

# Kennedy's Tax Plan Offers Two Boosts in Take-Home Pay

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## There Are Two Kinds of Deficits, JFK Tells Skeptical Congressmen

"This would indeed be unfortunate," Kennedy added, "both because of the effect on government finances and because of the lost opportunities and the human misfortune that would accompany a sluggish economy and growing unemployment."

He noted in this connection that the Treasury ran up cumulative deficits of \$24.3 billion during the past five years even though he and his Republican predecessor in the White House had anticipated surpluses totaling \$8 billion.

"It is now clear," Kennedy said, "that the restraining effects of the tax system on the economy were not adequately realized."

The President told lawmakers skeptical of his philosophy that there are two kinds of deficits. He said one is a chronic deficit stemming from anemic economic growth. The other, he said, is a temporary deficit resulting from a tax-spending program designed to spur business activity, provide more jobs and ultimately increase revenues.

"The first type of deficit is a sign of waste and weakness," Kennedy declared. "The second is an investment in the future."

While the Chief Executive did not disclose his tax-cutting timetable in advance of his special tax message to Congress later this month, he said it would reduce federal income by some \$5.3 billion in fiscal 1964.

He also indicated that he wants individuals to get tax relief before corporations, presumably on the theory that

they will pump such funds into the economy almost immediately.

Kennedy asked Congress to extend the present 52 per cent tax rate on corporations six more months until Jan. 1, 1964. On the other hand, it was understood he would ask that the first cut in personal income taxes be made effective July 1.

The President also proposed another extension of Korean War excise taxes on liquor, beer, cigarettes, and new cars. Otherwise the levies would expire July 1, costing the Treasury \$1.6 billion in

annual revenues. He likewise proposed raising another \$100 million through new user taxes on air freight and plane and barge fuel.

In the field of legislation, Kennedy renewed his appeal for such controversial programs as medical care for the aged under Social Security and aid to education. He again sought a cabinet-level department of urban affairs to help cities solve their problems.

The outlook for both is dim this year although Kennedy partisans hope to salvage at least something in the 1964

## Foreign Briefs

**AUSTERITY PROGRAM ANNOUNCED IN POLAND**  
Warsaw — (UPI) — A top Polish economic planner has announced an austerity program for electrical power users, due to inadequate coal production and manpower shortages on the nation's railroads.

**MACAPAGAL TO VISIT UNITED STATES**  
Manila — (UPI) — President Diosdado Macapagal said today he will visit the United States as soon as the Philippine economic development program begins functioning.

**COLOMBIA POLICE BREAK UP STRIKE MOB**  
Pasto, Colombia — (UPI) — Police broke up a stone-throwing strike mob in this border town Wednesday night, injuring several persons.

The outbreak here was the only violence reported in a general strike protesting the rise in prices resulting from devaluation of the peso.

**ARMY CANCELS SEARCH FOR PLANE**  
Saigon — (UPI) — The U. S. Army today called off its search for a Mohawk observation plane which vanished last week 250 miles north of Saigon.

A U. S. spokesman said the American first lieutenant who was piloting the craft and his Vietnamese observer were believed to be either dead or prisoners of the Communist Viet Cong.

## First Would Be 10 Per Cent Hike Effective July 1

Washington — (UPI) — The nation's workers would get two boosts in take-home pay under President Kennedy's tax reduction program.

Effective July 1, the plan would reduce the tax take from individuals by more than 10 per cent — equal to an annual reduction of \$6 billion. Another rate reduction of \$5 billion would take effect July 1, 1964.

However, the administration does not expect Congress to complete action on the program before late summer or early fall. Under the plan, withholding rates would be lowered soon after the program is enacted and reduced again on July 1, 1964.

Tax refunds would be necessary to compensate for too much withholding of taxes through payroll deductions from July 1 until the first reduction in withholding rates.

**How It Would Work**  
Under the plan the tax cuts would be passed on to the individual taxpayer in this way:

—By reducing withholding rates under which the individual pays his taxes on a current basis. This would immediately increase take-home pay.

—By revising the tax tables on the income tax forms which the taxpayer fills out at the end of the year. Reductions here would cut his annual tax burden.

**Two Reductions**  
Under Kennedy's plan two reductions in withholding rates would take care of the tax table changes required for the years 1963, 1964 and 1965.

Rates in the tax table covering 1963 income would be set at an average between the present rates effective during the first half of the year and the lower rates effective during July-December. Rates in the 1964 tax table would likewise be adjusted downward to reflect the second tax cut in mid-1964.

**General Foods Gains, Chrysler Fails To Open**  
New York — (UPI) — Stocks were mixed today.

General Foods gained a point and Chrysler failed to open in the early trade, but otherwise there were few blue chip features. Steels, autos, chemicals, oils and metals were generally narrow.

**DOW JONES AVERAGES**  
New York — (UPI) — Dow Jones final stock averages: 30 industrials 669.00, off 6.36; 20 railroads 147.17, off 0.32; 15 utilities 133.05, off 0.26; and 85 stocks 236.29, off 1.48. Sales Wednesday were about 4.26 million shares compared with 4.54 million shares Tuesday.

Wednesday's prices on selected stocks:

Allied Chemical	44 1/2
Alcoa	38
American Air Lines	18 1/2
American Can	43 1/2
American Motors	49
A. T. & T.	117 1/2
American Tobacco	30 1/2
Atacondra Copper	43 1/2
Armed	54
Bendix Corp.	60 1/2
Bethlehem Steel	30 1/2
Boeing Air	38
Brunswick	39
Caterpillar Corp.	37 1/2
Chrysler Corp.	21
Coca-Cola	28
C.B.S.	42 1/2
Columbia Gas	27 1/2
Continental Can	42 1/2
Crown Zellerbach	48 1/2
Crucible Steel	17 1/2
Curtis Wright	31 1/2
Dow Chemical	59 1/2
Du Pont	112
Eastman Kodak	112
Firestone	25 1/2
Ford	28
General Electric	80 1/2
General Foods	30 1/2
General Motors	46 1/2
Georgia Pacific	40
Greyhound	23 1/2
Gulf Oil	44 1/2
Homestake	39
Idaho Power	33
I.R.M.	40 1/2
Int'l Paper	28 1/2
Johns Manville	45 1/2
Kennecott Copper	60 1/2
Lockheed Aircraft	52
Martin	21 1/2
Merck	61 1/2
Montana Power	37
Montgomery Ward	34 1/2
National Biscuit	45 1/2
New York Central	15 1/2
Northern Pacific	30 1/2
Pac. Gas Elec.	32 1/2
Penn. J. C.	45 1/2
Penn RR	14 1/2
Perma Cement	12 1/2
Phillips	47 1/2
Procter & Gamble	72 1/2
Radio Corporation	40 1/2
Richfield Oil	48 1/2
Safeway	48 1/2
Santa Fe	22 1/2
Sears	22 1/2
Shell Oil	35
Society Mobil Oil	34 1/2
Southern Co.	34 1/2
Southern Pacific	29 1/2
Sperry Rand	14 1/2
Standard California	64 1/2
Standard Indiana	48 1/2
Standard N. J.	50 1/2
Stocks Van Kamp	18 1/2
Sun Mines	9 1/2
Texas Co.	60 1/2
Texas Gulf Sulfur	18 1/2
Texas Pacific Land Trust	18 1/2
Thiokol	28 1/2
Trans America	42 1/2
Trans World Air	10 1/2
Tri Continental	107 1/2
United Carbide	33 1/2
Union Pacific	24 1/2
United Aircraft	32 1/2
United Air Lines	23
U.S. Plywood	48 1/2
U.S. Rubber	42 1/2
U.S. Steel	38
West Bank Corp.	22 1/2
Westinghouse	23 1/2

## Church Conference Outlines Plans For Combating Segregation

Chicago — (UPI) — An "action program" for churches and synagogues to combat segregation was outlined today by the National Conference on Religion and Race.

It called for prompt elimination of racial barriers in all religious institutions, including church-related schools, hospitals, welfare agencies, homes for the aged and fraternal organizations.

It also proposed that religious bodies:

- Help Negro families obtain homes in all-white suburbs.
- Work for enactment of federal and state laws against discrimination of employment and housing.

—Work for the "stabilization" of changing neighborhoods in the inner city.

—Invest pension and endowment funds in projects, such as inter-racial housing developments, that will promote "equality of opportunity."

—Insist that all contracts for church construction or supplies include a pledge of no job discrimination.

—Work for enactment of federal and state laws against discrimination of employment and housing.

These and many other specific proposals for religious action on racial problems emerged from a four-day meeting, unique in U. S. history, at which 700 Protestant, Catholic and Jewish leaders sought to make religion a more dynamic force in the struggle for racial justice.

The conference was the first of its kind ever held under the joint sponsorship of the National Council of Churches, the National Catholic Welfare Conference and the Synagogue Council of America.

The action proposals were developed by work groups which met behind closed doors Tuesday and Wednesday. They are not binding on any denomination or local congregation but are simply recommendations from the inter-faith conference.



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<b>Del Monte Whole Sour &amp; Kosher Dill Halves 1 Pt. 6-oz.</b> 2 for 79¢	<b>CARNATION INSTANT WHEAT CEREAL 1-lb.</b> each 25¢	<b>SUNPAK CRAB MEAT 6 1/2-oz.</b> 69¢
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