

WEATHER Forecast for Tucson Clear-cooler. Temperatures Yesterday: HIGH 57 LOW 33 Year Averages: HIGH 74 LOW 52 U.S. Weather Bureau

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Governor Asks Solons To Hike Luxury Taxes

McFarland Combines His 'State Of State' Message With \$67,905,647 Budget Plea

By LESTER N. INKBEP Staff Correspondent PHOENIX, Jan. 13 (AP)—Gov. Ernest W. McFarland proposed to the 23rd Legislature Monday that it increase luxury taxes to provide additional school and welfare funds.

Addressing the opening of the second regular session, the Governor said he believes Arizona's needs for the coming fiscal year can be met without increasing the present property tax rate of 1.15 on each dollar of assessed valuation provided the tax on liquor and tobacco is boosted.

He specifically made no mention of increasing the state sales tax, which runs from 4 to 11 percent on a one-half of one per cent in certain wholesale categories as high as two per cent on most retail sales. Some members favor such an increase.

In an unprecedented move, McFarland combined two legislative messages in the "State of the State" and the other on the budget for the fiscal year starting next July in a single appearance before a joint meeting of the House and Senate in the lower chamber.

Among those present at the opening session were Gov. Orval Faubus of Arkansas, U.S. Senator Frank P. Mason, former Gov. Ed Johnson of Colorado, now a Phoenix resident.

McFarland presented to the Legislature as provided by law, departmental budget requests totaling \$67,905,647, not including \$1,013,044 requested for buildings at the state prison, and other appropriations totaling \$50,788,500 for the fiscal year ending next June 30.

He recommended, however, that for the present year expenditures be held to revenue estimates of \$63,266,000 (exclusive of any amount that might be produced by a luxury tax, liquor and tobacco which to place school aid on a correct basis and boost welfare projects).

A tabulation prepared by a committee composed of Mrs. Jewel W. Jones, state auditor; William A. Stanford, a tax commissioner; and Bruce K. Bland, professional auditor for the Governor's office, of \$1,000,000 for the current fiscal year, but pointed out that capital outlay approved at the first regular session will reduce actual surplus funds available for capital outlay to only \$133,835.

Last year's capital outlay appropriations totaled \$1,071,236 money for the three institutions of higher learning. To "hold the line" McFarland recommended that there be no capital outlay appropriations this year, even for the state prison, which had requested \$1 million for new buildings. He did propose, however, that the Planning and Building Commission seek federal funds for completion of additional plans for the prison complex.

Natural increases should boost several general fund revenues by \$3,872,742, McFarland pointed out. Principal increases would be in the educational and welfare categories. Education would increase from \$3,585,543 to \$3,613,439, and welfare and correction funds \$14,466,025 to \$17,013,620.

On the subject of welfare, the Governor specifically recommended that the legislature be authorized to pay to recipients for higher increases of up to \$4 per month for the aged and blind, and up to \$5 per month for dependent children.

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Arizona's Budget

Table with 3 columns: Requested, Appropriated, and Difference. Rows include General Government, Health & Sanitation, Welfare & Correction, Education, Protection: Persons, Prop., Development & Conservation, Of Natural Resources, Miscellaneous, Grand Totals.

The above includes the capital outlay requested by the Governor's office for fiscal 1958-1959 and the amounts appropriated for the same departments in the general appropriations bill passed by the last regular session of the 23rd Legislature for the current year's operation.

5,000 'Nuclear' Troops Could Rule Continent

WASHINGTON, Jan. 13 (AP)—Gen. James M. Gavin says that within 13 years small groups of atomic bomb armed with nuclear missiles may be able to rule a continent.

Gavin, soon to retire as the Army's chief of Research and Development, gave this view in the Senate Preparedness Subcommittee in closed-door testimony last week. Part of his testimony was released Monday.

Gavin said he believes nuclear missiles will be reduced in size until they can be carried by one man. He told the senators:

"Now I can see in 13 years a force like that, about 10,000 groups of 500 men each, grouped around with about 50 man-carried nuclear missiles, the whole thing moving in air vehicles close to the ground. . . ."

He said these groups would be "very responsive to what they meet, fast communications eyes ahead of them, with drivers and translators, infrared gear ahead, and this type force will control a major portion of a continent."

In other testimony Maj. John B. Medaris, chief of the Army's ballistic missile agency, said that "as far as anything in the world" might eventually be fighting in space.

And Gen. Thomas D. White, Air Force Chief of Staff, said that the Air Force has ordered a very long-range, high altitude plane, the B-16, to be built with a "heart" and "wings" useful even after missiles are in operation.

U.S. Takes View Reds Are Ahead Not Taking Any Chances: McElroy

WASHINGTON, Jan. 13 (AP)—The United States has gained in language missile program in the aid of Russia, said the U.S. State Department's Defense Secretary McElroy today.

While the Defense Department does not have positive evidence that Russia is out to force McElroy, he said, the United States is taking no chances in this critical area.

At another congressional inquiry into the defense effort, David Ford, board chairman of the Radio Corporation of America, said he believes more must be spent under unified military leadership to meet the Soviet space age challenge.

"It is not enough for us to limit ourselves to an effort to 'catch up' with Russia," Ford testified before the Senate preparedness subcommittee. "To Russia should be assigned the task of catching up with us."

McElroy said evidence later he thinks Eisenhower's new \$2,000,000 defense budget is adequate for military needs in the present state of development. But he says we open for his department to seek more money if there is any United States "weakness" anywhere along the line.

Water Rights Of Indians Attacked

SAN FRANCISCO, Jan. 13 (AP)—The water rights of 275 Indians in the Coahuila valley in southern California are on an equal basis with other users of the district, California attorneys said Monday.

The California attorney says Indians priority rights came during the testimony of Lyle F. Warnock, general engineer of the Bureau of Indian Affairs office in Sacramento which has jurisdiction over the Coahuila Indians.

Warnock testified before U.S. Supreme Court Special Master Simon H. Rifkind on the future irrigation plans for the Indians on the three small reservations in the valley. They are the Cabern, Agupite and Toren-Matruan reservations.

The Indian rights are one aspect of the suit in which Arizona is seeking to establish full title to 1,389,380 acres facing the Colorado River river basin water. Arizona seeks also to block California's claim of 5,820,000 acre feet and alleges California is entitled only 4,000,000 acre feet.

HONOLULU, Jan. 13 (AP)—A dangerous wind, said two Honolulu Monday, after a typhoon raged over the island. Residents of Hawaii were warned to expect waves as high as 25 feet Tuesday and Wednesday.

The weather bureau said winds generated by a cold front which covers most of the Pacific were responsible for the high-speed winds.

Buenos Aires Blast

BUENOS AIRES, Jan. 13 (AP)—A bomb exploded Monday in the block-square post office in downtown Buenos Aires. Two employees were injured. Several other persons were treated for shock.

To Embark On Age of Space Conquest Like U.S. Record Budget For Peacetime

WASHINGTON, Jan. 13 (AP)—President Eisenhower's new budget will be spent on production—the military, atomic, foreign aid and other funds related to national security.

And here's where the money for each budget dollar will come from:

22 cents for civil benefits, including welfare, labor, housing, commerce, farm programs, veterans and resource development.

11 cents for interest on the federal debt.

11 cents for general government.

2 cents for the individual income taxpayer.

2 cents from the corporation income tax.

11 cents from excise taxes.

8 cents from customs and other receipts.

WASHINGTON, Jan. 13 (AP)—President Eisenhower's \$73,354,000,000 budget Monday with general expressions of willingness to spend whatever is needed for national security. Concern for defense needs seemed to be tempering the customary demands for budget cutting, even though this is the largest budget yet for a peacetime year.

However, a number said they would now be in close scrutiny to see whether the budget is truly in line with needs, whether it balance between income and outgo counts too close to red ink financing and whether it meets non-defense items should be cut—or increased, as some insist.

West German officials in Bonn said they were particularly impressed with Eisenhower's call for scientific development. The message was described as very positive and the profit-making plan for employees in contract negotiations with the aerospace industry will be previously announced demands for a shorter work week.

Under the present General Motors formula, the corporation set aside 6 per cent of the remaining profits for executive pay. In the hypothetical case this would amount to \$14,000,000 set aside for executive bonuses.

The union proposal to take 15 per cent of the \$6 million dollars, or 30 million, for distribution to all workers. These would include salaried personnel who do not draw executive bonuses. The amount would be divided up among the workers at the end of the year.

A smaller 20 million dollars would be deducted for relatives to consumers who bought products of the hypothetical firm. The balance could be used by the hypothetical corporation for extra dividends and contingencies.

Even though everything seems to be going up, especially the price of gas, there are a few bright spots.

Take the Supreme Court, for example. "Well, as usual, the court set aside \$10 million to be used to show the world of the judicial system. It does a good job of it."

Critics naturally will try to use an audit to show that the bill really results for the use of a year when every little bit will help.

Subscribers may cringe, but Eisenhower counts heavily on his tax habits.

We'll keep on mailing more, as a look at the Census Bureau, as you know, it counts us every 10 years. Like everything else in the world, it's a good thing to have a simple job like this to do.

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Ike's Reply To Russia Hailed

W. Europe Calls It 'Constructive'

LONDON, Jan. 13 (AP)—President Eisenhower's message to Nikolai Bulganin made a hit with West European officials Monday. Press comment was not wholly enthusiastic but newspaper expressed relief that Eisenhower had not closed the door on a new summit conference.

A British Foreign Office spokesman said a new conference: "I warmly welcome the President's message. It contains a number of constructive proposals which, if accepted, would move us forward on the road to peace."

The French foreign ministry said Eisenhower's position on the East-West talks proposed by the Soviet premier endorsed in the view of the French government.

Eisenhower said "I am ready" to attend a summit conference on the condition that it is carefully prepared and shows good hope for a successful world peace.

Under UAW's Profit Plan Would Work

DETROIT, Jan. 13 (AP)—Here is how United Auto Workers' demand for profit-sharing would work in a hypothetical case.

Suppose a company has a net capital of 200 million dollars. Ten per cent of this, or 20 million dollars, would not be involved in the division of profits.

If the company's profits before taxes amounted to 100 million dollars, 20 million would be deducted.

Under the present General Motors formula, the corporation set aside 6 per cent of the remaining profits for executive pay. In the hypothetical case this would amount to \$14,000,000 set aside for executive bonuses.

The union proposal to take 15 per cent of the \$6 million dollars, or 30 million, for distribution to all workers. These would include salaried personnel who do not draw executive bonuses. The amount would be divided up among the workers at the end of the year.

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How Your Tax Dollar Is Going To Be Spent

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West German officials in Bonn said they were particularly impressed with Eisenhower's call for scientific development. The message was described as very positive and the profit-making plan for employees in contract negotiations with the aerospace industry will be previously announced demands for a shorter work week.

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Expenses Hit 73.9 Billions

2 Out Of 3 Dollars Go For Defense

WASHINGTON, Jan. 13 (AP)—President Eisenhower presented to Congress Monday the highest budget in peacetime history—\$73,354,000,000 to embark on the "dawning age of space conquest."

Two out of every three dollars in the spending program for the 1958 fiscal year starting next July 1, are earmarked for national protection in what Eisenhower said is clearly "a time of growing danger."

To meet these dangers, he said, the nation must spend a billion dollars more on the missile program alone—total of \$2,000,000,000.

The previously balanced budget cuts and declines on civilian and even some military items to pay more money for missiles and nuclear weapons and vehicles, superatomic plants, greater foreign aid and a stepped up effort on military activities and other space-related activities.

It calls for holding taxes where they are now, for lifting up temporarily the 27 billion dollar lid on the national debt, for a nickel stamp on interest, and for \$100 million more in military increases.

Proouncing his budget as "not a new American's responsibility, Eisenhower informed Congress that it is a world-wide responsibility."

"Americans have a tradition of uniting in action when their freedom and welfare are threatened. We do not shrink our clear responsibilities when new challenges arise."

"I feel confident that his budget expresses the way in which the American people will want to respond to the promises and dangers of the dawning age of space conquest. New dimensions must be discarded. Clear international cooperation is vital in a world where our differences are losing their meaning. As we devote more of our efforts and resources to these competing tasks, we will have to limit our demands for less essential services and benefits provided by the federal government."

Then he said: "I don't trust the Russians. I never have. I don't think the Russians will go through with it but I think we ought to continue talking with them to see what we can do."

"Sooner or later the Russians might conclude that it's to their best interest to carry out their agreements. Asked why he felt this country has but found friends abroad, Truman tersely said: "They weren't treated very well."

In condensed form, the government charges. (AP) (Continued on Page 4, Col. 1)

Solons Putting Security First

Congressed, After Hearing Budget Plan, Say They Will See If It Can Be Cut

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Truman Likes Ike's Answer To Bulganin

NEW YORK, Jan. 13 (AP)—Former President Harry S. Truman Monday called President Eisenhower's letter to Russian Premier Bulganin "a good document, an objective document that contains a plan for action."

Truman criticized, however, his successor's administration for "not being more specific in their proposals for the future meeting of world leaders, during a slowest press conference."

Then he said: "I don't trust the Russians. I never have. I don't think the Russians will go through with it but I think we ought to continue talking with them to see what we can do."

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