "apparent homicide."

Actual cause of death was not determined immediately. William Morter, a butler, discovered the body at 8:30 a.m. The hands and feet were tied with what appeared to be a venetian blind cord, the hands bound in front of the body.

"It was either murder or robbery," one policeman said after viewing the scene. The place was

Some Senators See Danger In Proposal

President Says Peace Aim Of Plan

WASHINGTON (P)—Senate Republican Leader Knowland (Calif.) said at the White House today President Eisenhower certainly does not believe his fight-for-Formosa resolution carries authorization to wage preventive war.

A small but determined band of Senate critics has raised a cry

(For more news and pictures on the Formosa situation, turn to page 12A.)

that the resolution is as broad as to do that. They are battling to restrict its terms.

Knowland fought back against that interpretation in Senate debate yesterday and, before the Senate reconvened today, paid a visit to the White House.

On leaving, Knowland told reporters the purpose of his visit was to bring the President up to date on the Senate debate.

DISCUSSED ISSUE In reply to a question, Knowland said they had discussed the argument by Senate critics that the resolution would authorize preventive war against Communist China. He added:

"There certainly is no question in the President's mind that the resolution is no such thing—that is, an authorization for preventive war."

By no stretch of the imagination," does the resolution open the way to preventive war, Knowland said.

Knowland was asked whether security considerations barred clarification of the resolution to counter that argument.

"Certainly you don't normally telegraph your punches to a potential adversary," he replied.

He added that the resolution, "as the President pointed out," in his message to Congress, is one which we believe will contribute to peace in the Pacific and to stabilization of conditions."

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Public Hearings Slated On Fishing License Cost

U. S. Sabrejets Reach Formosa

RALEIGH (P)—Public hearings on bills to reduce the tax rate on peanuts in storage and fishing licenses for out-of-state fishermen were scheduled for next Thursday by the House Wildlife Resources Committee today.

The measures, introduced by Reps. Joe Fowler Jr. of Surry and Kelly E. Bennett of Swain, would make non-resident licenses available for \$1.10 per day or \$2 for five days. Fowler's bill would not apply to trout fishing.

The bills are a result of a law introduced by Fowler and passed in 1953 which required out-of-state fishermen to buy a full season license, priced at \$6.40, even for one day of fishing.

Tourist interests in the west are supporting the repeal of the 1953 law which they claim has damaged the flow of fishing tourists.

Meanwhile, the Senate received bills today which would reduce the tax rate on peanuts in storage and fishing licenses for out-of-state fishermen were scheduled for next Thursday by the House Wildlife Resources Committee today.

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TAIPEH, Formosa (P)—Swift and deadly U. S. Sabrejets roared in over Okinawa and the Philippines today in a dramatic move that underscored U. S. determination to defend this Chinese Nationalist island, its key outpost against any Communist invasion.

The Sabres, impressive fighters over Russian-built MIGs in the Korean war, landed at a Nationalist air force base south of Taipei.

The Sabres, from the U. S. 18th Fighter-Bomber Wing, will probably be used to screen the evacuation of the Red-threatened Tachen Islands, 200 miles north of here.

And they would lead tremendous striking power to the U. S. 7th Fleet, now gathered in impressive array near here and ready for action if ordered.

Operational plans for the evacuation of the Tachens appear to have been perfected. Should they

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