The News-Review

CHARLES V. STANTON, Editor and Manager
ADDYE WRIGHT, Asst. Bus. Mgr.
GEORGE CASTILLO, Asst. Editor

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ARGUMENTS AND FACTS

By Charles V. Stanton

Because very few of us qualify as tax experts, the fast tax write-off granted the Idaho Power Company, in connection with its Hells Canyon project, provides excellent propaganda material. We hear all sorts of arguments—some of them highly exaggerated and emotional. We are told that the government is being robbed, although we find that the same policy has been used many thousands of times for other industries without complaint and that the existing hullabaloo seems to have been aroused because this is a private power project, deeply resented by advocates of public power.

The fast tax write-off system has been used since the days of the First World War when the federal government began collecting income taxes. Since that time 21,655 certificates have been issued of which number 95 pertained to Oregon industries.

Certificates are given to encourage industry to build projects larger and faster and thus provide a reserve for military defense.

The Idaho Power Company, for example, is building a three-dam hydroelectric project on the Snake River. Under normal procedure it would build one dam, put it in operation and use the profits to help pay for the next, thus stretching the project out over a period of several years. The federal government, however, collects 52 per cent of the company's profit in taxes, so that time required to build out of profits would be extended.

Fast Building Encouraged

Because the project will be progressive, and will not be fully complete for about five years, the federal government waives a part of its tax claim for the five-year period and permits the money, which would otherwise be paid in taxes, to be applied to the construction program. The federal government, in other words, will allow the Idaho Power Company to keep about $29 million, which would be paid in taxes, to be used in hurrying construction along, so there will be power quicker if needed for defense purposes.

The company will be paying about $10 million in taxes annually and, over the 50 years of its license will, if rates continue as at present, contribute some $500 million in taxes. Thus the $29 million depreciation allowance isn't a very high percentage.

It is rather difficult for me to understand the arguments of the public power advocates, holding up this case as a scandalous "steal."

The federal government, they assert, must pay interest on this amount because it is money which it must borrow to offset the lack of tax income from the project.

If these complainers, however, were to have their way, the federal government would be building a much more costly high dam project, would have to borrow all the money and would be charging the total cost to taxpayers, finally resulting in a project paying nothing in the form of taxes, enjoying free postage and free services from other government agencies, all at taxpayer expense.

New Jobs Promoted

In all the discussion, however, I think there is one point that has been neglected. That is the promotion of new jobs.

Many concessions are made to private industry to build facilities. Communities everywhere are striving to attract industry. Some offer free sites. Others hold forth the bait of subsidized power. Throughout the whole country we find private industry being wooed by local communities seeking to increase job opportunities.

It would seem to me that the federal government by its policy of fast tax write-off is only doing on a regional scale what communities are doing on a local scale.

It has, in effect, subsidized Idaho Power Company to speed up its construction project and thereby get new jobs in operation earlier than would otherwise be the case. If that time can be advanced by three or four years, it would seem to me, the $29 million subsidy would be more than offset by income tax collections from new business, industry and payrolls created by the power project.

Public power advocates, of course, contend that only by what they call "cheap" power, which actually is "subsidized" power, can new industry best be promoted. But when we look at the fact that the power cost is only about six-tenths of one per cent of total industrial production costs, coupled with the evidence of continuing movement of new industry into areas where power costs are the highest in the nation, we have difficulty squaring some of the public power arguments with facts.

Electronic Machine Picks Winners In Bond Lottery

LYTHAM-ST.-AGNES, England (AP) — A whirling electronic device with a green light looking like an eye picked cash winners recently in Britain's premium bond raffle—a plan some churchmen have denounced as a state lottery.

The machine is called "Ernie," for short, its full name being Electronic Random Number Indicator Equipment.

It is supposed to be impartial and incorruptible, indifferent to influence and impervious to bribes. Its task is to distribute more than 22,000 prizes among the persons who invested about 50 million pounds—140 million dollars—in the bond scheme last November.

The first draw was a ceremonial affair. Postmaster General Ernest Marples pressed an ivory button. "Ernie" began to rumble, the green eye glared, and up came the first number—L KF 341150. The person who owns the one-pound bond with that identification won 1,100 pounds ($2,880). Saturday's draw was for 96 1,000-pound prizes and 192 for 500 pounds—a total of $768,000.

Prime Minister Harold MacMillan thought up the idea of the raffle when he was chancellor of the exchequer to encourage saving by buying premium bonds—similar to defense bonds in the United States. The bond holders can still get back their original investment—but the money that would ordinarily go for interest is put into a jackpot for prizes in the lottery.

Names of winners in the drawing are not announced. The Post Office is sending them letters bearing the glad tidings, so thousands of Britons are awaiting the postman with hope in their hearts.

Statisticians calculated that every pound sterling ($2.80) invested in the premium bonds last November will have one chance in 2,100 of winning a prize. All bonds remain eligible for future drawings, but new investors must wait six months before the numbers of their bonds are eligible for a tussle with "Ernie."

CLASS TO MEET

Ladies Bible Class of the Oakland Community Presbyterian Church will meet Friday at 2 p.m. at the home of Mrs. Cordelia Slane, according to Edith Dunn, News-Review correspondent.

"I Don't Hear Any Objections From Him"

Hal Boyle

NEW YORK (AP) — Marilyn Monroe, whom gentlemen prefer, says blondes have a woe that other women are spared.

"If you're a blonde," she mused, "it is considered that you have to be told what to do—that someone else has to decide things for you."

Miss Monroe today certainly has no chip on her shoulder. But she has made it abundantly clear that, whenever her mind is to be made up, she'd like to pitch in and help, too.

As Hollywood's most shapely producer since Sam Goldwyn gave up barbells, Marilyn is here for the premiere of her first production, "The Prince and the Showgirl," in which she co-stars with Sir Laurence Olivier.

"I co-produced this with Olivier," she said. "I bought the property and brought it to him. He had played the prince on the stage, and I thought he was the only man for the role.

"In all fairness, it should probably be called the producer. I'm the owner."

But Marilyn says she shouldered her full share of production worries—"and there were a lot of them!" — including the money-spending problems.

"I was an actress from six in the morning until noon," she recalled, "and a producer during lunch. Then I was an actress the rest of the afternoon—and a producer from then until 6 o'clock, when we looked over the day's rushes."

"I had never bothered to look at them as an actress."

When I first met Marilyn several years ago, she was an uncertain kid with an unsure foothold on fame, and I couldn't be sure whether she was frightened or amused by what was happening to her.

Today I had the same sensation of doubt. It is hard to figure whether Marilyn, who retains a kind of breathless, small girl quality, is scared inside herself—or secretly laughing at you because she's a step ahead of you, and knows it.

As the interview started, Marilyn commented:

"I'd rather not be asked whether I'm pregnant or not, or to discuss anything political or religious. Otherwise, I'll talk about anything."

Asked what she thought was the biggest public misconception about her, she laughed and replied:

"People identify me personally with the parts I play. It isn't so much that I mind, but it just isn't so. But I've played so many different parts by now they must be confused."

She indicated she is still a bit bewildered why some critics labeled it laugh-provoking funny a few years ago when she expressed an ambition to play the role of Grushenka in "The Brothers Karamazov."

"I was asked why I wanted to be big-bosomed," she recalled. "But I didn't. Most of those who thought my ambition funny had never read the book.

"Grushenka was an earthy girl. Her name in Russian means 'Juicy Pear.' I love that!

"I'd still like to play Grushenka, with Marlon Brando playing Dmitri. I'd go see that picture myself."

Who says this kid doesn't understand boxoffice?

Marilyn feels the recent crowded years haven't basically changed her outlook.

"The thing I'm scared of most is myself," she said. "But I do feel I've grown both as an actress and a person, and I hope I'll keep growing."

Bruce Biossat

Gangster intimidation of witnesses in criminal trials is nothing new. But the latest example of it involving the notorious Johnny Dio emphasizes all too pointedly the growing power of the underworld in present-day America.

The federal government has had to put off the trial of Dio and three henchmen as conspirators in the acid blinding of labor columnist Victor Riesel. Two witnesses—gangsters already convicted in the same case—have refused to testify against Dio after having been threatened.

Government prosecutors may or may not be able to go after Dio later. If they are not, it will represent another shocking triumph for criminal violence—and the menace of it.

THAT THERE is far too much of this kind of super-government in the United States is abundantly evident. The whole point of the Senate's rackets inquiry is to expose and measure the extent of it. Riesel and others offer many proofs that gangsters dominate powerful unions and businesses, exacting stiff tribute from the society they infest.

Since they perform no useful function and serve no legitimate purpose, these underworld characters have no honest bargaining power in either union or business. Consequently the use or threat of force is their only weapon.

Americans are right up against the question of how long they are going to allow their society to be ruled in this fashion. If strong countermeasures are not taken soon, we may be compelled to acknowledge that a new kind of government has been born—thugocracy.

ONE OF THE saddest aspects of this situation is that subservience to violence becomes corrosive of the national character at all levels. It is a kind of blackmail practiced in large and small ways, not only by criminal elements young and old but by countless individuals seeking to enforce their will upon others.

A schoolboy takes a punch at a girl pupil and she begs her mother not to report him because "the next time he'll do something worse." People keep silent about vandalism for fear speaking out will bring more. Such threats, magnified hugely by the professional users of force, constitute the law of the underworld jungle.

Americans can hardly want that law to prevail.

Women's Clubs Want Continued Free Television

ASHEVILLE, N.C. (AP) — The General Federation of Women's Clubs came out this week for continuing free television. But they backed away from a proposal to back paid TV service.

The national convention here approved a resolution calling on Congress and government agencies to keep in mind the need "for ensuring the maintenance of free television service as it now exists and further improvement of such television service for all our people."

It was a substitute for a resolution which specifically put the federation on record as supporting free "as opposed to paid" television service, and urged Congress to declare "unlawful the transmission of television programs in any manner which prevents home reception free of charge."

Earlier Wednesday the federation was told it is considered to have "terrific influence" on Capitol Hill.

Air Pilot Successfully Lands Radderless Bomber

TRAVIS AIR FORCE BASE, Calif. (AP) — The Air Force probed today for the reason a 28-foot tail rudder fell off a B-36 bomber in mid-flight.

With 27 men aboard a 6 million dollar aircraft, the pilot, Capt. Albert D. McBurnett of Brewer, Maine, steering only with his elevators and by varying speeds of his 10 engines, spent two hours making practice approaches at speeds, then made a "beautiful landing" here Friday.

WINS CONFIDENCE VOTE

ROME (AP) — Premier Adone Zoli won final parliamentary approval today for his new one-party minority government.

He achieved through a vote of confidence in the Chamber of Deputies after 19 tense hours of debate in which it appeared he might have to resign or become the first Italian premier since the war to require Fascist backing to hold office.

Sen. Neuberger Says Oregon Should Follow New York's Example On Cheap Power

By A. ROBERT SMITH
News-Review Washington Correspondent

WASHINGTON — Oregon should follow the example of New York state in its successful method of attracting new industrial firms with offers of cheap hydroelectric power, in the view of Sen. Richard L. Neuberger.

Through the New York State Power Authority, which is a state agency, blocks of cheap power from the generators of the St. Lawrence Seaway project are being allocated directly to industrial customers. New payrolls are being developed as a consequence.

To follow this example, Oregon would have to approve at the polls the proposal of the recent state legislature to create an Oregon state power agency. This agency would be a preference customer under the Bonneville act which stipulates that power from federal dams must go to public bodies that have this preference.

"As a preference customer, a state agency would put Oregon on equal terms with public agencies in other states (notably the many PUDs in Washington state) so far as access to federally - generated low-cost power from BPA is concerned," Neuberger told the Senate this week.

But more than this would be needed, claimed Neuberger, because of the present power policy of the Eisenhower administration, which he said would hamstring a state power agency in Oregon from doing what New York is doing to get new industry. As that policy is being administered, an Oregon power agency could not use its preference status to claim a large block of kilowatts from Bonneville Power Administration in order to pass it on to a new light metals plant or other heavy power consuming industry, argued Neuberger.

The reason is that the Eisenhower administration reversed in 1953 the previous practice of BPA of offering blocks of power to new industry directly. And it restricted preference agencies from obtaining new large industrial loads by stipulating that BPA would not honor such power requests until the demands of all other customers, including private power companies, had been met.

Neuberger has introduced an amendment to the preference clause of the Bonneville act to make it mandatory for BPA to honor requests of public agencies for power for industrial uses. This was his answer to the problem the state faces in the competition for low-cost Columbia River power with Washington state.

Neuberger's thesis is that Oregon, suffering an economic slump today which points up its heavy dependence upon lumber and agriculture, should use what low-cost power it can get from the region's river system to attract industry.

If it comes to a choice between using the lowest cost energy for household use or for industrial use, then divert it to plants that produce payrolls and let the householder pay for higher cost power.

"Unquestionably we shall have to decide whether we want more kilowatts to roast our turkeys and light our TV sets; or whether we want to use the low-cost power which is the unique resource of our region to create new, year-round industrial payrolls and their subsidiary benefits, with which to buy the turkeys and the TV sets," said the senator.

The substance of Neuberger's idea is that Oregon should create a state power agency, use its preference status to establish equality with Washington state in making power demands upon BPA, then have the state agency give highest priority to new industrial loads — light metals, chemicals, plastics — in disposing of this cheap power. Domestic and rural consumers, whether served by public or private power agencies, would get low cost power as long as there was enough to go around. When higher cost power is needed to satisfy all demands, then they and not the industrial plants would pay the bill.

Neuberger said he is confident his proposal will be less offensive to members of Congress from Washington state than would be any allocation of power from new dams specifically for Oregon. He feels that Washington's senators would not agree to any power reservation earmarked for Oregon, as has been proposed by officials of Portland General Electric Co. as a method of securing Oregon a fair share of the region's kilowatts.

He said by underlying the present BPA policy against industrial loads, the entire region would stand to benefit. BPA, under his plan, could approve power contracts for new industry in either state but would be charged with responsibility for establishing "priorities for industrial uses which will best promote the diversified economic development of the several states of the basin."

Neuberger's meaning for this wording in his bill is that BPA would give a higher priority to a new plant in an underdeveloped area than it would for a new plant, other things being equal, in a highly developed industrial area.

If Congress will only put up the funds to continue the federal dam building program by which low-cost energy can be generated, this is Neuberger's long range cure for Oregon's economic woes.

Peter Edson

WASHINGTON — (NEA) — Advocates of the high dam at Hells Canyon on the Snake River between Idaho and Oregon won't give up.

They are hoping to have one big public power dam built instead of the two smaller dams which Idaho Power Co. has already started at Brownlee and Oxbow. They have just every reason so far.

High-dam forces lost their long battle against Idaho Power before the Federal Power Commission in 1955. They lost before the Supreme Court this year. Still they go on fighting.

Their latest tactics are to heat the office of Defense Mobilization over the head for granting $5 million dollars' worth of fast tax write-offs to the Idaho company.

Senators Estes Kefauver (D-Tenn.) and Joseph C. O'Mahoney of the Senate Judiciary Monopoly subcommittee and public power advocates in general are trying to make this into another Dixon-Yates scandal.

Their inferences are that authorizing Idaho Power to build the two low dams and then giving them fast tax write-offs was all part of a conspiracy to boost the private power monopoly and set back public power development.

Idaho Power applied for fast tax write-offs on its two proposed dams in 1953. At that time Office of Defense Mobilization was trying to increase U.S. electric power production above the 78 million kilowatt capacity of 1951. The goal today is just double that—160 million kilowatt capacity by 1959.

THE IDAHO POWER application came within this expansion goal.

So as soon as Federal Power Commission and the Supreme Court cleared the legal obstacles, ODM authorized the tax incentives. It had no legal grounds for doing anything else.

What Idaho Power gets out of this is proportionately just what all other private power company expansions will have received between 1951 and 1961 in accelerated tax amortization allowances.

There is plenty that can be said in favor of the high dam for full development of the Snake River resources.

There is plenty more that can be said against all 8 of the private power expansion tax incentives.

PRIVATE POWER industry spokesmen have been howling—or complaining—that they paid full taxes on all their facilities.

Yet since 1951 they have been receiving these special tax benefits. What they really amount to are five-year, interest-free government loans.

As new ODM Director Gordon Gray explained it to the Kefauver subcommittee in the Idaho Power case:

"The company will save interest on the tax payments which amounts it might otherwise have to borrow. The government pays interest on the money it has to borrow to make up for the tax deferment. But starting with the sixth year, the government gets increased tax revenue because smaller tax deductions will be available to the company. And at the end of the useful life of the two facilities, the government will have received the deferred taxes."

A high-dam, public power bill is before Congress for a third test again this year. Hells Canyon backers think it has a chance.

If it should sneak through, it would face a probable presidential veto. And if that obstacle could be overridden, heavy damages would have to be paid Idaho Power Co., which has already started construction at Brownlee.

Still the Hells Canyon high-dam forces keep fighting.

KILLS WIFE

SACRAMENTO, Calif. (AP) — An unemployed father of six, who sheriff's deputies said killed his wife as she lay in bed, remained in critical condition in the county hospital Saturday from a shotgun wound in the head.

The deputies said the six children and a son-in-law were in the house when Herman Krueger, 46, shot his wife, Irene, 44, and then himself. The children could give no reason for their father's action, the officers said.

French Solicit Support From Algerian Villagers

OULA TAHIR, Algeria—(AP)—French authorities are making a dramatic bid for support among the neighbors of villagers killed in a bloody rebel massacre.

A carefully staged ceremony Friday at Oula Tahir, some 60 miles southeast of Algiers, illustrated the French efforts to take advantage of the revulsion apparently felt by the local population over the slaying of 302 men of Melouza village.

French resident minister Robert Lacoste personally gave shotguns to pro-French Algerians for use against nationalist rebels, telling them:

"You have demanded French protection. You shall have it."

Harry Holt En Route To Germany, Korea

WASHINGTON (AP) — Creswell, Ore., farmer Harry Holt, who has arranged for the adoption of more than 100 Korean orphans in the United States, left here Friday for Germany.

He will look into the adoption situation there and then go on to Korea again.

He spent two days talking with government officials here on ways of easing restrictions on entrance of orphans into the United States for adoption.

Additional Tax Writeoffs Due Idaho Power Co.

WASHINGTON (AP) — A Federal Power Commission accountant told a Senate committee Friday the Idaho Power Co. is in line to receive additional tax writeoff benefits in connection with hydroelectric power dams under construction in the Hells Canyon area of the Snake River.

Russell Rainwater, the FPC's chief accountant, testified at a Senate antimonopoly subcommittee hearing on the Office of Defense Mobilization's issuance of rapid amortization certificates to Idaho Power.

The certificates would authorize the company to write off as depreciation in five years 65 per cent of the cost of Brownlee Dam and 60 per cent of Oxbow Dam.

The question of additional benefits arose when Sen. Carroll (D-Colo) asked Rainwater whether the company could qualify for tax benefits under a 1954 revenue law, in addition to those granted by ODM on defence grounds.

Rainwater said the company could have obtained benefits under the 1954 law if it had not been given the ODM certificates. The 1954 law, he said, permits all taxpayers to make above-normal deductions early in the life of their properties and below-normal deductions later.

In another to a question by Carroll, Rainwater said he believed Idaho Power could use the 1954 law to obtain write-offs on portions of Brownlee and Oxbow Dams not covered by the ODM certificates.

The accountant said if the government were required to pay 3½ per cent interest on money borrowed to make up for the tax losses on the two dams use of ODM certifications would cost the taxpayers $2½ million dollars. He estimated the "loss" would be 26 million if the company used the 1954 law.

MATRON INSTALLED

PORTLAND (AP) — Mrs. Laurose Hibbert, Ionia, this week was installed as worthy grand matron as the Oregon Order of Eastern Star closed its annual convention here.

M. Edwin Cox, Portland, was installed as patron for the coming year.

New Many Wear
FALSE TEETH
With More Comfort

PASTEETH, a pleasant alkaline (non-acid) powder, holds false teeth more firmly. To eat and talk in more comfort, just sprinkle a little PASTEETH on your plates. No gummy, gooey, pasty taste or feeling. Checks "plate odor" (denture breath). Get PASTEETH at any drug counter.

Memo from Reddy...
Save preparation time
With a Home Food Freezer, you can prepare a 7-course dinner in 27 minutes!
See your favorite Appliance Dealer!
COPCO

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INSURANCE COMPANY HONORS
DON W. RADABAUGH

ROSEBURG MAN SELECTED AS HONOR DELEGATE

Congratulations . . .
Donald W. Radabaugh!

The Standard Insurance Company proudly announces that the outstanding sales and service record established during the past year by *Donald W. Radabaugh* has qualified him as an Honor Delegate to the Company's annual convention to be held in Banff, Alberta, Canada.

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