

Highlights Of Message

WASHINGTON (AP) — Following are textual highlights of President Kennedy's annual economic message to Congress Monday:

For all of its advances the nation is still falling substantially short of its economic potential — a potential we must fulfill both to raise our standard of well-being at home and serve the cause of freedom abroad.

The decade ahead presents a most favorable gathering of forces for economic progress.

The outlook for continued moderate expansion in 1963 is now favorable. . . I do not expect a fifth postwar recession to interrupt our progress. . . and economic expansion in 1963, at any reasonable predictable pace, will leave the economy well below the employment act's high standard of maximum employment, production and purchasing power.

We need to run just to keep pace and run swiftly to gain ground in our race to full utilization.

The main block to full employment is an unrealistically heavy burden of taxation. The time has come to remove it. . . We approach the issue of tax revision, not in an atmosphere of haste and panic brought on by recession, but in a period of relative calm. Yet if we are to restore the healthy glow of dynamic prosperity to the U.S. economy and avoid a lengthening of the 5-year period of unrealized promise, we have no time to lose.

"If we were to slide into recession through failure to act on taxes, the cash deficit for the next year would be larger without the tax reduction than the estimated deficit with tax reduction.

Our practical choice is not between deficit and surplus but between two kinds of deficits: Between deficits born of waste and weakness and deficits incurred as we build our future strength. . . As the economy returns to full employment, the budget will return to constructive balance.

I am proposing a major reduction in individual income tax rates. Rates should be cut in three stages, from their present range of 21 to 91 per cent to the more reasonable range of 14 to 65 per cent.

The second step in my program to lift investment incentives is to reduce the corporate tax rate from 52 per cent to 47 per cent. . . Particularly to aid small business, I am recommending that effective Jan. 1, 1963, the rate on the first \$25,000 of corporate income be dropped from 30 to 22 per cent while the 52 per cent rate on corporate income over \$25,000 is retained. In later stages the 52 per cent would drop to 47 per cent.

As long as wage rate increases stay within the bounds of productivity increases, as long as the push for higher margins through higher prices is restrained. . . the outlook for stable prices is excellent.

Our commercial trade surplus—the excess of our exports of goods and services over imports—must rise substantially to assure that we will reach balance of payments equilibrium within a reasonable period.

Work on the development of an acceptable plan for quick tax action to counter future recessions should continue. . . I urge that Congress appropriate the balance of funds authorized for programs under the Public Works Acceleration Act.

I will propose later this year that Congress enact permanent improvement in our federal-state system of unemployment insurance to extend coverage to more workers and to increase the size and duration of benefits.

I shall propose a number of measures to encourage civilian research and development and to make the byproducts of military and space research easily accessible to civilian industry.

Our educational frontier can and must still be widened.

Education must not stop in the classroom. . . the individual and firm have shouldered the primary responsibility for the retrained required to keep pace with technical advance. . . But government must support and supplement these private efforts.

Bob Kennedy Says Meredith May End Stay at Ole Miss

WASHINGTON (AP) — Atty. Gen. Robert F. Kennedy said Monday the chances at the present time are that James Meredith will leave the University of Mississippi.

Kennedy said he did not think Meredith made a mistake in integrating the university.

"I think that's a difficult area, but Meredith decided he wanted to do it and these decisions are up to the individual," he said.

If Meredith does quit, Kennedy said, it would make future integration efforts in such states as Alabama or South Carolina more difficult.

Kennedy said he hoped the 29-year-old Negro student would continue his studies at "Ole Miss" because a great deal of Meredith's own efforts and government action to enforce the law went into his admittance to the school.

"Everybody in the United States has contributed something, because the taxpayer's money has been used," he added.

Kennedy gave these views and others about the first two years of his brother's administration in a copyrighted interview with "U.S. News and World Report."

Asked about the attempted invasion of Cuba by refugees, the attorney general said he wanted to clear up reports that the President withdrew air cover from the operation.

Some have blamed the failure of the Bay of Pigs invasion on the lack of protective air cover when the force was on the Cuban beach being attacked by Castro's small air force.

Kennedy said the President "never withdrew U.S. air cover. There was never any plan to have U.S. air cover."

Although planning for the invasion was primarily the responsibility of the Central Intelligence Agency, Kennedy said, the Joint Chiefs of Staff and the President approved the plan.

However, he said "the plans and the recommendations obviously were not adequate."

UO Marine Institute Plans Teacher Session

Twenty-five college teachers of biological sciences throughout the United States will be participating in the University of Oregon's summer institute in marine biology, June 17 to Aug. 10.

Financed by the National Science Foundation from a grant of \$35,200, the sessions will be conducted at the Oregon Institute of Marine Biology at Charleston, Ore.

Richard W. Castenholz, professor of biology at the university, will direct the institute. Also on the institute faculty will be Harry K. Fritchman, Boise Junior College, Idaho; and Shirley Sparling, University of California at Santa Barbara.

Further information and applications may be obtained by writing Castenholz at the Department of Biology, University of Oregon, Eugene.



(AP Wirephoto) Chart shows increase in gross national product (total output of goods and services) in 1962 to \$544 billion, as outlined in President Kennedy's economic report to Congress Monday.

Spokesman Consulted Co-Author Defends Stevenson Article

NEW YORK (AP) — Stewart Alsop, co-author of a controversial article on Adlai E. Stevenson's position in the Cuban crisis, defended the story Monday and said Stevenson's official spokesman was consulted three times before it was written.

Stevenson, U.S. ambassador to the United Nations, was pictured in the article in the Saturday Evening Post last month as having disagreed with President Kennedy's advisers on the Cuban blockade.

It also said he "preferred political negotiation to the alternative of military action."

Writing in the current issue of the Saturday Evening Post, Alsop said he and Charles Bartlett, co-authors of the article, had three lengthy talks with Clayton Fritchey, special assistant to Stevenson.

He said Fritchey summarized as follows the position Stevenson took at a meeting of Executive Committee members of the National Security Council:

"Stevenson's general approach was to avoid military action until the peace-keeping machinery of the United Nations had a chance to function. He therefore opposed the air attack and favored a blockade.

"As the consensus hardened on the quarantine approach, he turned his thoughts toward the possibility of a settlement, both short term and long range. He wanted all nuclear capability defused and the Cuban bases dismantled."

"He said that if it were necessary to sweeten up our negotiating position at this point, we might even consider yielding the Guantanamo base. As a final point, he suggested a proposition to the U.S.S.R. to discuss the elimination of foreign bases in connection with the disarmament negotiations."

She said many of the passengers, shaken up like herself but not actually hurt, stumbled onto the station platform in the 15-degree cold and sat down wherever they could find a perch, or just walked around to compose themselves.

Spokesman for the railroad said they had not determined the cause of the accident.

Mary Day, 20-year-old secretary, who was aboard the Chestnut Hill train, said, "A few women started to yell, 'what's happened,' but there was no real panic or anything like that."

Spokesman for the railroad said they had not determined the cause of the accident.

Reds Hit Kennedy's Message on Budget

TOKYO (AP) — Peking's New China news agency gave a long account Saturday of President Kennedy's budget message to Congress, saying it called for unprecedented expenditures to carry out aggression.

It said the President also had made clear "that during the 1963-64 fiscal years the United States would send more arms to its allies." The purpose of this, Peking said, would be "to urge them to follow the United States in arms expansion and war preparations."

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Dockworkers Accept Contract Plan

NEW YORK (AP) — Negotiators for striking longshoremen have accepted a presidential board's proposals to end the month-long, Maine-to-Texas dock tie-up. Ship owners deferred action until Tuesday.

The board's proposal for a 39-cent-an-hour package increase over two years—including 24 cents in wage boosts—was accepted Sunday night by negotiators for union longshoremen who work in ports from Norfolk, Va., northward.

A union spokesman said that even if ship owners and stevedoring companies accept the proposal the strike could not be considered over until dockworkers along the Southeast and Gulf coasts get the same offer.

Sen. Wayne Morse, D-Ore., chairman of a mediation board appointed by President Kennedy, observed that the New York pact traditionally sets the pattern for other ports which sign separate contracts.

Federal mediators were to meet here again Monday with union and management representatives from South Atlantic and Gulf Coast ports. The representatives will return to their home ports for full dress negotiations.

The strike by 80,000 longshoremen has paralyzed most East and Gulf Coast shipping for 30 days. It has idled some 20,000 other workers, including about 10,000 truck drivers in the New York area.

Because more than 550 ships are stalled with no one to load or unload cargo, an estimated 20,000 railroad boxcars are backed up along the Atlantic and Gulf Coasts.

Losses due to the strike are nearing the \$600-million mark.

Kennedy had instructed the special three-man board to report the outcome of its efforts by the end of Monday's work day.

Morse said through a spokesman that he will file an interim report with the President, pointing out that ratification of the agreement by the longshoremen might take some time.

Morse had emphasized that neither the AFL-CIO International Longshoremen's Assn. or the New York Shipping Assn., which represents 145 shipping and stevedoring companies, is forced to accept the board's proposal.

But he made clear to them, he said, "that they could make no greater mistake than to take the false assumption that they could do better by taking their final chance in the halls of Congress."

The board's package proposal was 11 cents less than the longshoremen had asked and 17 cents more than the industry had offered.

Alexander P. Chopin, chief negotiator for the shipping association, said the recommended settlement represented "a \$25-million package for the port of New York alone—which is very high."

The mediation board recommended a 15-cent hourly wage boost retroactive to last Oct. 1, when the old contract ran out, and another 9-cent hourly boost next Oct. 1. The longshoremen's basic pay averaged \$3.02 an hour before the strike.

Both sides, under the proposal, would agree to submit the issue of manpower utilization and job security to study by the Department of Labor.

No Progress in Other Strikes

By United Press International

Longshoremen accepted a presidential board's recommendations in the long, costly Maine-to-Texas dock strike late Sunday, but there were no solutions yet in other major labor disputes.

The weeks-old newspaper strikes in Cleveland and New York continued.

In Cleveland, the 320-member Photo-engravers Local 24 voted Sunday to seek permission to enter the strike against the Press and the Plain Dealer newspapers.

Secretary Treasurer Charles Thomason said the local will ask the international for permission to go on strike. The Photo-engravers would be the third union to join the strike since the walkout began Nov. 29.

Negotiations between the Newspaper Guild and the publishers were to resume this afternoon. Talks with the Teamsters were in recess indefinitely.

In New York, it was expected the negotiations would not resume before Tuesday. Nine major New York newspapers have been shut down since Dec. 8.

The printers were expected to make known their position Tuesday on a new proposal offered by the publishers Friday.

The publishers have offered the printers a \$20 weekly package increase over two years, and the union wants a \$37 package.

In Philadelphia a federal mediator said the Transport Workers Union had made a "significant proposal" which the company was going to study in the city's six-day transit strike.

Another negotiation session was scheduled for Monday between the union and the Philadelphia Transportation Co.

More than a million Philadelphia commuters have had to find other ways to get to work because of the bus, trolley and subway-elevated shutdown.

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