

Auto Manufacturers Expect Price Increase on 1963 Models

Consumer Would Feel Effect of Steel Price Hike

Detroit (UPI)—The auto industry, handed a \$90 million bill for higher steel prices, is expected to pass it on to the American consumer next fall by raising the price of 1963 model cars by perhaps \$50.

The list price of 1962 model cars, however, is not expected to be affected by the \$6 per ton steel price increase announced Tuesday night by U.S. Steel Corp.

That was the unofficial consensus in the industry. Officially, the five big carmakers began studying the unexpected steel price hike.

One industry executive commented privately that, "We're very unhappy. The steel price increase is unwarranted."

Industry sources said no boost in car prices is likely during the 1962 model run because the industry historically announces a basic price each year and sticks with it until new models come out.

In addition, carmakers already have an average one-month stockpile of steel—an inventory built up as insurance against a possible steel strike. This steel was purchased at the old price.

The industry has not had a general across-the-board increase since 1958—the time of the last major steel hike. Then prices went up about 2 percent, or \$50 on a \$2,500 car, an average that may be matched this year.

The industry uses upwards of 15 million tons of steel a year for cars, trucks, other transportation vehicles, and spare parts. Between one and two tons of steel are used in cars.

Thus, the steel hike would mean a \$6-12 basic increase in car costs. But the total bill would be \$90 million. Besides, steel is usually a bellwether for other industries providing auto materials. So the car unit cost could be higher than \$12.

The auto industry, which increased prices steadily from 1955 through 1959 models, actually reported a slight decline last year, even though it signed a new wage contract for 35,000 workers.

Increased labor costs, cited as one reason for the steel increases, could also be a factor in car-pricing policies for 1963 models.

Summing it up, one industry expert said, "There probably won't be any increase now but I don't see how we can avoid it next year."

Barker Accepts MEDPACC Position

Harry Barker, KMED radio manager, has announced his resignation from KMED to become associated with the newly formed electronic data processing and computing center in Medford, "MEDPACC."

Barker will be in charge of sales and programming division of the new firm.

"MEDPACC" will provide a complete data processing service for all sizes of businesses, including business system analysis.

Barker has been with KMED for 3½ years, and for the past year has served as radio and commercial manager. General Manager Ray Johnson said he accepted Barker's resignation with regret.

Ted Thompson has been named commercial manager for KMED radio, Johnson said. Thompson has been in the sales department for three years.

Foreign Briefs

PRESIDENT'S TARIFF PROGRAM PLUGGED
Osaka, Japan—UPI—U.S. Postmaster General J. Edward Day, representing President Kennedy at the biggest trade fair in Asian history, today plugged the President's new tariff program.

He said Kennedy's program was "a bold, original and resourceful response" to the communist trade and aid challenge. He called on other free world nations to support the efforts to reduce trade barriers.

LARGE SCALE LAOTIAN ATTACKS REPORTED
London—UPI—Red Chinese and Russian news agencies today reported "large scale attacks" by pro-Western Laotian forces in the Nam Thua area of northwestern Laos.

The new Chinese news agency, in a broadcast monitored here, said "Laotian patriotic forces" were "successfully defeating the large scale attacks" of the royal Laotian army.

SYRIA PROMISED NEW GOVERNMENT
Damascus, Syria—UPI—The military Junta which seized power in Syria two weeks ago Tuesday promised that a new civilian government will be formed within the next few days.

SMALLPOX CLAIMS THREE IN WALES
Cardiff, Wales—UPI—Three women mental patients died of smallpox Tuesday night, raising the toll in South Wales' current epidemic to five.

CHOLERA FATAL IN EAST PAKISTAN
Dacca, East Pakistan—UPI—Between 130 and 150 persons have died of cholera in the Khulna district, Dacca newspapers said today.



MANEUVERS AWAITED—Ships of the Atlantic Fleet lie at anchor off the naval base at Norfolk, Va., preparing for maneuvers Friday and Saturday which will be witnessed by President Kennedy. At left is the guided missile

cruiser Long Beach, in the center is a carrier of the Forrestal class, and to the far right and in the background is the nuclear carrier Enterprise. (UPI)

Disguised Witness Claims Air Force Captain Gave Away Military Secrets

Weisbaden, Germany—UPI—A heavily disguised former Communist espionage officer testified today that U.S. Air Force Capt. Joseph P. Kauffman passed military secrets to East Germany.

The witness, Guenther

Maennel, a former East German secret service agent, wore a false mustache, wig and glasses when he took the stand. He defected to the West last year and is the star witness in the case against Kauffman.

Maennel has worn the disguise whenever moving about in public to prevent recognition generally and possible revenge for his flight by Communist agents.

Maennel testified on the second day of Kauffman's court martial after the defense attorney entered a plea of innocent to the charge of passing national defense information to Communist agents.

Maennel said he met Kauffman at an East Berlin railroad station at 1 p.m. Sept. 29, 1960.

"Kauffman identified himself by his service card and travel orders," Maennel testified. "I told him my name was Lange and that I was a member of the East German police."

Actually, Maennel said, he was a full time secret service agent personally responsible for espionage against the United States.

Maennel said he and a colleague took Kauffman to an isolated building in East Berlin where they questioned him through an interpreter before a Soviet agent took over.

Later the interpreter brought out a sheet of papers written in English and German, Maennel said.

"They contained enumerations of the most important officers stationed with Kauffman in Greenland," he testified. "They listed the weaknesses and strong character points of these officers."

"They also contained statements as to the primary mission of the U.S. Air Force in Greenland."

Maennel said the Soviet officer gave him the papers and told him to go back to Kauffman and get his signature on them. He said Kauffman did this reluctantly.

The rating bureau also said that, because the new endorsement procedure is optional with the buyer, he need not change the policy during the term if it is not to his financial advantage.

The bureau, which develops rates for most of the fire insurance companies doing business in Oregon, said the new endorsement could be applied on the first anniversary date of the policy after a rate change becomes effective.

Bureau Notes New Policy on Insurance
Oregon fire insurance buyers may take advantage of rate reductions which occur during the term of their policies without waiting for the full term to run under a new rule announced by the Oregon Insurance Rating Bureau.

Since many fire policies are written for three or five years, the bureau said, this will be a substantial rate benefit for those who live or do business in areas where rates may be reduced.

Previously, a policy buyer who wanted to cancel his "short term" policy, and have it rewritten in the same company had to pay a penalty rate for doing so, the bureau said.

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Oregon Purchases Sand Dunes Land
Portland—UPI—The State of Oregon has purchased 39 acres of sand dunes and beach lands in Tillamook county from the U.S. Bureau of Land Management.

Russell Getty, State BLM director, announced the sale Tuesday. Total cost of the land was \$97,600.

The transaction involves most of Nestucca Spit, near Pacific City. The state plans a sand dune stabilization project and construction of recreation facilities. About 400 acres of adjoining land already has been purchased by the state.

Congressional Leaders Dismayed At Increase in Steel Prices

Washington (UPI)—Democratic leaders in Congress today expressed dismay at U.S. Steel's announcement of a \$6 a ton price increase.

Senate Democratic Whip Hubert H. Humphrey (Minn.) said it "possibly destroyed an effort to hold back inflation."

"Regrettably," he said, "steel management has failed to cooperate" with the administration's effort to keep price lines steady.

Republican leaders Sen. Everett Dirksen (Ill.) and Charles Halleck (Ind.) declined comment until they had studied the developments. So did Speaker John W. McCormack.

To Begin Inquiry
House Democratic Leader Carl Albert (Okla.) said the price rise was "unfortunate" and "I'm sorry to hear it."

Sen. Estes Kefauver (D-Tenn.) chairman of a Senate antitrust subcommittee, said he had ordered his staff to "begin an immediate inquiry into the matter."

He called the increase "shocking and irresponsible."

"I do not see how it can be justified by the wage agreement which was negotiated upon the urging of the President and which was supposed to be noninflationary."

One Republican, Sen. John Sherman Cooper (Ky.) said "I think it's a mistake."

Sen. Gale W. McGee (D-Wyo.) called it a "betrayal of a united effort of all elements of our economy to hold the price line."

REFUGEE FIGURES
Miami—UPI—District Immigration Director Edward P. Ahrens said Tuesday 33,123 Cuban refugees came to Miami in 1961, more than the numbers for 1959 and 1960 combined.

GOP Chairman Raps Morse Dinner Plan
Portland—UPI—Oregon's GOP chairman today labeled a fund-raising dinner for Sen. Wayne Morse (D-Ore.) in the nation's capital the latest sign of Morse's reliance on labor bosses.

Phillip Roth said the dinner, now being planned, is sponsored chiefly by nationally known labor leaders such as Walter Reuther, George M. Harris and James Suhrfliege.

"It is just further evidence of Morse's complete dependence upon out of state funds and national labor bosses for maintaining his senatorial seat," Roth said.

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