

The Oregon Statesman

"No Favor Sways Us. No Fear Shall Awe" From First Statesman, March 28, 1851

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Tax Reduction in 1956

The upsurge in government revenues which flows from the high level of business makes hope of a balanced budget for the current fiscal year more realistic.

In 1955 the House under the whip of the Democrats passed a bill giving a credit to each taxpayer on his income tax account. This was rejected in the Senate when older heads like Byrd of Virginia and George of Georgia said the treasury could not afford the loss of revenue involved.

U. S. News and World Report has published a table which shows the breakdown by classes of taxpayers and the amounts which each produces. Here it is:

Total receipts on federal income taxes per year.....\$28.4 billion Of the total those paying at the base rate of 20 per cent pay \$12.2 per cent of the total or...\$23.0 billion Rates at from 22 per cent through 34 per cent bring in 10.1 per cent of total or...\$ 2.9 billion Rates at 38 per cent through 50 per cent bring in 4.9 per cent or...\$ 1.4 billion Rates at 53 through 91 per cent bring in 3.8 per cent or...\$ 1.1 billion

This shows that if all rates above 50 per cent were cancelled, the loss to the treasury would be just over a billion dollars. And any heavy cut in rates of the low income groups would prove costly to the treasury.

The U. S. News & World Report poses the problem which the Congress will face very neatly when it says:

"They cannot grant important tax relief to all those who pay relatively low taxes without serious damage to the budget."

"They can grant sharp cuts to those whose taxes are high without hurting the budget much, but not without charges that such action favors the wealthy."

In an election year it will be surprising if the favors fall to "the wealthy." The Statesman inclines to the view said to be held by administration leaders and that is to go down the income tax ladder the way we went up. That would mean to head toward restoring the 1949 rates when the base rate was 16.6 per cent and the peak rate 82 per cent. We might favor more leaving rates as they are and using excess revenues to scale down the national debt.

Senator Bill Langer of North Dakota says the administration should dump Secretaries Benson and McKay if Republicans want to succeed in 1956. Since when has this political renegade ever had concern for the Republican party save as a vehicle to ride in getting into office?

China-Formosa Crisis in Late Winter Seen as One of Worst Headaches to Come

By JOSEPH and STEWART ALSOP

WASHINGTON — This is evidently going to be a winter of alarm, if not of worse. The Middle Eastern crisis, with its strong threat of a new Arab-Israeli war, has already caught American diplomacy between wind and water. And in the inner rooms of the administration, the likelihood of a new Far Eastern crisis in February or March is already being nervously discussed.

On this point, it is understood, the astute U. S. Ambassador to Moscow, Charles E. Bohlen, had something to say before he left for the current disastrous meeting at Geneva. It was part of a thoughtful analysis of the relations between the Soviet Union and Communist China. This analysis was given at the State Department by Bohlen, but aroused such interest that it is being rather widely quoted.

With the great majority of Western diplomats, Bohlen held that the Soviets have consistently sought to influence their Chinese junior partners towards a cautious policy. But he suggested, too, that this mysterious but vital relationship between the Kremlin and the forbidden city might well resemble the relationship between Imperial Germany and Imperial Austria before the first World War.

The parallel, if correct, is ominous, because the central fact of the old German-Austro-Hungarian alliance was the ultimate ability of the Austrian junior partner to commit the German senior partner. In 1914, neither the German Emperor, Wilhelm II, nor the grandees of the German General Staff at all desired a European war. But without consulting the German govern-

ment, the Austro-Hungarian government responded rashly to the assassination at Sarajevo. The junior partner thus became committed to fight. And since the senior partner could not permit the junior partner to be destroyed, the senior partner had to fight too.

It was precisely the realization that the Germans would have to back them up in the end, that encouraged the Austrians to be rash. And if this is in fact the way the Chinese Communists look at their alliance with the Soviets, then the Kremlin's pleas for caution cannot be absolutely counted on to enforce caution.

That is one side of the medal. The other side of the medal, is the mass of information now available about Chinese Communist military preparations in the Formosa Strait region. This is what causes a Far Eastern crisis to be predicted for the late winter or early spring.

possible the massive Chinese Communist air attacks on the disputed off-shore islands in the Formosa Strait, Quemoy and the Matsu chain. In Fukien Province, within point blank range of Quemoy and Matsu, five jet airfields at Nan Tai, Lung Tien, Ching Yang, Lung Chi and Ching Hai, have been built with utmost urgency. At least one of these, Nan Tai near the port of Fochow, is already operational. The rest are in the final clean-up stage or already semi-operational.

In addition, a vast labor force has been recruited to build two rail lines through the grim mountains that surround Fukien Province, in order to supply these new Fukien airfields. One is to have its terminus at Fochow, which is close to the Matsus; and the other rail lines run to the important second coastal port, Amoy, whose harbor is blockaded by the Nationalist garrison at Quemoy.

Work on the rail lines is proceeding night and day. They will not be completed in the conventional manner by next winter. But they will be useable in the way that the secret rail line that supplied the Communists at Dienbiang was useable. In other words, all the easy links will be built, leaving only short gaps over which men and mules can carry the needed supplies. Dienbiang is proof enough of the ability of the Communists to move very large tonnages in this manner.

All this means that in February or March the Chinese Communists will have the capability of inaugurating an air blockade of the Matsus and Quemoy. Combined with heavy and continuous shelling of these little islands, a successful Communist air blockade should be enough to take the Nationalist island positions. The urgency of the work on the airfield and rail lines suggests that this is the Chinese Communist intention. If so, the Eisenhower policy-makers are going to be confronted with about the nastiest choice they have yet had to make.

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Three Presidents in a Week

Brazil has been one of the more stable of the Latin American republics, though its politics has been very turbulent. Last week, however, the country went through the experience of having three presidents in a week. On Tuesday Joao Cafe Filho who had succeeded Getulio Vargas as president after the latter's suicide, took a leave of absence. Carlos Coimbra de Luz, presiding officer of the chamber of deputies, took over the office. On Friday a military coup ousted De Luz and the Congress named Nereu Ramos, president of the senate, as "temporary president." Waiting to assume the presidency on January 31st next is Juscelino Kubitschek who was elected by the people in October.

This sudden shifting of the political scenery in Rio de Janeiro probably is as confusing to most Brazilians as it is to non-Brazilians. They and we will just have to wait and see whether Ramos is a temporary incumbent or not. So far the explanation offered is that the army feared De Luz was getting ready to prevent the inauguration of Kubitschek and moved to head it off so the succession would follow the constitutional process. Such deference to a constitution is unusual in military circles in Latin America. In ordinary barracks politics the constitution is the first victim.

Morning Walk

The "Friday surprise" in the way of a November snowstorm made quite a white fairyland of town and country Saturday morning. Also it resulted in a cascade of leaves—walking to work we kicked through a patch of bright gold, where the buckeye leaves had fallen.

When Safeway built its Center street store on the former Washington school site, it announced it would spare the big broad-leaf maples in the parking lot. It did, but now we see two have been cut down. The trees are aged, as were the maples in the capitol mall area whose removal drew criticism. Trees have a life and when they age, good practice calls for removing them and planting others in their places. We have wondered though who was responsible for such extensive planting of maples in old Salem.

The Hood River News calls for a ban on the use of lime for marking athletic fields, which accords with a recommendation of the committee on child health of the state medical society. The News states that the state school activities association has had reports of injuries and second-degree burns to six players due to the hydrated lime which gets "hot" under moisture. Agricultural gypsum and marble dust are recommended as substitutes. Considering the number of years lime has been in use it certainly has taken a long time to learn of its danger. In the old days the chief concern was over broken limbs and necks acquired in football games.

A press report from Washington says that the political situation in Japan is going to cause the United States increasing concern. Already our State department is worrying over arms to Egypt and border raids in the Gaza strip. Upsets in Argentine and now Brazil keep the Latin American section hanging on the phone and cable dispatches. It really is a tough job being "it" in the game of international politics.

Impending transfer of voting control of Ford Motor Company so it will no longer be a family corporation had its precedents. In 1927 old Henry permitted the company to "shift gears" from the Model T to the Model A, and after prolonged and bloody fights with the labor unions old Henry agreed to negotiate with the CIO. And long ago, Ford yielded his whim that all his cars should be black in color.

ON THE CARPET



Comes the Dawn

One of the thrills of watching football on TV comes from trying to decipher those signals the referee is constantly making for the camera during the game.

when he races away from a dropped handkerchief, pauses in midfield and jabs both hands to his ribs he means his girdle is killing him. But how about all those other wiggles? For those who want the stripe-shirted truth on those signals we offer the following glossary of official football signals and what they mean:

Referee points a finger to his head and cocks a thumb in a pistol-shooting gesture—This signal is usually given right after a touchdown and means, "There goes my \$50 bet."

Lays flat on his back on the turf—"I'm pooped!" Bends over and runs left hand rapidly up and down right shin bone—"My stockings itch."

Whacks right thigh vigorously with right hand—This signal frequently follows a long run and means, "Boy! Wasn't that a dandy?"

Clamps nose between right thumb and forefinger—This signal comes right after the gun ending the game sounds and means, "Last one to the showers is a rotten egg!" Turns two or three cartwheels rapidly—This comes right after a touchdown and means, "That's my boys!"

Races across field in pursuit of drum majorette during half-time—This signal is not found in rule books, but the rules committee is working on it.

Stands for several minutes at fully military salute—This signal is given before the game starts and means, "I am not now or never have been a member of the Communist party."

Walks around on his hands—Signal which comes late in fourth quarter and means, "My feet are killing me!" Goes through motions of emptying pockets in full view of crowd—This signal comes right after official has called back a touchdown play and means, "I know what you're thinking, but it simply isn't true."

Frantically stuffs kerchief into his mouth—"Stop the game! My whistle's plugged." Stands on his head—This signal is made usually after the referee has just been flattened out by a big fullback and means, "I shoulda stood in bed."

Presses both hands over his ears—This gesture comes after official has called a 15-yard penalty against the home team and is self-explanatory.

Holds both arms straight out in front, palms up, in a sort of beseeching gesture—Signal made at end of game and just before members of the losing team corner him and means, "I'm only human, fellas."

Time Flies:

From The Statesman Files

10 Years Ago

Nov. 13, 1945 Tony Patch, San Francisco semi-pro league player and manager who for a number of years has scouted in the bay area for the Portland Beavers, was signed to manage the Salem Senators in their 1946 post-war comeback.

Purchase in the Salem area of some of the old properties of Oregon Electric Railway by Portland General Electric company was announced by officials of the latter firm.

The presidentially backed move to raise congressmen's salaries from \$10,000 to \$20,000 went onto a senate sidetrack. The civil service decided to take no action, but approved a measure raising the pay of civil service employees 20 per cent.

25 Years Ago

Nov. 13, 1930 Members of the State Tax commission, at a conference with Governor Norblad, renewed the suggestion that a special session of the legislature be called for the purpose of clarifying the tax situation resulting from action of the State Supreme Court in declaring the intangibles tax act unconstitutional.

Henry Hanzen, campaign manager for Julius L. Meier, independent candidate for governor

40 Years Ago

Nov. 13, 1915 General dairying, including the manufacture of cheese, is a new industry organized by about fifty farmers living on the Garden road and articles of incorporation for a cooperative concern to be known as the Garden Road Cooperative Cheese factory were filed with Commissioner Schulderman.

A clearing house for labor of all kinds will be established by the Salem service center to relieve the unemployed problem in this city during the winter, according to a decision reached at a meeting of the organization held in the courthouse.

Five thousand telegrams addressed to women's clubs and organizations of all kinds were sent out by the Women's Peace party from New York. The telegrams are to be followed by others until \$10,000 has been expended for the purpose.

War Damage Repair Forecast by 1959

PARIS (AP) — Reconstruction Minister Roger Duchet estimates France's World War II damage, finally will be repaired by the end of 1959. Five million persons filed claims totaling \$12,285,700,000 for dwellings, factories and commercial units, public buildings and farm buildings destroyed or damaged in the war. A million dwelling units have been built in France since the war.

Helps Set World Record



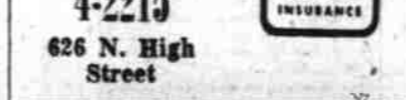
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IT SEEMS TO ME

(Continued from page 1)

It is indeed one of the wonders of the world. The size, the intricacy of the mechanism, the flow of credit, of raw materials, of finished goods, the organization of manpower in varying skills are dazzling. We saw the disorganization which occurred in depression years; and that makes the recovery and further extension of this vast machine the more marvellous.

Mr. Colbert talks about "the tremendous markets that are going to open up in the years ahead." Other business executives do the same. But this depends not only on the business climate but on the political and social climate —and on the intelligence of the leaders in business, finance and politics.

Optimism has replaced the gloom of 25 years ago when some people believed the silly talk that the close of the frontier with its offer of free land doomed the country to life on an economic plateau, and when there was complaint of too many factories as well as too many pigs.

So accustomed have we become to pluses in the past 15 years that a minus sign in front of figures on production and earnings is regarded almost as a sin. But how high is up? And what is the limit of the number of cars we may have (or want) in our garages and the limit of other goods that we can house or consume?

In the end our future depends on the vitality of America, the "clean vital" of a stout heart, an inventive brain, a driving

energy, industry and ambition which has brought the country to its present stage of development. If we contract a form of social arteriosclerosis then our progress will grind to a halt. So far it is not in sight, and Chrysler and GMC and Ford and other big organisms of production pour in billions to maintain and increase the economic flow.

About half of all the auto industry employees in the United States work in Michigan.

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