

Loophole Opened for Canada in Balance-of-Payments Tax

Regional Edition

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MEDFORD MAIL TRIBUNE

MEDFORD, OREGON, MONDAY, JULY 22, 1963

Black Africa Readies Move On Portugal, South Africa

United Nations, N. Y. — Black Africa readied its diplomatic power today for a campaign to force Security Council discipline of Portugal and South Africa.

Portugal's policies in its overseas territories and South Africa's practice of racial separation — or apartheid — shared the agenda of the council session summoned this afternoon at the request of 32 African countries, the continent's entire UN membership except for South Africa.

Portuguese problem First The Portuguese problem was scheduled to be dealt with first. But interest centered on the South African racial situation, which brought demands for an arms and oil embargo, enforced by a blockade, if necessary, and hints that a formal move might be made for South Africa's expulsion from the United Nations.

South Africa, whose Prime Minister, Henryk F. Vorwoerd, has hinted that his government might quit the United Nations, will not be present officially at the council meetings, which are expected to run two weeks to a month.

Its delegation will be represented only as an observer.

But Portugal, whose premier, Antonio De Oliveira Salazar, has said his country could well be the first member to leave the United Nations, sent Foreign Minister Alberto Franco Nogueira to participate in the debate.

The Africans, following the mandate of the recent Addis Ababa conference, designated three foreign ministers to present their arguments against Portugal and South Africa. Mongi Slim of Tunisia, a former General Assembly president, J. Rudolph Grimes of Liberia and John Karefa-Smart of Sierra Leone have been in consultation with other delegates for more than a week.

U. S. Ambassador Adlai E. Stevenson cut short a European trip to return for the council session.

His first step was to discuss the situation at a White House policy session and his second to impress on Slim, Grimes and Karefa-Smart that the United States strongly opposes a move to expel South Africa.

Senate Deadlock May Be Broken In California

Sacramento — Democratic leaders in the legislature were optimistic today that a week-old Senate deadlock over the administration's \$84.9 million budget bill would be broken.

Only one vote was needed at latest count.

But Republican sources in the assembly indicated GOP leaders of the lower chamber probably will try to tie up the spending program on their side of the legislature.

The Senate stalemate came last Tuesday when Sen. Stephen P. Teale (D-Westpoint) tried to get upper chamber approval of the augmentation to Gov. Edmund G. Brown's \$3.14 billion budget for the fiscal year that began July 1.

Republicans voted as a solid 12-vote block against the bill in retaliation for Senate approval of a bill to accelerate collection of bank and corporation taxes. As a result, Teale fell three votes short.

But Sen. J. Eugene McAteer (D-San Francisco), who was present but declined to cast his vote, announced last week that he had decided to join the 24 other Democrats in voting for the bill. Also, Sen. Samuel Geddes (D-Napa), who was absent, will return tomorrow.

Administrative Assistant Resigns

An administrative assistant to Medford City Manager Robert Duff resigned his office late last week, it was announced today.

In his letter of resignation Thursday, Harry Baxter, who was hired six weeks ago, told Duff he was forced to quit for personal reasons.

Duff said he will begin immediately to interview other applicants for the position.

Exemptions Also Made Available To Other Nations

Washington — The Kennedy administration is opening a loophole in its proposed balance-of-payments tax on foreign securities to prevent the tax from crippling Canada's economy.

The action came Sunday after a week end of secret talks between a U.S. team led by Treasury Secretary Douglas Dillon and top Canadian financial officials who had hurried to Washington to present their country's case.

The United States in effect agreed not to apply the proposed "interest equalization tax" to new issues of Canadian securities, so long as the flow of U.S. dollars into Canada does not exceed Canadian needs. Canada agreed not to use the exemption to try to build up its foreign exchange reserves.

Similar exemptions would be available in other "exceptional situations" where countries were endangered by the tax, a joint statement said. However, U.S. officials said no other countries had asked to have the proposed tax lifted.

"It is the hope and expectation of both governments that by maintaining close consultation it will prove possible in practice to have an unlimited exemption for Canada without adverse effects on the United States," the joint statement said.

Canadian Finance Minister Walter Gordon said in Ottawa he was "very much relieved."

President Kennedy asked Congress Thursday to impose a 2.75 to 15 per cent tax on U.S. purchases of foreign stocks and long-term securities. The idea was to stem an outflow of U.S. investment dollars by making it more expensive for foreign interests to borrow long-term funds in the United States.

The reason for the move was the U.S. balance of payments deficit, which totaled \$2.2 billion last year and has been running at an annual rate of more than \$3.2 billion this year.

But Canada depends on borrowing from U.S. investors to finance a major part of its industrial and municipal development, as well as to keep its own balance of payments in line. Canadian economists feared the Kennedy taxes would cripple the Canadian economy by drying up the flow of needed U.S. dollars.

Sino-Soviet Talks Collapse; New Stage Set in Cold War

Moscow — The Soviet Union and Communist China, their ideological talks broken off in failure, today began a new stage of their cold war for control of the world's Communist parties.

Premier Nikita S. Khrushchev, seeking to align support for his peaceful coexistence policies, announced plans to visit Hungary. He already has scheduled a trip to Yugoslavia next month and summoned a meeting of the COMECON — East Europe's Common Market — for this week.

Communist China, whose delegates flew home Sunday at the end of 15 days of fruit-

less talks, today accused the Soviets of "unbridled slanders and vilifications," according to New China News Agency reports heard in Tokyo.

Mao Makes Rare Visit

Chinese party chief Mao Tze-Tung made a rare visit to Peking airport Sunday to welcome the delegation home. The Chinese press attacked the Soviets and repeated Peking's determination to pursue a militant line in seeking the spread of communism.

Today's Soviet newspapers were more restrained. They printed the communique on the end of the talks and expressions of support for the Khrushchev thesis that nuclear war must be avoided in the campaign to convert the world to communism.

Communist diplomats in London reported that Moscow has warned Peking that the backbone of their alliance, the 30-year mutual defense treaty, may be scrapped if an excess of zeal lands China in a war.

Khrushchev's announcement, reported by the Tass news agency, did not set a date for the trip to Hungary; one of the most loyal supporters of the Soviet line. But the pattern of the new stage of Sino-Soviet competition was clear to diplomats here. Each of the two Communist giants would seek to line up its allies to continue the dispute. The announcement that further ideological talks were planned for "some time later" was viewed as of little practical importance.

Meet on Wednesday The chiefs of state of Mongolia, a Soviet ally, and every Eastern European Communist nation except Albania will meet here Wednesday in what is formally billed as a Conference of the Council of Mutual Economic Assistance or COMECON.

China can be expected to hold similar talks aligning its allies, North Viet Nam, North Korea, and the Communist parties in non-Communist Asian countries.

Outside of Albania, Peking's sphere of influence is limited to Asia.

Stock Prices Move Fractionally Lower

New York — Stocks moved fractions lower today.

Most rail issues gave up fractions as the work rules dispute moved toward another climax.

Steels were mixed with U.S. Steel and Youngstown off slightly while Bethlehem and Republic firmed.

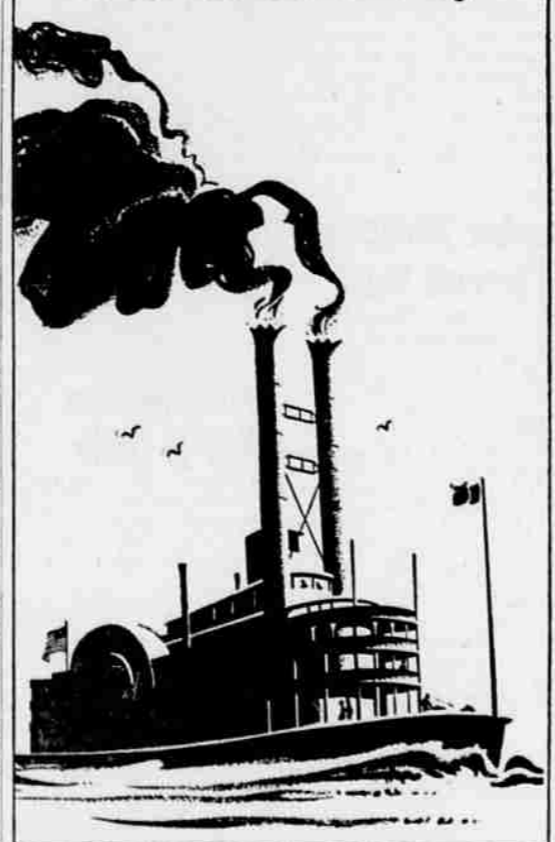
Motors were firm as were chemicals where Du Pont was the only loser, dropping 2 points. Amerasia gave up a point in a steady oil section. International Nickel jumped 2 in the metals on news that the U.S. government would not impose its proposed tax on foreign securities in Canada as long as the gold flow from the United States remained favorable.

Only about 10 per cent of the blind persons in the U.S. were born sightless.

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Foreign Briefs

HERTZ IN ROME FOR TALKS

Rome — U.S. Trade Envoy Christian A. Hertz arrived today from Geneva for talks with Italian officials. Hertz is on a tour of European capitals for President Kennedy.

ULBRICHT HEADS EAST GERMAN DELEGATION

Berlin — An East German delegation headed by Communist party chief Walter Ulbricht today flew to Moscow for the top-level meeting of the Communist committee for mutual economic assistance.

BULGARIANS ORDERED TO LEAVE IRAQ

Berut, Lebanon — Baghdad radio reported today that five Communist Bulgarian diplomats and an employee of the East German embassy in Baghdad have been asked to leave Iraq within 24 hours. The radio report did not give the cause of the expulsion order.

COMMUNISTS CHASED BY VIET NAM LOYALISTS

Quan Long, South Viet Nam — Loyal troops drove a Communist force out of this ricefield village Saturday, killing at least 58 Reds, wounding about 80, and capturing three men and 11 weapons. Nineteen government troops were killed and 45 wounded.

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4-H NEWS

Busy Stitchers, Stirrers The Busy Stitchers and Stirrers 4-H club had a meeting at the home of Sara and Sandra Chanler.

Kathy Kucharik is attending 4-H summer camp as a counselor apprentice.

We discussed what we did at the Rooster Crow and about the quilt we are making and decided we needed flannel backing and ordered it.

We filled out our entry blanks and cards for the fair. After the meeting we worked on our dresses or suits.

Sharon Ladd, Reporter.

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Instant Milk

79^c

<p style="font-weight: bold; font-size: 18px;">FRYERS</p> <p style="font-size: 12px;">Fresh Cut Up</p> <p style="font-size: 24px; font-weight: bold;">39^c lb</p>	<p style="text-align: center; font-weight: bold; font-size: 12px;">Armour</p> <p style="font-weight: bold; font-size: 18px;">Smoked Picnics</p> <p style="font-size: 24px; font-weight: bold;">39^c lb</p>
<p style="font-weight: bold; font-size: 18px;">PORK LIVER</p> <p style="font-size: 12px;">Fresh Sliced lb. 29^c</p>	

<p style="font-weight: bold; font-size: 18px;">Potatoes</p> <p style="font-size: 12px;">U.S. No. 2 Blue Ox New White</p> <p style="font-size: 18px; font-weight: bold;">20 Bag 89^c</p>	<p style="font-weight: bold; font-size: 18px;">Peaches</p> <p style="font-size: 12px;">Red Bluff Calif. Red Haven</p> <p style="font-size: 18px; font-weight: bold;">2 lbs. 29^c</p>
<p style="font-weight: bold; font-size: 18px;">Bing Cherries</p> <p style="font-size: 12px;">Large, Sweet, Ripe</p> <p style="font-size: 18px; font-weight: bold;">lb. 39^c</p>	<p style="font-weight: bold; font-size: 18px;">Apricots</p> <p style="font-size: 12px;">Red Bluff Calif. Royal</p> <p style="font-size: 18px; font-weight: bold;">2 lbs. 29^c</p>
<p style="font-weight: bold; font-size: 18px;">Tomatoes</p> <p style="font-size: 12px;">Salad Size Vine Ripe</p> <p style="font-size: 18px; font-weight: bold;">lb. 25^c</p>	

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Prices Effective Mon., Tues., and Wed., July 22, 23 and 24.