

Jobs, Profits, Taxes, Pensions, Cost of Living

# Federal Budget's Long Reach Touches Each Citizen

**EDITOR'S NOTE—Don't let those big figures scare you off—the federal budget really is about you. In this, first of two self-contained articles on the budget, Sam Dawson, AP business news analyst, discusses how the budget affects the economy, especially this year.**

**NEW YORK**—The federal budget is a hefty compilation of figures and estimates so complex that even an electronic computer might flinch at sight of it. It affects the lives of all citizens.

Depending on what the budget finally does about the one submitted by President Kennedy, the budget can touch you in many ways—your job, your profits, your taxes, your pension, even your cost of living.

The formal budget which the President is required by law to present to Congress each January may affect you less than the actual cash budget which shows what the Treasury expects to

take in and to pay out. The cash budget is about one-fifth larger than the administrative or formal one. And it estimates a deficit of \$10.3 billion in the fiscal year starting July 1.

The Treasury would thus be putting that much more money into the economy that it would be taking out. This could spur economic growth, provided it didn't set off price inflation that would nullify the benefits.

If the budget proposed a surplus, it would mean taking more out in taxes than the Treasury was putting back in by spending. This could brake any inflation. But under present conditions, what nobody wants, or right now needs, is a recession.

The parts, as well as the whole, of the budget affect you. High taxes, for example, take out of the stream of industry and trade money that might be used by consumers and business firms to buy goods and services.

The argument for cutting taxes, as the new budget pro-

## Scientists To Witness Solar Eclipse

**BURBANK, Calif.**—A team of four experts, hoping to learn the exact shape of the Moon for manned lunar flights, is traveling 10,000 miles to witness a 37-second event.

The event is the solar eclipse which will occur on Monday, Feb. 6. For 37 seconds the Moon will be directly within a bright rim of sunlight, permitting measurements not possible normally because the earth's shadow prevents seeing the Moon completely illuminated.

The team, headed by Lawrence Stoddard of the Lunar and Planetary Sciences Laboratory of the Lockheed-California Co., plans to set up telescopes and cameras near Oudtshoorn, about 250 miles east of Cape-town, South Africa. This spot is on a 25-mile-wide belt across the southern hemisphere from which the full eclipse will be visible.

Stoddard photographed a similar annular ring-shaped eclipse last July in Senegal, West Africa. He reported that Russian astronomers camped 400 miles away were rained out and got no pictures.

"Knowledge of the exact shape of the moon will give us additional information on the effects of moon gravity," Stoddard said before leaving for Africa. "This information is of great importance in planning lunar landings and computing the lifetime of manmade vehicles orbiting the moon."

for individuals, and more incentive for both to get going. Spending programs affect all taxpayers and countless individuals who receive money directly—government pay checks, veteran benefits, jobless compensation—or persons whose jobs depend on government orders. The specialized government spending programs touch many communities as well as industries. Some of the spending is for loans or public works which may return money to the Treasury and to the communities.

So that leaves the neat prob-

lem: Just where do the benefits from spending offset the drag of taxes on the economy?

And in the case of the present budget, there's the problem of the effect of a \$10 billion or more Treasury deficit on the economy.

Much of the effect of the budget on the value of the dollar and the cost of living depends on how the deficit is financed.

If the Treasury raises the \$10 billion or so by selling short-term securities to the banks, the supply of money and credit would be inflated, and perhaps

with bad effects despite the current excess of labor and of industrial capacity. If the Treasury sells long-term bonds to savers, whether individuals or institutions, who will hold onto them, monetary inflation would be sidestepped.

And there's the administration's argument: The deficit can trigger an economic growth that in itself will wipe out Treasury deficit after a year or two.

Tuesday: The different kinds of budgets and their purposes.

## Debris Removal Aid Available

Lane County farmers whose fields, orchards, woodlots or streams accumulated debris during the Oct. 12 storm may get federal aid in paying for its removal.

But they have to register by Jan. 25 to receive the aid. Registration point is the Agricultural Stabilization and Conservation Service (ASCS) office in the Lane County Courthouse.

George Woodworth, manager of the county ASCS office, said the federal government will pay up to 80 per cent—with certain variables and dollars-per-acre limitation—of the cost of debris removal.

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**ALWAYS RECORD ENTERTAINMENT, TRAVEL EXPENSES.**

Note Expenditures as You Go. Business Gifts Over \$25 Won't Be Deductible, With Few Exceptions.

## Income Tax Primer—I

### Note Expenditures As Soon as Possible

**EDITOR'S NOTE**—This is the first of eight articles in the Newspaper Enterprise Assn. Income Tax Primer, for readers who want more information than is supplied in the official instructions.

By **RICHARD A. MULLENS** and **CHARLES W. SCHOENEMAN** of Newspaper Enterprise Assn.

As of Jan. 1, 1963, every business man, professional man and salesman who wants to continue deducting the cost of entertaining an associate, client, or customer or the cost of travel, meals and lodging on the road will have a lot of adjusting to do.

Because of the 1962 tax law, not only are the rules regarding the types of such travel and entertainment tightened, but for the first time, record-keeping or other substantiation will be a legal necessity.

For example, if the businessman does not keep proper records or have someone else willing and able to testify to the amount, time and place of the entertainment expense, then the Internal Revenue Service can disallow a deduction.

A later income tax primer article will discuss these record-keeping rules in detail. But remember that unless you have the proper records starting Jan. 1, no matter how directly an entertainment expense relates to your business, you may be denied a deduction.

The new law makes the following changes:

- An entertainment expense will not be deductible unless the taxpayer establishes that it is directly related to or associated with the active business. That is, the entertainment must be conducted either where there is an opportunity for business discussion, or it must precede or follow what the law calls a "substantial and bona fide business discussion."

- Many club dues will not be deductible at all unless over one-half of the use of the club during the year is in the furtherance of the taxpayer's business. And then, dues are deductible only to the extent directly related to business.

- Business gifts will be deductible only to the extent of \$25 per recipient—except for certain promotional advertising materials.

- Fourth, no longer will the entire amount you spend for meals and lodging while away from home be deductible only because the primary purpose of the trip is business. No travel expense which is "lavish or extravagant under the circumstances" will be deductible. Furthermore, the Internal Revenue Service will publish rules for allocating the expenses of a trip of more than one week's duration to business and pleasure. The new law will permit a deduction for only the business portion of such trips, despite the primary business purpose.

However, the new law will not require an allocation to pleasure where the trip lasts less than one week or where less than 25 per cent of the time of any trip is shown to be devoted to pleasure.

There is technical exception to these rules for employees who are reimbursed for such expenses but then, of course, the employer must abide by the new rules or lose his (or its) deduction for the amount reimbursed.

These new rules apply to expenses incurred after Jan. 1, 1963.

Q—If the membership in a country club entitles the member's entire family to use the facilities of the club, does his family's use count when determining whether or not the club was used in the furtherance of his business?

A—Yes, and if over one-half of the use of the club is by him and his family for personal purposes, none of the dues will be deductible for 1963.

Q—How about dues in civic organizations like Kiwanis? Are such dues subject to the strict new tests?

A—No, they are only subject to the old "ordinary and necessary" business expense test. The same is true of professional associations, and of union dues.

## Frightening Asthma Attacks End In Minutes As New Formula Unblocks Lung Passages Fast

**New Medical Formula Restores Free Breathing Without Vaccines, Shots Or Narcotics. Calms Anxiety. No Prescription Needed.**

**New York, N.Y. (Special)**—A team of scientists has announced a new formula that stops frightening asthma attacks in minutes and unblocks lung passages fast.

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## House Group Hearings Set On Tax Bill

**WASHINGTON**—The House Ways and Means Committee will begin hearings on President Kennedy's tax proposals Feb. 6, with Secretary of the Treasury Douglas Dillon on the prospective lead-off witness.

Secretary of Commerce Luther H. Hodges and Secretary of Labor W. Willard Wirtz will follow Dillon.

Spokesmen for business and labor also will appear in the six weeks of hearings now envisioned. They will be followed by about two months of discussion and drafting before a bill is ready for the House to consider. If it passes, a similar procedure will begin in the Senate.

The President asked for a series of tax cuts to eventually total \$13.5 billion a year. He favors several changes in the tax laws which he claims will recoup about \$3.5 billion in additional revenue.

**TUNE IN 6:30 P.M. WEDNESDAY CHANNEL 9 - KEZI**

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A noted publisher in Chicago reports a simple technique of everyday conversation which can pay you real dividends in social and business advancement and works like magic to give you poise, self confidence and greater popularity.

According to this publisher, many people do not realize how much they could influence others simply by what they say and how they say it. Whether in business, at social functions, or even in casual conversations, there are new acquaintances, there are ways to make a good impression every time you talk.

To acquaint the readers of this paper with the easy-to-follow rules for developing skill in everyday conversation, the publishers have printed full details of their interesting self-training method in a new book, "Adventures in Conversation," which will be mailed free to anyone who requests it. No obligation. Send your request to: Conversation, 835 Diversity Parkway, Dept. 3281, Chicago 14, Ill. A postcard will do.

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