

JFK Waiting Until '63 For Tax Cuts, Reform

By MERRIMAN SMITH
Of the United Press International

WASHINGTON — President Kennedy says federal taxes are too high and he will ask Congress for the "right kind" of reduction, but not until next year.

The Chief Executive Monday night offered the nation a detailed economic review in which he said an immediate tax cut could not be justified by economic conditions or enacted in Congress.

Economic Boosters

Speaking by television and radio from his White House office, Kennedy called on Congress to approve a series of previously recommended economy boosters before adjourning next month.

And should the economy worsen after Congress leaves, he promised to call the House and Senate back into session.

The tax cut which the President will request next year will be a "top to bottom, across-the-board" reduction in personal and corporate income tax rates. He will ask that the reduction be dated from next Jan. 1, Kennedy said leaders of both

houses had promised to steer the bill to speedy passage.

Congressional reaction with few exceptions followed party lines. Democrats generally approved, but Sen. Wayne Morse of Oregon thought the President should announce now that he will recall Congress after the November elections to consider what Morse described as a "long overdue" tax reduction.

'Politically Motivated'

Republicans voiced either outright disapproval or "wait and see" caution. GOP National Chairman William E. Miller thought the President was politically motivated. Miller said Kennedy "as much as promised" the voters a tax cut only if they

Funds OK'd For Projects In Oregon

The House Appropriations Committee of Congress approved funds totaling \$19,110,000 Tuesday for projects in the Emerald Empire, including the beginning construction of Fall Creek Reservoir.

Fall Creek Reservoir, to be built north of Lowell, was allocated \$1,900,000. Cougar Reservoir on the upper McKenzie River had \$9,100,000 approved, and Green Peter Reservoir on the Santiam River above Sweet Home was allocated \$6,100,000.

The appropriations committee also approved funds for three coastal projects. It approved \$720,000 for repair of the Siuslaw jetty near Florence, \$2,160,000 for the Umpqua jetty near Reedsport, and \$130,000 for repair of the Yaquina Bay harbor and jetty at Newport.

Other funds listed in the appropriations are \$43 million for the John Day Dam on the Columbia River; \$600,000 for Willamette River basin bank protection work; and another \$100,000 for planning on the Willamette River.

All of the committee items must still run the gamut of full congressional consideration.

Betsy Drake Gets Divorce

SANTA MONICA, Calif. (UPI) — Actress Betsy Drake Monday divorced Cary Grant after a four-year separation, although she said "I still love him very much."

Miss Drake, 39, testified the suave actor appeared bored with her, and "preferred watching television to talking to me." She said he would "absent himself from home for weeks at a time even when he was not working on a picture."

Although nearly four years ago, she did not file for divorce until this year. A property settlement dated May 31 met with Miss Drake's satisfaction, she said, but no terms were disclosed. There were no children.

Deadline Nears For Signatures

PORTLAND — Whether Portlanders will vote in November on adding fluorides to the Bull Run water supply will be known in a few days. The deadline for signatures to petitions is nearly at hand.

City Auditor Ray Smith said the petitions filed thus far appear to lack about 2,200 signatures to meet the required 24,057 total. The deadline is Friday.

Smith said he would need the signatures by Wednesday to be sure of being able to check them for validity by Friday.

66,811 Visit Fair

SEATTLE — Attendance at the Seattle World's Fair: Monday—66,811. To date—5,889,091.

elected a Democratic-controlled Congress in November.

As soon as the President left the air, Chairman Wilbur D. Mills, D-Ark., of the House Ways and Means Committee, supported Kennedy's decision to defer his tax reduction request until next year.

Mindful of the powerful economy bloc within his own party on Capitol Hill, Kennedy spoke of billions that could be

Figures Cited By President

WASHINGTON (AP) — President Kennedy in his radio-television address to the nation Monday night cited these figures to show economic gains in the United States since he took office in January, 1961:

- Gross national product: Up \$50 billion, a gain of 10 per cent.
- Industrial production: Up 16 per cent.
- Unemployment: Decline of 23 per cent in unemployment rate.
- Disposable personal income: Up \$30 billion, an 8 per cent gain.
- Wages and salaries: Up \$27 billion, a gain of 10 per cent.
- Corporate profits: Up \$10 billion, a gain of 26 per cent.

saved by closing down federal installations and services "that are not essential."

Legislation Listed

He also urged Congress to pass pending legislation to raise postal rates and thus end the \$800 million annual postal deficit; closing of current tax loopholes to save \$1 billion annually and legislation to make possible annual saving of another \$1 billion on farm surpluses.

The President said the economy had strengthened overall since his administration took office, but he was far from satisfied with the rate of growth, continued unemployment and insufficient plant expansion.

Would Undermine Confidence

"Timing is of the essence," he said, "and in the absence of a clear and present danger to the American economy today, I believe the American people . . . are willing to share my view that proposing an emergency tax cut tonight, a cut which could not now be either justified or enacted, would needlessly undermine confidence both at home and abroad."

Drag on Recovery

Kennedy said the present tax system was a drag on economic recovery and growth, "biting heavily into the purchasing power of every taxpayer and every consumer . . ."

"For these reasons this administration intends to cut taxes in order to build the fundamental strength of our economy, to remove a serious barrier to long-term growth, to increase incentives by routing out inequities and complexities and to prevent the even greater budget deficit that a lagging economy would otherwise surely produce . . ."

The President said Congress before adjourning next month should help speed economic growth by passing measures providing tax incentive for business investment; increased public works; the youth employment opportunities bill; extension of unemployment compensation; aid to schools and universities, and his liberalized foreign trade program.



(AP Wirephoto)

Kenichi Horie, 23-year-old Japanese who sailed his 19-foot sailboat alone from Osaka to San Francisco in three months, arrived without a passport. However, the U.S. Immigration Service, in view of his feat, granted him a 30-day stay. Monday he received the key to the city from Mayor George Christopher of San Francisco, then took a ride on a cable car. Officials in Osaka refused to give Horie a passport because they viewed his trip as impossible.

Long Solo Trip

Permit Requested For Dam on Illinois

WASHINGTON (AP) — Coos-Curry Electric Cooperative, Inc., Coquille, Ore., applied to the Power Commission Monday for a preliminary permit for a proposed hydroelectric project in Siskiyou National Forest in Oregon.

The company's proposed Buzzard's Roost hydroelectric project would consist of a dam and an underground powerhouse with an estimated installation of 200,000 kilowatts. It would be located on the Illinois River, a principal tributary of the Rogue River, in Curry and Josephine counties.

The dam would be located about 4.5 miles upstream from the confluence of the Illinois and Rogue rivers. A smaller dam about 1.5 miles downstream would re-regulate the flow released from the powerhouse and provide facilities for handling fish.

The cooperative said the project would supply power to its distribution system and to any other utilities in the area needing additional power. Coos-Curry said it will meet with the two major electric systems in the area to negotiate a possible interconnection to coordinate the project's electric project.

These systems are the Pacific Northwest system, which is served by the Bonneville Power Administration, and the northern California system.

Coos-Curry said the project would be financed through a Rural Electrification Administration loan, if possible, or a bond issue.

A preliminary permit does not authorize construction. It gives the holder priority of application for a commission license while making the necessary studies to obtain information necessary for inclusion in a license application, should one be filed.



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Key Records Destroyed, Official Says

Ex-Cabinet Officer Mentioned in Probe

WASHINGTON (UPI) — A government accountant Tuesday accused former Treasury Secretary George M. Humphrey's old firm of destroying pertinent records of negotiations with the government for a multimillion dollar stockpile contract.

The accountant, Robert H. Henson, a supervisor in the General Accounting Office, said he found penciled notations in the files of the M. A. Hanna Co. indicating that documents were destroyed last February and March.

That was after Sen. Stuart Symington's stockpile investigating subcommittee had shown an interest in the profits realized by Hanna subsidiaries under government contracts signed 10 years ago.

Symington asked Henson who the subcommittee should question about the missing records. "I'd go right to the top — George Humphrey and Gilbert Humphrey," Henson answered. Gilbert Humphrey is the former treasury secretary's son.

Henson also told the committee that the Hanna company realized profits of 457 per cent on its invested capital, and made a profit of 1,024 per cent in acquiring a government financed smelter for salvage.

Retained Stock

The profit figures were the first made public under government nickel expansion contracts signed Jan. 16, 1953, four days before the Eisenhower administration took office with Humphrey as treasury secretary.

Humphrey resigned his post as board chairman of the parent firm, M. A. Hanna Co., Cleveland, before taking office but kept his stock while serving as secretary of the treasury.

According to Henson's testimony the Hanna Mining Co., which dug ore near Riddle, Ore., and sold it to the government made profits of \$15.1 million from May, 1964, until March 31, 1961, on invested capital of almost \$2 million.

Giving Hanna "the fullest benefit of the doubt," Henson said, this figured to profits of 457 per cent before taxes.

Only Known Deposits

When contract negotiations began in May, 1952, Hanna's ore deposits near Riddle were the only known deposits in the United States.

The result, according to Henson, was the most unfavorable contract from the government's viewpoint that he had ever examined.

Henson said the \$111 million contract was so phrased that Hanna could pull out anytime and yet recover its capital investment of \$2,870,000.

But if the government breached the contract for any reason, he added, Hanna was entitled to collect profits of \$1.12 a ton on the ore remaining to be delivered at the time.

U.S. Expert Says:

'Double Orbit Feat Will Be Eclipsed'

BAITIMORE, Md. (AP) — A Martin Co. rocket expert said Tuesday that a manned rendezvous-in-space mission planned for launching from Cape Canaveral, Fla., will be a much greater achievement than the tandem orbits by the Soviet cosmonauts.

Bastian Hello, who is directing the phase of Project Gemini that the Martin Co. is developing here, said the National Aeronautics and Space Administration could have achieved tandem orbits in the current Mercury program if the agency had wanted to.

"Provided that we had another launching pad, we could achieve this on the next launch," Hello said. "We could have two capsules orbiting simultaneously."

Martin is engaged now in modifying the Titan II intercontinental ballistic missile, making it suitable for launching the Gemini capsule which carries two astronauts.

Not Informed of Change

Gemini, if all goes well, will make contact with the unmanned Agena space vehicle. The Gemini flights may last as long as two weeks.

Hello said the Gemini launching was planned for late next year.

At Houston, Tex., however, officials of the manned space craft center gave the time as early 1964.

Appraised of this, the Martin Co. said it had not been informed of any change by the government officials and was going ahead on the basis of a launching late in 1963.

Hello said NASA needed only about a six-month advance notice to launch two one-man capsules which would pass very close to each other in orbit.

Most Powerful U.S. Rockets

Although he said the United States could have done the same thing, Hello hailed the Soviet space flights as an achievement in timing.

Martin built the Air Force Titan III originally to deliver a nuclear warhead.

Since it is the most powerful rocket the United States has, it was selected to lift the 4,000-pound capsule in orbit.

Certain structural changes are being made so that the two-man capsule, which the McDonnell Aircraft Corp. of St. Louis, Mo., is developing, can be fastened onto the nose of the 102-foot-tall Titan II.

Contributions Held Illegal by Thornton

SALEM (AP) — Atty. Gen. Robert Y. Thornton ruled Monday that public school teachers are prohibited from making money contributions to candidates for public office.

Thornton said the election laws prevent an appointed "holder of public position or office" from making contributions.

Thornton also said in his opinion that teachers may become precinct committeemen, according to the election laws.



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63 Teachers At Institutes

Sixty-three teachers of high school honors classes in Oregon are attending Advanced Placement Institutes at the University of Oregon this month.

The institutes are in English and European history. Teachers participating will teach advanced placement courses in high school, or use advanced placement materials in honors courses.

High school students in advanced placement courses are eligible to receive college credit for their work.

Lane County teachers attending the institutes are Carol M. De Brokert, North Eugene High School; Elizabeth Malagon, North Eugene; Sister Marian Frances, St. Francis High School, Eugene; Ethel Middleton, Coburg High School, and Hazel Balsiger, McKenzie River High School, Finn Rock.

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