



## Latest Honor

Gen. Douglas MacArthur poses Thursday with President Kennedy during a visit to the White House. MacArthur came to Washington to receive his latest honor — an embossed resolution expressing the thanks of Congress for the exploits of the 82-year-old General of the Army. Story Page One.

## Riddle Plant In 8th Year Of Operation

RIDDLE, Ore. (AP) — The Hanna Nickel Smelting Co., opened its plant at Riddle in 1954 and produced more than 100 million pounds of the metal for the government.

This is the plant whose profits are under investigation in Washington by a Senate subcommittee.

Nickel mountain, near Riddle, provides the only major source of nickel in the United States. Mineral rights there were owned for many years by a California man, Edson F. Adams of Oakland, whose estate sold the property to Hanna Mining Co. of Cleveland, Ohio, in 1951.

Before that, some exploratory work had been done but not until the government moved into the picture, seeking a domestic source of the strategic material, was actual production established.

The world's principal nickel deposits are in Ontario, Canada; New Caledonia, Cuba, Finland — and at Riddle.

At the time the Hanna company was working on plans for the smelting plant in 1952, the Defense Production Administration authorized a fast tax-write off under which 70 per cent of the plant's \$22 million cost could be written off.

The government advanced \$22.3 million to build the plant, then in 1961 sold it to the company for \$1,721,563 under the contract on which the operation was based.

The Douglas County Board of Equalization that spring set the true cash value of the property at \$16 million.

The plant has had around 600 employees. The plant currently is producing 21 million pounds of nickel per year, plant officials report.

They said that the nickel is going into warehouses, pending completion of the Senate inquiry into the company's profits.

### Smugglers Freed

BANGKOK, Thailand (AP) — A band of 50 opium smugglers from Burma shot it out with Thai border police in northern Thailand and freed three of their comrades captured in an earlier encounter, press reports said Thursday.

## Former Cabinet Officer Testifies in Probe

# Humphrey Defends Nickel Contract

WASHINGTON (AP) — George M. Humphrey declared Thursday that his stockholdings in a company that held a controversial government contract did not influence his decisions as Secretary of the Treasury "one dot."

Further, he said it made "a lot of sense" to keep his stock while serving as former President Eisenhower's first Secretary of the Treasury.

Humphrey made his statements in testimony before the Senate subcommittee investigating the nickel contract.

Humphrey appeared voluntarily before the special subcommittee, headed by Sen. Stuart Symington, D-Mo., which has been probing the \$8-billion defense stockpiles.

"I owned that stock," he said. "I couldn't burn it up. I could not bury it. If I sold it I would be a substantial bank depositor and banks are directly under control of the Secretary of the Treasury."

Humphrey told the subcommittee it was the government, not his mine company, that insisted on "crash action" to sign a \$111 million stockpile contract five days before he took office.

The subcommittee has heard charges that the M. A. Hanna Co., which Humphrey headed, milked the government on stock-

pile contracts.

Humphrey stressed that the contract was signed in the Harry Truman administration and the negotiations were well under way long before he even thought of joining Eisenhower's Cabinet.

Humphrey denied that the firm took advantage of nickel shortages during the Korean conflict to hold out for huge profits to dig more metal ore.

According to previous sworn testimony, Hanna cleared \$15 million before taxes in an eight-year period on gross ore sales to the government of \$26 million. The government also bought refined nickel from the Hanna enterprises.

Humphrey said Hanna's profits were far lower than government accountants had calculated. The net profit to Hanna from the combined mining-smelting operation was \$7,535,000, he said.

The 72-year-old lawyer-businessman recalled that he had mentioned government contract at his confirmation hearings on Jan. 19, 1953.

At those hearings no member of the Senate Finance Committee challenged his legal right to continue holding stock in the Hanna Co. and three other corporations.

Humphrey said the contro-

versial contracts were being negotiated by his subordinates "long before I had the slightest idea I might ever become an officer of the government."

He said the negotiations started during the Truman Administration.

"As secretary of the treasury I had of course no occasion to take and did not take any action affecting them," he said.

Humphrey detailed at length what he called the strategic and economic advantage to the government from the Hanna contract.

He said the net profit to Hanna over the seven-year period was \$7,535,000 while the government was acquiring nickel at below market prices and also receiving "income taxes from the Hanna nickel operation of \$5.8 million, withholding taxes of \$2 million for Hanna nickel employees and approximately \$7 million for power from the Bonneville Dam."

He said the government advanced some \$25.6 million to get the project going and has been repaid the whole amount, plus 5 per cent interest.

The total net outlay by the government, he testified, was \$67.2 million, which comes to 71 cents a pound for 94.7 million pounds of nickel.

He gave the market price of

nickel at 75 to 77 cents per pound.

If Hanna hadn't provided the nickel, he said, the only alternative would have been to go to Cuba or Canada.

Humphrey recalled that he was doubtful whether Hanna should undertake the project in the first place. The government, he said, pressed Hanna to accept.

The firm's nickel source is located at Nickel Mountain near the town of Riddle in Oregon's Douglas County.

From 1953 to 1961, years which included Humphrey's government service, Hanna paid him dividends of \$2.3 million and the value of his company stock jumped by \$5.7 million, according to Walter H. Henson, a supervisor in the General Accounting Office.

Henson said the nickel mining and smelting contract Hanna sealed with the government five days before Humphrey took office contributed heavily to the dividends and the growth in Humphrey's capital wealth.

Henson gave the figures under the prompting of Sen. Howard W. Cannon, D-Nev., who said the public should know about Humphrey's outside income "while working for the people of this country in government."

## 3 Women Hospitalized After Mishap

Three women were hospitalized Wednesday night after a sports car and a convertible collided on Hwy 226 (old Highway 99) near the Dillard Road overpass, south of Goshen.

Admitted to Sacred Heart Hospital in Eugene were Vienna May Good, 22, of 48 S. Fourth St., Creswell, driver of the convertible; Patsy Ruth Roth, 32, of 835 W. 23rd Ave., Eugene, driver of the sports car; and Laveda Hahn, 42, of 2245 Tyler St., Eugene, a passenger in the sports car.

Mrs. Good was held overnight for observation and was to be discharged Thursday. Mrs. Hahn was in fair condition with a possible head injury and possible fractured ribs. Miss Roth was in good condition with bruises.

State police said the mishap occurred about 10 p.m. daylight, as Miss Roth's northbound sports car skidded across the center line on the curve and collided with Mrs. Good's southbound auto.

## Californian Protests Power Priority Bill

WASHINGTON (AP) — Rep. Craig Hosmer, R-Calif., sought Thursday to block a proposal for speeding consideration of the Pacific Northwest Power priority bill in the House Interior Committee.

Hosmer protested the announced intent of Interior Committee Chairman Wayne N. Aspinall, D-Colo., to take the bill up for full committee consideration without further hearings by its reclamation subcommittee.

The California Republican said he still had pending a request with subcommittee chairman Walter Rogers, D-Tex., for cross-examination of witnesses who appeared before the subcommittee in June.

He charged that testimony of the witness had been "hurried over during a brief session" of the subcommittee on the bill designed to pave the way for construction of transmission lines to connect federal power systems in the Pacific Northwest and California.

The legislation, which would

give the Pacific Northwest first call on federal power produced in the area, was passed by the Senate despite Republican objections that it would destroy a policy of granting preference to public power agencies throughout the country.

Hosmer, in a letter to Aspinall, said the legislation appeared merely to grant a super-preference to certain private consumers in the Pacific Northwest but that it actually had "much broader implications."

The legislation, he said, "should not be rushed through the committee without full and thorough evaluation."

He demanded a chance to continue questioning of Joseph C. Swidler, chairman of the Federal Power Commission; Charles Luce, administrator of the Bonneville Power Administration; Gus Norwood, executive secretary of the Northwest Public Power Assn., and Norman Clapp, administrator of the Rural Electrification Administration.

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