

Tax Reduction May Influence Future Policies for Economy

WASHINGTON (CQ) — The success or failure of the Kennedy Administration's tax program will exert a major influence on future government methods of economic stabilization.

If the public accepts the principle of reducing taxes to promote economic growth — the principle embodied in the tax bill now in a Senate committee — it could provide Government officials with a new method of countering recessions. Moreover, should a major economic stimulus result from enactment of the tax bill, it would be used as an argument for further innovation with tax policy to smooth fluctuations in the nation's economy.

These implications of the \$11.1 billion tax reduction bill have been little discussed, partly because the implications would not be evident in the immediate future and partly because the Administration apparently fears a hostile public reaction to such an economic role for the Federal Government.

But the principle reason for overlooking the issue appears to be that the battle over the tax bill has been joined on the immediate and practical grounds of economic prosperity.

Administration spokesmen have repeatedly argued that tax reduction is necessary to free the economy from five years of inadequate growth. They also assert that a recession in the near future is more likely than not in the absence of tax cuts.

Opponents reply with an equally practical theme: taxes must not be lowered without a corresponding cut in Government expenditures. The opposition to rising expenditures has been the principle hindrance to quick passage of the bill.

Planned Deficits
Some opponents, particularly Rep. Thomas B. Curtis, R-Mo., also challenge the Administration on other grounds. Curtis asserts that President Kennedy "is advancing a new and untried fiscal theory for the United States, the theory of deficit financing, the theory of planned deficits."

Curtis chides the Administration for refusing to talk about planned deficits despite Kennedy's June 1962 speech at Yale University in which he called for a national debate — free from political clichés — about the Federal Government's size and fiscal policies.

Demand Stimulation
The Administration's fiscal policies have been aimed at expanding economic activity. Essentially, the federal budget deficit meant the Government seeks to stimulate demand in the economy by spending more than it is taking out in tax revenues.

Government spending to stimulate lagging private demand has attained increasing public acceptance since New Deal days. But in the postwar era, Administrations have not deliberately undertaken deficit spending plans as an expansionary device for the economy.

In this regard, history probably will credit the Kennedy Administration with breaking new economic ground.

The Kennedy economists must also take the responsibility for deliberately adding tax policy to the Government's chest of tools for tinkering with the nation's economic mechanism. The burden of responsibility is made all the greater by combining deficit spending with tax reduction.

Postwar Tax Reductions
The U. S. has had postwar experiences with tax reductions (1948 and 1954), but they were viewed as tax reforms and not as economic stabilization measures. Nevertheless, many economists credit those tax reductions with softening recessions in 1949 and 1953-54.

The use of tax policy to influence the nation's economy was discussed in the Eisenhower Administration and in Congress at the time of the 1957-58 recession. Again in the summer of 1962, when it was feared the recovery from the 1960-61 recession was slowing, there was talk of a "quickie" tax cut. No action was proposed at either time.

Public acceptance of the tax

reduction principle contained in the bill now before Congress would increase the likelihood of fiscal policy being used more in the future to reduce fluctuations in the economy.

The economy already has a number of automatic stabilizers that work without the need for policy decisions by officials. The most important ones are the personal and corporate income taxes and unemployment compensation.

If, as in the past, the nation moves toward more sophisticated methods of stabilization, the next step may be in the direction of temporary fluctuations in the tax level in response to changing economic conditions.

Kennedy already has advanced one proposal. He asked Congress in 1962 for standby discretionary authority to cut personal income taxes a maximum of 5 percentage points for six months, with the right to extend the cut another six months. Congress would have the right to veto any such legislation.

Congress, jealous of its taxing authority, did not even consider the proposal.

What has been called the "puritan ethic" opposition of many Americans to cutting taxes while the federal budget is unbalanced suggests that the economists who favor new innovations with economic stabilization have yet to win general acceptance for their views.

For this reason, the success or failure of the Kennedy Administration tax program in achieving economic growth undoubtedly will have an important influence when new economic stabilization policies are debated in future years.

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HAIR-RAISING COSTLY
NEW YORK (UPI) — American men spend about \$75 million annually to keep their hair well groomed, according to Printers' Ink, the weekly magazine of advertising and marketing.



KEEPING WARM — "Miss United States," 18 year old Michele Metrinko, foreground, of New York, clutches her long coat about her as she tries to stay warm during the bathing suit event of the Miss World pageant in London. Others are, from left, Louise Crous, 21, "Miss South Africa"; Sonja Russ, 18, "Miss Austria"; and Susie Gruner, 19, "Miss Germany." (UPI)

Convicts Used To Study Methods in Healing of Wounds

By DELOS SMITH
UPI Science Editor
NEW YORK (UPI) — The arms of seven convicts provided an impressive if tentative answer to the old question of whether a wound heals faster when it is bandaged than when it is left exposed to the air. The San Quentin Prison inmates volunteered the experi-

mental use of their arms by Cameron D. Hinman and Howard Maibach of the University of California, School of Medicine, San Francisco.

Hinman and Maibach took slices of skin from each arm—tiny slices about one-fifth of an inch long, but deep enough to include the top-most skin layer and the layer beneath. It was painlessly done, of course, under local anesthesia.

Half of each man's wounds were covered over with polyethylene film which is the ultimate of air-excluding bandage since it admits no air whatever. The other wound was left exposed.

Skin Samples Studied
On the 3rd, 5th, 7th and 9th days after this slicing the scientists punched very tiny samples from wounds, sliced the samples and then studied the slices under high magnification.

The wounds which got no air began acquiring a covering of new, healthy skin so much more rapidly than the open wounds there was no need to measure to prove it, the scientists reported.

But measure they did and in all comparisons the bandaged wound healed two to five times faster than the exposed one. By the 7th day all wounds were covered over with new skin, however, and by the 9th all were completely healed.

The scientists were reserved in describing their experimental results in the technical journal, "Nature." In the past, they said, excluding all air from wounds invited infection because tight dressings created moisture which permitted microbes to multiply.

Infection Danger Lessened
But now skin infections can be prevented with antibiotics, they continued, and there was not a single infection in their subjects thanks to the generous use of an antibiotic solution.

"We do not know whether these observations will fall in the realm of biological curiosity or if they will have practical importance in the treatment of cutaneous (surface) wounds and burns in man."

The ultimate answer will be given by surgeons and physicians emboldened by this experiment and a previous one of George D. Winter, English experimental scientist, to keep the air out of the wounds and burns of large numbers of patients.

Winter's experiments emboldened Hinman and Maibach to undertake theirs in human beings. Winter experimented with pigs. He found pig wounds heal faster when their surfaces are moist than when they are dried out by exposure to air. Like the Californians, he prevented infection with antibiotics and excluded air from some wounds with plastic coverings.

SAFE "TECHNOLOGY"
NEW YORK (UPI) — The skill of the typical professional safe cracker today is far greater than that of his counterpart who operated in the days prior to World War II, says the Safe Manufacturers National Association. This upgrading has stemmed largely from war-inspired technological improvements.

BIG PRINT USER
NEW YORK (UPI) — Newspapers in Missouri use 195,000 tons of newsprint a year—35,000 tons more than all of Africa's 160,000 according to the Newsprint Information Committee.

Favorable Outlook for Investments Is Expected

A favorable outlook for investments for the remainder of 1963 and well into 1964 due to higher and better quality earnings and expected dividend increases was reported here this week by Edmund E. Hass, vice president and manager of the Medford branch of Pacific Northwest Company, and Bruce T. Mills, registered representative of the company, on their return from the annual sales convention in Seattle.

It was the consensus of the

Pacific Northwest Company that statistically speaking the general earning trends of corporations are of good quality and the market high at present not high when compared to its 1961 level.

Leading topics discussed at the annual meeting were municipal bond department, trading department and institutional department.

Speakers appearing on the program included Milton Lewis of Natural Gas Securities, one of the leading utilities analysts in the United States, Hass said. Others were William Street, chairman of the board of United Pacific Corporation, parent company of Pacific Northwest Company; Robert Hansberger, president, Boise Cascade Corporation; William Moseley Jones, president, Pacific Savings and Loan Association; John Rupp, vice president and general counsel, Pacific Northwest Bell; Warren Raymond, president, Equity Fund, and Robert Daniel, president of the Pacific Northwest Company.

New Semi-Conductor Saves Recharge Time

NEW YORK (UPI) — A new semi-conductor called the "stabistor" is what enables makers of shavers and other devices using rechargeable nickel cadmium batteries to cut recharging time from 15 hours to about one hour.

The stabistor is technically described as "a controlled double layer diode with a low dynamic impedance. It was developed under an Air Force contract by P. R. Mallory and Co. of Indianapolis.

TOURNAMENT SCHEDULED
EUGENE (UPI) — Nineteen colleges and universities from the Northwest are to participate in the sixth annual Oregon Forensic Tournament Friday and Saturday at the University of Oregon.

Salt Lake City Voters Re-Elect Bracken Lee

SALT LAKE CITY (UPI) — Veteran Campaigner J. Bracken Lee, a conservative who opposes the income tax and the United Nations, was picked two-to-one by Salt Lake City voters Tuesday for his second four-year term as mayor.

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