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TAXES

Govt states policy for next 5 years

'No painful increases' pledge

But economy must be kept buoyant

By CHIA POTEIK

THE Government will refrain from introducing "major or painful" tax increases so long as the economy stays buoyant and labour and management relations remain sensible and reasonable.

The Government announced this yesterday when it outlined its tax policy for the next five years in an addendum to the President's address at the opening of Parliament. The addendum dealt with the Finance Ministry.

It said: "While changes in tax rates and additional taxation may, from time to time, be necessary or desirable to effect social or economic policies, continued economic growth will generate the increased funds to be made available to expanding ministries as in the past.

Review

"As long as the economy is kept buoyant and labour management relations sensible and reasonable, there will be no need to impose major or painful increases in tax rates.

"But it will be necessary to constantly review the tax machinery to ensure a high level of efficiency, particularly to ferret out tax evasion."

The Government also announced its intention to re-examine conditions of pay and service in the civil service to make them more attractive.

The addendum said: "While rapid economic growth has given taxpayers the same tax rate for nearly seven years

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Ceasefire

ADEN, Fri.—The two Yemens have agreed to a cease-fire and to withdraw their forces 10 kilometres (about six miles) inside their borders, an Arab League mediating mission announced today. — Reuter.

Trap backfires

NEW YORK, Fri.—A Federal undercover agent and two suspected cocaine dealers were shot dead in a West Side motel last night when a trap laid by narcotics agents backfired. — AP.

Two priests held

MANILA, Fri.—Two American Roman Catholic priests were today under martial law detention in the Philippines, with one of them charged with inciting a rebellion. Information Secretary Francisco S. Tatad identified the two priests as

Security cordon for Queen at demo
STORMY SCENES IN CAMPUS TOUR



STIRLING (Scotland), Friday

WORRIED looks all round as a university official (in glasses) and security men prepare to guide Queen Elizabeth through a British student demonstration unprecedented in its storminess. The scene was Stirling University in central Scotland. Police had to throw a tight security cordon around the Queen as the students waved fists and shouted obscenities during her four-hour campus tour. Several hundred students, some chanting "Queen out" saluted and swayed around the British monarch. Police drove a wedge between the jostling students and at one stage, the Queen's aides linked arms to prevent her stumbling on a stairway.

Pop music

Long-haired students, drinking beer and wine, clambered over flower beds and parked cars to join the demonstration while radios blared pop music.

When the Queen arrived at a residence hall, clenched-fist salutes and posters proclaiming "Down with the monarchy" greeted her.

The students were protesting against the cost of preparations for her visit, unofficially estimated at £1,200 (about \$3,400). The Queen, who was not personally menaced, remained unruffled and smiling. — UPI picture.

Chiang is well, says wife

TAIPEI, Fri.—Madame Chiang Kai-shek, wife of the Taiwan president, has denied that her 84-year-old husband is in poor health or incapacitated. Speaking to a large gathering of visiting overseas Chinese, Madame Chiang said that the President was taking a rest after a recent illness but his health was good. — Reuter.

Happy Mr. Le flies home

PARIS, Fri.—Top North Vietnamese negotiator Mr. Le Duc Tho flew home today to report to his Government after an intensive round of secret talks here this week with President Nixon's national security adviser, Dr. Henry Kissinger. Mr. Le flew back to Hanoi by way of Moscow and Peking. When a reporter suggested that he was leaving Paris this time in obviously happy mood, the Hanoi politburo member beamed at him but made no direct reply. As the North Vietnamese negotiator hurried home to report to his Government and the party central committee, his counterpart was having breakfast talks with President Nixon in WASHINGTON. The White House maintained a total blackout today on the results of the secret peace talks.

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Blackout

Only very few officials in the White House and the State Department are being kept informed of progress in the secret talks. But there is a growing belief among Government officials that the negotiations have narrowed to the crucial point of the make-up of a future Government in South Vietnam.

The possibility that there may have been subtle changes in the negotiating positions of the two sides was left open by a State Department spokesman when he said he was no longer prepared to reiterate publicly the U.S. and North Vietnamese stands.

The spokesman, Mr. Robert McCloskey, yesterday told reporters that "in present circumstances, I cannot refer back to previous statements by any party at the risk of intruding in the process described as sensitive."

It was President Nixon who used the word "sensitive" last week when describing the state of negotiations.

ON THE WARFRONT: ★ See Page 30—Col. 6

No Japanese cures

TAIPEI, Fri.—The National Health Administration today notified all public hospitals and medical practitioners to replace Japanese medicines with local-made or other foreign products within a limited period. — UPI.

\$950m deficit

LONDON, Fri.—The delayed effects of July's nation-wide docks strike resulted in a \$136 million (about \$550 million) deficit in Britain's overseas trade account last month, the government announced today. — Reuter.

3 AM LATEST

Bomb threat man held in plane

ZURICH, Fri.—Police today surrounded a Swissair DC9 airliner after it landed from Stuttgart, West Germany, and arrested a man who had threatened to hijack the plane, a Swissair spokesman said. He said the man locked himself in one of the toilets and told a crew member he had a bomb with him. The spokesman said he believed the man was a Croatian but his demands were not immediately disclosed. The spokesman said the pilot decided to land as scheduled at Zurich's Kloten airport. When the plane landed, all the 70 passengers and five crew got off and police arrested the man. — UPI.

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36 pages
YOUR Straits Times today is 36 pages in two sections. City Desk is in Section Two.

Bomb explodes outside bank
TEL AVIV, Fri.—A small bomb exploded outside a bank in the seaside resort town of Netanya today, causing slight damage to the building, police said. Soldiers waiting in the bank took two Arabs in custody, including one who was attacked by other customers immediately after the blast. — UPI.

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HAZE GETS WORSE

THE haze over Singapore worsened last night after a comparatively sunny day. By 9 p.m. practically every part of Singapore was fog-bound. Even in brightly-lit streets like Orchard Road and Nicoll Highway, motorists had to drive with full headlights on.

Calls started coming into Times House around sundown, from readers complaining of the thickening haze.

Some said they were being "suffocated" in their flats. Others reported that the fog was affecting their eyes.

White 'smoke'
One caller from T o a Payoh said: "We can hardly see adjacent blocks of flats. Can you please tell us exactly what is happening. The 'smoke' is getting worse."

"Everything was perfect here until about 7 p.m. Then, suddenly, large clouds of white 'smoke' formed all over our housing estate."

The meteorological station at Paya Lebar airport reported that visibility was good in the afternoon, but deteriorated to poor at about 10 p.m.

Flights movements, however, were normal. A pilot which brought in an aircraft at 11 p.m. reported: "There is haze at 3,000 ft., but visibility is still good."

In JAKARTA, an Indonesian Agriculture Ministry official yesterday blamed local land cultivation habits around Palembang for the haze which has plagued the South Sumatran capital.

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