

Herald and News

Editorial Page

Comes The Day Of Reckoning

Frank Jenkins is well able (and he generally does) to take care of himself in defending his "conservative" attitude as it regards economics and the general welfare of the people. But, we are so dismayed at a letter from a reader taking issue with one of Mr. Jenkins' recent columns on federal government deficit spending that we feel obliged to throw our two-cents worth into the pot.

Not only are we dismayed—we are somewhat outraged with the conclusions of our friend reader's letter, as well as we are outraged at the statements made by Chairman Walter Heller of the President's Committee of Economic Advisers. He blames the "basic Puritan ethic" of the American people for their fear of an unbalanced Federal budget.

This is the sort of accusation that could only be made by somebody who has spent most of his life in a cloister, far from bruising contact with the maddening crowd. We don't profess to know much about the complexities of economics, but Heller's reasoning is egg-head philosophizing from the word go. Nobody who really knows the American people, who think nothing of loading themselves up as individuals and families with monthly time payments for cars, refrigerators, home mortgages and even "fly now, pay later" trips abroad, would ever accuse them of being economic Puritans.

Actually, what is bothering many citizens these days is something quite different from Puritan scruples about the "immorality" of government debt. People are worried, not about the ethical aspects of an unbalanced budget, but about its effectiveness in promoting a quick take-off to enhanced national prosperity. The big bogey at the moment is the possibility that continued federal deficits must negate the value of any tax cuts the people may have coming to them.

Only an occasional individual can quote statistics about the effect of deteriorating dollars and a high-cost domestic economy on international gold movements. But common sense tells most people that there is a connection between fiscal looseness at home and distrust of the dollar abroad. A rotting dollar must, in the end, cause foreign central banks to cash in their balances in American currency for gold. And as the gold hemorrhage goes

on, the inflationary impact on the American monetary system must hurt every citizen's ability to pay. And, this is the point where our very un-Puritanical John Q. who might want a new washing machine, a larger home, a better car, and a wherewithal to send Junior to college, must resent the situation as a personal outrage.

Committed as they are to an economy of time payments, Americans probably would not mind seeing their government go "on the cuff" if they knew that the increase in the federal debt could be extinguished over the normal short or intermediate cycle that is the rule for private installment buying. This, in effect, is what the Administration is promising when it anticipates that a tax cut will so stimulate business that it will produce a budgetary surplus three or four years hence. But to hope that the economy may be brought into balance by such means involves an act of faith. And how many congressmen, worried over the ability of their constituents to sustain such faith, will be impressed by the "new" economists' reasoning?

The faith in the government's arguments would be tested the moment the Treasury tried to cover the projected \$11.9 billion deficit for the next fiscal year by selling bonds to the people. If the bonds could be disposed of by marketing them to individuals who would set them to one side, they would not be a cause of inflation. But if the government, to finance a \$11.9 billion increase in the national debt, should be reduced to stuffing IOU's into the banking system, where they would swell the money supply, the resulting inflation might shortly cancel every bit of the purchasing power released by the tax cuts.

We shall continue to regard the huge, unmanageable system of federal deficit spending as "dangerous," "disastrous," and "irresponsible," because common sense tells one that no individual or agency can continue to accumulate debt on a basis of immunity from the day of final reckoning. Granted, this debt can be "manipulated" for a time. But what happens on the day when the burden becomes greater than the manipulators can handle? This is the contemplation that sends shudders down the spine of the appalled "conservatives."



IN WASHINGTON . . .

Commie Line And HUAC

By RALPH DE TOLEDANO
Communist propaganda campaigns are launched from a building at No. 3 Vecovela Street in Prague. For some weeks, a steady stream of directives has issued from that building to the faithful and to professional operatives in Europe, Asia, Africa, and Latin America. They have instructed to spread the word that Comrade Khrushchev and President Kennedy are the two great guardians of world peace.

Propaganda analysts in Washington have been somewhat puzzled at the spectacle of international Communist handing Mr. Kennedy such a spy. On the face of it, this would seem to indicate a change in the party line—from nastiness to sweetness and light. But it is obvious that the Kremlin and its stooges bear no love for the President of the United States.

Almanac

By United Press International
Today is Monday, Feb. 11, the 42nd day of 1963 with 323 to follow.

The moon is approaching its last quarter.

The morning star is Venus.

The evening stars are Mars, Saturn and Jupiter.

Those born on this day include Thomas Alva Edison, who had over 1,000 inventions, in 1847.

On this day in history:

In 1918, Germany advised the U.S. ambassador in Berlin the Central Powers intended to sink all armed enemy merchantmen without warning after March 1.

In 1937, General Motors agreed to recognize the CIO United Automobile Workers Union.

In 1943, President Roosevelt, Prime Minister Churchill and Marshal Stalin ended their week-long World War II conferences at Yalta.

In 1962, United States U2 pilot Francis Gary Powers was reunited with his family under secrecy after having been released from a Soviet prison.

A thought for the day—Russian dictator Joseph Stalin said: "History shows that there are no invincible armies."

States. What they seek, in Madison Avenue terms, is a "merged image," of the two leaders to replace the bad one that resulted from Comrade Khrushchev's missile rattling in Cuba.

There's nothing new about this. During the war years, Stalin played the same game. Millions of bemused people fell for it so that they had difficulty in separating the Roosevelt-Churchill-Stalin trinity. But while the Soviet dictator was posing for pictures with the two leaders of the free world, he was busily plotting against them.

The unchanging nature of the party line is not demonstrated by the grandstand play but by the specifics. A good example is the parallel campaign, again launched from Prague, directed at the House Un-American Activities Committee. There are men of the right, left, and center who have expressed criticism of the committee for a variety of reasons. I can number myself among them—though for reasons which would give little aid or comfort to HUAC's real enemies.

The international Communist movement, however, lists "abolition of the House Un-American Activities Committee" as one of seven "essential" steps to a world domination. This certainly is a flattering comment on the work of the committee. It proves that, whatever its limitations, HUAC has done much to blunt the edge of Red propaganda, espionage, and infiltration in the U.S.

To achieve the destruction of the House-Un-American Activities Committee, the Communist movement has for years given currency to a mass of falsehoods about its work and its procedures. Unfortunately, too many well-meaning and patriotic Americans have accepted these falsehoods as truth. The result has been a whole mythology about the investigation of Communism.

It is repeatedly stated that the objectives of HUAC are sound but that its methods are reprehensible. The fact is, however, that the House committee's procedures are far more proper than those of many other Congressional bodies. The Kefauver Committee, which investigated organized crime, and the Senate Labor Rackets Committee of which

Robert F. Kennedy was chief counsel) were far less concerned with the Constitutional rights of witnesses than HUAC—and were praised for their work.

In 1943, HUAC asked the ultra-respectable Brookings Institution to set up standards for determining what were un-American activities. The findings of this foundation have been used as a textbook by HUAC since then. Again, in 1953, the committee published its rules of procedure. It was the first group in the House to do so—and they have since been adopted by other committees. HUAC, unlike its Senate counterparts, forbids one-man subcommittees, and fought successfully to get the House of Representatives to bar this practice.

The American Bar Association, hardly a collection of wild-eyed extremists, has lauded HUAC. A special ABA group was "impressed with the fairness with which hearings before (HUAC) have been conducted." And it noted its satisfaction that "witnesses called to testify . . . are being treated fairly and properly in all respects."

The party line, however, continues to call for the destruction of the "witch-hunting" House Un-American Activities Committee. This propaganda seeps through to those who have no sympathy with Communism. And the mythology persists. If there is any real reason for criticism of HUAC, it is the timidity of its members. There is still much to be put on the record, but HUAC will not fully accomplish its mission until it gets a fair shake from the correspondents who cover it and the public that needs it.

QUESTIONS AND ANSWERS

Q—What animal is often referred to as a "living fossil"?
A—The tuatara of New Zealand, a lizard-like creature.

Q—With respect to population which are the largest and smallest state capitals?
A—The largest populous state capital is Carson City, Nev.; the most populous is Boston, Mass.



Some Hindsight On Economics

(By RICHARD L. STROUT
in the Christian Science Monitor)

Christopher Columbus never knew where he was going, didn't know when he arrived, and always thought he had been somewhere else when he got back.

On economic matters, Franklin Roosevelt was almost as much at sea. Like Columbus he was orthodox in nearly all things save one, Columbus had that odd notion that the world was round, so you'd hit India if you kept sailing west, and wouldn't fall off.

In FDR's case it took the notion of believing that the government must keep on trying to do something if the depression didn't cure itself. Unfortunately he did most of the wrong things. His orthodoxy tripped up his heterodoxy: He believed in a balanced budget no matter what.

Another president is now trying to restore a sluggish economy and end unemployment. The latest report of Mr. Kennedy's council of economic advisers (CEA) tries to show where FDR went wrong in the 30s as a preliminary to explaining what ought to be done in the 60s.

It has driven this reporter to look up old material, too. Who was it who proposed to meet the economic crash by slashing federal expenditures? FDR—believe it or not. "For three long years," Roosevelt charged March 9, 1933, "the federal government has been on the road to bankruptcy."

The fact is FDR had only the foggiest notion of the economic seas until the start of wartime spending finally rescued him.

"I don't think your President Roosevelt knows anything about economics," observed Maynard Keynes.

Very few people in those days did understand the subtleties of guiding the economy. Economics

was just beginning to accumulate the superb equipment of statistical material it now has.

Mr. Kennedy's three-man CEA pointed out that FDR's "great depression" averaged an unemployment rate of over 18 per cent, 1930-39, as compared to 5.6 per cent today!

The gap between actual and potential output averaged 40 per cent during most of the 30s. Today it's around 6 per cent, amounting to a loss of around \$30 billion a year, a tidy sum but infinitely smaller percentage-wise than in Roosevelt's disastrous time.

Why was this? Because, say the modern economists looking back pitifully on the tragic episode, "active fiscal policy was not employed vigorously, consistently or with proper timing."

For "fiscal policy" read "federal budget policies" to fill the economic gap. Today they would call it "deliberate countercyclical fiscal action." It is the commonplace of economics.

How about the 30s Federal expenditures "increased substantially" under FDR—that was good, says the CEA.

But most of the effect was off-

set "by a series of heavy tax rate increases." It seems incredible today but federal revenues increased "by 77 per cent over the decade," even with a terribly depressed tax base.

The Roosevelt administration tried to reduce deficits by maintaining high taxes even as it increased expenditures. The result was that the deficits were higher than ever.

Meanwhile, the CEA recalls, state and local governments were piling expenditures too— they shifted from deficits to surpluses, 1929-1934. This added to the universal deflation.

What happened? Along in 1941 military needs led to large budget deficits. "Unemployment melted away very rapidly." It was war that did it—it finally produced massive, countercyclical spending.

Wartime expenditures and deficits grew during the war and restored full employment—an inflation, too.

Shaking its head over the whole sorry mess the CEA plainly implies that neither the tragic continuation of unemployment nor the later period of inflation was necessary in the 30s.



STRICTLY PERSONAL

By SYDNEY J. HARRIS
"I can't understand the rise of those 'sick' comics," said a man the other day. "They attack everything, and they're against everything. They seem to take a perverse pleasure in turning all

our traditional values upside down."

As a matter of fact, I happened to be reading the comment of a famous "sick comic" not long ago. His bitterness, his cynicism, his rancor, his iconoclasm, were evident in everything he said.

He was irreligious: "All religions issue Bibles against Satan, and say the most injurious things against him, but we never hear his side."

He was misanthropic: "All that I care to know is that a man is a human being—that is enough for me; he can't be any worse."

He was contemptuous of the American success story: "All you need in this life is ignorance and confidence, and then success is sure."

He mocked our social conventions: "Good breeding consists in concealing how much we think of ourselves, and how little we think of others."

He despised our political system: "Ain't we got all the fools in town on our side, and ain't that a big enough majority in any town?"

He deprecated our American institutions: "In our country we have these three unspeakably precious things: freedom of speech, freedom of conscience, and the prudence never to practice either."

He attacked our civic life: "In the first place God made idiots; this was for practice; then he made school boards."

He maligned the U.S. Congress: "It could probably be shown by facts and figures that there is no distinctively native American criminal class except Congress."

He derided ecclesiastical authority: "A man is accepted into church for what he believes, and he is turned out for what he knows."

He perverted our moral axioms: "The moral sense enables a man to perceive morality—and avoid the immoral sense enables



EDISON IN WASHINGTON . . .

Atom Test Ban Talks Deemed Not Fruitful

By PETER EDSON
Washington Correspondent
Newspaper Enterprise Assn.
WASHINGTON (NEA) — William C. Foster, director of the U.S. Disarmament Agency in the State Department, is going to Geneva as temporary chief negotiator for the 18-nation talks on a nuclear test ban agreement scheduled to reopen Feb. 12. He will take over the first round of disarmament talks, then turn the job over to mission chief Charles Stelle, pending President Kennedy's appointment of a successor to Arthur Dean, recently resigned.

Not too much hope is held that anything definite will come out of these talks, following Russia's abrupt withdrawal from the Washington and New York negotiations with Britain and America—just when everybody had been led to believe that the Russians were in a mood to sign.

American officials still believe the Russians will sign ultimately, after they have given their acceptance of on-site inspection a good propaganda ride with the eight smaller nations at Geneva.

One major difficulty in the present situation on the test ban talks is that the Russian position is always completely flexible to the point of being fluid or even gaseous, while the American-British position is almost always frozen to the point of being immobile.

The Americans and British, after careful research and thorough study, prepare position papers on every phase of disarmament, including the ban on nuclear testing which is an all-important preliminary step. The principles set forth in these plans are always considered fair, workable and, of course, right.

Having announced these policies to the world, the western powers are stuck with them even though it is made clear they are open to negotiation.

The Russians never put themselves in any such strait-jacket. Starting from a broad principle of being for general and complete disarmament which they know is unattainable, they vacillate all over the conference rooms with the greatest of ease.

For nearly two months, American and British negotiators had been convinced the Russians were at last serious about wanting to sign a test ban agreement. Russian Foreign Minister Andrei Gromyko accepted on-site inspection in principle. Only the question of the number of inspections remained to be resolved.

The negotiations were being conducted responsibly, in secret, without news releases or speeches in open conference for propaganda purposes. Then all of a sudden, like a groundhog ducking before its shadow, the Russians broke off the talks.

In one sense, the negotiations may have been considered shadowboxing to the point of being futile. For being considered in the test ban agreement was an escape clause big enough for all the missiles in the world to be launched.

It was provided that if a fourth or a fifth power—France and Red China, for instance—began extensive nuclear testing that threatened their national security, signatories to the ban could pull out and resume testing on their own at will. There was also, of course, provision that other powers could be brought under the ban if they wanted to come in. But there was no way to force them in.

Why the Russians broke off the talks even with all these provisions remains a mystery. And the pursuit of Communist motives in any situation is always futile.

While the talks were in progress the speculation was that the Russians were at last being realistic over their setback in Cuba and their growing ideological split with Red China. Also, the Russians had just completed their own series of tests and they wanted to reduce tensions for a while.

In the past, when the Russians have broken off disarmament and nuclear test ban talks, they have followed with a resumption of their own testing. President Kennedy's quick order to prepare for a resumption of U.S. underground tests in Nevada, after announcing their suspension, may have anticipated some such Russian move once again.



WASHINGTON REPORT . . .

Little Enthusiasm For Kennedy Tax Program

By FULTON LEWIS JR.
President Kennedy's much-publicized tax bill appears to be the political flop of this new year.

Senators and Congressmen from North and South, East and West, Democrats as well as Republicans, report no grass roots support for the President's program.

A spokesman for New York Republican Ken Keating, up for Senate reelection next year, says: "We have received no mail in support of the President's budget. The overwhelming majority of letters demand a cut in spending before any cut in taxes."

Massachusetts Senator Ted Kennedy, younger brother of the President, admits that his constituents have shown no great interest in the Administration program. "We just haven't received anything," says an aide.

Kennedy's Republican colleague, Senator Leverett Saltonstall, reports that virtually all mail received by his office on the tax program asks that spending, not taxes, be reduced first.

Alaska's Senator Ernest Gruening, a loyal New Frontiersman, has received almost no letters in support of the tax package. The only mail received, his office reports, favors budget reductions.

Peter Dominick, freshman Republican from Colorado, says: "There has been no mail backing the Administration tax cut. I have received, however, a good deal of mail from disabled veterans and others living on pensions who point out that the tax 'cut' bill, means higher, not lower, taxes for them. Voters of both parties, asked me to try and reduce this mammoth budget and I will certainly try."

Kentucky's Senator Thruston Morton, a Republican, says that his mail is running 10-1 against a tax cut without a corresponding reduction in spending. John

Tower estimates his ratio at close to 100-1.

Senator John J. Williams, Delaware Republican, received one letter informing him that he did "not understand modern economics" in opposing the tax bill. Neither, apparently, do most of the Senator's constituents. He says that mail is heavy against the tax program. Almost all letters favor cuts in spending.

Little mail is reported by New Jersey's Harrison Williams, an Administration supporter.

"There have been more letters in support of the animal welfare bill (which would limit the use of animals in medical and scientific research) than in support of the tax cut," says an aide. Almost all letters have urged a reduction in spending by the Administration.

Indiana Congressman Richard Roudebush says his mail indicates "The Administration's proposed tax cut is going over like a lead balloon." He has not received a single letter urging a tax cut without concurrent cuts in spending.

"People seem less worried about the so-called tax cut," he says, "than they are about runaway federal spending. Many of his constituents," he continues, "have done a little figuring and realize in many cases the 'tax cut' actually will be a tax increase. Despite the lowered rate, the Administration proposal will erase many deductions and exemptions allowed under present law."

"Exemption and deductions for charitable contributions, medical expenses, the interest on one's house mortgage, allowances for state income and property taxes paid, and other present benefits will be eliminated or reduced under the Administration plan."

Note: There is a sizable tax increase in store for those totally or permanently disabled Americans living on pensions. For example, a person now drawing 30 dollars a week disability benefits pays no tax at all. But under the President's program he would fork over in taxes \$216 in 1964 and 1965, and \$198 each year after that.

Sen. John Williams, who has completed a personal investigation of the Administration bill, says that all retired employees receiving between \$600 and \$7,702 a year would get a tax increase under provisions of the bill. A single retired government worker, now living on \$2,381 a year, he says, pays no taxes. Under the new bill, he would be forced to pay \$213.76.