

Fears of Many Over Economic Policy of Eisenhower Administration Now Quelled

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(Editor's note: This is the first in a series of articles analyzing the record of the Eisenhower administration. It is based largely on a detailed analysis made by the New York Times, an independent newspaper.)

Washington — When President Eisenhower led the first Republican administration in 20 years into office in January, 1953, many Americans with long memories of the Great Depression which began in the Hoover administration were plain scared—about their bread and butter.

Today, near the close of the Eisenhower administration's four year term, most are scared no longer—and they have more bread and butter.

That says a great deal and symbolizes the single greatest triumph of the Eisenhower economic policy. But it by no means says that all the key aims of that policy were achieved. The Eisenhower economic policy contained these three principle aims:

1. Get the government out of business—leave economic decision-making to managers of private business, reducing the controls of the federal government.
2. Balance the federal budget and cut taxes—achieve this by reducing government spending and adopting tax laws designed to encourage private investment.
3. Maintain full employment without inflation—use government power to curb both boom and bust tendencies in the economic cycle.

When the new GOP administration came into office, it promptly frightened many by adopting the tightest credit squeeze since the 1920s, driving interest rates to their highest level in three decades. The Senate soon rang with dire predictions from Democrats that "hard money" was going to ruin the country once again under Republican leadership.

Changes Adopted
When the country nosed toward a recession late that year, the administration adopted changes in its monetary economic policy which proved to many that the president's fiscal advisors were as different from the "Wall Street crowd" of the 1920s as, say, Eisenhower is different from Warren G. Harding. The changes were to switch to an "easy money" policy which loosened credit through the Federal Reserve system, and to forego any plan to balance the federal budget the first year, thereby using the government to inject more money into the economy than was being taken out by taxation.

The fact that a Republican administration was willing to use deficit spending (the deficit that year was \$4.2 billion)—one of the bogeymen which Old Guard Republicans in congress had long attacked during the past Democratic administrations—as sound economic policy under the circumstances, indicated a new GOP attitude.

As a result, the recession lasted six months, leveled off for four more months, and then the economy galloped into the greatest boom in the country's history.

The administration ended price and wage controls, using credit controls to keep a rein on inflation. Prices now are at a record high, but only about one per cent above their level when the administration took office. Otherwise, not much government intervention has been changed from the past, but the

administration has sought to resist any new incursions into the business field.

National Debt Increased
Because it used deficit spending to knock the 1953 recession in the head, the budget remained out of balance until this 1956 fiscal year. Thus the national debt has been increased instead of being reduced during the Eisenhower administration. Taxes were cut in 1954—first through a Democratic-sponsored excise tax reduction bill; then by a GOP bill which granted relief to stockholders and to business for depreciation and by other devices. This latter measure represented the major Republican drive to implement its election pledge to reform taxes to stimulate the economy.

While it was attacked as illustrating the "trickle down" theory of granting relief to business and letting it trickle down to the consumer and wage earner, enactment of this tax measure has been followed by unprecedented investment in new industrial plants and equipment.

The pledge to reduce government spending was aided by the end of the Korean war, which permitted a reduction in the defense budget. But the administration has been unable to meet its pre-election goal of a \$60 billion budget. In the past fiscal year, spending topped \$66 billion. Spending for civilian functions of the government has reached its highest level in history under this administration, and with a big new federal highway program about to start, it can go nowhere but upward. Foreign aid shows no sign of declining, and defense spending is on the rise once more.

On the whole, despite some relief for individuals and business, taxes have not been cut nearly so much as the Eisenhower administration hoped and expected when it took office. The basic reason is that it found it could not cut federal spending

as much as expected; for running the U. S. government in the 1950s is just plain expensive.

Subsidies Extended
While this administration has not launched a broad program of public works to stimulate the economy into its present boom, it has nevertheless continued and extended federal subsidies of many sorts on a broad scale. It has: Used the method of stockpiling strategic materials to prop up the price of many domestic produced metals, such as lead and zinc. Continued price supports on as many farm commodities, although at lower levels, as was the case in 1952 under the Truman administration. Committed government subsidies of the most generous sort to start a record shipbuilding program for peacetime. And added new programs of government participation, such as aid to economically distressed areas and fed-

eral flood insurance. It, also, had proposed federal aid to education, but legislation to enact it was defeated in Congress.

The major soft spot in the economy today is down on the farm—where prices for agricultural commodities have declined—a benefit to urban consumers, but detrimental to rural growers. This will be covered in a subsequent article.

On the whole, the Eisenhower administration has taken a pragmatic approach to define and guide the role of government in the national economy. The result is an economy prosperous beyond all previous measure, but otherwise not much different from the structure that many Republicans once thought was a Frankenstein monster. Big government not only proved tough to cut down, but rather useful.

(NEXT—Attitude Toward Labor

Reserpine Now in Radioactive Form

Chicago—(U.P.)—Argonne National Laboratory announced today it has produced reserpine, the new tranquilizing drug, in radioactive form.

Argonne said the "hot" drug will be used in research at Columbia university, where scientists hope to trace the drug's chemical pathways throughout the body.

"It is expected that these studies will contribute important medical information on the use of this drug," the laboratory said.

Reserpine is a derivative of the rauwolfia plant, a small shrub with smooth leaves and snake-like roots. In India, it has been used for centuries for medicinal purposes.

In recent years the derivative has been used in the treatment of mental and emotional disorders.

The radioactive form of the drug was produced by growing the rauwolfia plant in an atmosphere containing radioactive carbon dioxide.

Suspect in Chicago Slayings Cleared

Oakland, Calif.—(U.P.)—Two days of lie detector tests have cleared Norvel DeGrove, 42-year-old ex-convict, of any implication in the murder of three Chicago boys last October.

Local law officers and three Chicago policemen sent here to question DeGrove said they "agreed unanimously" that DeGrove was telling the truth when he denied killing John Schuessler, 13, his brother, Anton Jr., 11, and Robert Peterson, 14.

Connected With Offenses
However, they were convinced the tests connected DeGrove with two Midwest sex offenses.

DeGrove, a nurseryman in Chicago at the time of the slayings, was arrested by the FBI here Friday for unlawful flight to avoid prosecution on charges of raping an 8-year-old girl in Elmwood Park, Ill., Jan. 24, and kidnaping and molesting another 8-year-old girl in Angola, Ind., May 11.

The former convict may also

face charges here. Alameda County Sheriff H. P. Gleason said DeGrove has been identified by a 9-year-old boy as the man who molested him recently.

DeGrove has been working in nearby San Leandro as a nurseryman under the name of Carl Newman. He was arrested Friday when he went to a used car lot to complain about a car he recently bought.

His employment here and in Illinois as a garden worker made him a major suspect in the slaying of the three young boys. Traces of an insecticide used in nurseries were found in the scalp of the Peterson boy.

Another effort is being made to make New York state's Thruway even safer than it now is. When fog, rain or bad road conditions are prevalent, red signs will cover sections of the bad stretch of road, informing motorists that their speed limit must be reduced to 35 mph. The normal speed limit is 60 mph.

Stassen Returns To Disarmament Post

Washington—(U.P.)—Harold E. Stassen returned to his post as presidential disarmament adviser today and refused to talk about his abortive flyer into vice presidential politics.

Stassen took a four-week leave of absence July 30 to work full-time at dumping Vice President Richard M. Nixon from the GOP ticket. He failed, and ended up seconding the nomination of the man he had wanted to bounce. Asked if he would do it all over again, Stassen said with a smile, "I never speak of things gone by."

Peter Lawford's Wife Gives Birth To Daughter

Santa Monica, Calif.—(U.P.)—Actor Peter Lawford's wife, Patricia, was reported "doing fine" today after the birth of a daughter at St. John's hospital. Mrs. Lawford, daughter of former Ambassador Joseph P. Kennedy, gave birth to a six-pound, nine-ounce daughter Saturday night. The couple also has a son,

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- Kraft** Cheez Whiz 8 oz. Jar 16 oz. Jar **32¢ 57¢**
- Kraft** Salad Marshmallows 10 1/2 oz. Pkg. **29¢**
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