

Herald and News

Editorial Page

College Is Job Insurance

Go west, young man—or east or north or south—just so you go to college.

Figures just released by Northwestern National Life Insurance Co. in its 28th annual employment survey of U.S. college graduating classes reveals that grads of the class of '63 did even better than those of the previous year.

Automation, which hangs like a specter over the livelihood of thousands, has created other thousands of new opportunities for college graduates. Not all are scientific or technical opportunities, for even electronic computer work requires administrative and managerial personnel.

More jobs—at higher salaries—absorbed 90 per cent of engineering job candidates, 80 per cent of business school and 70 per cent of liberal arts majors even before commencement time. Nearly all job seekers are expected to be placed by October.

An estimated 48,000 new engineers will be needed every year during this decade—11,000 less than are currently graduated every year. Starting salaries for bachelor engineers were \$600 to \$610 a month.

For business graduates, salaries ranged from \$475 to \$500, with accountants averaging \$525. Liberal arts bachelors not majoring in physical sciences settled for \$460 to \$485, with physical scientists (chemistry, math, etc.) averaging \$550.

Stiff competition for graduates—and correspondingly inflated pay—in the missile and space fields attracted more students than there were in that area.

One major area of opportunity was found by the survey to be neglected or by-passed by students—sales.

No Left-Handed Grocers

Sooner or later action is going to have to be taken to establish just how far the head of a democracy can go via the so-called executive order route.

Already there are some signs that say trouble lies ahead and it would be well for Congress to start thinking about protective measures. Legislatures also will have to give some thought to how far a Governor may go.

The Executive Order—since that seems to be the name given it by President Kennedy himself—originated in Washington as a means of, frankly, by-passing Congress. The President, wishing something done immediately, with the stroke of a pen orders it so. He has on recent occasions used this short-cut, of questionable legality at times, and at best lacking in good parliamentary procedure.

Now the idea seems to be spreading to the states. Kentucky's Gov. Bert Combs used this very same method to order racial discrimination ended in all state-licensed businesses and professions. He issued his order regardless of the apparent fact that even the Kennedys, Bobby and the President, seem to be agreed this is a matter for Congress to decide, or else they, too, might have taken the executive order routine. The President, however, did use the executive order method in telling the Defense Department to curtail operations at military bases located where private enterprises discriminate.

We must—irrespective of what the executive order may be for—take caution not to let this approach become too prevalent. It can get out of hand, for sooner or later, it will flow down to all levels of government and a mayor somewhere will decree that there shall be no grocery stores on the left hand side of the street. Too much power can be more detrimental than no power at all. Congress, truly, had better watch this.

Tax Cuts And Their Effects

By THOMAS B. CURTIS
Missouri Congressman

The real damage that is being caused to our economy, and to our business opportunities, is due to our high tax rate structure. I have been pointing to the need for lower taxes for many, many years, and so have others.

But, in order to accomplish tax reduction, our federal expenditures must be brought down to a point of manageable size. Spending has to be controlled so that, when we talk in terms of tax cuts, we are not talking about financing a tax cut by a new bond issue. Such a bond issue would mean nothing more than deferred tax increases.

If taxes are cut without cutting expenditures, we run into debt management problems, and I am very concerned over the impact of additional problems in the field of debt management on our balance-of-payments problem. We don't owe this debt just to ourselves. The national and governments of foreign countries, people abroad, own more than \$20 billion of our dollar obligations. What is going to be the impact on those people and their willingness to hold our debts? Are they going to buy more of these bonds? Will they create a market or will they demand gold?

It is being said that deficit financing actually will stimulate the economy; and that federal spending by the political bureaucracy, with its alleged better understanding of what and how money should be spent, will stimulate the economy. Perhaps this concept of deficits may have some possible validity in an economy based on the laws of scarcity. But our society is moving into an economy where plenty, not scarcity, is the problem. The argument is made that, if we create a bigger deficit by cutting taxes, we will not let loose the forces of inflation because we have idle plant capacity, and we have men who are unemployed. It is argued that you do not create inflation by putting more purchasing power out.

Relate this to agriculture. Would some of the lands that are now being put out of production be restored to production? Would some of the people who are now, and have been since this country was established, going out of agriculture as an employment pursuit return to agriculture?

You may agree with my use of the agriculture example but will say: Look at steel, operating

at 60 per cent of capacity. What would happen if we increased consumer purchasing power at a time when we are having, in many respects a record-breaking year? For two years in a row, automobiles and construction, two of the great users of steel, are at these high levels.

I suggest that this idle steel plant capacity is not in demand, and would not be in demand even with higher consumer purchasing power, because it is a capacity that is obsolete. With a 60 per cent plant capacity utilization last year, steel spent well over a billion dollars building more plant. More plant to produce the kind of steel for which they had the plants? No. This billion dollars is to produce a very thin steel sheet to compete with plastics and other metals, such as aluminum, that are moving into markets steel once held.

These are the problems of rapid economic growth, not of a tired, sick economy. You don't have obsolete equipment and obsolete skills in a tired economy. If your economy is going nowhere, you have no change. Whatever your occupation is, it is still useable. It's only when your economy is growing rapidly that you have this increased obsolescence of plant and equipment.

Reducing the corporate tax rate from 52 per cent to a rate of 49 per cent, or a 47 per cent rate, actually would produce more revenue, in my judgment, because we are now beyond the point of diminishing returns in the high rates.

Now, that kind of reform can come at any time, and should come at the earliest possible time. But it follows a completely different economic philosophy from that which says that this tax reduction is going to release purchasing power to the private sector, or investment power if you want to use the money for investment. Support for the need to cut the corporate rates is on the theory that the tax rates themselves are so high that they produce diminishing returns. If we can get some people to come along with that kind of thinking, we may come forward with some tax reform legislation.

If the requirement is that to cut taxes you have to compensate revenue-wise by closing what are called loopholes, it will take many months to develop adequate tax rate reform, if developed at all.

What is one man's loophole is another man's equity. Is depletion allowance, for instance, really a loophole? Actually, it's a

differential, reflecting the fact that in an extractive industry, you are bringing out capital. A portion of what you dig out of the ground is depleting your capital asset. Under the 16th Amendment, capital recovery is not to be taxed as income. Depletion allowance is necessary, so that when you have depleted an ore body or mineral deposit, you can replace it and remain in business.

If an attack on depletion is going to be the kind of tax reform that is urged or if the Treasury comes forward with a proposal to repeal the dividend credit, which was put into the tax laws in 1954, then there is serious doubt that there will be substantive tax reform in the near future.

The dividend credit was not put in the tax laws to give the investor a break. The issue is this: There are three ways a business can finance its growth. One is from retained earnings, another is from borrowing—either from a bank or debt financing—and the third is through equity financing by floating new stock issues.

The first two ways are taxed only once. Retained earnings have the corporate tax but they do not get taxed against the individual holder, unless he sells and then only at a lower rate. Borrowing to finance growth, you deduct the interest from income, subject to the corporate tax, and it's only taxed once.

A new equity issue, the healthiest way to finance growth, is taxed twice. It is taxed at the corporate rate and then, when the corporation declares the dividends, it's taxed at the personal income rates.

All we were trying to do in 1954 was, in a small way, to bring about a little equalization so that this form of financing was not put at a disadvantage with the other two methods.

This illustrates the complexities involved in some of these tax issues, particularly as you relate them to economics and to economic growth.

Whether or not to cut taxes isn't the sole issue. It is important to get the entire fiscal question in context, in order to understand what we are going to face. Once we open the door to reviewing our tax structure, we don't have to pursue the economic line based upon the concept of deficit financing. Based on sound fiscal principles, sound economics and sound tax policy, we could have some good tax reform even in this session of Congress, and that would be with the help of members of both political parties.



WASHINGTON NOTEBOOK . . .

Humphrey's For A While

By WASHINGTON STAFF
Newspaper Enterprise Assn.
WASHINGTON (NEA) — President Kennedy and Sen. Hubert Humphrey of Minnesota, Democratic whip, were discussing the nuclear test ban treaty with Britain and Russia.

"Well, Hubert," the President is reported to have said, "now that we have your test ban treaty signed, let's see you get it ratified by a big majority of the Senate."

"We'll do that, Mr. President," the Senator assured him. "But what happens then?"

"Then," said the President, "it becomes my treaty."

Mayor Ivan Allen Jr. of Atlanta

gives no open hints as to the degree, if any, of his attachment to President Kennedy and his administration.

But a few clues may be seen in his handsomely-outfitted office. Its furnishings include six Kennedy-style rocking chairs, all with cushioned seats in the best presidential manner.

An also-ran in the first Mississippi governorship primary was Robert "Blow Torch" Mason, a welder from the town of Magee. Asked why he ran for governor on the Democratic ticket, Mason said: "Every three or four years, I save up enough money to take a big trip or to run for governor."

"This time I left it up to my wife to decide and she told me to run for governor."

"Blow Torch" ran fourth in a field of four.

The slow legislative pace of the 88th Congress is so appalling to Yankee Sen. Norris Cotton, R-N.H., that he has decided to stop sending weekly newsletters to his constituents back home.

Says the Senator:

"For 15 years, as congressman and senator, I have sent my reports regularly, without interruption. But never has Congress gone into what amounts to a recess in mid-session to resume work in the fall and run until snow flies."

Not wanting to "spoil" his reports by writing a series of fillers on trivial matters, Cotton suspended them, adding:

"It just isn't good New England horse sense to write reports when there's nothing to report."

"Will you run against U.S. Sen. Kenneth B. Keating in New York state next year?" Under Secretary of State and former New York Gov. Averell Harriman was asked at the National Press Club.

"There's only one person who needs to worry about that," replied Harriman with a big grin. "That's Senator Keating."

Fresh from his success in Moscow, where he initiated the new nuclear test ban agreement with Britain's Lord Hailsham and Russia's Andrei Gromyko, Harriman relates that the first time he went to Russia he got in without a passport.

"I mentioned this to Stalin while I was wartime ambassador to Moscow," says Harriman. "He asked me when that was. I told him it was in 1899, when I was only 8 years old. My father had taken me to the Siberian coast after a trip to Alaska."

"That was in the days of the czars," commented the late Russian dictator. "You could not do that now."

BERRY'S WORLD



"... And as a method actor, baby—he can scratch and mumble with the best."



EDSON IN WASHINGTON . . .

United States Still Red China's No. 1 Foe

By PETER EDSON
Newspaper Enterprise Assn.
(First of two columns on)
Russia - Red China split.)

WASHINGTON (NEA) — Signs that "the dust is beginning to settle in China again" are considered deceptive.

When Lowell D. Skinner of Akron, Ohio—the American GI Korean war turncoat—arrived in Hong Kong after 10 years' forced service as a lathe operator for the Communists in Red China, he was reported by cable dispatches as having said:

"Anti-American feeling in China is not as great as anti-Russian. . . . There has been a notable increase in the violence of anti-Russian statements ever since the Russian technicians were withdrawn in the late 1950s."

There is a lot of wishful thinking in Washington and other free world capitals that the split between Russia and Red China will develop into a full-scale war.

The hope seems to be that they will destroy each other completely and that international communism will perish from earth at the same time.

That would be a historical solution by letting the dust settle.

For thousands of years China has been overrun by invasions. China has absorbed them all and survived. In modern times, Japan has tried to take over and make over China in two wars, failing both times.

When the United States and its allies liberated China in World War II, they became the No. 1 enemy of the Chinese Communists, who overran the mainland and drove out the Nationalist government.

Then came the Russian wave of domination, beginning with a 30-year treaty of friendship signed in 1949. In less than 10 years Russia began to renege on its promised aid and to repudiate the treaty, being unable to swallow China.

So the Russians now are the No. 1 enemy of the Chinese. But it does not follow that the dust is beginning to settle in China, in another moment of history.

The diary of a former congressman, Dr. Walter H. Judd, R-Minn., provides an illustration of

this. One entry covers a February, 1950, briefing on China policy which former Secretary of State Dean Acheson gave a group of Republican congressmen who were worried about the situation.

Chiang Kai-shek's government had fled to Formosa in December, 1949. India recognized Red China immediately. The United Kingdom followed. There was fear the United States would follow suit to establish a two-China policy.

Then the Red Chinese made the mistake of seizing the American consulate in Peking. President Truman decided that the United States would never recognize a bunch of bandits.

This ended that worry. But it still left unanswered the question of what American China policy really was. Acheson tried to straighten it out in a series of closed congressional hearings and major public addresses.

At the Press Club on Jan. 12, 1950, in what was probably his most controversial speech, Acheson drew a line on the American defense perimeter in the Pacific—the Aleutians, Japan, the Ryukus—leaving out Korea and Formosa.

Immediately he was in hot water, and he was still up to his chin when he was invited to appear before the Republican congressmen.

No minutes of the meeting were kept, and memories of those who were there and what they said are vague.

In his briefing the secretary analyzed Red China's weaknesses but did not predict its collapse.

When he was asked what American policy would be in this situation, the entry in Judd's diary shows that the secretary replied, "We'll let the dust settle."

In full fairness to Acheson, it may be reported that he does not now think the dust is settling in Red China.

The United States is still the principal enemy of the Chinese Communist government, as the strongest power of so-called capitalist imperialism.

The dispute between Red China and Soviet Russia does not settle any dust. It just raises more dust of a different kind.

Interestingly enough, this is also the opinion of Judd.



WASHINGTON REPORT . . .

Organizer Of March Has Unsavory Record

By FULTON LEWIS JR.

WASHINGTON, Aug. 19 — Of the 100,000 demonstrators expected here Wednesday, it is doubtful that more than a handful know the background of Bayard Rustin, who has been described as "Mr. March-On-Washington, himself."

The description was offered by A. Philip Randolph, the Negro unionist who has helped stage this rally. Randolph has turned down suggestions that Rustin, Deputy Director of the March-on-Washington, be fired.

Rustin's background was researched by Sen. Strom Thurmond, a Southern segregationist who admittedly has an axe to grind. (Rustin issued a denial of some of Thurmond's charges. He said he had been a member of the Young Communist League in college, but never a member of the Communist Party.)

But the facts, obtained from the House Un-American Activities Committee and the Federal Bureau of Investigation, speak for themselves. So does Rustin, who told the Associated Press he has been arrested more than 20 times in the fight for civil rights.

He was arrested, too, with two other men in a parked car Jan. 22, 1953, in Pasadena, Calif. Charged with sex perversion, Rustin was convicted and sentenced to six months in jail.

It was not his first stint behind bars. During World War II Rustin claims to have spent time in prison as a "conscientious objector." He was sentenced to federal prison for violation of the Selective Service law after he refused to report for "work of national importance" required of conscientious objectors.

He was in federal penitentiaries at Ashland, Ky., and Lewisburg, Pa. He was subsequently arrested, FBI files show, for disorderly conduct in New York City and for picketing an embassy in Washington.

Rustin was one of "five impartial observers" at the Communist Party's closed-door 16th National Convention in 1957. He was a member of the American Forum for Socialist Education, an organization infiltrated by Communist operatives and the subject of a Senate investigation in 1957.

The Fellowship of Reconciliation, a left-wing pacifist outfit, printed a profile of Rustin in the January, 1963, issue of "Fellow-

ship," its official publication.

The magazine relates one milestone in Rustin's life, when he tried vainly to prevent the French from exploding a nuclear device in the Sahara. It referred to Rustin as a "friend" of Ghana's Communist-leaning Kwame Nkrumah.

Rustin has worked closely with the War Resisters League, an organization of men who refuse to serve their country in the armed forces; Liberation Magazine, a left-wing publication; the Medical Aid to Cuba Committee, a group under Congressional investigation earlier this year; the General Strike for Peace, a project of the Communist-infiltrated Women Strike for Peace; the Monroe Defense Committee, a group set up to defend Robert Williams, the Negro integration leader who fled to Cuba when sought by the FBI on a kidnapping charge; and the Greenwich Village Peace Center.

This is not the first Washington march staged by Rustin. He coordinated two earlier "youth marches" and a "prayer pilgrimage" that brought an estimated 40,000 people here several years ago.

Under Secretary of State Averell Harriman, negotiator of the partial nuclear test ban now under Senate consideration, is giving indications that he'd like to get back in politics.

Last time Harriman ran for office, New York voters turned down by more than half a million votes his bid for another term as Governor.

Now Harriman, 71, is considering a Senate race against Republican Kenneth Keating, up for reelection next year. He has refused to deny he wants the Democratic nomination.

"The only people who are worrying about whether I'm going to run are the Republicans."

And even they are not staying up nights worrying.

THEY SAY . . .

The only really surprising thing about women in space is that anyone should be surprised. Why on earth—or in space—not? —Writer Margaret Jones.