

# Kennedy's Power Intertie Plan Dealt Staggering Blow

**By A. ROBERT SMITH**  
 Washington Correspondent  
 Washington - The private electric utility industry has come up with a powerful one-two punch this past week that has all but knocked out the Kennedy administration's plan for building a federal long-distance power intertie between the Pacific Northwest and southern California.

## Popular Stitchery



By Alice Brooks

Cross-stitch—today's favorite on garments, linens, accessories, in varied colors. Pattern has varied bands, and motifs, in cross-stitch. Pattern 7156: transfer 1 1/2 yds. each of 4 bands, 1 to 1 1/4 inch, 12 motifs 1 to 1 3/4; directions.

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The most telling punch was landed in Los Angeles when that city's Department of Water and Power announced that it considered the best deal for its millions of consumers to be that offered by a group of four private power companies headed by Pacific Gas and Electric Co., the West's largest utility, which is anxious to build a private intertie from the Northwest into its own territory.

The city of Los Angeles issued a statement of its confidence that the private intertie proposed by PG&E "will provide to us and to our customers the greatest value per dollar of cost and the greatest assurance of continuity of service."

The significance of this declaration hit government and congressional officials here with considerable force, because Los Angeles is the biggest potential market for surplus Northwest power. There has been a working assumption among private and public power groups that the economic feasibility of any intertie rested on serving this mushrooming market.

**Several Years To Build**

Reportedly, the private utilities made Los Angeles the kind of deal it couldn't turn down, agreeing to start providing power soon (long before the intertie is actually built) at a rate comparable to what the federal government would charge. Since a federal intertie would take several years to build, this would be a better deal than

Los Angeles could get from the federal government.

The second blow to the administration was a resounding 23 to 9 vote in the House Interior committee in favor of a proposal strongly pressed by the utilities requiring the Interior Department to refrain from building any intertie outside the Pacific Northwest unless it gets a special bill through Congress to authorize such a project. The implication of the proposal was to make it impossible for Bonneville Power Administration and the Bureau of Reclamation to execute their plans for a federal line linking the two regions without this committee's consent—and since the prevailing mood of that committee evidently favors private utility-built interties, it would compel BPA to accept the private utility offers to build the line.

**Minimum Wage Policy in Effect**

Portland - (UPI) - Minimum wage standards for Oregon hospitals and homes caring for convalescents, the aged, and children have been increased. The increase, adopted recently by the Wage and Hour Commission, went into effect Monday.

The minimum for experienced workers in hospitals and nursing homes will advance from 65 cents to 90 cents an hour. Homes for the aged and child care agencies will have a wage floor of 85 cents an hour.

Workers with less than 200 hours experience will be paid a minimum of 70 cents an hour in hospitals and nursing homes, and 65 cents in homes for the aged and children. There will be an increase to 75 cents for the second 200 hours of work experience in hospitals, nursing homes and aged and child care homes.

The Northwest's chief interests in the whole question of an intertie with California are not seriously jeopardized by these developments. The chief objective is to secure markets for surplus Columbia river power, to sell that energy in order to diminish or wipe out recent Bonneville deficits and thereby avoid the necessity of Bonneville increasing its prevailing power rates for all Northwest customers. A private intertie to Los Angeles can serve that objective about as well as a federal intertie, and certainly with greater dispatch.

**Duncan To Be One Of Dunes Visitors**

Washington - (UPI) - Six members of the Senate Public Lands Subcommittee will visit Oregon Dunes area Saturday, according for the committee.

Rep. Robert Duncan (D-Ore.) also is scheduled to go with the group.

Committee members making the trip are expected to be Sens. Alan Bible (D-Nev.), the subcommittee chairman; Frank E. Moss (D-Utah), Quentin N. Burdick (D-N. D.), Ernest Gruening (D-Alaska), Len Jordan (R-Idaho) and Millward Simpson (R-Wyo.).

The group will arrive in Portland aboard an Air Force plane Thursday evening and fly to the Coos Bay area on the next day for an all-day inspection of the proposed Oregon Dunes National Seashore.

**Your Money's Worth**

**By SYLVIA PORTER**  
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**PAYMENTS PROBLEM LIKE A 'LIVER AILMENT'**  
 (This is the last in a series of three columns on Balance of Payments Crisis)

"You Americans have finally discovered you have a liver ailment. When you have a liver ailment, you have to follow some kind of diet. It might very well be necessary," said Pierre-Paul Schweitzer, for the U. S. to follow a diet to control its balance of payments ailment.

This pointed comment was made publicly for all the world to hear a few days ago by the new managing director of the International Monetary Fund—the huge world organization created to maintain the stability of the currencies of its 85 member nations, including the U. S.

Yes, Mr. Schweitzer, we discovered our grim ailment back in 1960 when our foreign creditors came dangerously close to staging a run on our gold hoard, and in the fall the then Treasury Secretary Anderson and Undersecretary of State Dillon went on a mission to Bonn to ask the West Germans to take over some of the cost of keeping U. S. defense troops in Germany.

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We realize that the stability of the dollar is in peril because year after year, we are spending billions more abroad than we are earning abroad, and as a result our foreign creditors have built up immense claims against our gold reserves. We know that once war-devastated foreign nations are now booming and have become fierce competitors in our home market as well as elsewhere. We recognize that we cannot indefinitely carry the burden of defending and developing the free world unless we grow a lot faster than we are now.

We are awake. On Monday, July 8, Sen. Paul Douglas (D-Ill.) chairman of the Joint Economic Committee, will open major hearings to probe again into the problem and remedies. "Soon," says Rep. Wright Patman (D-Texas), chairman of the House Banking Committee, his committee also will hold hearings on this. What will the committees find out? What are we doing to control our "ailment"?

Although we already export \$4.5 billion more goods a year than we import, we are pushing a major drive to expand our imports—by tax incentives and insurance guarantees to exporters, by educating U. S. firms on the opportunities in the export field, by tough bargaining on tariff walls, by world-wide promotion campaigns. The big obstacle, though, is the pathetic indifference of U. S. firms to selling in foreign markets. Progress has been painfully slow.

We are trying to close the great gap between what U. S. tourists spend abroad and what foreign tourists spend here. The record trek of American tourists abroad this year, however, suggests we'll retreat before we advance on this front.

We are "teeing" 75 to 80 per cent of our non-military foreign aid to purchases of U. S. goods and services—meaning these dollars come right back to us. All overseas spending programs are being scrutinized to see where we might cut back. Another slow process.

We are urging foreign countries to open their own capital markets so foreign borrowing in our market won't draw out so many dollars. A long-term project indeed.

We are creating an elaborate technical defense system for the dollar. The defenses are working, are keeping speculators under wraps.

We are making a determined effort to hold down costs and prices here so that we remain competitive in the world markets. Prices and wages abroad are rising at a much faster pace than in the U. S.

We are putting a floor under short-term interest rates to discourage the outflow of funds seeking higher earnings and trying to stimulate our economy (via tax cuts) to the point where our monetary authorities dare try the classical cure for a balance of payments problem—high enough interest rates to keep domestic funds at home and to attract foreign funds here as well.

We have made an unequivocal pledge, through President Kennedy, not to devalue the dollar, and so far our creditors believe him.

We are acting. But as the payments report in mid-August will dramatize, our ailment goes deep. Controlling it will take unremitting concentration and a tougher "diet" than we are on now.

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