

# New Financial Danger - Michigan Nearly Broke

By JACK V. FOX  
LANSING, Mich. (UPI)—Michigan has reached a new peak of financial peril.

There is talk of closing universities, bringing state police in off the road, cutting welfare payments, laying off thousands of state employees and more "pay-less paydays" for others.

The state has unpaid bills piled up of about 72 million dollars. It has just collected and spent 14 million dollars from its citizens from a tax now declared illegal and faces the near impossible

task of trying to rebate all the pennies collected on purchases of clothing, groceries and other small items.

Its Legislature is going into the 11th straight month of wrangling while, as one newspaper said last week, proposals for new taxes wait around the chamber like exotic perfume.

It seems — and it is — ridiculous that bankruptcy threatens Michigan. This is one of the wealthiest and fastest growing states in the nation. It has the huge automotive industry, magnificent forests and mineral deposits, a big agricultural industry.

Why, then is Michigan broke?

The answer boils down to a no-quarter struggle between the Republican controlled Legislature with the support of industry and Democratic Gov. G. Mennen Williams, a millionaire with the backing of the United Automobile Workers Union.

Williams has been governor for six consecutive two-year terms and the Republicans have ruled the Legislature those 12 years. In all that time, they have never reached a satisfactory, long-range tax program, although state expenses mounted rapidly.

To understand Michigan's problem, certain facts must be stated. The state is constitutionally prohibited from borrowing more than \$250,000 — although even its towns can float bonds and go into debt by 2 million dollars or more. Thus, while other states can and do borrow to meet current needs, Michigan cannot.

Much of its revenue is earmarked to more than 40 special funds which cannot be used for general state expenses. It has no state income tax. Its main revenue comes from a 3 per cent sales tax.

But in 1946 legislation was passed that out of every six cents collected on the sales tax, 4 cents had to go to the schools and one cent to local governments. That left only 1-6 for the state.

This is not the first crisis by any means. Past shortages have been met by such expedients as a new tax on liquor and one on cigarettes. Now, more patchwork tax legislation is in prospect by the Legislature.

One likely action is the seizure of the veterans' trust fund of 40 million dollars to pay off bills. This fund has been used only to the extent of loans of about \$1,500,000 a year to veterans; and the argument is that those can be handled by a special appropriation.

Another idea is a new \$10 "one-shot" tax on every automobile owner in Michigan. With 3,500,000 cars that would bring in 35 million dollars.

The state got a bad jolt last month. Another of its expedients was raising the sales tax from 3 per cent to 4 per cent and calling the extra one per cent a use tax. The state Supreme Court declared it illegal — on a strictly partisan 5 Democrats and 3 Republicans basis — and an anticipated income of 110 million dollars was lost.

Now there is much political scurrying to put referendums on the ballot in the November 1960 election to fit party strategy.

The Republicans propose to ask a constitutional change to boost the sales tax to 4 per cent.

The UAW over the week end countered that it would ask approval of a terrific excess profit tax which would take 25 per cent of corporate income over 5 per cent. With General Motors record earnings for the first 9 months of this year, the annual tax on that company alone would put Michigan in the black.

Williams says that is all very well, but he needs 110 million dollars now.

The public hasn't had the chance to say much of anything, but a visit here makes it evident the people are disgusted. Several editors at a United Press International meeting in Grand Rapids agreed a lot of people would like to toss out the entire Legislature Democrats and Republicans alike, plus the governor and start with a clean slate.

# "DENNIS THE MENACE"



"PLEASE, DENNIS! ALL I WANT TO DO IS GET RID OF THAT SILLY CONLUCK!"

# Uprising Enters 6th Year; Terrorist Attacks Kill Four

ALGIERS (AP)—The Algerian nationalist rebellion against French rule began its sixth year Sunday with the usual daily hit-and-run terrorism and French military operations in the mist-shrouded mountains.

Terrorist attacks killed 4 persons and wounded 39 at various points in the North African territory. Military casualties were not announced. But the daily average, according to French figures, is about 30 rebels killed or captured, and 10 killed and 50 wounded in the French forces.

The long for peace was great among Algeria's one million Europeans and nine million Moslems. But peace seemed far away in the atmosphere of suspicion, fear and despair.

Rebels struck in bands and individually in Algiers and other cities Sunday.

Terrorists threw bombs and grenades into cafes and crowded streets, let loose with machinegun fire, derailed a train 25 miles south of Algiers and cut high tension wires near Sidi Aissa. A village chief was kidnapped and killed near Ain-Temouchent. A French territorial guard was killed by a rebel patrol in Affreyville, southwest of Algiers.

The semi-official French News Agency said about 250,000 persons have been killed, injured or imprisoned since the rebellion broke out Nov. 1, 1954.

The agency gave this breakdown: 120,000 rebels killed, 60,000 taken prisoner; 10,000 French soldiers killed, 22,000 wounded; 1,700 European civilians killed, 4,300 wounded, 300 missing; 12,000 Moslem civilians killed, 9,000 wounded, 10,000 missing.

Gestures towards negotiations to end the fighting have aroused misgivings among both the Europeans and rebels.

The French government only three days ago gave assurance to worried Europeans and their Moslem collaborators that France would not abandon the territory or engage in political negotiations with the rebels.

President Charles de Gaulle has promised a free referendum in Algeria within four years after peace is restored and offered three possible choices—integration with France, home rule under the protection of France or independence.

De Gaulle made the offer with the warning that choosing independence would be disastrous for Algeria. But French colonists feel any referendum will be the beginning of the end of French rule.

Nationalist leaders have declared themselves ready to negotiate a settlement on the principles of self-determination and the unity of the Algerian homeland. But they have never given up their determination to end French rule.

# Two Seamen Said Drowned

TAFT, Ore. (AP)—Two seamen are missing and presumed drowned in a boating accident on the Siletz River Bay Bar on the northern Oregon coast Sunday night.

Henry Sause of Portland, president of the million-dollar Sause Bros. Towing Co., survived the capsizing and made it to shore after fighting 20-foot breakers which crashed over the bar.

Missing are Ralph Hunt, skipper of the Sause tug, Columbia Queen, and Mel Jorgenson, the tug's engineer.

The 81-foot ocean-going tug Columbia Queen ran onto the bar here 10 days ago when Hunt mistook the mouth of the harbor for Yaquina Bay. A few days later, a tractor pulled the vessel over the bar into the bay.

Sause and the other two men were plotting a course to bring the ship over the bar at the next high tide. They were in a 22-foot bar tender for this work.

The boat's motor failed and they began drifting toward the breakers. They threw out a sea anchor, but the line had not been fastened properly.

The boat was sucked into the breakers and raked back and forth across the bar. Sause said it overturned 15 times in the high waves. He managed to hold on until the boat got close to the spit. Then the waves washed him to shore.

His cries for help got a search started for the missing men.

SETTLE NILE DISPUTE  
CAIRO (UPI)—Egypt and Sudan have settled their dispute on the sharing of Nile waters as a result of negotiations which began Oct. 10, it was announced Sunday.

# Secretary Of Treasury Puts Across New Policy

By FRANK CORMIER  
WASHINGTON (AP)—Robert B. Anderson, the quiet man who is secretary of the Treasury, has quietly brought about a hard-eyed reappraisal of the U.S. foreign aid program.

Just as important, he has put across a new policy designed to insure that a bigger proportion of U.S. loans to underdeveloped countries are spent in the United States.

Working behind the scenes, Anderson won administration backing for these major policy moves without touching off an acrimonious public debate.

His performance has solidified the widespread impression here that he is the most influential member of President Eisenhower's Cabinet.

While the secretary's aides take pains to point out that Eisenhower made the decisions and the new policies are administration policies, Anderson was the architect.

He acted because he felt some changes might be made in the aid program that would help stem the outflow of gold and dollars from the United States.

This outflow, measured in terms of the country's balance of international payments, will reach four billion dollars this year. Since trade produces a surplus, all of this deficit results from military spending abroad, foreign aid and private investment overseas.

As the Treasury chief, it is Anderson's job to watch this deficit because it inevitably affects the stability of the dollar.

Critics say that the benefits to be gained from tying development loans to purchases in the United States are piddling compared to the potential harm.

They say it represents a turning-away from this country's liberal trade policy and may encourage protectionist forces.

Anderson does not see himself as a protectionist but as an internationalist. He believes the payments deficit itself would strengthen protectionist forces if it is not curbed.

To the plain-spoken, mild-mannered Texan, the new development loan policy makes plain horse sense at a time when this country is losing dollars.

An aide, echoing Anderson's views, said: "What if we provide cash for a country and say, 'Go buy yourself a power plant in West Germany.' Would we be helping that country or West Germany, which doesn't need any help?"

In dollars and cents the new policy is unlikely to have a profound effect soon. From Anderson's point of view, this may not be too important.

The secretary has always emphasized the importance of confidence, which often can be influenced as much by psychology as by measurable developments.

In one sense, the new loan policy is a psychological move. It is intended to show the world that the United States will take any action necessary to maintain confidence in the dollar.

This in itself could help inspire confidence, though Anderson's critics aren't buying this argument.

The famous painters, William Blake, Dante Gabriel Rossetti and Michelangelo, all were also distinguished poets.

Anderson takes much the same view toward a balanced budget. He has conceded privately that a small deficit would be no financial disaster. However, he insists on seeking a balance because otherwise, he believes, people would lose confidence in the government's fiscal responsibility.

In his advocacy of conservative fiscal policies and his almost mystical preoccupation with confidence, Anderson perhaps is displaying two sides of his personality.

The secretary is both a businessman and an amateur poet. Tall, gangling and bespectacled, he walks with a slight limp which dates from a childhood polio attack. No desk pounder, he speaks softly and sometimes rambles in a fashion that belies his success in influencing high policy.

Anderson, now 49, was the 900-a-year manager of the Waggoner Ranch in Texas before coming here, a Democrat for Eisenhower, as secretary of the Navy in 1953. After moving up to deputy secretary of defense, he left in 1955 to become president of Ventures Ltd., a Canadian mine holding company.

In July 1957 he was back as secretary of the Treasury—this time as a registered Republican.

His rise in influence since then has been such that President Eisenhower is known to believe that Anderson would make a fitting successor in the White House.

# Portland Lad Shoots Self

PENDLETON, Ore. (AP)—State police here said a 17-year-old Portland youth shot himself in the head—apparently to avoid capture—after he had fired a shot at a police car Sunday night.

The youth was identified as P. Zamora, 4517 S.E. 65th St., Portland.

Policeman Neal Tone touched off the shooting when he attempted to halt an automobile on Highway 30 some 11 miles west of Pendleton at about 9 p.m.

Tone said the driver refused to stop and continued to weave back and forth across the road. A short time later the car ran off the highway into a stubble field.

Tone went to check the car and found an empty pistol holster in the driver's seat. Other officers were summoned. As they searched the field, a shot rang out and a bullet hit Tone's police car.

As the officer closed in on the area where the shot came from, another shot was fired. Police said they found the youth had shot himself in the head. He was taken to a Pendleton hospital where his condition was reported early this morning as critical.

# Waste Group Meeting Held

COOS BAY (AP)—The Pacific Northwest Sewage and Industrial Wastes Assn. will hold its next annual convention in Walla Walla.

The group made the choice as it closed a meeting here last weekend.

It elected as president R. O. Sylvester, a University of Washington professor of sanitary engineering.

Ray Fish of Medford was named vice president. Re-elected executive secretary was Gilbert H. Dunstan, Washington State University professor of sanitary engineering.

STILL LIKE ICE CREAM  
CHRISTCHURCH, New Zealand (UPI)—The 17 men who wintered at the American antarctic station at the South Pole have had their quarters buried under three feet of snow and ice but it hasn't affected their appetite for ice cream.

Their favorite flavors are strawberry, chocolate and vanilla. Nello Bambini, of Boston, reported by shortwave radio.

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