

Increased Attention Focused On Investments vs. Spending

By A. ROBERT SMITH
Mail Tribune Washington Correspondent

Washington—With the battle of the budget continuing to loom as the fundamental political factor between President Eisenhower and the Democrats in Congress on such issues as federal aid, a housing bill, school construction aid and other so-called spending bills, increased attention is being focused on proposals to have the government distinguish between its investments and its spending.

During the past month, Sen. Wayne Morse (D-Ore.) and Sen. Hubert Humphrey (D-Minn.) introduced different bills with the similar purpose of creating a capital budget that would list those projects on which the federal government can expect to realize a tangible return. Sen. Bob Bartlett (D-Alaska) and William Proxmire (D-Wis.) are co-sponsors of Morse's bill. Rep. Al Ullman (D-Ore.), is sponsoring it in the House.

More Programs
The political attraction of the capital budget idea is that it would make it possible for the government to undertake more programs involving federal financial assistance without unbalancing the regular spending budget. It would offer a means, in a word, for both the "economizers" and the "spenders" to achieve a political victory in the battle of the budget.

The capital budget idea has won some impressive endorsements that are non-political, however. It was recommended by the Hoover Commission on Government Reorganization. And by the Committee for Economic Development, composed of business and industrial leaders. Also the Congressional Joint Economic Committee headed by Sen. Paul Douglas (D-Ill.).

Under the Morse bill, the president would be asked to separate from his list of usual

nonreimbursable expenditures in the annual budget all those items which met both of two tests: that they represent a useful economic life of over 10 years; and that they are revenue producing or self-liquidating in nature. All of these items would go into the separate budget on capital investments.

"Mortgage loans, such as HEA and FHA loans, are included in productive capital investments, because they meet both tests," Morse explained. "The network of federal corporations and similar activities, such as Bonneville Power Administration, should be treated as productive capital investments."

Wouldn't Meet Test
"Flood control dams would not meet the test of revenue producing. Irrigation investment would not meet the test of interest repayment. Farm crop mortgages would not meet the test of revenue nor the test of 10 years life. Thus none of these capital investments would qualify as productive capital investments as here defined," Morse added.

Morse said he made the definition of a capital investment "intentionally severe." Otherwise, all sorts of spending programs could be lumped into this capital budget to evade the problem of balancing the regular spending budget.

A capital budget would also put a new light on the national debt by distinguishing between what Morse called "live weight debt" and "dead weight debt."

Would Reduce Debt
"An identification of the presently existing productive capital investments of the federal government, such as FHA, REA and other gilt-edge loans, and the net worth of government corporations and such long range revenue-producing assets as hydroelectric facilities, the Alaska Railroad, the St. Lawrence Seaway and many others," Morse declared, "would reduce the public debt to a much more meaningful figure."

Sen. Humphrey said "every businessman is familiar with a capital budget" because businesses prepare balance

sheets which list assets on one side and liabilities on the other. He said it is time "we put the federal government in its bookkeeping methods on a businesslike basis also."

"If American Telephone & Telegraph Co. maintained a budget like that of the federal government, we would still be communicating in this country by smoke signals," Humphrey contended. "It is time we stopped lumping expenditures for paperclips with investments in public power projects."

Humphrey recalled that last year Congress had an emergency housing bill which authorized a federal agency to use an extra \$1 billion to buy home mortgages.

"Immediately the cry was raised that the Congress was spending a billion dollars," he recalled. "No mention was made of the fact that the government was gaining a billion dollars in assets or that this billion dollars would be paid in full with interest. No, as far as the public knew, from newspaper reports and the charges of reckless spending, the Congress had simply spent a billion dollars for which there was nothing to show and which the taxpayers would have to pay. This, of course, is simply not the case. A capital budget would have shown in a true light that the government in this case invested \$1 billion, and gained \$1 billion in assets."

In the contest of the perspective these senators are trying to establish for viewing government fiscal policy, the House Government Operations Committee earlier this year tabulated the real property and personal property assets of the federal government. The remaining public domain, including mineral resources, for example, was valued at \$14 billion. The committee concluded:

"This federal property inventory report records, as of June 30, 1958, federal real and personal assets as being over \$262 billion. It is interesting to observe, in this connection, that the size of the national debt, as of June 30, 1958, was reported as being \$276 billion."

NO LICENSE PLATE
Ripley, Tenn. — (UPI) — N. C. Utley, a court clerk, was ticketed by police Thursday for failure to buy a license plate for his car. Utley's job is selling them.

TESTS DRUNK-O-METER
Nashville, Tenn. — (UPI) — City Judge Andrew Doyle took a deep breath and exhaled into the police department's drunk-o-meter. Nothing happened. "I guess it's pretty accurate," Doyle said. "I haven't had a drink in three years."

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by Alice Brooks
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Quotes From the News

By UNITED PRESS INTERNATIONAL

Tokyo—Lt. Col. Charles W. Platt, accused of bumping a number of GIs from a military plane so he could take his family on vacation:

"I am sorry that this happened. I do not feel that I was responsible for it."

Hollywood — Actress Debbie Reynolds, agreeing to give Eddie Fisher a Nevada divorce so that he can wed Elizabeth Taylor:

"I never stood in their way and never will."

Las Vegas — Eddie Fisher, on hearing the news that Debbie Reynolds would consent to a quickie divorce in Nevada so he can marry Elizabeth Taylor:

"We are delighted and grateful to Debbie."

Kailua, O.K., Hawaii — Nona Beamer, daughter and member of an old Hawaiian family, reacting to a minister's criticism that some hulas are idolatrous:

"I do not see how an ancient art form or folk lore interferes in any way with Christian beliefs."

New York — Howard J. Knox, reporting on his planned marriage to Christine Jorgensen:

"I have talked to my pastor and he sanctions the marriage."

The Medical Roundup

by Walter Alvarez
Emeritus Consultant in Medicine.
Mayo Clinic
Emeritus Professor of Medicine.
Mayo Clinic

Who Shall Write Medical Articles For Laymen?

In the anniversary number of the Journal of the American Medical Association, Dr. Witt Wallace, publisher of the Reader's Digest, we realized that on the whole, doctors would prefer to have magazine articles on medical subjects written by M.D.s.

Other polls, recently taken, showed that thousands of people want more scientific articles in the newspapers they read. They want serious articles in which the author does not "write down" to his readers, but assumes that they are intelligent.

Forty-odd years ago, when I began to be interviewed by newspaper reporters, I found that many of them were poorly educated young men whose main idea was to write something astonishing and spectacular. The fact that they often made hash out of what I was trying to tell them did not seem to worry them. Today, the situation is so much better. Now, often the man who interviews me is a trained science editor, who has a good idea of what is going on in medicine, and, like a true scientist, prides himself on making a fair and honest abstract of what I said.

A New Way of Handling Medical Damage Suits

For years, physicians and all fine attorneys who want to practice honorably, have been distressed at the situation that often arises in the courts when a group of physicians is brought in for expert testimony; half of them for the plaintiff and half of them for the defendants. I recently read an excellent article by Dr. Joseph F. Sadusk Jr., of Oakland, Calif. (Journal American Medical Association), in which he admits that today the situation is often disgusting. As he says, most physicians try to get out of going into court as expert witnesses. I know I have dodged this for the last 40 years. Before that, I was often in court as an expert, but I became disgusted, because usually I was not allowed to say what I really thought about the case.

I was compelled to answer only yes or no to questions put so cleverly that sometimes my answer gave an impression opposite to that I wanted to give. Often, I wished I could have had five minutes in which to get up and say to the judge and the jury just what I thought about the problem — but this, of course, I was not allowed to do. My impression 40 years ago was that court procedure was just a game played by men who cared much about the things the witnesses couldn't say, but little about what the witnesses really wanted to say.

Panel of 'Friends'

It should be obvious to all physicians and lawyers and jurists that the only sensible way in which to handle this problem of expert testimony would be to have a panel of expert "friends of the court," paid out of a pooled fund, so that no expert would feel financially responsible to either plaintiff or defendant. The judge could then ask the experts to say what they wanted to say, without being stopped every 30 seconds by an "objection." After that, of course, the two attorneys could ask all the questions they felt necessary to clarify the testimony.

Now, Dr. Sadusk proposes something that is even better, and that is to have a group of expert witnesses chosen,

perhaps, by a joint committee of the local medical and bar associations. These experts will be consulted by the attorneys for a man who thinks he should sue, to see if these impartial and financially uninterested men think the man (or woman) has a case. If they think he has suffered malpractice, the insurance company may pay up; but if the experts say, "No," that he has no case, but just perhaps had bad luck and an unfortunate result, the courts may refuse to review the case, or the man will be dissuaded from instigating a suit which he almost certainly will lose. Such a commission of experts, by keeping a large number of suits out of the courts, could help their city tremendously by saving the courts from wasting time.

Prison Proper Place

To physicians it often seems disgusting and stupid when a court spends perhaps six weeks trying to decide whether a "mad dog" murderer is sane or insane. Actually, what real difference does it make? In one case, perhaps, he gets "life" in a jail, and in the other case he gets "life" in a mental hospital. I think a state's prison is the proper place for dangerous criminals because that is an institution especially designed and run to keep very clever murderers from escaping. Often, I read that murderers confined in a mental hospital broke out, and had to be captured again. Why should a court spend thousands and thousands of dollars deciding just where to keep a man locked up?

Court Records

MUNICIPAL COURT
Robert George Kramer, following too close, \$10.
Homer Film Branson, improper left turn, \$5.
Gerald Lloyd Jones, violation of basic rule, \$10.
Quimby O. Nichols, expired operator's license, \$2.50.
Frank Burch, violation of basic rule, \$10.
Henry Richard Teal, violation of basic rule, \$20.
Vernon Freeman Birdsong, violation of basic rule, \$10.
Roy Carl Courtright, violation of basic rule, \$10.
Paul George Bulkin, disobeyed stop sign, \$5.
Arthur I. Putney, violation of basic rule, \$10.
Donald Conrad Larsen, violation of basic rule, \$20; disobeyed red light, \$10.
Elbert Joe Allen, disobeyed red light, \$10.
Raymond Morrison, following too close, \$10.
Doris Lorraine Hassmann, disobeyed stop sign, \$5.
Edward James Carlyon, improper left turn, \$5.
Margaret L. Philpott, disobeyed stop sign, \$5.
Garneth Rea Rupet, disobeyed stop sign, \$5.
Arlis Jones, disobeyed red light, \$10.
Harold Edgar Colvin, violation of basic rule, \$10.
Thurman T. Striplin, violation of basic rule, \$10.
Charles Franklin Cummings, excessive use of horn without lights, \$2.50; failure to leave information at scene of accident, \$25; wrong way on highway street, \$5.
Margaret Ann McCoy, no operator's license in possession, \$2.50.

Augustus Caesar is said to have declared on his deathbed: "I found Rome brick and I leave it marble."

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Pearson's Variable Ratio Tax Bill Tabled by House Taxation Committee

Salem — (UPI) — The House Tax Committee has tabled Sen. Walter Pearson's variable ratio tax bill by a 7-2 vote here.

There was no discussion of the measure which had been gone over at a public hearing earlier.

At the same time, the Senate Tax Committee tabled House bill 1 which would have taxed private utilities at the same rate as other corporations and raised an additional \$1 million a year in revenue.

Higher Taxes
Pearson's variable ratio tax bill provided that utilities would be taxed at a ratio 30 per cent higher than that applicable to other classes of property.

It further called for a property tax exemption of 10 per cent of the true cash value of any single family dwelling.

Voting against tabling the Pearson bill was Committee

Chairman Clarence Barton (D-Coquille) and W. O. Kelsay (D-Roseburg).

Pearson maintained that utilities were now paying about 17 per cent more than other taxpayers and the real effect of his bill would be to keep utility taxes about where they are now.

Committees Both Busy

The bill was opposed by utilities, farm groups and Chairman Dean Ellis of the State Tax Commission.

The vote in the Senate committee to bury House bill 1 was 5-2 with Sens. Ben Musa (D-The Dalles) and Monroe Sweetland (D-Milwaukie) in opposition.

Both tax committees put in hard-working sessions.

The Senate committee sent out Senate bill 487 exempting inventories from taxation beginning Jan. 1, 1961 with a 60 day recommendation.

Two other bills also were approved by the Senate com-

mittee. One would exempt personal property from taxation if it is en route through Oregon to a destination outside the state. The other would permit public utility districts to issue revenue bonds with certain restrictions in the manner in which they are issued.

Pearson Urges Action

Pearson appeared before the committee to urge favorable action on his sales tax bill and on Senate bill 363 which accords a homestead exemption for persons over 70 years old.

The House Tax Committee voted out favorably a bill providing for the setting up of a state board of tax appeals consisting of three members appointed by the governor with the consent of two-thirds of the Senate.

The House Education Committee voted out unanimously a bill setting up an interim committee to study long range school financing. It would consist of four House members, two senators and three members appointed by the governor.

Tabled by the House Education Committee was a bill regarding fire regulations in public and private schools. The action was taken after testimony was received that Oregon schools were generally good from a fire protection standpoint and that the state fire marshal was cracking down on those that weren't.

A resolution giving the speaker of the House authority to hire experts to study an expected railroad freight car shortage this summer was approved by the lower chamber.

The vote was 28-26. Democrats supported the bill and Republicans opposed it.

Rep. Robert Elfstrom (R-Salem) said the resolution was not necessary because it would duplicate work of a recently-appointed governor's committee on transportation. Rep. W. O. Kelsay (D-Roseburg) said the resolution would not result in duplication but would help in efforts to assure boxcars. Kelsay is a member of the governor's committee.

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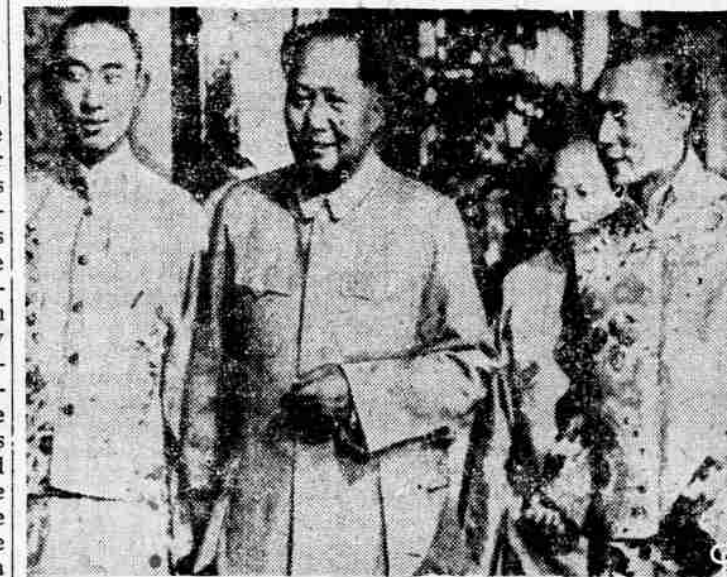
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DEPOSING SPIRITUAL RULER of Tibet, Dalai Lama (right), China's Mao Tse-tung (center) appoints Panchen Lama (left) as premier of revolt-torn Asia nation.



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