

INCOME TAX REDUCTION PROPOSED

Stock Market Indicates Recovery

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MEDFORD TRIBUNE

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The Beauties of Scenic Oregon

(Oregon State Highway Commission Photo)



The first Protestant church west of the Rocky mountains, built in 1834 in Jacksonville, still serves its members.

Russia Reneges on Agreement To Condemn War Propaganda

Geneva—(UPI)—The Soviet Union today reneged on an East-West agreement to condemn war propaganda and plunged the 17-nation disarmament conference into a major crisis.

Soviet Deputy Foreign Minister Valerian Zorin told the conference his country does not accept the declaration condemning war propaganda which he himself had helped draft last week.

The conference had been supposed to approve the declaration today.

U.S. Ambassador Arthur H. Dean, white-faced with obvious anger, told Zorin that Russia had "blown up" discussion of the whole matter.

Zorin read to a stunned plenary session of the conference a Soviet government statement calling for far-reaching changes in the declaration he and Dean drafted last week.

He said "events in recent days" made the amendments necessary, and cited West Germany, Laos and South Viet Nam as examples of worsening tensions in the world.

He particularly singled out an article written in a NATO publication by West German Defense Minister Franz Josef Strauss which he claimed called for the arming of West German forces with nuclear weapons for "use against the Soviet people."

Dean promptly shot back that the article in question not only was misquoted by Zorin but was two years old.

"The Soviet Union has blown up these negotiations, scuttled them for purposes known only to themselves," Dean said. "It is useless to continue further negotiations on such a matter."

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Thrift Reported from Central Point Office

Central Point—The theft of approximately \$25 in coins from the office of Dr. Alvin Roberts, 547 East Pine st., Central Point, was reported Monday.

Central Point police said someone broke in through a rear window Sunday or early Monday morning. Also taken was a check protector.

Proposed Budget for County Is Signed by Group

Jackson county budget committee members this morning signed copies of the proposed 1962-63 budget estimate totaling \$4,293,135.98. This is approximately \$56,000 lower than the current year budget.

A public hearing will be held Tuesday, June 26, at 8 p.m.

The county will start with a budget balance July 1 of \$378,547.88. Other receipts will total \$3,914,588.10, according to current estimates.

The cash working fund as of July 1 will include \$415,344.52 and available cash of \$793,822.40. No tax levy will be necessary for the county budget.

Budget estimates for 1962-63 in the various categories are general county fund, \$1,873,576.24; general road fund, \$1,661,819.50; Medford library fund, \$73,943.04; Ashland library fund, \$7,499; Rogue River library fund, \$516; emergency fund, \$30,000; Civil Defense fund, \$10,432; building improvement and maintenance, \$45,444; juvenile detention operation and maintenance fund, \$25,504; capital improvements and sinking fund, \$150,000; county school fund, \$240,500; school district bond and interest fund \$120,295; county historical fund, \$33,519.

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Market Drop Cause Cited In 4 Factors

New York—What was behind Monday's historic crash in the stock market—one of the worst breaks in the 20th century, and certainly the most severe in modern times?

The answer falls into four broad classifications:

(1) Margin calls went out from brokers over the week end to shareholders all over the country who had bought stocks on borrowed capital demanding that the owners put up additional cash to back up their borrowing. The slump of the past few weeks had pushed their equity in their stocks below the minimum permitted by Federal Reserve Board regulations and Stock Exchange rules. As the break got worse, the calls for additional cash multiplied and many disillusioned, frightened and cash-shy holders were sold out. In view of the extent of Monday's break, there's going to be a lot more of the same today.

(2) Fear feeds on fear, and as the market has declined week after week fear of a massive downturn has caused investors who had no intentions of selling a couple of months ago to get out while they still could preserve some of their nestegg. Always, big movements in the stock markets tend to exaggeration, particularly on the downside. This happened Monday and what happened Monday could make it happen again.

(3) There has been liquidation of U.S. corporation stocks by foreign holders, especially by the Swiss, according to reliable sources. This has helped create air pockets in the stock markets. There's no way of calculating how big the liquidation has been from foreigners, but it has been a factor.

(4) The big buyers with funds to invest—the mutual funds, institutional investors, wealthy individuals—have been largely sitting by, waiting to see how far this movement would go before they step back in on a worthwhile scale. Over the week end, I had a forewarning of what would happen Monday when I was told that bids for stocks on the exchanges were unusually slim. The lightness of underlying buying orders could have only meant a major decline when selling orders started to pour in—and they poured.

Each of these is a key reason, but each is basically technical. The stock market also flashing the fundamental message that a major business downswing is on the way?

The answer is no. Admittedly, this has been a spectacular crack-up. But, by this decline, the considered judgment of responsible authorities still is, the stock market is simply belatedly recognizing what thoughtful observers have been emphasizing for some time—namely, that the era of great inflation is not going to take off soon again. Those who bought stocks at fabulously overpriced levels which no one could justify by common sense reasoning or traditional yardsticks, thought that inflation would bail them out and there always would be one more sucker to buy. Inflation is not going to do this for them in the foreseeable future.

The stock market also has been re-evaluating stocks as investments in view of the moderate character of the 1961-62 business advance. Earnings obviously are not going to be as fantastically fat as the optimists anticipated a few months back.

The stock market has been reflecting the increasing attractiveness of other mediums for savings, too. Just simple savings accounts pay up to 4 or 4 1/2 per cent now, and bonds as well have been returning much more favorable returns per year than most of the popular stocks.

That the stock market is a "leading indicator" of business is indisputable. Often in the past it has turned up or down long before a similar movement in the economy. But it is only one of the leading indicators and, as Federal Reserve Board Governor George W. Mitchell remarked in a major policy speech in Indiana recently, the fact overlooked is "that the stock market has sometimes declined significantly when the underlying business trend did not change materially. Thus, the composite price averages dropped 9 per cent in the summer of 1959, 11 per cent in the fall of 1955 and 15 per cent in the summer of 1950. In each instance, the market had more than regained its losses before recession-related declines commenced."

What, though, if the above is too Pollyannish and the stock market break is telegraphing a signal of bad trouble ahead for the U.S. economy?

Then, the administration and Congress can—and I wager they will—move with powerful weapons to counteract the business decline before it gets rolling.

Across-the-board tax cuts for corporations and individuals would be the greatest spur to business and the most potent anti-recession weapon that exists. Serious talk of this is mounting in Washington and the talk is serious, not just election year politics.

What the stock market has done and is doing is returning to common sense realities. Descent from glorious dreams of get-rich-quick to hard facts is never fun. Many are being badly hurt in the market today, hurt worse than they dreamed possible.

But this is not "another 1929"—and if it ever shows signs of turning into one, we have the brains, the know-how and the determination to prevent it.

WEATHER

FORECAST: Mostly cloudy tonight and Wednesday. Chance of a few showers over the mountains Wednesday afternoon. A little cooler Wednesday. Low tonight near 45. High tomorrow 65 to 70.

Highest Yesterday 71 Temp. 71
Lowest This Morning 48
Prec. to 5 p.m. Yesterday, 1.0
Prec. to 10 a.m. Today, none.

Our Skies Tonight
Sunset today 7:39 p.m.
Sunrise tomorrow 4:38 a.m.
Moonrise tomorrow 3:10 a.m.
New Moon Saturday
The planet, Mars, seen near the Moon tonight, is now brighter than the North Star. Next year on this date Mars and the Moon will be in the evening sky near Regulus.

Eichmann Verdict Upheld by Court

Jerusalem, Israel—(UPI)—The Israeli supreme court today upheld the conviction and death sentence imposed upon former Nazi SS officer Adolf Eichmann for the slaughter of six million Jews.

The verdict meant only President Itzhak Ben-Zvi could save him from the gallows.

Space Explosions Planned by U. S.

Washington—(UPI)—The United States this week will start exploding rocket-borne nuclear weapons in space.

The explosions, their mammoth fireballs, and the brilliant auroral displays they trigger will be the most spectacular fireworks ever staged by man.

The weapons will be hurled into space—by Thor missiles, according to informed sources—over South Island 800 miles south-southwest of Honolulu. Three and perhaps four space shots are planned. One, a junior-size H-bomb to be exploded at an altitude of about 500 miles, will be the highest nuclear shot ever detonated.

Tickers Running 75 Minutes Late In Lively Trading

Blue Chips Show Advance Attempts

New York—(UPI)—Prices slumped again in early Wall Street trading today but "flash" prices in early afternoon indicated a recovery rally for the bellwether blue chip stocks.

Leading the advance, after a day of trading Monday in which the market suffered its sharpest drop since 1929, were such leaders as American Telephone, Standard Oil of New Jersey, Bethlehem Steel, Sears Roebuck and Du Pont.

IBM Up Sharply
The closely watched International Business Machines stock opened at 365, up \$4 a share, and at 9:55 a.m. (PST) a "flash" price—delivered as the ticker reports fell far behind—showed it at 382, up \$21.

Brokerage houses swamped with orders were resigned to another long night of catching up. Ticker tapes were as much as 75 minutes late in reporting big board trading by 10:45 a.m.

Signs of the upward trend in major issues began to develop. Prices included American Telephone & Telegraph at 107, up \$6.38; Standard of New Jersey 51, up \$5; General Motors 49 1/2, up 50 cents; U.S. Steel, 52 1/2, up \$2; Chrysler 43 1/2, up 63 cents; Royal Dutch 37 1/2, up \$3.75. Others which turned upward included Bethlehem Steel, Sears Roebuck and Allied Chemical.

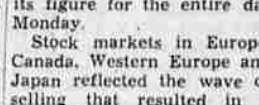
ASE Trading Lively
Trading on the American Stock Exchange, second largest of the nation's exchanges, was at 2,610,000 after only two hours of trading, close to its figure for the entire day Monday.

Stock markets in Europe, Canada, Western Europe and Japan reflected the wave of selling that resulted in a "paper loss" of \$20.5 billion Monday on the New York stock market. London reported its heaviest one-day drop in years. International stocks dropped as much as 60 points in Amsterdam.

The big board tape was late almost from the start. Volume at midsession was almost twice as heavy as at the same time Monday.

(See story on page 2A)

Pageant Finalist



Virginia Rausch

Another of the finalists for the Miss Rogue Valley Pageant to be held June 2 at the Oregon Shakespearean Festival Theater in Ashland is Virginia Rausch. She has brown hair and brown eyes, is 5 feet 5 inches tall and weighs 122 pounds. A dramatic reading will be her contribution to the talent segment of the program.

Unander's Campaign Said To Cost \$29,321

Salem—(UPI)—It appeared today that the most costly campaign of the Oregon primary this year was that of Sig Unander of Portland, who won the Republican U.S. Senate nomination.

Unander's committee said it spent \$29,321. The successful effort to renominate Sen. Wayne Morse (D-Ore.) cost nearly \$19,000. The second biggest campaign expenditure of the primary.



TICKER STUDIED—Dick Brown, left, United Press International financial wire editor, and Jesse Bogue, UPI financial editor, look at a stock market ticker in the wire service's office in New York after the stock market plunged in its worst break since the crash of 1929. Brown is holding a mass of ticker tape, the result of the huge selling spree that sent Dow Jones averages down 34.95 points during the day. (UPI)

Labor Situation in Area Orchards Said To Be More Hopeful

Members of the Medford fruit industry today described the orchard labor situation as "hopeful."

A meeting with U.S. Labor Department officials has not yet been arranged, since many fruit shippers and growers were attending a meeting in Portland of the Oregon-Washington-California Pear Bureau.

"It looks as if Sen. Wayne Morse (D-Ore.) is making some headway, since labor officials have indicated they are willing to discuss the problem," a spokesman for the fruit industry said.

Also, since the Oregon senator conferred with growers here April 14, Labor Secretary Arthur Goldberg said the Labor Department decision to prohibit Mexican harvest labor north of the California border will be reviewed. Earlier it had been reported that no Mexican Nationals would be allowed into Oregon.

Memorial Day Services Slated In Area Tomorrow

Memorial Day services are scheduled throughout the Rogue valley tomorrow, when governmental offices and most retail stores will be closed in observance of the holiday.

Veterans groups in Medford will meet at 11 a.m. in the Library park, Eighth and Holly sts., to honor the war dead of the area.

The Rev. Robert Cull of Medford Assembly of God church will give the invocation, and the Muzilli accordion band will provide music.

Volley will be fired by a National Guard squad, and taps will be sounded by Bliss Heine. The Rev. John Iig of Sacred Heart Catholic church will give the benediction.

Ceremonies in the Eagle Point Veterans Administration cemetery are scheduled for 1:30 p.m.

Ashland Services
In Ashland, the Walter A. Phillips post, Veterans of Foreign Wars, will be in charge of the 10:30 a.m. service in Mountain View cemetery. Transportation for those desiring it will be provided at the Plaza and the public library at 10:15 a.m. Others who need transportation should call Ashland 482-0467.

The Rev. Edward G. Wulfekuehler will give the invocation and benediction and Dr. Francis Haines will give the address. Wreaths will be placed to honor war dead, and John Reid will play taps. A Memorial covered dish dinner will be served at 12:30 p.m. in the Ashland American Legion hall on Winburn way.

In Jacksonville, Centennial Post 100, American Legion, and auxiliary will conduct services at 10:30 a.m. in the Jacksonville cemetery. At 1:30 p.m. the Woman's Relief Corps, auxiliary to the William H. Harrison post, Grand Army of the Republic, will conduct a program of dedication and presentation of a plaque and flag to the Jacksonville cemetery.

Local growers said they would not object fixing the piece rate to assure \$1 an hour average daily rate. But they do object to a minimum wage which could force them

to eliminate women and children and less-skilled pickers, they said.

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Hodges Calls for Cut To Stimulate Nation's Economy

Kennedy Plans No Dramatic Gesture

Washington—(UPI)—Commerce Secretary Luther H. Hodges called today for cuts in personal and corporation income taxes—possibly this year—to reassure business and stimulate the economy.

Hodges said tax reduction was overdue anyway and that the plunging stock market might make it desirable for the administration to move on the tax cut front earlier than it had planned.

Treasury Secretary Douglas Dillon said meantime that Congress should take a major step toward shoring up the jittery market by speeding to passage President Kennedy's proposed tax credit for business.

Prompt Endorsement
His appeal won prompt endorsement from Democratic congressional leaders who earlier had discussed the market with the chief executive at the White House.

Dillon said approval of the tax credit measure was "the very best thing Congress could do now." The administration measure, now blocked in the Senate Finance Committee, would allow business to write off 8 per cent of the cost of new equipment.

No Dramatics Planned
Speaker John McCormack of Massachusetts and other legislative leaders who met with Kennedy said he indicated, however, that he planned no dramatic gesture to try to restore market confidence.

There were these other Washington developments:
—Ladd Plumley, president of the U.S. Chamber of Commerce, said Kennedy's successful power play against the steel price hike and a weak recovery from the recession contributed to the market break. Plumley told a national Press Club lunch Kennedy should take vigorous action to restore business confidence.

Verbal Blows Traded
—Senate Democrats and Republicans traded new verbal blows over the economy. Senate Democratic Whip Hubert H. Humphrey (Minn.) denied GOP charges that Kennedy had failed to keep his campaign pledges. Sen. Barry Goldwater (R-Ariz.) said there had been too many words and not enough action from the White House.

—Chairman William L. Cary of the Securities & Exchange Commission told the House Commerce Committee his agency had launched a study of "who and what groups" figured in heavy stock sales which led to the market break. He hoped for some findings in about two weeks.

Break in Burglary Cases Reported

The first break in a series of safe burglaries in the area that for weeks had police officers stumped, may have occurred in Reno, Nev., last night when a local suspect drew attention to himself by cashing in a large amount of small change at a gambling casino there.

Two Medford police officers, Lt. Lyle C. Perkins and Lt. Jack McMillan, left for Reno about 2 o'clock this morning to question the suspect, Doyle Dwayne Trapp, 28, of 718 West 14th st. A warrant charging Trapp with burglary was issued by District Attorney Alan B. Holmes this morning.

Trapp was detained by Reno police after he entered a gambling casino and asked an attendant, an off-duty Reno police officer, to cash in about \$200 in dimes.

The Reno officer, who had earlier seen an all-points bulletin issued by the Medford police department following the safe burglary at the Payless Drugstore in the Medford Shopping Center Sunday night in which about \$1,000 in change was stolen, notified his headquarters and officers took Trapp into custody for questioning.

Medford Police Chief Charles P. Champin said that Trapp will be questioned in connection with at least six safe burglaries that have occurred in Medford in recent weeks, as well as a number of other crimes in the area.

NEWS BRIEFS

FRANCE HIT BY NATIONWIDE STRIKE
Paris—(UPI)—A 12-hour nationwide strike of gas and electricity workers halted commuter trains, slowed down industry, and created difficulties for millions of Frenchmen today.

SERGEANT YORK TAKES TURN FOR WORSE
Jamestown, Tenn.—(UPI)—Sgt. Alvin C. York, 74, America's fabled World War I hero, took a turn for the worse today and was rushed by ambulance to a hospital in Nashville.

TERRORISTS CONTINUE TO ATTACK MOSLEMS
Algiers, Algeria—(UPI)—Secret Army Organization terrorists continued their random attacks on Moslems today but the tempo of killings dropped sharply following a sudden OAS proposal for an Algerian peace settlement without France.