

Kennedy Asks \$10 Billion Tax Slash

WASHINGTON (UPI) — President Kennedy asked Congress today to cut taxes \$10 billion over the next three years, starting with a \$6 billion reduction this year in personal and corporate taxes.

The President said his plan would help provide two million more jobs by stimulating private and business purchasing power, encourage the risk-taking demanded by the free enterprise system and vastly strengthen America's hand in fashioning a "world of order."

In a 5,500-word State of the Union Address, delivered in person to a joint session of Congress, the chief executive also took a cautious view of the world situation.

He said West Berlin remained free, a settlement had been reached in Laos, aggression blunted in Viet Nam and a "deadly threat" removed from Cuba. He said the "end of agony" might be in sight in the Congo. But he added that danger still exists

from Cuba to the South China Sea.

Calling for action on his tax reduction program, Kennedy said: "Now, when no military crisis strains our resources, now is the time to act. We cannot afford to be timid or slow. For this is the most important task confronting the Congress in 1963."

It was the first time in the Internal Revenue Service's 100-year history that tax reduction had been proposed solely to stimulate a lagging economy. There have been 13 major tax cuts this century, most of them to realign rates after a war or because of a budget surplus.

The nation's labor unions and much of business favor the chief executive's approach. But his proposals faced sharp scrutiny in Congress where some influential members question the wisdom of tax cuts without reductions in spending.

Actually, Kennedy asked the lawmakers to cut taxes \$13.5 bil-

ion between now and the end of 1965. But he proposed to recapture \$3.5 billion of this by broadening the tax base and ending what he called "unfair or unnecessary preferences." He did not pinpoint these.

Breaking down his proposal, the President said \$11 billion would be cut from individual tax rates and \$2.5 billion would result from reducing corporate rates. He said the tax cuts would increase purchasing power, with the greatest increase going to low-income consumers.

His plan would fix individual income tax rates, which now range from 20 to 91 per cent, at "a more sensible range" of from 14 to 65 per cent. The current 52 per cent rate on corporate earnings would be cut back to the pre-Korean War level of 47 per cent.

In setting up new individual rates, the President proposed splitting the tax bracket which now covers the first \$2,000 of tax-

able income. His plan would provide a 14 per cent tax rate for the first \$1,000. The second \$1,000 would be taxed at a slightly higher rate but still below present levels.

This formula would mean tax savings ranging from 30 per cent for persons with very small tax-able incomes to less than 20 per cent for those in other income brackets. But it was impossible to spell out dollars and cents savings pending more details on the plan.

Kennedy conceded his proposal would increase the federal deficit after the overseas Peace Corps—insisted this would be only temporary. He said the added impetus given the economy by bigger consumer and business spending ultimately would result in more federal income despite lower tax rates.

The President said in this connection that his new fiscal 1964 budget, which goes to Congress Thursday, will be cut below this year's level except for defense, space and interest on the national debt. All of these three categories will be higher next year.

Kennedy underscored his determination to make tax reduction the No. 1 legislative issue this year by dealing only in very general terms with such controversial New Frontier proposals as medical care for the aged, aid to education, farm policy and youth training. He promised to cover them in later messages.

He did call for establishment of a youth organization patterned

after the overseas Peace Corps to help community needs at home. He suggested that members could be used in mental hospitals, on Indian reservations, and at training centers for the aged and young delinquents.

In discussing world affairs, the chief executive said the cold war struggle had calmed in the wake of the Cuban missile crisis. He also noted the split between Moscow and Peking and the eye-opening effect on neutral nations of Red China's "arrogant invasion of India."

But he foresaw "no spectacular reversal in Communist methods or goals." Neither did he mention any hope for early settlements in such world trouble spots as West Berlin or South Viet Nam.

"A moment of pause is not a promise of peace," Kennedy said. "Dangerous problems remain from Cuba to the South China Seas. The world's prognosis prescribes not a year's vacation, but a year of obligation and opportunity."

Kennedy said his tax proposal was designed to correct an obsolete revenue system which is putting too heavy a drag on private purchasing power, profits and employment.

Kennedy said the reductions must be accepted by tax reforms or "selected structural reforms" beginning in 1964 to broaden the tax base, "end unfair or unnecessary preferences, remove or lighten certain hardships."

Kennedy recognized that economy advocates in Congress soon would start shooting at his fiscal plans. He tried to counter some of their volleys in advance. It was in this connection that he promised to cut total spending except for defense, space and fixed interest.

To hold down expenditures, he added, will require "reduction or postponement of many desirable programs." He said it would also require absorption of a large part of last year's federal pay raise "through personnel and other economies," plus closing down certain unspecified government installations and projects.

Another economy requirement on which he did not elaborate was "the substitution in several programs of private for public credit."

"The economy advocates who would delay tax reduction until an end to the cold war makes possible a comparable cut in expenditures," Kennedy said "that end is not in view and to wish for it would be costly and self-defeating."

In surveying the international scene, the President thought conditions from the non-Communist viewpoint improved in 1962. But he cautioned repeatedly against "complacency or self-congratulation" and listed "special avenues" for 1963 over which the world might travel closer to durable peace.

Weather

High Sunday	34
Low Sunday	20
High next 24 hours	30
Low next 24 hours	16
High past 24 hours	48 (1961)
Low past 24 hours	4 (1962)
Precip. past 24 hours	0
Since Jan. 1	0
Same period last year	27
Sunrise Tuesday	7:22
Sunset Tuesday	5:00

Herald and News

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Weather

Klamath Falls, Tulelake and Lakeview—Partly cloudy through Tuesday with a chance for brief periods of light snow flurries. Generally light winds. Little change in temperatures. Lows tonight 8 Lower Klamath Basin to 14 at Klamath Falls.

In The Day's News

By FRANK JENKINS

As this is written, President Kennedy is nearing the end of his delivery to the congress of his State of the Union message.

It is much too early to attempt an intelligent analysis of it, but here is a quick summary of its more important proposals, as boiled down for us by the press associations this morning:

Taxes:

He proposes a ten-billion-dollar reduction over a period of three years, starting with a six-billion dollar reduction this year. He adds:

"In an early message, I shall propose a permanent reduction which will lower liabilities by \$13.5 billion. Of this, \$11 billion results from reducing individual tax rates—which now range between 20 and 91 per cent, to a more sensible range of 14 to 65 per cent, with a split in the present first-bracket.

"Two and a half billion dollars results from reducing corporate tax rates from 52 per cent—which gives the government today a MAJORITY interest in profits—to the pre-Korean rate of 47 per cent. This is in addition to the more than \$2 billion cut in corporate tax liabilities resulting from last year's investment credit and depreciation reform."

As to peace, the President says in his message this morning that CAUTION is the word. He foresees no spectacular reversal in Communist methods or Communist goals.

As to the economy, he says America must EXPAND the long run strength of its economic system. It must move, he says, toward a higher rate of GROWTH and full employment.

What our President is saying, in effect, is that if we PROVIDE MONEY ENOUGH TO PAY FOR IT, our people will BUY ENOUGH THINGS to keep everybody at work at good enough wages to provide enough money to create a market for everything we can produce.

It's an intriguing theory.

As outlined by President Kennedy—who has never in his life had to worry about where the next dollar—or the next MILLION DOLLARS—with which to pay his bills will come from—it sounds like it might work.

But—

It has a startling resemblance to the theory that if the kitten can just keep on going ROUND AND ROUND, FAST ENOUGH, it will eventually be able to catch its own tail.

Maybe so.

Most of us have watched kittens chasing their own tails. Up to now, we are forced to admit, no kitten has ever been able to catch its own tail—unless it fudged.

But—

If we ran seed men to the moon—and perhaps other planets, and teach them to LIVE THERE under conditions totally alien to conditions here on earth where man has developed to his present status—MAYBE THERE IS NOTHING MAN CAN'T DO. We'll see what we'll see.

Hatfield Says 'Oregon At Crossroads'

Calls For More Efficient Government

SALEM (UPI)—Tax increases, a single board of education, government efficiency, and a reduction in dependency were urged today by Gov. Mark Hatfield as he began his second four-year term as Oregon's chief executive.

"Oregon is at a crossroads," the 40-year-old Hatfield said.

"Either we progress through continued maintenance of high standards or we assume the mantle of mediocrity."

Hatfield's second inaugural address climaxed colorful ceremonies before a joint session of the House and Senate.

He reminded legislators "Oregon's electorate has again chosen a Republican governor and a Democratic legislature," and urged cooperation rather than partisanship.

He called for "more manageable and more efficient government."

Childs 1961 Session

He chided the 1961 session for adding seven semi-independent boards and commissions rather than reducing the total number.

He urged revision of Oregon's constitution and said "this legislature's greatest legacy can be the referral of a realistic, modern constitution."

Turning to social legislation, Hatfield cited concern with "the individual's over dependence on the state which coincides with the state's dependence upon federal programs."

"While it has become commonplace to turn our backs on the problems and our palms to the federal government, we can do much in our day to swing the pendulum back to recognize not so much states' rights as states' obligations."

"We can make Oregon a proving ground for a new spirit of self-sufficiency if we but have the will," he said.

"The principal goal of publicly-financed social services should be the elimination or reduction of dependency."

"Public programs which become ends in themselves are not worthy of support."

Education Ideas Given

Hatfield said "a single board of

education, enlarged to perhaps 15 members with a single executive would give more integrated educational leadership," and lead to "clearer solutions to the educational dilemmas which confront us."

He called for legislative review of the division of the responsibilities between the Board of Education and the Board of Higher Education.

"In several respects they overlap. In others they duplicate. In relation to still other responsibilities the assignments are unclear."

He cited as examples educational television, community colleges and teacher certification.

Hatfield said "I am also concerned about the competitiveness between the two constituencies which these boards represent."

He urged adoption of his record \$405.3 million general fund budget announced last month.

Net Receipts Tax

For the third time the governor urged the legislature to adopt a net receipts amendment to present state income tax laws.

"We must broaden the base, increase the number of taxpayers, and reduce the rates," Hatfield said.

He pointed out 90 per cent of Oregon's citizens have annual incomes of \$10,000 or less.

He said Oregon is the only state in which revenue is not derived from the sale of cigarettes.

He termed a cigarette tax "appropriate and timely."

Hatfield urged legislators to give "priority" to establishment of a department of natural resources and a department of commerce.

He urged adoption of a milk stabilization law which would regulate prices at the producer level only.

He voiced strong opposition to further use of bonding programs for highway construction, and said such a method of financing was too costly.

Highway Money Eyed

Hatfield told legislators if they thought the highway construction program should be speeded up, the work should be financed through an increase in gasoline taxes.

The governor told the packed House chamber "Oregon has approached the threshold of greatness."

"But sometimes there has been hesitation, sometimes evasion, sometimes a delay in facing up to the decisions which could take us into our greatest era."

"May it be our goal to take action which will prove that government can be dependable without increasing dependency; that government can recognize opportunity

without yielding to importunity; that while government must prepare for tomorrow, it must act in keeping with its capability today, and that decisions taken in the light of current political reality can square with the tests of eternal morality."

"If the discharge of our respective obligations brings us closer to these goals, we will have been faithful to those who have trusted us, and faithful as well to him whom we trust our destiny."

Boivin Selected For 5 Committees

SALEM (UPI)—Six Republicans and 15 Democrats were named as chairmen of Senate committees today by Senate President Ben Musa, D-The Dalles.

State Sen. Ward Cook of Portland headed the Ways and Means Committee.

Committees, with chairman listed first, include:

Agriculture—Walter Leth, R-Salem; Inskip, R; Ahrens, R; Boivin, D; Hopkins, D; Huston, D; Newbury, R.

Alcoholic Control—R. Chapman, D-Coos Bay; Fadelley, D; Flegel, D; Hallock, D; Cook, D.

Commerce and Utilities—Alfred Corbett, D-Portland; Stadler, D; Inskip, R; Mahoney, D; Waterlin, D.

Education—Al Flegel, D; Roseburg; Ireland, R; Husband, R; Huston, D; Leth, R; Monaghan, D; Stadler, D; Cook, D.

Elections—Dwight Hopkins, D-Imbler; Overhulse, D; Ahrens, R; Alice Corbett, D; Potts, D; Thiel, D; Yturri, R.

Financial Affairs—Alice Corbett, D-Portland; Willner, D; Ahrens, R; Elstrom, R; Hallock, D; Hare, R; Pearson, D.

Fish and Game—Andrew Naterlin, D-Newport; Thiel, D; Boivin, D; Elstrom, R; Hare, R; Huston, D; Inskip, R.

Health and Welfare—L. W. Newbury, R-Ashland; Hallock, D; Alice Corbett, D; Ireland, R; Monaghan, D.

Highways—Anthony Yturri, R-Ontario; Elstrom, R; Chapman, D; Flegel, D; Huston, D; Pearson, D; Thiel, D.

Judiciary—Thomas Mahoney, D-Portland; Yturri, R; Boivin, D; Alfred Corbett, D; Fadelley, D; Husband, R; Overhulse, D; Cook, D.

Labor and Industries—Walter Pearson, D-Portland; Newbury, R; Alfred Corbett, D; Alice Corbett, D; Hallock, D; Inskip, R; Willner, D.

Local Government—Donald Husband, R-Eugene; Flegel, D; Cook, D; Monaghan, D; Pearson, D; Stadler, D; Willner, D.

Military Affairs—Vernon Cook, D-Gresham; Chapman, D; Fadelley, D; Ireland, R; Stadler, D.

Natural Resources—John Hare, R-Hillsboro; Naterlin, D; Inskip, R; Ireland, R; Fadelley, D; Thiel, D; Willner, D.

Planning and Development—Eddie Ahrens, R-Salem; Monaghan, D; Chapman, D; Fadelley, D; Hallock, D; Ireland, R; Willner, D.

Rules and Resolutions—E. D. Potts, D - Grants Pass; Hopkins, D; Boivin, D; Hare, R; Leth, R; Mahoney, D; Musa, D.

State and Federal Affairs—Harry Boivin, D-Klamath Falls; Huston, D; Hare, R; Naterlin, D; Newbury, R; Overhulse, D; Potts, D.

Taxation—Boyd Overhulse, D; Madras; Pearson, D; Vernon Cook, D; Elstrom, R; Husband, R; Stadler, D; Yturri, R.

Ways and Means—Cook, D-Portland; Thiel, D; Alfred Corbett, D; Hopkins, D; Leth, R; Newbury, R; Potts, D.

Constitutional Revision—Walter Pearson, D-Portland; Mahoney, D; Flegel, D; Hallock, D; Husband, R; Huston, D; Overhulse, D; Stadler, D; Yturri, R.

Public Buildings and Institutions—Dan Thiel, D - Astoria; Boivin, D; Hare, R; Overhulse, D; Potts, D.



URNS OVER GAVEL—State Sen. Harry D. Boivin, Klamath Falls, right, yields gavel of Oregon's upper House to Sen. Ben Musa, D-The Dalles. Musa was named president of Senate in today's first session of both houses of the legislature. —UPI Telephoto

UN Troops Building Up For Attack On Kolwezi

ELISABETHVILLE, Katanga, The Congo (UPI)—The United Nations was reported building up its forces today for a final drive on Kolwezi.

If Katanga President Moise Tshombe refuses to surrender the town a U.N. attack would take place within a week.

Informed sources said U.N. officials would deliver a surrender appeal to Tshombe in a few days. Tshombe had threatened to blow up mining and power installations if the United Nations tries to take it by force.

Officials of the Union Miniere warn that this would cripple about three-fourths of Katanga's hydroelectric power and deal a severe blow to the economy of the entire Congo.

U.N. troops have met little resistance so far in a gradual advance toward Kolwezi from Jadoville.

89 Refugees Leave Cuba

MIAMI (UPI) — Eighty-nine refugees, most of them Cuban-born U.S. citizens, flew out of Havana Sunday night in the latest freedom airlift from Cuba.

The group, which included 63 Cuban-Americans, 23 Cuban refugees and one Mexican, was brought to Miami aboard the same Pan American Airways plane that flew more than 15,000 pounds of ransom supplies to Cuba early Sunday.

Many of the group, among whom were 31 children and 23 women, frankly admitted they were once admirers of Fidel Castro and had gone back to Cuba to support his regime.

Rebels Control Togo After Slaying Chief

ACCRA, Ghana (UPI) — Togo rebels who assassinated pro-Western President Sylvanus Olympio proclaimed their control of the small West African nation today and promised a new constitution and elections.

A broadcast over Radio Lome in the Togolese capital said Olympio was killed Sunday "because he went against the people's will."

Radio Lome gave the names of the insurrectionary committee which led the coup. Most appeared to be low-ranking army officers.

It was reliably learned in Accra that U. S. Ambassador to Ghana William Mahoney called on Ghanaian President Kwame Nkrumah Sunday night to discuss the Togo situation, after receiving instructions from Washington.

Skier Found

BEND (UPI) — A 15-year-old skier from McCall, Idaho, was found on the slopes of Mt. Bachelor in Central Oregon early Sunday by the Ski Patrol.

Keith Beaubien was reported missing about 9 p.m. Saturday when he failed to return to his Bend hotel room.

The patrol found the youth injured, but cold, tired and hungry, about 1:50 a.m. on the Sparks Lake side of the mountain. Temperature in the area dropped to nearly zero during the night.

Barton, Musa Elected To Legislature Posts

SALEM (UPI)—Sen. Ben Musa, D-The Dalles, and Rep. Clarence Barton, D-Coquille, were elected Senate president and House speaker here today as the 1963 legislative session began.

Television lights glared in the Senate and House chambers as 30 senators and 60 representatives took their oaths of office and prepared to settle down to the hard work problems ahead.

The convening of both houses went off smoothly despite one surprise departure from the script in the House.

With House membership split 21-29 in favor of Democrats, Barton was assured of the speakership.

But House Minority Leader F. F. Montgomery, R-Eugene, was nominated by Rep. Robert Smith, R-Burns, and drew the votes of seven Republicans.

Barton told the House he hoped the 82nd assembly would "write a record . . . so that when we ad-

Meredith Faces Exams

OXFORD, Miss. (UPI)—Today marked what could be the beginning of the end for Negro James Meredith at the University of Mississippi.

This is the week for final examinations, and if the 29-year-old Air Force veteran is having as much trouble with his studies as suspected he will be lucky to slide by.

Meredith took only a few hours out from his studies during the weekend to visit his wife, but when he returned to the campus from Memphis he came face-to-face with another problem: someone had slashed one of the tires on his car and snatched off the aerial on his car radio.

The vandalism took place only 30 feet from the Military Police men who constantly stand guard at his dormitory.

Meredith paid little attention to the damage and went directly into the dormitory where he spent most of the afternoon studying.

Adding substance to reports that Meredith would leave "Ole Miss" was a disclosure Sunday that he had rented an apartment near the all-Negro college he formerly attended in Jackson.

Meredith's wife attends Jackson State College, from where Meredith transferred to "Ole Miss," and she recently began moving furniture into the apartment.

Senate officers named were Dale Henderson, chief clerk; Twyla Zinn, assistant chief clerk; Maria Jane Watkins, calendar clerk; Christine Holland, journal clerk; Walter Daggett, reading clerk; Vern Gregory, sergeant at arms; and G. D. Gleason, chief doorkeeper.

Named House officers were Cecil Edwards, chief clerk; Elaine Steel, assistant chief clerk; Barbara Hameman, calendar clerk; Frances Robertson, journal clerk; Clifford Ferguson, reading clerk; and Harry Wells, sergeant at arms.

journal . . . our stewardship . . . will be approved and appreciated."

Musa was elected unanimously in the Senate. He said "we look forward to the best session the state has ever known, after the end of 150 days more or less."

Committees were announced in both houses.

Republicans drew chairmanships of six out of 21 Senate committees and Republicans in the house considered their key committee assignments improved over 1961.

The elections of Barton and Musa followed House and Senate caucuses Sunday night.

Barton was chosen in spite of the fact that the absence of two Democrats left members attending the House caucus evenly divided at 29 Democrats and 29 Republicans.

House Minority Leader F. F. Montgomery, R-Eugene, also was nominated for the speakership, but noted he had no chance to win the office. He withdrew "as a display of cooperation from the 29 Republican members."

Three Republicans—Reps. Shirley Field, R - Portland, Winton Hunt, R-Woodburn, and Robert Smith, R-Burns—voted for Montgomery anyway.

Barton promised to be "fair, impartial" in running the House.

The House members spent nearly two hours approving a set of rules. They rejected a motion to allow a bill to be pulled from committee by 21 votes instead of 40.

A new procedure was adopted to speed up action on an estimated one-half of the bills that pass the House without objection or with one dissenting vote. They will be listed for three days and then voted on in a block on a consent calendar.

An objection during the three-day period would remove a measure from the consent calendar.

Named president pro tem of the Senate at the Senate caucus was Dwight Hopkins, D-Imbler, also nominated for the office were Sens. R. F. Chapman, D - Coos Bay, and Al Flegel, D-Roseburg.

The Senate authorized its presiding officer to name a nine-member special committee on constitutional revision. The committee would meet jointly with a similar house committee, and share one staff, but the House and Senate groups would vote separately.

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