

Instructor criticizes continued surtax

By RICK FITCH
Of the Emerald

President Johnson's decision to urge continuation of the 10 per cent income surtax makes it apparent the U.S. is cutting down on butter to keep up the guns, a University economics instructor said Monday.

Michael Best, asked by the Emerald to analyze the surtax, said it is impossible to discuss the tax without discussing inflation, the Vietnam war and the balance of payment situation.

Analysis

Because private industry is occupied to a greater extent than before in the production of goods for the defense establishment, Best said, it has had to cut back the quantity of goods produced for private consumption.

At the same time though, because of the large amount of defense contracts given private industry as a result of the war, individual wage-earners are receiving higher incomes.

University cited as big business

"The University is 'big business,'" noted a Eugene Area Chamber of Commerce newsletter recently.

The newsletter explained the University's annual payroll is the largest in Lane county. The payroll is \$24,178,000 for a work force that includes 2,157 faculty members, 1,401 civil service employees, and 1,694 students.

A total of \$56 million will be spent in the Eugene area this school year.

The University will spend \$42 million. General educational purposes will require \$16.5 million; \$13.6 million for special research and extension services, not including Tongue Point Job Corps Center; \$6.6 million for auxiliary activities; \$4.4 million for new building construction and \$770,000 for bond interest and principal, said the newsletter.

Students spend \$8 million annually and \$5.5 million is spent by visitors to the University.

An additional \$13.6 million will be spent by grants and non-state foundations and 75 per cent of this will provide wages for research staff members and assistants.

In the future, each additional 1,000 students will increase the annual payroll another \$1.3 million. These students will require 240 added employees. About 63 employees will be necessary on the teaching staff, 73 in the full-time service areas and 104 part-time in the two areas.

Development fund appointee named

Phillip Robins, 36, former Boy Scout executive, has been appointed development representative with the University Development Fund. The announcement was made today by William Dunseth, executive director of the Development Fund.

Robins will be responsible for fund raising in the corporate field, with emphasis in the Eugene and Portland Business Giving Programs. He has served the Boy Scout movement for 16 years, most recently as assistant national director of international relations in New Jersey, and as assistant scout executive in Pennsylvania.

Photographers needed

The Emerald is looking for more photographers. Anyone interested may inquire at 301 Allen or call the Emerald office, ext. 1817.

In normal times, Best said, the wage earner would spend his income on goods and services produced and provided by U.S. industries. Today, however, while the ability of the wage earner to purchase is high, the availability of goods to be purchased is low.

Consequently, a situation exists in which the demand for goods far exceeds the supply.

If this inflation were allowed to continue, Best said, it would have two major effects. One, it would decrease the purchasing power of the wage earner or laborer.

Two, it would affect the balance of payments situation. As the price of goods in the U.S. increased, the purchase of those goods by foreigners would decrease. Also, people in the U.S. might turn to overseas markets, looking for lower prices.

In addition, the expenditure

of money for the war effort is largely wasted because none of it can be returned to the U.S. economy in the form of normal income or the purchase of goods, Best said.

As a result of all this, the U.S. is paying out more money than it is receiving.

Also, because of the tight money situation created by inflation, investment would be distorted. Speculative investment, tending to result in growth and development, would decrease and investment in land increase.

The 10 per cent surtax, Best said, is a tax largely borne by the wage earner in the U.S. to cut down his demand for goods and services, thus making it possible for the federal government to utilize more resources without the increased pressure on prices that would probably result in runaway inflation.

The surtax attempts to bring

the demand in line with the supply, stabilizing inflationary tendencies, he continued.

However, according to Best, what is really needed to cure the U.S. economy's ills is a diversion of resources from the war effort into the private sector and other areas of the public sector. Without this, he said, the nation can expect the following to occur:

- A budget reduction for social services, including pollution control, conservation, health and hospitals, transportation, education and efforts to eliminate poverty.

- Higher taxes.

- Increased unemployment.

According to Best, the decision to spend over 10 per cent of the U.S. gross national product in the defense establishment, particularly in the Vietnam war, has taken the biggest toll on the nation's economy.

Instead of continuing the income surtax, the U.S. should seriously examine its priorities, and its allocation of approximately \$30 billion per year to the Vietnam war, he said.

Executives to attend confab on voting age

Gov. Tom McCall and State Treasurer Robert Straub will attend a press conference today on the proposed bill to lower Oregon's voting age to 18.

The press conference will be held in the press studio of the State Capitol building in Salem, according to Roger Mallem, state chairman of the Students for an 18-year-old Vote Committee.

The proposed bill has been prepared by Lane County Legislator Ed Fadeley and is supported by members of both parties.

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