

HERALD AND NEWS, Klamath Falls, Ore.

State Flowers

ACROSS
1 "Nutmeg State"
3 Vermont flower
7 Anger
13 Adroit
15 "Empire State"
16 Beauty
18 Pueran Indian
19 Nothing
20 Pinia
21 Male name
23 Step
27 Germ-free
32 Hey!
33 Having wings
34 In return
35 "Granite State"
36 Flower
39 Thong
40 Fox
42 Confederates
43 Past

DOWN
1 Dodecane
2 Soon
3 Constellation
4 Scottish
5 For example
6 (ab.)
7 Hindu disciples
8 Household god
9 Sash
10 Depravity
11 Spirit
12 Split
13 Ringless

21 Tallahassee
22 Actually
23 Fake
24 Roman robe
25 Wolfhound
26 Dorsal bones
28 Fold (var.)
29 Hall (Sp.)
30 Greenland
31 Hyperbolic
32 Out of (preds)

38 Rodent
41 Rapid (music)
42 Small talk
43 Dodecane
44 Touch on
46 Tibetan priest
47 Galloway Bay
48 Struble
49 Sick
50 Sack
51 Bishopric
52 Unctuous
53 Out of (preds)

Effect Of Tax Laws On Spending Surveyed Across Nation

Editor's Note: — The new income tax regulations governing expense account spending have now been in effect for more than six months. When they went into effect, many restaurant and hotel spokesmen predicted their businesses would suffer. The following United Press International survey reports on what has happened in the first half year of the expense account laws.

By DAVID SMOTHERS
United Press International

A Washington attorney named Tom Power got up in Cincinnati last week and pleaded for \$80,000 to fight the income tax department.

In a way, he was asking for a campaign fund to unleash the big-time spender again.

Powers is counsel for the National Restaurant Association.

He came to Cincinnati July 30 to launch a campaign against the restrictions on expense account spending put into effect by the Internal Revenue Service this year.

He said the rules on what is and what is not tax deductible will cost the national restaurant industry \$1 billion in revenue this year and 140,000 lost jobs.

Powers' Cincinnati pitch was the first of a series of meetings in which he hopes to raise \$50,000. The money will pay for a series of full-page newspaper ads in major cities urging a public letter-writing campaign. The ads will be timed to coincide with the start of House committee hearings in Washington on a bill to repeal the expense account regulations.

A United Press International survey of top restaurants, night clubs and hotels in the nation's larger cities indicated Powers will get a sympathetic reception from them.

Business has fallen 15 per cent or more since the start of the year, many reported.

Duke Ziebert of Ziebert's Restaurant in Washington said "people are really scared. They don't know what they can charge so they don't come in as much as they used to."

Robert Cobb of Hollywood's Brown Derby said "a lot of pretty good spenders closed their accounts and we haven't seen them coming back yet."

Some major hotel operators were even unhappier. In addition to losing money in their restaurants and night clubs, they said, the good old days of convention bonanzas were trailing off.

Thomas J. Kane, vice president and general manager of the Waldorf-Astoria in New York, said "in many cases men have not brought their wives to a meeting or convention as they did in previous years."

In general, all conventions are being held at the expense of sending 10 men to a conference, an organization will send half that number. Thus, a convention that formerly brought 1,500 to the city now will bring 600 or less."

It was the same story at Washington, Boston, Dallas, Los Angeles and San Francisco hotels.

To make matters worse for the hotel and restaurant entrepreneurs, there was a nagging suspicion that lots of businesses were finding they could get along without expense account spending.

To Dan Sutherland, special assistant to the general manager of the Ambassador Hotel in Los Angeles, it seemed that companies which found they could cut back on expenses during the first six months of the new regulations "now feel they got along without it so why should they start spending again?"

Restaurant and hotel men found some consolation in the belief that the worst was over. The big pinch came in the first months of the year, they said, when businessmen had distorted views of what the laws were about and stayed away accordingly.

A spokesman for Restaurant Associates, operators of New York's fashionable Four Seasons and the Forum of the 12 Caesars, said, "it was very bad in January and February. The regulations scared everybody. We're OK now."

It was estimated by the New York State Restaurant Assn. that business was off 35 per cent last January and February and was now off 12 per cent. A Cincinnati restaurant industry spokesman figured business was down 12 per cent. In Los Angeles, where restaurants also went through the winter slump, the consensus was "people seem to be relaxing more now."

Things would get even better, hotel and restaurant operators said, if the Internal Revenue Service could find some way to spell out to businessmen just what they can and can't mark up on the expense account sheet.

For better or worse, the income tax regulations had forced many restaurants into complicated bookkeeping. Operators reported more and more of their customers were demanding receipts which they could show later to the income tax inspectors.

Not all restaurants and hotels professed themselves to be suffering. The "special" places catering to groups, conventions, and lavish spenders were hurting. Others, such as the Longchamps restaurant chain in New York, said they were doing better than ever because businessmen who used to charge up expensive meals elsewhere were now coming to their places for cheaper fare.

Even some live-up night clubs shrugged off the tax regulations. New York's Playboy Club, which relies on "bunny" waitresses and lush decor to lure the charge account set, opened up almost simultaneously with the new rules.

"There hasn't even been a summer slump," a Playboy man said.

House Gives Approval For Tax Relief

WASHINGTON (UPI) — The House of Representatives today gave its final approval to \$40 million in special tax relief for professional athletes, actors, authors and others whose incomes fluctuate.

The proposal, recommended by President Kennedy, would enable taxpayers to "average" their taxable income over a five-year period in computing their tax bills.

This would permit a person to avoid being thrown into an extremely high tax bracket should he suddenly strike it rich after a period during which he struggled along on a modest income.

The committee made only one change in the draft of the proposal which it previously had tentatively approved for inclusion in its big tax-revision-and-reduction bill. The revision would bar use of the averaging device to lower tax rates on income from gambling, or "wagering" of any kind.

Moving swiftly toward the finish line in the drafting of a compromise version of Kennedy's tax-cutting program, the committee also:

- Affirmed an earlier decision to scale down the tax advantages of "trafficking" in real estate which have been systematically exploited by syndicates of investors set up for that purpose. The tougher tax rules would produce about \$15 million in new tax revenue from profits from sale of real estate.
- Gave the administration a surprise \$30 million tax victory by reversing its earlier decision to grant a special new tax break to high-paid corporate executives enjoying lavish fringe benefits.

The committee Monday decided to leave untouched all of the tax concessions enjoyed by the oil industry except the relief that big oil producing firms got from a Republican Congress nine years ago.

Easing Of Russ Position Seen On African Issue

UNITED NATIONS, N.Y. (UPI) — Western diplomats today expected the signing of the test ban treaty in Moscow to moderate the Soviet Union's position in a debate on South African racialism.

The current relaxed atmosphere in U.S.-Soviet relations, informed sources said, may manifest itself when the Soviets speak today in the continuing debate on the South African government's apartheid policies.

Before the debate started there had been fears that Soviet delegate Nikolai T. Fedorenko would use the debate as a springboard from which to attack the United States for its own racial troubles. The atmosphere of friendliness in Moscow over the last week, however, makes this unlikely, the sources said.

There was little doubt, however, that Fedorenko would deliver a slashing attack on South Africa and its policies. The Soviets have so far not spoken in the debate, which began last Wednesday.

Britain also was listed to speak at the session this afternoon. British delegate Sir Patrick Deane was expected to call for moderation in dealing with the problem, while at the same time calling for abolition of the whole theory of apartheid.

Meanwhile, African members of the United Nations readied a call for an ironclad embargo on arms shipments to South Africa.

Ghana, the Philippines and Morocco, the three Afro-Asian members of the Security Council, were expected to propose the embargo in a resolution to the council session. The call for an embargo is in line with U.S. policy as stated by Ambassador Adlai Stevenson last Friday. It falls short of demands made earlier by some African delegates for a resolution which would expel — or at least suspend — South Africa from the international body.

Park Benefit Plans Noted

BONANZA—There will be a big time in Bonanza Saturday, Aug. 11, when young and old will frolic at the Bonanza Big Springs Park at a carnival planned to raise funds for completion of the park rest rooms and the tennis court.

The fine park has been developed entirely through community effort and is one of the most attractive spots in Klamath County.

The Bonanza Little League baseball team will play Malin starting at 2 p.m. The team is coached by John Brown and Betty Tyree.

There will be food booths, games, a hi-fi as a prize to be given away at 11 a.m., a smoker at 7 p.m. and a square dance on the tennis court at 9 p.m.

The Hubble family will be in charge of the square dancing. Mrs. John Brown is general chairman of the carnival.

The public is invited.

Truckers Pay Record Taxes

SALEM (UPI)—Record weight mile tax payments were made by Oregon truckers during July, Public Utility Commissioner Jonel C. Hill said today.

During the month the truckers paid \$1,713,373, the highest amount for any month during the 30 year history of the tax.

The payments were \$187,404 more than a year ago.

A "calorie" is merely a convenient unit for measurement of energy. It's not food or heat as such, but a measure of the amount of energy produced by different foods by their combustion in the body.

Former Veep Welcomes Atomic Test Agreement

LONDON (UPI)—Former Vice President Richard M. Nixon today "welcomed" the signing of a partial nuclear test-ban treaty but warned the Western alliance not to weaken itself because "we've been burned before" by Soviet Premier Nikita S. Khrushchev.

"Although there seems to be a thaw in the cold war, I am not as optimistic about the test-ban treaty as many Western leaders," Nixon said. "I think we've been burned before — once with the spirit of Geneva and the other time with the spirit of the Vienna summit."

"Naturally, I welcomed the signing of the treaty, but the fact remains—as far as Khrushchev's cold war activities are concerned, they have not changed. Subversion, espionage and support of Communist fronts in Europe, Africa, Asia and Latin America are still his main goals."

Nixon spoke to newsmen shortly before his departure for the United States after an eight-week vacation in Europe with his family.

"The spirit of Moscow should be taken for what it is—an acceptance by Mr. Khrushchev of what we proposed five years ago," Nixon said.

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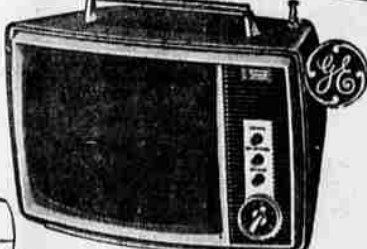
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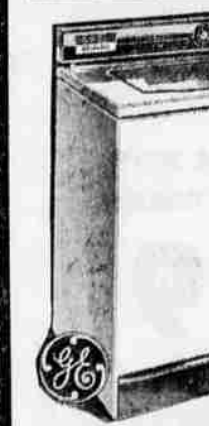
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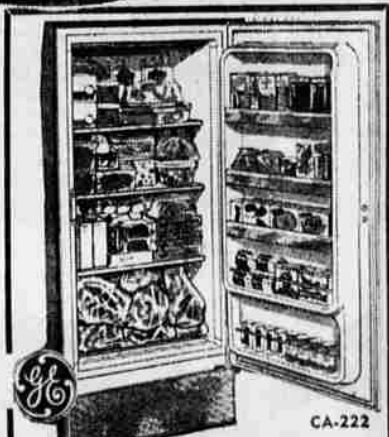


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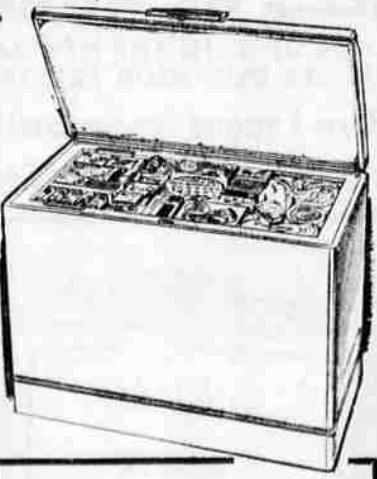
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