Tax Picture Brightens; Collections Exceed Guess

SALEM (AP) — Oregon's financial picture brightened today, at least temporarily, with a report that tax collections for 1958 were some $2.5 to $4 million above the highest expectations, and were running even further ahead for 1959.

State Tax Commission Chairman Dean Ellis said with that and other revenue gains such as from liquor sales, the state might have a 35 million dollar surplus for the biennium just ended, compared to the expected $27,700,000.

Revenue indicators for 1959 show an 8 per cent gain for the state, compared to the 6 per cent anticipated, tax officials said.

The picture, however, wasn't all bright. Success for a citizens effort to block the 1959 tax act by referring it to a 1960 vote of the people was predicted in official circles. Complications have set in for several other revenue producers, counted upon by the Legislature to help balance the $12 million dollar general fund budget.

Elections and tax officials, including state elections chief Jack Thompson, said it appeared likely that a statewide committee effort to refer the 1959 law would be successful. With the deadline still four weeks away on Aug. 5, committee chairman William Gwynn, Albany, said he had about half of the necessary 21,679 signatures, and was confident the others would be collected on time.

A 3 per cent gain in tax revenues where a 1 per cent decline was expected accounted for the unexpected bulge in the surplus, Ellis said. The 1958 personal income tax collections were some 5 million dollars above predictions, and corporate income was down about 2½ million, he said.

The other revenue problems centered on a new law to tax banks at a 9 per cent corporate excise rate, one to soften the tax on capital gains, and another to hasten collections by adding a penalty for installment payments of income tax.

A 1 per cent a month interest rate on installment payments had been expected to encourage cash payments and bring in some $6 million extra for this biennium. But Ellis said there was only $5,800,000 on the installment basis now, so he lowered the sights to 3 million.

A legal battle was shaping up for the bank tax, which would probably block the 4 million additional from that source. And the Legislature did not make any allowance for the expected 4 million cost of the capital gains provisions.

"DENNIS THE MENACE"

"PIGEONS GOTTA DRINK TOO, YA KNOW!"

Michigan Chief, Kozlov Wage 'Knock-Down' Talk

DETROIT (AP) — Michigan's Gov. G. Mennen Williams says Soviet First Deputy Premier Frol R. Kozlov is shrewd and tough and it will take a Yankee trader to beat him.

Williams made the appraisal Tuesday night after what he called a "knock down and drag out" verbal fight with Kozlov.

The six-term Democratic governor, who has the backing of his state party for the presidential nomination in 1960, appeared to feel he had the better of his sparring with Kozlov as he described it to a news conference.

Kozlov leaves today for a three-day visit in Chicago.

For an hour Williams and Kozlov had a private conference in a Detroit hotel room following Kozlov's tour of industrial Detroit. Williams said he fired a series of written questions at the deputy premier. Then he said they argued through their own interpreters and at one point Soviet Ambassador Mikhail Menshikov got worried and intervened.

Williams said Kozlov flared up at a question of self-determination and free elections for the Soviet Union's European satellites.

Williams said Kozlov argued that the people of East Germany and other Soviet satellites had made their choice and that anything to the contrary was propaganda.

The governor said he told Kozlov that Soviet tanks ruthlessly put down a revolt in East Germany six years ago.

"I pointed out that Poland, one of the most Catholic countries in the world, had been deprived of freedom of religion," Williams said.

"I told him that in Hungary the Soviets agreed to withdraw and did, but came back with Soviet tanks and troops and imposed their will on the people. I told him the Romanian people certainly did not feel the regime represented them.

"He told me that all I heard was a lot of propaganda. I told him the American people would not believe a single word he said."

The governor said that on the matter of the East German uprising Ambassador Menshikov put in that he, Williams, was "all wrong."

Williams said he raised a question whether failure to agree on disarmament was due not so much to the unreadiness of the Soviet Union to disarm but because Moscow feared effective systems of inspection could be used for subversive or espionage purposes.

"Instead of answering," Williams said, "he replied that the two countries are now fairly close to working out an agreement, but the Soviet Union was waiting for a reply from the United States on certain proposals.

"He certainly discovered that the Soviet Union had a few questions to answer if we are able to deal with them in mutual confidence."

Describing Kozlov, the governor said: "He is a very urbane, gracious person that I am sure you could have a pleasant and happy time with. But he is shrewd, he is tough, in full control of himself at all times and I think it will take a Yankee trader to beat him."

At a civic dinner in his honor Kozlov said agreement between the U.S. and the Soviet Union is the most important requisite for peace.

He made no mention of the earlier exchange with the governor.

Following the dinner, aides said Kozlov didn't realize the interview with Williams was to be made public.

For the most part, Kozlov was greeted warmly on his tour of Detroit industrial plants. Only a few scattered boos were heard on the streets as a 20-car caravan sped through the city.

Peaceful pickets appeared outside the Hotel Fort Shelby during the civic dinner.

GIRLS NOT OVERDRESSED

LONDON (UPI)—Six girls wearing considerably more clothing than they usually do were barred from the Marshall Street swimming pool Tuesday for improper exposure. The girls are strippers at Raymond's Revue Bar. The pool attendant said their bikinis were "far too brief."

LEGAL NOTICE

INVITATION TO BID

Sealed bids will be received at the office of the district clerk of Union High School District No. 2 of Klamath County, Oregon, Room 208 High School Building, Klamath Falls, Oregon, until 4:00 o'clock p.m. on July 24, 1959, at which time they will be publicly opened, for the supplying and delivery of four physics-chemistry laboratory tables and one fume hood, all according to specifications and directions on file at the above address.

Bidders may obtain specifications and instructions to bidders by calling or writing to the District Clerk at the above address.

The Board of Directors reserves the right to reject any or all bids, and to waive informalities in bidding.

Signed, H. B. ASHLEY, Clerk

No. 50 July 8, 15.

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Far East Policy Maker, Admiral Yarnell, Dies

NEWPORT, R.I. (AP) — Adm. Harry E. Yarnell, U.S.N. (ret), 83, who helped form the United States' firm policy in the Far East immediately before World War II, died Tuesday at the Newport Naval Hospital.

He had been hospitalized for two weeks. The cause of death was not announced.

Adm. Yarnell was commander of the Asiatic fleet when the Japanese sank the U.S. gunboat Panay on the Yangtze River in China in 1937. He was instrumental in bringing about the Japanese payment of $2,200,000 indemnity for the incident.

He served for many years in the Far East and was given a free hand in meeting diplomatic problems on the spot. He said "no" to the Japanese for three years prior to Pearl Harbor and the United States' stand during the turbulent years of the undeclared Sino-Japanese war came to be known as the "Yarnell policy."

Yarnell served in every shooting war involving the United States from the time of his graduation from the U.S. Naval Academy in 1897 until his retirement in 1937.

Those four decades included service in the Spanish-American War, the Philippine insurrection, the China relief expedition during the 1900 Boxer rebellion, the occupation of Veru Cruz in 1914 and World War I.

He adhered rigidly to the policy he stated in his rejection of a Japanese warning that American nationals and warships be evacuated from the harbor at Swatow, South China, in 1939:

"The paramount duty of United States naval vessels is the protection of American citizens and they will go wherever it is necessary at any time to carry out that mission."

It was for this and other actions that he was awarded the Distinguished Service Medal by President Franklin D. Roosevelt. He also held the Navy Cross.

He was recalled from retirement during World War II to serve in a special capacity for the Navy in Washington. He retired as a rear admiral, but was elevated to a full admiral in 1942.

He was head of the Navy summer school at Culver Military Academy from 1944 until 1949. Since then he had lived quietly in retirement at Newport.

The widow, a son, and four grandsons survive.

ROVING MATERNITY WARD

LONDON (UPI) — Donna the duck hasn't let maternity cut down on her traveling. Donna laid her four eggs inside a life preserver ring on the excursion steamer Dauntless. She and the eggs are making five sight-seeing trips a day on the River Thames.

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