

WEATHER

Forecast for Tucson: Cloudy, warm.
Temperatures:
Yesterday: HIGH 83 LOW 49
Year Ago: HIGH 84 LOW 46
U. S. WEATHER BUREAU

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Federal Reserve Discount Rate Drops To 4%

By EDWIN L. DALE JR.

(By the way, from page 1)

WASHINGTON — The Federal Reserve Board voted unanimously Thursday to reduce the discount rate from 4 1/2 to 4 percent, the lowest since 1960, and to ease the credit expansion by 100 million dollars.

The discount rate reduction follows similar moves by most of the major European central banks in the last few months. The move is expected to ease the credit expansion by 100 million dollars.

The discount rate is the interest rate at which the Federal Reserve lends to member commercial banks. It is the lowest rate at which the Federal Reserve lends to member commercial banks.

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Move Won't Be Felt In Tucson

The announcement yesterday by the Federal Reserve Board to drop its discount rate to 4 percent is not expected to have much effect on Tucson banks, according to John W. Kenney, chairman of the Southern Arizona Bank board of directors.

"It's really just recognition by the Federal Reserve of an easing of money all over the nation that has been underway for the last two months," he said.

Throughout the so-called period of tight money which the nation has experienced during the last two years, he continued, there has always been ample money in Tucson banks to cover the needs of the community.

"For many years Arizona banks have had more large business loans than they could handle," Kenney said, "and in recent weeks heavy borrowing by all banks in the system has eased considerably."

Kenney pointed out that the tight-money trend began with the Federal Reserve Board's decision in December of 1965, after several months of hesitation, to increase the discount rate from 4 to 4 1/2 percent, and to raise the ceiling on certificates of deposit to \$100,000 from their previous \$50,000.

The move was also followed by three increases in the prime rate, a bank charge for loans, reaching as high as 8 percent.

During most of 1966, interest rates of all types recorded their highest levels in 40 years, reaching a peak in August and September, Kenney added.

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Technically, Thursday's action amounted to approval by the board of proposals by directors of ten of the twelve regions at Federal Reserve banks to reduce the rate. Only the Atlanta and St. Louis banks did not join the action, and they are expected to follow shortly.

The Treasury, which had strongly opposed the increase in the discount rate in December 1965 from 4 to 4 1/2 percent, welcomed Thursday's move as "a sign of a desirable further easing of credit availability and an interest rate level."

The 1965 action, taken by a 6-4 vote of the board, was the opening gun in what became a drastic upward sweep of its interest rate. It was taken over the opposition of President Johnson and the Treasury.

The majority of the Federal Reserve Board had moved because they believed inflationary pressure, partly created by the war in Vietnam, was building up. Tight money checks have been running and hence total spending and demand in the economy.

Within a few weeks the majority joined the majority. In backing an increasingly restrictive monetary policy to fight the inflationary pressure, which later statistical evidence showed to be even greater than had been thought.

Thus the division in the Reserve Board lasted only a short time, and administration criticism of the Federal Reserve's policy of a drastic upward sweep of its interest rate. It was taken over the opposition of President Johnson and the Treasury.

Police said the incident happened at about 9:45 p.m. when Halvorson and his wife were watching television in the living room of their home at 701 E. College. The couple's two children, ages 4 and 6, were asleep when the shooting started.

Ten bullets slammed into Halvorson's chest, went through the car's interior and into the engine compartment and radiator. Two bullets struck his chest, damaging the bumper.

Halvorson said the shots were fired in rapid succession, indicating the use of a semi-automatic, but he did not know the type of weapon.

Police said a medium-colored 1965 or 1966 Chevrolet was seen leaving the area after the shooting. The car's license plate was not seen.

Halvorson and two other residents of the neighborhood called police seconds after the shots were fired.

Officers were still at the scene early this morning.

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Printer's Home Is Fired On

12 Bullets Pumped Into Parked Cars

A failure of bullets was fired at the home of Pat Halvorson, head machinist for Tucson Newspapers, Inc., last night striking two cars in his carport.

City police said the incident happened at about 9:45 p.m. when Halvorson and his wife were watching television in the living room of their home at 701 E. College. The couple's two children, ages 4 and 6, were asleep when the shooting started.

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\$45 Million Deal Biggest Ever For Tribe

Indians To Gain 'Self-Sufficiency'

By TOM TURNER

The Papago Indians yesterday signed a lease contract for construction of a \$45 million open-pit copper mine and mill on Pinal County reservation land.

Lease is Newmont Exploration Ltd. of New York. Newmont owns 80.4 per cent of Arizona's Magna Copper Corp. stock. Magna currently operates mines, mills and smelters in San Manuel and Superior that produced a total of 258.3 million pounds of copper last year.

Newmont said yesterday that the new mine on 2,800 acres of Pinal County land in the Pinal Mountains near Casa Grande will be producing upward of 25.3 million pounds per year when paying operations begin in 1970.

At the current market price, Pinal Mountains production would bring in excess of \$18 million a year in new money to Arizona, and the Papago would receive \$1 million annually in production royalties.

Until then, the mining firm has advanced \$500,000 to the Papagos as a lease bonus and \$50,000 in advance royalties for the first year. Newmont will pay the Indians \$50,000 each year until production begins.

"It's the biggest contract ever signed by the Papagos," said Tom Turner, Newmont vice president.

"The Papagos now have the chance to develop from the poorest tribe in the nation to an economically self-sufficient tribal community," said Robert Markert, tribal chairman.

The mine will produce new jobs for the Papagos, and there's nothing more important than finding employment for our people," said Robert Markert.

Newmont said yesterday that work is clear overhead (top) from the mine site will be a peak of approximately 300 when production begins.

The new mine will be a part of southern Arizona's Copper Circle — an area extending 125 miles in directions from Tucson — that already produces roughly half the nation's copper.

Newmont officials estimate that some 15,000 tons of ore will be mined and processed annually when the new mine enters production — about half that of Arizona's new \$60 million development south of Tucson.

Vital production will top that of current operations at Silver Bell, Pima and Pinal mines in Pinal County. It is probable that Magna smelters at Superior and San Manuel will process the new ore.

Vital holds a low grade of ore, about equal in quality to that which is produced by Superior by 1969. The value of ore is a shallow one, but the pit will be deeper in area but not quite as deep as Arizona's.

The lease is a modification of a lease taken out by Newmont in 1964. The original lease covered 1,750 acres. The new lease — good for the remaining eight years of the original, standard 10-year lease — covers some of the new land, plus some old land, for future exploration.

Newmont said that still drilling will continue. The firm expects to have a decision on whether to drill for ore by late this year.

Hickey said no one other than the two officers was injured.

Cowley was still babbling and cursing when he was taken to the hospital. A hearing was scheduled for Friday morning.

Sgt. Mike Roberts said Cowley was placed in a cell by himself and was guarded as he was taken to the hospital.

"He was captured as can be seen by the laughing and shouting," Roberts said.

Roberts said Cowley, 3 feet 10 inches and 145 pounds, was turned over to county officials later in the evening.

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Captive Reds Freed During VC Attack

Some Were Friendly

Vietnam's Hanoi says that for out-of-control hands of West Vietnam Thursday, this friendly force contracted sharply with harassment by anti-war demonstrators who threw flour and beer glasses at Humphrey's car. (AP Wirephoto)

16 More Arrested

Agitators hounding Humphrey again