

# JFK Asks Tax Cut To Avoid Recession

WASHINGTON (UPI) — President Kennedy emphasized today that he would accept a tax cut of \$10 billion or larger from Congress this year without tax reform in order to avoid a recession.

The chief executive delivered an address to a symposium on economic growth sponsored by the American Bankers Association, and then participated in a question and answer session during which he emphasized his desire for tax reduction affecting calendar 1963.

Only a week ago, Democratic congressional leaders said the administration planned to continue its efforts for the over-all tax reduction-and-reform package. This involved a gross tax reduction of \$13.5 billion with about \$3.5 billion being returned to the government through reform measures to tighten loopholes and correct inequities.

Kennedy told the bankers today that "quite obviously" he did not

want his reform recommendations to delay the tax reduction so much that it might not be sufficiently effective this year.

"If we cannot get reform, obviously we are going to have to rewrite the package," the President said. "If Congress were to come up with a \$10 billion cut, we would then have to adjust all the rates."

The President said that from his viewpoint a cut of less than \$10 billion this year might be preferable. But at the same time he said he would prefer to "err on the side of a large enough tax reduction" and thus would accept a \$10 billion reduction without the reform provisions if it became necessary.

In the formal speech, the President said there was "nothing deeply wrong with our economy," but that the nation "must release the brake of excessive taxation which has been holding back demand and momentum."

He called for an end to "squabbles over who will benefit most" from the proposed reductions.

He challenged critics of his program to come forward with a solution of their own and not concentrate entirely on "partisan... exasperated... rash talk" about swollen federal payrolls, a higher deficit and "a crushing debt burden."

He said he was "not predicting a recession for 1963." But he said that if no tax cut is enacted this year, he would be willing to make his prediction.

"The country will, in the not too distant future, be struck by its fifth post-war recession, with a heavy loss of jobs and profits, a record-breaking budget deficit, and an increased burden of national debt."

The President mentioned no names in asserting that "tax reduction will not be passed if each economic group continues to treat (economic) growth as a melon to

be divided instead of a crop to be harvested—or if each group examines this crop through the wrong end of a telescope."

"The facts of the matter are, of course, that the reduction is fairly distributed through all income brackets," Kennedy said. "And I

would hope that all groups would put the national interest first, and recognize that the prospects for tax reduction and economic growth must not be endangered by squabbles over who will benefit most. For it is the nation that will benefit most from the passage of this program—and the nation that will suffer if they defeat it."

Criticism of Kennedy's program has ranged from the AFL-CIO which wants a quicker tax cut than he has recommended, to business groups which want its benefits allotted differently.

The bankers association and other organizations—as well as a number of key lawmakers—have warned against cutting taxes without reducing federal expenditures.

"I do not say that it is a perfect program, which cannot be changed by the Congress, which will satisfy the desires of all groups, or which will achieve all the growth we need as fast as

we wish to achieve it," Kennedy said.

"But those who admit the problem, but oppose the proposed solution of a \$10 billion top-to-bottom tax revision, are under some obligation to put forward a solution of their own."

He insisted that the nation's economic growth "will be stepped up only by lightening the oppressive weight of war-time tax rates which put a damper on private purchasing power and profits."

"It will not be stepped up by political slogans or humely analogies," Kennedy said.

Kennedy said no nation in history had experienced a century of economic growth comparable to that of the United States in the last 100 years. But he warned that if Congress rejects his proposals there not only will be a recession but there also will be these consequences:

"Tax revenues will continue year-in-year-out to be insufficient

to balance the budget, no matter how tightly the administration and Congress control expenditures."

"Unemployment and unused business capacity will remain at or above their present high levels, creating a lack of investor confidence at home and a lack of confidence in the dollar abroad."

"Pressures for a 35-hour week, for restrictions on imports and automation, and for large 'quickie' tax cuts and sharply increased federal spending will all grow beyond manageable limits."

"This nation's rate of economic growth will not match over the next 10 years the record of most other industrial powers or our own record in this country."

Kennedy made a contrasting set of predictions—"and pledges"—if his tax reduction program is enacted this year.

He said his program "will in

a short time result in increased tax revenues — and a substantial portion of that increase will be used each year to reduce the deficit until the budget is once again balanced."

"Any increases in the federal debt resulting from these transitional budget deficits will be kept proportionately lower than the increase in our gross national products, and the real burden of the federal debt will be steadily reduced," he said.

The President said "every effort will be made to continue the present downward trend in our balance of payments deficit, and the present stable levels of our wholesale and consumer prices."

He added:

"No budget will be submitted by this administration which does not continue our persistent and often unpopular program of cutting costs, increasing efficiency and weeding out obsolete activities."



**ASKS TAX SLASH** — President Kennedy today asked Congress for a tax cut of \$10 billion or larger. He indicated he would not accept the tax cut without a corresponding tax reform which he had also asked. He warned that unless taxes are cut, a big recession will hit the nation. — UPI Telephoto

**Weather**

High Sunday	53
Low Sunday	38
High next 24 hours	54
Low next 24 hours	32
High next 14 days	40 (1952)
Low next 14 days	4 (1955)
Precip. past 24 hours	0
Since Jan. 1	2.14
Same period last year	4.20

## Herald and News

**Weather**

Klamath Falls, Tulelake and Lakeview — Increasing cloudiness and possible light showers tonight and Tuesday. Mostly light winds. Slightly cooler Tuesday. Lows tonight 30, high Tuesday near 50.

### In The Day's News

By FRANK JENKINS  
From Washington:  
A bipartisan Senate group headed by the majority leader, Democrat Mike Mansfield of Montana, is urging a clampdown on U.S. aid to Southeast Asia and a thorough reassessment of security needs there.

These senators say \$5 billion in economic and military aid has been poured into that part of the world since 1950, and they question whether much has been accomplished by all this spending. Senator Mansfield says:

"What is most disturbing is that Vietnam now appears to be, as it was seven years ago when I first saw it, only at the BEGINNING OF A BEGINNING in coping with its grave inner problems. . . . It is most disturbing to find that after seven years of the republic South Vietnam appears LESS, not more, stable than it was at the outset, and MORE REMOVED FROM, rather than closer to, the achievement of popular and responsive government."

What's in the back of Senator Mansfield's mind—and the minds of the senators associated with him in this bipartisan group that is taking a sharp new look at our position in Southeast Asia?

These are educated men. They are familiar with history and mythology. They are obviously asking themselves if it isn't about time for Uncle Sam to quit playing Old Man Atlas.

Who was Atlas?  
He was the giant who was ordered by Zeus to CARRY THE WORLD ON HIS SHOULDERS. He did so — for centuries. But, eventually, he became faint with weariness. One day Perseus flew by, carrying with him the head of Medusa, which turned anyone who saw it into stone.

Atlas begged Perseus to let him look at the Medusa head, and was thereby changed into the stone that is now the Atlas mountains.

There are signs that our old Uncle is getting weary of the burden of carrying the world on his shoulders.

This bipartisan committee headed by Democratic Senator Mansfield is one of the signs.

Incidental question:  
Where does our stored ATLAS come from?

It comes from this giant Atlas. A picture of him carrying the world on his shoulders was printed on the first page of the earliest books of maps.

So a book of maps is still called an atlas.

Let's get on with the news of the day.

In the lounge of a ski resort in the Vermont mountains yesterday, a local news photographer in the course of his job aimed his camera at Senator Edward M. Kennedy, the newest member of what cynics are beginning to call the Kennedy dynasty, and snapped a picture.

Senator Kennedy grabbed the camera, tore its leather case at the seam, pulled out the roll of exposed film and held it against a light until it was ruined, and then dropped it into a waste basket.

Well, the brother of the President

# Study Deplores Aid Given Viet Nam

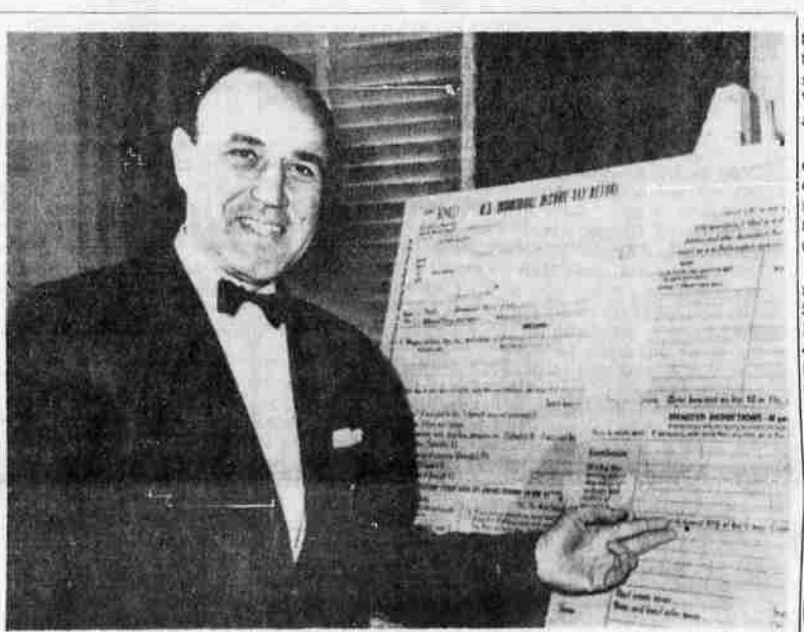
**Hoffa Raps Kennedy's Press Policy**

NEWARK, N.J. (UPI) — Teamster Union President James R. Hoffa has compared the Kennedy administration with the regimes of Hitler, Mussolini and Khrushchev in an attack on the nation's government and press.

Hoffa said the dictators would not do the things the Kennedy administration has done to organized labor.

"They will kill you," he said, "but what's the difference if they shoot you or kill you with bad publicity?"

Hoffa spoke Saturday night to 1,000 teamsters and their wives at a \$50 a ticket tribute to Anthony (Tony Pro) Provenzano, president of Jersey City Local 500 and New Jersey Joint Council 73.



**HOW COULD WE FORGET?** — Today is the 50th anniversary of the constitutional amendment permitting the income tax to go into effect. President Kennedy observed the anniversary by making a strong pitch to Congress to cut income taxes as the best route to national prosperity. Here, Internal Revenue Commissioner Mortimer Caplin stands in front of a blowup of a federal income tax form. — UPI Telephoto

The testimonial was given for the Josephine Provenzano Scholarship Fund, named for Provenzano's mother, which aids children of union members.

Hoffa attacked proposed federal labor legislation claiming it would eliminate free assembly, free speech and right of contract.

He said the administration was designing a "grand scheme to carry out a campaign of vilification."

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**U.S. Appeals To Reds On Blocking Test Ban**

GENEVA (UPI) — The United States said today that progress on a nuclear test ban treaty is impossible unless the Russians ease their rigid position on verification.

Chief U.S. negotiator William C. Foster, who just returned from consultations with President Kennedy in Washington, appealed to the Soviet Union to remove its "substantive and procedural obstacles" to nuclear negotiations.

He urged the Russians to give serious consideration to the U.S. offer of seven annual on-site inspections to police a test ban.

He hinted that the U.S. position on other issues at stake in the test ban bargaining also might be undergoing change.

Foster told the 17-nation Disarmament Conference:

"I feel compelled to ask myself how we shall find any way to overcome both the substantive and procedural obstacles which the Soviet delegation is piling up on the road to concluding a test ban treaty."

"How short sighted it would be to lose the opportunity we now have to press forward and to create something which would be

## Last Ditch Effort Planned To Avert SP Clerks' Strike

SAN FRANCISCO (UPI) — Assistant Secretary of Labor James J. Reynolds bolstered the government's forces today in its "last ditch" effort to avert a strike by railway clerks against the Southern Pacific Railroad in seven western states.

Reynolds arrived from Washington Sunday night to join Chairman Frank O'Neill of the Federal Mediation Service, who has been trying in both San Francisco and Chicago since Feb. 6 in an attempt to avoid a walkout.

Reynolds and O'Neill today, and union Vice President William McGovern said he and SP local Chairman James Weaver "will have an announcement" this afternoon.

O'Neill met with both sides informally Sunday, but reported no progress in settling the lengthy dispute between SP and the Brotherhood of Railway Clerks over automation.

The 11,000-member union has for five years attempted to get the railroad to agree to retrain men displaced by automation for other jobs within the company. The railroad has refused, contending such retraining would create unnecessary jobs and retard technical progress.

The clerks threatened to walk off their jobs Feb. 6, but O'Neill flew to San Francisco from Washington and was granted time, on a day-to-day basis, to settle the differences.

After two weeks of talks in San Francisco, national leaders of the union agreed to transfer the peace negotiations to Chicago against the wishes of the SP unit of the Brotherhood.

Negotiations broke off after only three days in Chicago, and union officials returned to San Francisco "now in complete accord" that a strike could not be averted.

But the tireless O'Neill followed them to the West Coast and asked for more time.

## Court Rules Arrest False

WASHINGTON (UPI) — The Supreme Court, by an 8-1 vote, declared unconstitutional today the breach of peace conviction of 187 Negro students who held an anti-segregation demonstration on the grounds of South Carolina's Capitol.

The court held that the convictions violated constitutional guarantees of free speech and assembly. The demonstration took place at Columbia, S.C., March 2, 1961.

In other actions today the Supreme Court:

— Ordered further lower court proceedings in the case of Leon Bearden who was convicted with his son of hijacking a Continental Airlines plane over New Mexico in 1961. The 3rd Circuit Court of Appeals was instructed to take further action in the case of Bearden who was sentenced to life imprisonment.

— Granted a hearing to Harold Fahy who was sentenced to 60 days in jail by a Norfolk, Conn. court of painting swastikas on a synagogue Feb. 1, 1960.

## Pity Poor Millionaire

LONDON (UPI) — Jean Paul Getty, one of the richest men in the world, believes millionaires are the hardest-working people in the world.

"They work longer hours than any other working man," the 70-year-old oil king said Sunday night on a television interview on the British Broadcasting Corp.

But that doesn't mean Getty is ready to retire.

"I've never had the feeling I'm flushed," he said. "I'm struggling on."

The Minnesota-born tycoon spoke from his 18th century home in Surrey amid the masterpieces of his private art gallery.

"Of all the classes I know, millionaires are the hardest workers."

WASHINGTON (UPI) — A senatorial study group has reported to President Kennedy that after seven years of U.S. aid to South Viet Nam the country still lacks a stable government.

In fact, the study said the government of the Southeast Asian country "appears more removed, rather than closer to, the achievement of popularly responsible and responsive government."

Most of the blame for this, the report said, is due to policies by South Viet Nam President Ngo Dinh Diem. But, U.S. action, especially the aid program "must bear a very substantial share of the responsibility."

Although the report said the United States has poured more than \$2 billion into the former French colony since 1955, it predicted no end to the assistance.

"In the best of circumstances, outside aid in very substantial size will be necessary for many years."

The report was the fifth of a series made following a study trip to Asia last year made by four senators led by Democratic Leader Mike Mansfield, Mont.

He was accompanied by Sens. J. Caleb Boggs, R-Del., and Claiborne Pell, D-R.I., and former Sen. Benjamin A. Smith II, D-Mass.

The report said victory in the guerrilla war in Viet Nam is foreseen within one to three years by responsible experts, but, based on past experience, it recommended "caution in predicting its rapid achievement."

South Viet Nam is faced with a "massive job of social engineering," the report said. Outside aid will not help the country, the report predicted, unless there is a "great mobilization of selfless Vietnamese leadership in all parts of the country and at all levels."

The group concluded that U.S. aid to Laos and Cambodia had improved conditions there. It found no need to extend American foreign aid to other Southeast Asian countries which are not now receiving it.

## Big Bomber Controversy Opens Again

WASHINGTON (UPI) — The House Armed Services Committee reopened the B57 bomber controversy today by voting to authorize the Air Force an extra \$63 million to build two more of the planes.

President Kennedy has said repeatedly he does not want the authorization and the 31-5 vote set the stage for another congressional battle with the administration. The House committee also added two nuclear powered attack submarines which the administration does not want.

Defense Secretary Robert S. McNamara maintains any more money spent on the proposed B57s would be wasted and Kennedy has backed him up.

The actions boosted Kennedy's arms authorization bill, already the largest ever introduced in Congress, to \$15,856,391,000. This was \$497,700,000 more than Kennedy requested last month and would also increase the over-all \$33.7 billion defense budget by that amount.

Chairman Carl Vinson, D-Ga., said in a statement afterwards that it was "a deep and abiding belief of the Armed Services Committee that manned systems should continue to be a major part of our military force."

"There is no doubt," he said, "that our missiles, and particularly our intercontinental ballistic missiles, are a major part of our arsenal. Neither I nor the committee members would for a moment think of minimizing their importance or cutting back on the missile program."

"But the committee sees a growing tendency on the part of the Department of Defense to place more and more emphasis on missiles and less on manned systems."

"This is a dangerous course and we wish the committee intends to do everything in its power to stop it."

Vinson said the addition of two more B57s would constitute a major step toward an airplane "with most of the characteristics and capabilities of a true combat aircraft."

The B57 is a long-range, subsonic bomber which also could have the capabilities of being a reconnaissance plane as well.

## Solon Rips Spend Idea

WASHINGTON (UPI) — Sen. William Proxmire, D-Wis., said today that history disproved the theorists who argue that large federal deficits contribute to economic growth.

"From 1957 to date," Proxmire said in a statement, "federal deficits have averaged a heavy \$6 billion per year. And yet, economic growth has been a slow-moving despair of current economists during this very period."

## Flu Death Toll Rises As Epidemic Spreads

By United Press International  
The death toll edged upward today in the outbreak of flu that has hit 21 states. Thousands lay ill from some sort of respiratory ailments. Asian flu was isolated in 11 states.

Health officials in New York City reported that during the first seven weeks of 1963, 818 New Yorkers died from either pneumonia or influenza.

This represents about 300 more victims than normally would die during a corresponding period in an average year. The Health Department said there was no accurate way to distinguish between the victims of the two diseases.

The latest death figures in other states included West Virginia 5, Kentucky 3, Indiana, Michigan and Florida, 1 each, and in Johnson City, Kan., several elderly patients in a rest home.

Different parts of the nation—mostly in the East and South—have been hit by the virus during the past six weeks and millions have felt the effects of fever, fatigue, cough and sneezes.

In West Virginia, three more persons died, apparently from flu

## U.S. Troops Get Shoot First Okay

SAIGON, Viet Nam (UPI)—The United States has decided to permit its soldiers to shoot first in the Vietnamese guerrilla war without waiting to be fired on by the Communists, it was reported today.

The move is aimed at checking the mounting U.S. casualty rate in the undeclared jungle war, according to informed sources.

Another American died Sunday. A young machine gunner was killed when two U.S. Army H21 helicopters were downed by Communist Viet Cong ground fire.

The machine gunner, a private first class, was not identified. His death brought to 52 the number of Americans killed in combat since the United States began its military buildup in South Viet Nam in 1961.

Informed military sources said the new "rules of engagement" will permit the U.S. Army's new H21 gas turbine helicopters to open fire on "positively identified" guerrillas without waiting to be fired on first as heretofore.

The sources said the effectiveness of the heavily armed craft, known by their crews as "Hueys," in protecting the more vulnerable H21 troop carrying helicopters is expected to increase under the new rules.

The Hueys now will be able to precede the H21s into a troop landing zone and keep the guerrillas busy while the troop-carrying helicopters unload assault forces and then get away.

U.S. military observers in Saigon feel that if the Hueys had been able to follow this procedure during the battle of Ap Bac last month, the Viet Cong would not have been able to shoot down so many helicopters. Two Americans were killed and several others were wounded in the process.

U.S. officials denied press reports that the United States might withdraw its Air Force combat units from South Viet Nam.

The reports claimed the withdrawal was under consideration because of charges that heavy government air strikes against villages suspected of harboring Viet Cong were turning the population against the government.

U.S. diplomatic and high-ranking military officials, including military assistance command chief Gen. Paul D. Harkins, said to the best of their knowledge no such decision was under consideration.

Gen. Emmett (Rosie) O'Donnell, U.S. Air Force Pacific commander, indirectly denied persistent reports that many innocent civilians are being killed in air strikes against the Viet Cong.

O'Donnell said Vietnamese air force tactical fighters and bombers "have been able to locate positively and destroy targets, and I mean small fleeting targets, under difficult conditions."

## Timber Tax, Speech Ban Bills Offered

SALEM (UPI) — Timber tax revisions, repeal of exclusive electric service areas, and a ban on Communist speakers in public buildings were called for today in bills introduced in the House.

The Senate received bills to give officers greater powers in combating drunk driving as the legislature began its seventh week.

Two major timber tax measures landed in the House. One would increase eastern Oregon severance taxes on pine from 5 to 7 1/2 per cent. House Tax Committee Chairman Richard Eymann, D-Marcola, said the present rate, set in 1961, has failed to raise the expected revenue.

The new western Oregon timber tax bill, also sponsored by Eymann, is similar to the minority report that was defeated when the present western Oregon timber tax law was passed two years ago.

Eymann said in addition to increasing revenues on Douglas fir, the new proposal would move closer to the principle of paying net taxes at the time of cutting. It would establish a severance tax, while reducing the ad valorem tax on standing timber.

A bill to repeal the 1961 law permitting the public utility commissioner to ratify agreements between utilities for exclusive service areas was sponsored by Eymann and several others. It also would void any agreements made under the law.

At the request of the Oregon Veterans' Joint Legislative Committee, Rep. Philip Lang, D-Portland, introduced a bill to prohibit use of tax-supported facilities by members of any organization required to register under the internal security act or the subversive activities control act.

Communist leader Gus Hall created a row when he was permitted to speak on several public and private college campuses in Oregon last year.

Two Senate bills would expand police powers in arresting drunken drivers and administering chemical tests. The measures also set percentages of alcohol in the blood that would be indicative of sobriety or drunkenness.

Another Senate bill would permit county civil service employes

## Flu Expected

PORTLAND (UPI) — A spokesman for the State Board of Health said today as yet no Asian flu has been isolated in Oregon this winter.

The virus is expected, though, and flu shots were urged.

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