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# Whiskey Bill Battle

The Senate is being asked to take a hand in what is being billed as the whiskey "battle of the ages." The House at the 1957 session approved a general tax revision bill that would let distillers keep whiskey in warehouses for as long as 20 years before paying the federal tax of $10.50 a gallon. The industry has long sought this form of tax relief—actually tax postponement—but some distillers are objecting vigorously to a provision of the proposed measure which they say would give a competitive advantage to Schenley Industries, Inc., and to certain other distillers.

The story goes back to the early days of the Korean war. Schenley, its competitors say, stepped up production of whiskey—chiefly bourbon—anticipating a shutdown like that of World War II. Other distillers followed suit, but not to the same extent. Thus, since the shutdown never materialized, Schenley owns a large part of the 33 million gallons of bonded whiskey nearing the eight-year-old stage.

Since 1896 federal law has required that federal tax be paid on whiskey at the time it is withdrawn from the warehouse or at the end of eight years. Competitors now argue that next year Schenley will advertise and promote 9-year-old bourbon. And within a few years Schenley would be bringing out of the warehouse 10, 11, and 12 year-old whiskies while distillers which had geared their operations to the eight-year law would have no such stocks available.

Of the Big Four domestic distillers, Joseph E. Seagram & Sons, Inc., and Hiram Walker & Sons, Inc. have, as Business Week puts it, "fought the whiskey amendment as vigorously as Schenley has pushed it." Former Sen. Scott W. Lucas (D Ill.), representing Seagram, told the Senate Finance Committee, July 16, that the language of the bill rendered it "nothing more than a private bill for the relief of Schenley."

Sen. Thruston Morton (R Ky.), who candidly reports that "the bourbon whiskey distilling industry is one of the most important to the welfare" of he people of his state, has come up with a form of compromise. On Aug. 5 Morton told the Senate he intended to offer an amendment that would forbid "labeling, stamping, advertising, or claiming "that whiskey was any age beyond eight years.

The fact is, says Morton, that the public is wrong—beyond a certain point—in associating age with quality in whiskey. "Some whiskies reach maturity in five years," he avers, and most bourbon whiskey "is fully matured in five or six years." After 20 years, whiskey deteriorates "to such an extent that no one would want to keep it in wood in bond for a longer period of time."

Congress in 1951 upped the tax on hard liquor from $9 a gallon to $10.50. This figures out to $2.10 a fifth. Federal tax accounts for about 43 per cent of the price of distilled spirits at the liquor store.

Federal revenues from distilled spirits in 1957 came to $2.1 billion, down 6.2 per cent from the peak year of 1956. And the Distilled Spirits Institute estimates that state and local governments took in $587 million on hard liquor last year. A final, sobering thought: The tax bite on a cocktail made with an ounce and a half of whiskey or gin comes to a trifle more than 12 cents.

## Barbs

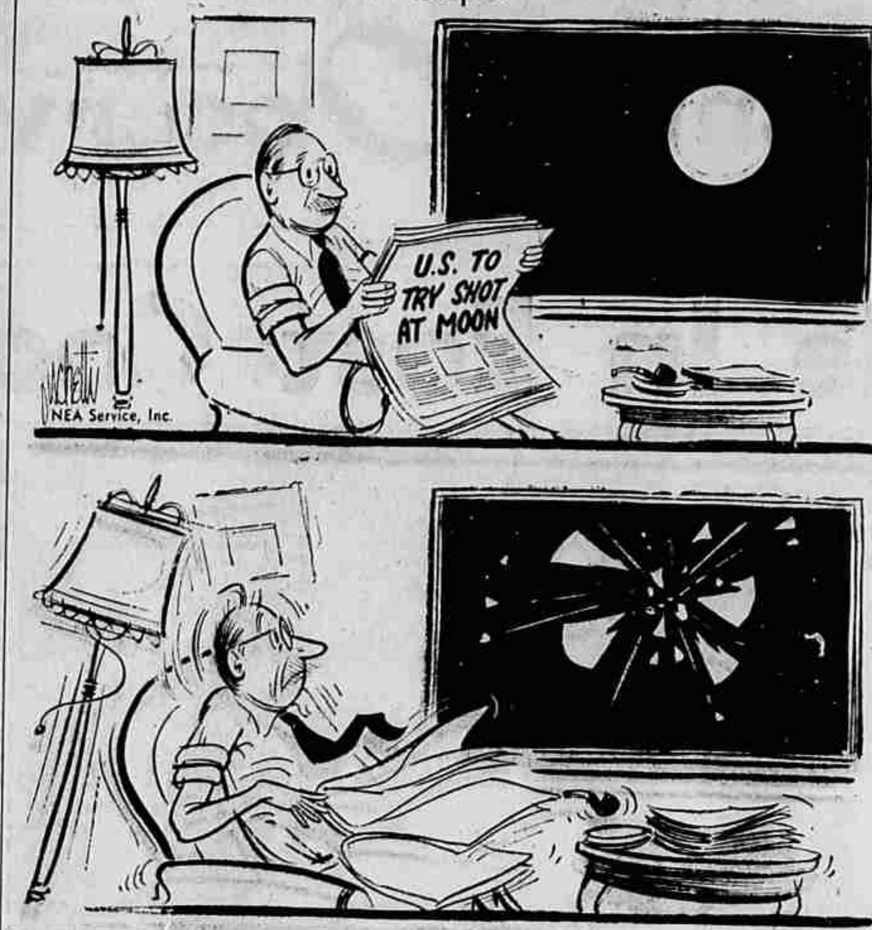
Some wives figure they could make real good use of one of the golf clubs hubby takes to the course every weekend.

When something goes wrong at the office why does a man have to take it out on his family when he gets home?

## Side Glances

"Really, Doris, how can you be so cynical about men? Why, I've had six husbands and every one of them was practically perfect!"

Oops!




# Opposing Sides Work To Prevent Segregation Clash In Virginia

By LON K. SAVAGE
United Press International

RICHMOND, Va. (UPI)—There has been so much confusion about what's likely to happen when schools open in Virginia next month, it might be worth while to look into the situation.

It's serious, all right. It threatens to close several schools and possibly several school systems. It almost certainly will bring the state government into fresh conflict with the federal government. There is the potential here for another Little Rock, although forces on all sides seem to be working feverishly behind the scenes to prevent that.

What's happened is that Arlington County — in Washington's front yard — and the cities of Norfolk and Charlottesville have been ordered to desegregate schools when classes open in September. They have exhausted appeals from these orders.

**Has "Resistance" Laws**

But under Virginia law, if any white school accepts Negroes, it would be closed under one of the state's "massive resistance" laws. On the other side is the kind of federal court order that led to the Army being sent to Little Rock last fall.

"I don't know what will happen," said Norfolk Superintendent J. J. Brewbaker. "I don't know even what our position is. The federal courts say you got to admit these kids in school. The state says we can't. So where are we?"

Suppose one of the integration-ordered cities should agree to abide by the orders?

Under Gov. Lindsay Almond's "massive resistance" plan, he would assume control of the affected school district, reorganize it and reopen it on a segregated basis. He is talking now in terms of taking up the matter by individual integrated classes, however, rather than entire schools or districts.

**Open Private Schools**

If the state failed to get by with the re-opening plan, the school then would be closed. Pupils would be sent to some kind of private school. If only a few pupils were involved, they would be absorbed into other schools and, for the time at least, that would be the end of it.

At that point, however, parents of the Negro litigants are expected to ask the courts again to order the affected school re-opened on an integrated basis. That's where the state of Virginia and the government would be at a "Little Rock" crossroads.

One of the big question marks in the whole Virginia situation is whether private schools would work. Even the highest state authorities are doubtful. If a considerable number of public schools were closed, there simply wouldn't be enough facilities and teachers to meet the emergency.

Out of the confused puzzle, this is about the best way anyone can put it together at the moment:

The chances are that only a few schools actually will be closed in September. The students from them probably could be absorbed into other schools. Before further crisis, Almond could call a special session of the General Assembly to re-write his strict laws, at least to the extent of preventing the mass closing of schools.

**Norfolk A Test?**

Norfolk might be the spot where actual integration would first be tested. The school board there has said it will comply with the federal court order and that it could not "guarantee" complete segregation.

Although Arlington has been ordered to admit Negroes who have been named — as they were in Little Rock — to presently-all white schools, the pupils will be assigned under the state Public Placement Act. It is expected the Negroes will be assigned to Negro schools although this would be in direct contradiction of the court order.

Charlottesville may attempt to get by with a new school district plan that would put all Negro pupils in one district.

Norfolk and Charlottesville have their own pupil placement plans under which Negro applicants will have to pass stiff entry requirements. Negroes have challenged the validity of both assignment plans but they have so far been upheld by the courts. A new test of the Norfolk plan is due in federal court this week.

Almond has described the Virginia case as the gravest crisis since the Civil War.

# Ex-Railroad Machinist Observes 100th Birthday

PORTLAND (UPI) — A former railroad machinist John Edgerton, celebrated his 100th birthday here yesterday and gave some credit for his longevity to being "tender hearted" and keeping "out of the dirt."

The white - haired centenarian was born in Crew, Cheshire county, England, and migrated to the United States 75 years ago. He worked as a machinist for Pennsylvania Railroad before traveling to Mexico for a year for a similar job.

He worked for Pennsylvania again before coming to Oregon in 1906 to work for Southern Pacific.

Mr. Edgerton has one remaining daughter of three, two grandchildren, five great grandchildren, and five great - great grandchildren.

He does not smoke or drink, except for tea which he drinks frequently, according to his daughter, Mrs. Grace Gardner of Portland.

Mrs. Gardner said Mr. Edgerton is scrupulously clean and expects people around him to be clean.

He gave this advice: "Be good and keep out of the dirt."

## Growing Commie Activity Reported

WASHINGTON (UPI) — The House Un-American Activities Committee is drafting a report showing "patterns of Soviet espionage activity in the United States." Chairman Francis E. Walter (D-Pa.) said the public report to be released in about a month will show that "Communist colonizers, propagandists and agitators are presently active in the rapidly developing industrial centers of the South."

## Algerian Rebel Losses Released By French

ALGIERS, Algeria (UPI)—French forces in Algeria killed 20,757 Moslem rebels during the first seven months of 1958, the French army said Friday. An army spokesman said also 2,777 rebel guerrillas had been taken prisoner between Jan. 1 and July 31. The bitter fighting has been going on in this North African territory for almost four years.

# Ecuador's Industrial Importance Swells

By ELMER C. WALZER
UPI Financial Editor

NEW YORK (UPI) — Little Ecuador which straddles the equator and up to now has been noted for its bananas, cocoa, coffee and panama hats, may be a factor in oil and minerals under U. S. exploration.

And Ecuador likes the USA in contrast with some South American countries where recently Vice President Richard Nixon received bad treatment from Communist-inspired mobs.

Universal Mineral Resources, Inc., has contracted with Ecuador for large - scale development of the magnetite - titanium beach sands which stretch for more than 100 miles along the Pacific.

**Oil Industry Growing**

Several North American companies are vying for choice acreage in some of Ecuador's established oil basins. Ecuador already is producing 3,500,000 barrels of oil annually from shallow wells.

Among the companies active in exploration in Ecuador are Standard Oil of California through its Ecuadorian subsidiary, California Ecuador Petroleum Co., Pantapec Oil Co., Carolina Oil Co., and Anglo Ecuadprean Oil Fields, Ltd.

Universal's president, Lester Renard, reports that interest in Ecuadorean oil concessions trebled overnight following the Middle East unsettlement. He said negotiations involving millions of acres are now under way with one major U.S. producer with the signing of a contract imminent.

Universal Mineral now has more than 8,000 square miles of moil concessions and applications approved by the government of Ecuador which, in an effort to attract foreign capital, now offers as favorable tax and currency regulations as can be found anywhere.

The Universal contract was negotiated by Universal Mineral Resources through its Panama subsidiary, the National Company, Ltd., with Kyanna Oil Company of Kentucky.

The contract calls for the company to pay six per cent of the net dollar value of the ore concentrate removed to the Ecuadorean government for the first 10 years, 6.5 per cent for the next 10 years and 7.5 per cent from the last 10 years of the 30-year agreement.

**Black Gold**

The section leased by Kyanna comprises less than one third of the "black sand" shoreline held under concession by Universal Mineral. It is estimated that there are more than 200 million tons of recoverable metalic concentrate along these beaches.

Ecuador which hasn't as much land as the state of Nevada, hopes the oil and mineral developments will help solve its economic problems.

In a speech recently in New York, Dr. Jose R. Chiriboga, Ecuador's ambassador to the United States said, "We feel that we are only at the beginning of our industrial expansion... We have all seen what happened in Venezuela and we have every reason to believe similar developments are in store for Ecuador over the next few years."

The fact that oil and mineral concessions are going to U. S. companies is seen as highly significant.

President of Ecuador, Camilo Ponce Enriques said at the time of Vice President Nixon's visit that the Soviet had made offers of aid which included technical assistance and establishment of industries on long term credits and tiny interest rates.

# Evangelist Bill Graham Writes Of Crusade That Attracted 700,000

Note: —Last year, evangelist Billy Graham conducted a spectacular crusade in New York City. It was by his own estimate the greatest challenge he ever faced. Now, he has completed a seven-weeks crusade in San Francisco. United Press International asked Graham to tell in his own words how, in this country, East meets West in the spiritual sense. He has, he says, found a greater spiritual "responsiveness" in the West than elsewhere in America, and expresses the hope that "a flame has been kindled" there that "will not die but spread eastward in the months ahead."

By BILLY GRAHAM
(Written for United Press International)

SAN FRANCISCO (UPI) — A few hundred yards south of the city boundary of San Francisco there is an indentation in the hills known as "Visitacion Valley." The early Spaniards who named it had a prophetic insight, for this very spot has become the scene of a remarkable "spiritual visitation."

In the midst of this valley stands a vast stock-show auditorium known as the Cow Palace where for seven weeks it has been my privilege to preach to nearly 700,000 people. Of that number, nearly 26,000 came forward to make a life's commitment to Jesus Christ.

These cold statistics, however, tell nothing of the spiritual quake that has at least caused a tremor in the San Francisco Bay area. San Francisco knows something about earthquakes, and the Cow Palace lies near the famous San Andreas Fault.

There is another "fault" in our major cities. San Francisco being no exception. That is the "human fault"—the fact of evil.

The basic problem that the world is wrestling with is not the hydrogen bomb or even communism. It is human relationships of the human equation.

This crusade has indicated a deep spiritual hunger by hundreds of thousands of people in California.

There were many obstacles to the crusade that we have not faced in other cities. The Cow Palace is 12 miles from the center of town. There are far fewer protestants here than in New York. A tremendous percentage of the people in San Francisco do not claim any religious affiliation at all.

Thousands of people moved here from the East, Midwest, and South and have not bothered to join a church. They had gotten away from God. Sometimes they left their morals behind, giving rise to higher rates of mental problems, alcoholism, suicide and divorce.

Too often the balmy days in California have been used for recreation rather then church attendance.

Although the churches here are relatively smaller, they had participated in the crusade with greater enthusiasm than in other areas. I am sure this is because the average minister realizes the spiritual needs in California.

I believe the seed of a whole new Christian generation has been planted on the West Coast. As one minister put it—"A spiritual explosion has taken place and the San Francisco Bay area is awaiting for the dust to settle."

As one newspaper editorial expressed it—"Christians have lost their inferiority complex around here."

I believe California is riper for spiritual awakening than any other state. There is a possibility that a flame has been kindled here that will not die but will spread eastward in the months ahead. There is evidence that the people of California will respond to a warm, Christ-centered message. I have sensed a greater responsiveness among college, university and high school students here than elsewhere across the nation.

A distinguishing feature of the crusade was its accent on youth. Each Thursday night for seven weeks the Cow Palace was jammed with teenagers, and there were never fewer than a thousand who came forward at the invitation, blocking the aisles.

These thousands of young people that marched down the ramp seemed to be telling the world that they would not be cozened out of their spiritual birthright by H-bombs or the Age of Space.

Many people have written asking, what is the secret? I have no answer except that this is God at work, meeting the hungers, longings, desires of a confused, bewildered, frightened generation. My message has been simple, biblical and direct. The basic message that I have preached night after night is two thousand years old.

It is the message that Christ is able to transform the lives of individuals in 1958 as he did in the 1st Century. I am convinced that this is the message of hope to which thousands are responding.

# Industrial Production Climbs For Third Month

WASHINGTON (UPI) — The nation's industrial production increased in July for the third straight month, climbing to a level 6 per cent above the recession low of April, the government reported Friday.

The Federal Reserve Board's index of factory and mine output rose two points above the June figure to 133. The index is based on 100 as 1947-49 average.

Production increases were notable among higher durable goods industries. The board noted, however, that industrial output last month still was 9 per cent below a year ago.

In the production reports the board said improvements were noted in private housing starts, steel mill operations and in other manufacturing lines. It said the most pronounced recovery in recent months has occurred in textiles, apparel, rubber and leather products.

By early August, the report said, steel mills were operating 25 per cent above their April low. The report also revised upward from 130 to 131 the industrial production index number for June.

Factory and mine output began rising in May, after hitting a recession bottom in April, the survey showed.

Meanwhile, there were strong signs that the Federal Reserve Board believes that inflation rather than recession is the nation's No. 1 economic problem.

The board made that clear Thursday night when it authorized the Federal Reserve Bank of San Francisco to increase its charge on loans to member banks from 1¾ per cent to 2 per cent, effective Friday.

This boost in the "discount rate" reversed the money-easing policy the board adopted last November to check the business recession.

The other 11 Federal Reserve banks are expected to follow the San Francisco bank's lead and ask the board for permission to raise the discount rates.

Letting the demand for credit press hard against the supply has been the board's way of trying to curb spending and price boosts in inflationary periods. During the recession when it wanted to stimulate spending the board increased the supply of money and credit, thereby forcing down interest rates.

# U.S. Shows Decline In Jobless Pay

WASHINGTON (UPI) — The government has reported that the number of Americans drawing jobless benefits dropped to 2,342,100—a new low for this year—in the week ended Aug. 2.

But the Labor Department indicated at least half of the decrease was due to workers exhausting their benefits. And it reported the number of unemployed filing initial benefit claims rose slightly last week.

The unemployment report Friday followed a separate announcement that the nation's industrial output rose in July for the third straight month to a point 6 per cent above the recession low of last April.

The Federal Reserve Board said its index of factory and mine production climbed two points above the June figure to reach 133. The index uses the nation's 1947-49 industrial production as a base of 100.

Government economists evaluating the July production report were pleased by a spurt in durable goods production, which had been hardest hit by the recession. The overall report bolstered their belief that the downturn hit its low point in April.

The Senate Finance Committee meantime went part way toward meeting an administration request for a boost in the national debt limit necessitated by the recession and sepped-up defense spending.

The committee approved President Eisenhower's request for lifting the temporary debt ceiling from 280 billion dollars to an all-time peak of 288 billion. But it limited the temporary authority to one year instead of two.

Further, the group chopped two billion dollars from Eisenhower's request for an increase in the permanent debt ceiling. The President had asked that the permanent limit be hiked from 275 to 285 billion dollars. The committee voted to fix the lid at 283 billion.

The measure must now be approved by the full Senate. Then it would go to a Senate - House conference committee to work out a compromise with a House-passed bill which granted the administration its full request.

# State Levy Unnecessary

SALEM, (UPI)—Estimated revenues and surplus funds on hand will make the levy of a state property tax for debt service unnecessary, Carl W. Chambers, State Tax Commission chairman, has announced.

The special session of the State Legislature last October eliminated all state property tax obligations except for bonded indebtedness.

Tax revenues for the fiscal year 1958-59 are estimated by the Commission to be down nearly 16 million dollars from 1957-58. Chambers said receipts from personal and corporation income taxes were slightly over 105 million dollars for the past fiscal year, but were expected to drop to approximately $88,700,000 during the current year.

The decline in tax revenues stems largely from rate reductions of the special session, Chambers explained.

The general fund surplus estimated by the commission will be $30,643,400 as of June 30, 1959.

This figure is almost identical with the projected surplus upon which the special session based its rate reduction program.

## Strange As It Seems