

Economy Cars Said Headache for Nation's Road-Building Agencies

Moderate Increase in Housing Starts Seen During New Year

By A. BRISTOW HOOD
President, National Lumber Manufacturers Association

According to preliminary estimates, national production of lumber in 1960 will probably total 35.5 billion board feet, or about 4 per cent below the 36.9 billion board feet total of 1959, but still above the 1958 and 1957 levels. Shipments of lumber, as well as new orders booked by the mills, however, will likely be off about 6 per cent from the 1959 totals.

National consumption of lumber is expected to decline to 38 billion board feet for 1960, compared with 40.5 billion board feet during 1959. Consumption includes imports of lumber, which may be off as much as 8 per cent from the all-time high of 4.1 billion board feet reached in 1959.

Exports of lumber to foreign countries have risen sharply so far in 1960 and, for the year as a whole, may exceed 1 billion board feet for the first time since 1947. Exports of softwood lumber to Europe in particular have gained this year.

Hinge on Activity

The prospects for 1961 hinge to a considerable extent on activity in the residential construction industry. The seasonally-adjusted annual rate of private non-farm housing starts in the first 10 months of 1960 was 1.2 million units, compared with almost 1.5 million for all of 1959.

After a favorable August showing, housing starts during September fell to a two-year low for the month, then recovered in October. In spite of this see-saw pattern, it now appears likely that 1960 total homebuilding - private and public, farm and non-farm - will equal 1,300,000 units, off 16 per cent from 1959.

If current forecasts of homebuilding activity next year are accurate, we can expect a moderate increase in housing starts during the first half of 1961, with a sharper rise indicated for the last half of the year. Thus, in 1961 approximately 1,350,000 units would be started, a gain of 4 per cent over 1960. An added plus factor in next year's outlook is the expected 4 per cent gain in the dollar

spot coverage of school, church and light commercial construction projects; improved liaison with lumber distributors in regard to specific projects involving substantial quantities of wood; broader participation in lumber distributor sales and training classes; increased contact with FHA field offices and regional offices of other government specifying and procurement agencies, and the accumulation of product performance data and latest information on construction techniques involving lumber and wood products.

Based on these assumptions for construction activity in 1961, and the expanded technical program of the NWPP, and anticipating no material change in other major sectors in the lumber demand picture, both production and consumption of lumber should increase about 5 per cent next year. In addition to an improved demand, it can reasonably be assumed on the basis of past experience that the lumber industry will realize a more favorable return on its sales dollar during 1961.

John Eisenhower Gets Assignment To War College

Washington - (UPI) - Lt. Col. John Eisenhower, 38, the President's son who now serves on the White House staff, has been assigned to the Army War College at Carlisle Barracks, Pa.

The new assignment for Eisenhower was disclosed Tuesday when the Army made public a list of 162 officers selected to attend the college.

The younger Eisenhower will begin a 10-month course at Carlisle Barracks next Aug. 17 and until that time he will be assigned duties at the War College. The duties will be specified by the staff there and are not yet known by the Army here.

Warren Calls on California Governor

Sacramento, Calif. - (UPI) - U.S. Chief Justice Earl Warren, ex-governor of California, called on Gov. Edmund G. Brown Tuesday.

The Chief Justice declined an invitation to sit in the chair he once occupied. "I might want to stay," he said with a grin.

At which Brown commented: "I'll trade you jobs even up."

Brown said that, in preparing his message to the state legislature next week, he had studied some of Warren's old messages.

"I hope they pay more attention to you than they did to me," the Chief Justice said.

Brown pressed a button on his desk and sliding panels revealed maps and scenes of California. Warren was impressed.

"I could never get that to work," he recalled.

Prepares for High Posts

Carlisle is about 28 miles north of Gettysburg where President Eisenhower has his farm and his son has his home.

John, a West Point graduate in 1944, was promoted to his present rank last May 31.

The Army War College, the Army said, prepares selected officers for highest command and general staff positions in the Army and in joint service and allied commands. It also prepares officers for high-level positions which the Army may be called on to fill in the Defense Department and other government agencies.



RECEIVES SCHOLARSHIP - Art Hainsworth, left, Seattle Northwest Chapter of the Associated General Contractors president, looks over a \$500 scholarship award presented to John P. Day, route 1, box 442, Central Point, recently. The scholarship was one of two awarded by the Seattle Northwest chapter.

Communist Radio Declares U.S. Menacing Peace

Tokyo - (UPI) - The Communist radio charged Tuesday the United States has created a "grave menace to peace in Korea and the Far East" by staging "provocative atomic warfare exercises" near the Korean truce line.

A Pyongyang broadcast quoting a resolution adopted by the Communist Central Committee in North Korea vowed the Reds will drive the U.S. forces out of Korea and unify the divided peninsula on their own terms.

The charge came on the heels of broadcasts from Communist China and Red Viet Nam threatening all-out war in Laos.

Vigilance Urged

The Communists in North Korea called on the people to "maintain the utmost vigilance, keenly watch every move of the enemy and always be prepared, materially and morally, to frustrate all their provocative acts."

It accused the United States of "reinforcing its aggressive troops and the puppet army in South Korea, bringing in atomic and rocket weapons," and warned that it was a threat to peace.

"The U.S. aggressive troops must pull out of South Korea immediately, taking with them all the lethal weapons they have brought in," the Red radio said.

John P. Day Gets \$500 Scholarship

John P. Day of Central Point has received one of two scholarships granted to students by the Seattle Northwest Chapter of the Associated General Contractors.

The \$500 scholarships were awarded to students interested in the construction industry as a career. George M. Upton Jr., Centralia, Wash., received the other scholarship.

Day, the son of Mr. and Mrs. John S. Day, Central Point, recently was graduated from the university with bachelor of science degrees in civil engineering and industrial engineering. He is currently enrolled in graduate engineering school.

Day now resides in Seattle with his wife and a one-year-old son.

Ashtand Police Investigate Crash

Ashtand - A one-car accident occurred at 12:20 a.m. yesterday on the corner of Main and Maple sts., Ashtand police reported.

A car driven by Michael Reymers, 17, of 612 South Mountain ave., Ashtand, ran into a light pole on Maple st., police reported. Reymers was turning left from Main to Maple st. when he lost control of the car, police said.

Ashtand police are investigating the accident. Reymers and two passengers were not injured, they said.

Search Suspended For Navy Airplane

Manzanita - (UPI) - Navy skin divers have suspended a search for an Air Force F102 fighter - interceptor which crashed in the surf near here Dec. 14.

Pieces of the craft continued to wash ashore, authorities said. The pilot of the plane parachuted safely. Authorities were trying to find the plane to determine the cause of the crash.

Court Records

MUNICIPAL COURT
Peter Roberts, inadequate equipment, \$5.
Alan Michael McQuade, failure to heed red light and siren, \$20.
Bert LeRoy Johnston, violation of basic rule, \$25.
Douglas Harrison Hibler, disobeyed traffic signal, \$10.
Jim Daman Estrenado, disobeyed traffic signal, \$10.
Clyde Hovsen Ritter, improper left turn, \$10.
Rea Ancency Jenkins, violation of basic rule, \$12.50.
Roy Charles Hukill, disobeyed traffic signal, \$10.
Henry Elton Boyd, violation of basic rule, \$25.
Willard Newton Richards, disobeyed traffic signal, \$10.
Zelda Janet Anderson, violation of basic rule, \$10.
Lyman Vermont Stiles, disobeyed stop sign, \$10.
Duane Lee Wilson, violation of basic rule, \$25.
Elmer Allen Barnes, violation of basic rule, \$25.
Norman Clarence Love, expired operator's license, \$2.50.
Ronald Franklin Archer, violation of basic rule, \$10.
Harry Earl Welber, wrong way on one-way street, \$2.50.
Clayton Derman Knips, disobeyed traffic signal, \$10.
Kenneth Harold Ennis, violation of basic rule, \$25.
Leon Smith, disobeyed traffic signal, \$10.
Michael Edd Rountree, improper left turn, \$10.
Clayton Derman Knips, violation of basic rule, \$10.
Ralph Dunley Odell, disobeyed stop sign, \$10.
Evelyn Watson, no operator's license, \$5.
Rube Clay Kinney Jr., no operator's license, \$5.
Mary Belle Wilson, excessive noise, \$10.

MARRIAGE LICENSE APPLICATIONS
Douglas Gale Cully, 21 Washington St., Medford, and Karen Roberta Lytle, 608 Newtown St., Medford.
Earl C. Burns, 1011 North Ross Lane, Medford, and Lillian Lavone Lee Culbertson, 1011 North Ross Lane, Medford.
Roy Dean Selby, 594 South Stage Rd., Medford, and Judith Elaine Bailey, route 4, box 2543, Medford.
Bobby Dan Kellan, 750 D St., Turlock, Calif., and Mary Ann Seiler Cox, 750 D St., Turlock, Calif.

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Medford Mail Tribune

Gasoline Tax Collections Below Forecast

Chicago - (UPI) - The compact car is threatening to become a half-billion dollar headache for government road-building agencies by 1964.

Those little "economy" cars may make drivers happy who are looking for good gas mileage.

Gas tax collections are slipping below forecasts this year in many states, including New York, Illinois, Ohio, New Jersey and Florida.

Officials are not certain yet whether the fast-selling compact, which make up some 7 per cent of all cars on the road, or the recession or some other factor is to blame for the revenue decline.

"There are still not enough compacts to have much of an effect on taxes," said Charles Conlon of the Federation of Tax Administrators. "But they will be felt as they increase in number."

Negligible Effect

A Standard Oil Co. (Indiana) spokesman said compacts will have "an almost negligible effect" on total gasoline sales in 1961.

"Our economists believe total gasoline consumption would drop 1.3 per cent next year even if there were no compacts," he said. "But they are contributing to a downward trend in premium gas sales, which are expected to fall 2 per cent from 1959."

Several states are worried, however, about the possible impact of the little cars on their finances. New York began a study last summer to determine how much its revenues will be affected by compacts.

In New Jersey, Armand J. Salmon Jr., state motor fuel tax bureau supervisor, said the state's revenue this year from gasoline sales may drop as much as \$4 million below earlier estimates.

Could Bring Sharp Drop

The smaller American cars and imports "are causing a revolution in gasoline consumption and the growing population of the small cars could lead to a sharp drop in estimated revenues," he said.

James Burch of the North Carolina state highway department noted that gas tax collections in the first half of 1960 were only 9 per cent above a year ago, although auto registrations had risen 4.7 per cent.

Texas is concerned because oil production tax revenues have fallen below expectations. An oversupply of oil has caused companies to cut output, according to the American Petroleum Institute.

Arthur G. Lindell, deputy budget director of Chicago, said the compacts will cost the city more than \$3 million next year in its share of Illinois motor fuel taxes.

In addition, Chicago city vehicle taxes are expected to drop \$514,547 from this year, he said. The official explained that more cars will qualify for cheaper licenses due to their lower horsepower ratings.

Because several factors are pulling in the opposite direction, tax men are not certain how much the compact will affect future collections.

Revenue Boost Foreseen

A study by the U.S. bureau of public roads said the growing number of families with

more than one car, additional cars on the highways, a trend toward longer vacation trips and possible increases in the horsepower in future compacts should boost revenues somewhat.

But the agency also predicts that 30 per cent of all cars on the road will be compacts by 1965, if the trend toward smaller cars continues at the present rate.

The forecast indicates passenger car consumption of gasoline by 1965 will be 7 per cent less than it would have been without the compact, said F. B. Hufnagle Jr., vice president-marketing, Sun Oil Co.

"At an average tax of 10 cents a gallon (state and federal) this means \$330 million which the tax collectors won't get per year by 1965," he said.

Projecting the trend still further, Hufnagle saw gas consumption down 14 per cent by 1972 and 21 per cent by 1976. However, he added that any estimation beyond 1965 "is pure guesswork."

The American Petroleum Institute, by assuming state and federal taxes will not be changed, sees the total tax loss from compacts reaching \$548 million by 1964. The federal government would lose \$217 million and the states the rest.

Tax Increase Not Solution

This whittling down of revenues comes at a time when the nation and many states are committed to massive road-building programs which will cost billions of dollars in the next decade.

A gasoline tax increase would not solve the problem, revenue and petroleum industry men believe. Some feel the problem would become

even worse.

The API said a tax hike would only cause more people to buy small cars, which started the problem in the first place. The ultimate result, it said, would be "a proportionate reduction in revenue for each upward movement of the tax rate."

Arthur R. Gottschalk, newly elected to the Illinois state senate, commented that the cycle would have "adverse effects upon employees in the U.S. automobile, steel and other industries."

The best way to keep the road program strong, in Hufnagle's opinion, is to halt the diversion of highway-user taxes and reschedule the highway program in keeping

with indicated revenues.

At the present time, he said, 43 cents of every dollar collected by state and federal governments from highway users is diverted for non-highway purposes.

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