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SOME IDEAS ON THE FEDERAL BUDGET

CONGRESSIONAL comment on the $78.6 billion budget President Truman submitted yesterday range from "realistic" to "fantastic". But the most succinct comment we heard was Senator Ferguson's. He called the budget "only a point of departure". How true. Eisenhower's budget advisers will depart from many of the recommendations of the departing President, and Congress will take further exception to many recommendations of Eisenhower's men. Detailed comment on the Truman budget, then, would be of little value. But a few thoughts on government financing in general are in order.

In our judgment a balanced budget, consistent with security needs, has highest priority. After that, and not until afterwards, does tax reduction make sense.

Despite the onerous burden of present taxes, and the warnings of many businessmen that present rates are stifling industry, the cold facts are that *after*-tax profits are at near-record high, that industry after industry is expanding, building new plants under most favorable tax laws. We will have, shortly, in Washington, a business administration. And we want it to follow the sound business practice of paying current expenses with current tax revenue, instead of inviting further deficit financing.

* * *

IT WILL BE extremely difficult to balance the budget this year, let alone cut taxes. The Truman budget foresees a deficit, in the next fiscal year, of $9.9 billion. All proposed non-war expenditures add up to $10.3 billion. A 20 per cent cut in non-war spending would knock off about $2 billion of the deficit. The foreign military and economic aid program—President Truman suggested $7.8 billion here—will be cut a few billion, judging by the present temper of Congress. Some of the 87 per cent of the budget in the "war" category goes for veteran programs and interest on the debt, which are more or less untouchable. Thus, just to balance the budget will require a reduction of several billions in the $46 billion budgeted by President Truman for the military services.

At a time when the Navy is asking for 12, instead of one (as in the budget) new carriers, when pressure is mounting for decisive action in Korea, such reductions are difficult to foresee. And when it's remembered that in three out of the past five years Congress has appropriated more money than President Truman requested, the difficulty of balancing the budget, even if Congress does not let lapse the excess profits tax with its $2 billion income, is readily foreseen.

* * *

IN THE light of these realities, the amendment proposed yesterday by Chairman Reed of the Ways & Means Committee is absurd. He would limit the government to a 25 per cent tax on individual incomes, unless three-fourths of the membership of the House and Senate voted for a higher levy. Based on 1951 figures, this ceiling would cut federal revenues by $16 billion a year. As Senator George of Georgia has said, such an amendment would be "an impracticable program in view of our national debt and obligations." The most likely alternative means of raising revenue, if this amendment were adopted, would be a huge, regressive national sales tax.

But, also yesterday, a most desirable Constitutional amendment was proposed by Senator Byrd of Virginia and Representative Bennett of Florida. It would give the President the "item" veto which some governors have, permitting him to veto individual items in appropriations bills instead of having to take or leave the entire bill, often cluttered with non-essential riders. Congressmen, we are sure, will ever continue to tack pork barrel items on appropriations bills. If the President is given the authority to take them out, the Congressman can tell the home folks he did his durnedest, and shift responsibility to the President.

In fact, we see buried in the budget what might be a beautiful example of the kind of expenditure that could thus be lopped off. It's listed as "Arkansas River bank stabilization—$4.8 million." We'll have to see a detailed report on it before we're sure, but this item could well be Senator McClellan's pet project of preparing the unnavigable Arkansas River (Senator Douglas said you could walk across it without getting your knees wet) for "navigation."

Of course the Byrd-Bennett proposal could not be passed in time to help out on this year's budget. But it is the sort of proposal, like that for a Congressional budget research organization, that could bring a degree of efficiency and economy to our Federal budget procedures.

COLTRANE IS BACK ON THE JOB

WITH a commendable display of decisiveness, Governor Umstead has restored Assistant Budget Director D. S. Coltrane to his full authority. This not only ends a rather ludicrous situation in which Coltrane had been stripped of most of his powers, and in turn had refused to accept his salary, but it also affirms Umstead's confidence in Coltrane's admittedly great ability.

Ex-Gov. Kerr Scott tried to fire Coltrane some months ago. The Governor's motives were never made clear enough to put down reports that the move was in retaliation for Coltrane's support of Umstead in last Spring's primary.

Coltrane had a definite contract, however, and it ran to June, 1953. He refused to budge. Unable to force him out, Scott simply limited him to the most routine duties.

During this political sit-down strike, Coltrane has declined to accept any salary. Now checks have piled up to the amount of some $3,500. Coltrane hints that he will accept the money if the General Assembly authorizes him to do so.

In our opinion, he ought to get his money, whether it be by order of Governor Umstead or by act of the General Assembly. There was never any evidence that Coltrane was inefficient or delinquent in his duties. On the contrary, he was held in high esteem by members of the Appropriations Committee of the 1951 General Assembly, and by the Advisory Budget Commission.

Whatever the reason for his run-in with Scott, that reason no longer exists. Umstead wants him, and Coltrane has said he would be happy to serve the new Governor. It's time now to pay him up to date.

ENOUGH PRAISING, COOING, APPLAUDING

ON New Year's Day we deplored the large number of "fussings, shoutings, and blamings" of 1952. Most everyone, it seemed, was fussing about taxes and inflation, or shouting about incompetents and subversives, or blaming about the Korean War, China, *ad infinitum*.

Now we detect a trend, particularly among the magazine and "inside" dope sheet people, in the other direction. There's a considerable amount of praising, cooing and applauding going on. Ike and his team aren't even installed yet, but they're credited with all sorts of masterful strokes, beautiful timings, and excellent decisions.

One expensive dope sheet that doesn't—and we don't blame them—want to be quoted got positively ecstatic about John Foster Dulles' reply to Stalin. Oh, what a superb diplomatic maneuver that was! Paragraph after paragraph it raved on. Old Dean Acheson, it said, could never have told Joe off so simply and effectively.

Or take one magazine's forecast: "Action, assuring change, is to come without delay . . . sound dollars . . . Optimism will be a dominant feeling. Worries, for most, will be fewer. People will have more things to enjoy than ever before . . . Living standards for people at home will reach new highs . . . Ike's methods will be cautious, careful, not jumpy, irresponsible."

Well, for one thing, all this sweet talk puts the new Administration in a hole. People who believe it will think things will be oh so rosy—until reality wakes them up.

And when Ike really does get to work and pulls a smooth maneuver, how will the flower-phrased boys be able to describe it? They've used up most of the mellifluous adjectives already.

Best all this florid gush be stashed away alongside the fussings, shoutings and blamings.

From The Winston-Salem Journal

THE CASE OF THE BEZOARED POSSUM

AN EDITORIAL in the *Journal* has solved the mystery of a death which occurred more than a hundred miles away.

Several weeks ago Mrs. James Boyd, editor of the *Southern Pines Pilot*, discovered in her rose garden the body of a possum. It was a small possum, fluffy and plump. But Mrs. Boyd was unable to find out the cause of the death. There were no bullet holes, no cuts, no bruises, no nothing.

In its own way, the mystery rivalled the shooting of Peter Dropmoole or the drowning of Beautiful Nell Cropsey.

Mrs. Boyd wrote it up in the *Pilot*. She wondered why the possum had even come into the rose garden, and she conjectured that he might have come to eat the fruit from a persimmon tree in the garden. But the cause of the possum's death remained unbeknownst to Mrs. Boyd.

Then Bill Sharpe, editor of *State* magazine, read Mrs. Boyd's story of the pathetic possum and his untimely demise. From his capacious memory and his cross-index file of clippings Bill picked out an editorial published in The *Journal* last October.

It was about persimmon pudding, and a part of the editorial dealt with the habits of possums who eat green persimmons. If a possum eats too many, the astringent juices may cause hair balls in his stomach, and after gorging himself he may die of the bezoar.

That, Mr. Sharpe and Mrs. Boyd now know, is what killed the possum in the rose garden. He had climbed the tree, feasted on green persimmons, climbed down again, walked a short distance and dropped in his tracks, another victim of the dread bezoar.

Thus again has newspaper editorial enterprise resulted in a difficult mystery being cracked wide open. The question is, who gets the Pall Mall award—Bill Sharpe, Mrs. James Boyd or the *Journal* editorial writer?

You Can't Expect To Do That Right Away

Foreign Assignments Shape Up

Mrs. Luce Slated For Rome Post

By JOSEPH & STEWART ALSOP

WASHINGTON

THE key faces are being painted into the collective portrait of the staff who will make American foreign policy in the new administration.

Gen. Walter Bedell Smith, now director of the Central Intelligence Agency, has been asked to serve as Under Secretary of State in charge of policy. The present Deputy Under Secretary, H. Freeman Matthews, is to continue in his present post, as is the Assistant Secretary in charge of Far Eastern Affairs, John Allison. Henry Byroade, Assistant Secretary, for another vital and troubled area, the Middle East, is also likely to be retained. But Douglas MacArthur, a foreign service officer who is the nephew of the General, is currently slated to replace Charles E. Bohlen as counselor of the department.

Appointments of equal interest are also in the wind abroad. The ambassadorship to Italy was at first offered to Connecticut's Governor, John Lodge. He refused, and at his suggestion the place is now to go to Clare Boothe Luce, wife of the publisher of "Time" and a powerful personality in her own right. Mrs. Luce in Rome will hold by far the most important foreign policy post given to a woman.

Conant Offered Bonn Job

THE ambassadorship to Germany has meanwhile been offered to President James Bryant Conant of Harvard University. The motive here was a desire to confide the difficult German problem to the strongest possible man, who would command the maximum of respect. It was also desired not to name a big businessman in this instance. It seems hardly possible, nonetheless, that President Conant will agree to leave his present post.

The choice of the young New York banker, Douglas Dillon, as Ambassador to Paris, is not quite final as yet, owing to political objections in New Jersey. But the transfer to Madrid of the present Ambassador to Paris, James Dunn, is likely in any case. Dr. Ralph Bunche is understood to be under consideration both for the Ambassador to Moscow and the post in New Delhi; and the former Ambassador to Moscow, George F. Kennan, is being tipped as the replacement of Jefferson Caffery in Egypt.

These names should be enough to convey an impression. The most interesting aspect of the general picture is undoubtedly in the State Department itself, concerning which the future Secretary, John Foster Dulles, has gradually altered his views.

Interestingly enough, Dulles did not originally desire this Secretaryship which has always been regarded as his dearest wish; and contrary to universal report, he would not have been named Secretary if Gov. Thomas E. Dewey had beaten Harry S. Truman in 1948. Dewey's plan was to establish a powerful national policy planning staff, with wide authority in the twin spheres of foreign and defense policy. Dulles was to have headed this staff, while Lewis W. Douglas would probably have been Dewey's choice for the Secretaryship of State.

As soon as President-elect Eisenhower was elected, this same project was revived, with Dulles slated for the same high place as before. The Secretaryship of State, it can now be disclosed, was actually offered to former Sen. Henry Cabot Lodge of Massachusetts. Only when Lodge refused, on the ground of his difficult relationship with Sen. Robert A. Taft, was Dulles induced to take the Secretaryship.

Allen Dulles—CIA Chief?

THE fact that Dulles has now offered the Under Secretaryship to General Smith may be taken as especially suggestive. The matter is not completely settled. For one thing, General Smith is intensely anxious that he should be succeeded at the C.I.A. by the other exceedingly able Dulles brother, Allen, and there is some foolish dispute about this. But in choosing Smith, who was Eisenhower's Chief of Staff in the war, John Foster Dulles has plainly signified a desire to have a State Department team that can work as well with Eisenhower as with himself. The same impression is conveyed by the choice of Douglas MacArthur, whose service as political advisor to SHAPE also brought him into close contact with President-elect Eisenhower.

The Smith appointment has other meanings as well. By now, indeed, it would be hard to name any man in the American government with quite the equal of General Smith's experiences. At the C.I.A., he has brilliantly discharged a great civilian administrative responsibility. By training, he knows the whole sphere of defense. As Ambassador to Moscow, he gained the sort of special knowledge of the Soviet Union that cannot be achieved by reading papers and reports.

Finally, all these appointments—of Smith, Matthews, MacArthur and the rest of the State Department staff, and of the various new ambassadors, clearly imply that there is to be a high degree of continuity in our foreign policy, as well as the new look that is so often demanded. All in all, if all these planned appointments go through as hoped, John Foster Dulles has got off to a strong start.

Quote, Unquote

It would be a nice change if criminals, instead of everything else, were blamed for crime waves.—**Amarillo (Tex.) News-Globe.**

A fellow in a strait-jacket was pointed out as a former manufacturer of chewing tobacco who lost his mind trying to discover a way to eliminate the necessity for spitting.—**Kingsport (Tenn.) Times-News.**

One trouble seems to be that we don't get better as we get better off.—**Joplin (Mo.) Globe.**

Drew Pearson's Merry-Go-Round

GOP Plans Swank Bar Near Capitol

WASHINGTON

WHEN the last Republican administration was in power, Congress looked out over one of the most potent lobbying offices in Washington—headquarters of Bishop James Cannon, head of the Methodist Board of Temperance and Social Service.

All during the days of Hoover and Coolidge the capital remained dry, as did the rest of the nation. And it was not until the Democrats came into power under Roosevelt that liquor flowed—except illegally—anywhere near the capitol.

Under the new Republican administration, however, it is going to be different. This week-end a new club opens up right across from the House of Representatives Office Building, so close that you can throw a stone through one of its windows, or run across for a quick drink between votes.

Instead of looking out on the stern headquarters of Bishop Cannon, Republican Congressmen will be able to drop in on a plush lounge, little tables around a bar, and a total of 13 rooms for conferences and relaxation.

This delightfully appointed oasis in the middle of a relatively dry area is called the Capitol Hill Club and is organized, not by the hard-drinking Democrats, but by the dignified Republicans for their exclusive use.

The house itself belonged to former GOP Congressman Charley Dewey of Chicago, though originally it was the home of Peggy O'Neil, the belle of Andrew Jackson's administration. There are several unique, if not amusing, aspects connected with this ritzy new bar right under the noses of Congressmen.

Too Much Drinking

IN the first place, Congress voted in 1837 to banish the official bar from inside the halls of Congress. It did so because Daniel Webster and to a lesser extent Henry Clay spent most of their time there. Inebriation absorbed more time than legislation.

At about the same time, the ring of saloons around the nation's Capitol building was also dried up, including Pendleton's famous House of Fortune. This was operated by a well-known lobbyist who made it a practice to entice Congressmen into his rendezvous and get them so plastered or so compromised that they did his legislative bidding.

In those days there was one saloon to every 90 people in the city. But all bars were abolished from around the Senate and the House and remained banished until the Democrats returned after Herbert Hoover.

Now, however, the most distinguished leaders of the Republican Party have kicked in to set up the Capitol Hill Club, including Secretary of State John Foster Dulles who tossed in $500; austere Secretary of Commerce Sinclair Weeks, who also put in $500; Harold Talbott, the new Secretary for Air; Postmaster General Summerfield—all with a $500 contribution.

Among the other distinguished contributors and founders of this GOP-oasis-across-the-street-from-Congress are Johnny Hanes, the onetime Democrat from North Carolina; ex-Sen. Owen Brewster of Maine, a lifelong dry; Sen. Frank Carlson of Kansas, Ike's personal leader in the Senate; Clare Boothe Luce, wife of the Time-Life publisher; and Patrick J. Hurley, ex-Secretary of War.

No GOP Fingerprints

ONE of the most interesting aspects of the new GOP liquor spot is that the ABC liquor board which rules on licenses for the District of Columbia had previously denied a license to a lady right next door who wanted to open a package store.

But when GOP leaders applied for an "on-the-premises" drinking license, which is considered less desirable than a package store, their application was immediately granted. However the ABC board demanded that the applicants be fingerprinted, in accordance with District of Columbia law. At this some of the distinguished Republicans objected.

So tolerant Democrat Jiggs Donohue, commissioner for the District of Columbia, stepped in and overruled the ABC board. The Republicans, he said, would not have to be fingerprinted.

The delightful, obliging Jiggs Donohue is attorney for the biggest liquor dealer in town.

at crap, the next night $1,700, but later lost at roulette.

Brannan's Advice To Benson

NEW Secretary of Agriculture Ezra Taft Benson recently dropped in to see the man whose shoes he will fill, to get a few tips regarding his new job.

Benson seemed especially interested in housekeeping details.

"How many secretaries do you have?" he asked Charlie Brannan, who steps out as Secretary of Agriculture on Jan. 20.

"Two," replied Brannan.

"How much do they get?"

"One gets around $7,000; the other a little less."

"Would it make any difference," asked Benson, "if I had one male secretary instead of the two girls, and paid him $10,000?"

"I suppose not, but don't let the Civil Service Commission catch him near a typewriter," replied Brannan, having in mind the Civil Service ruling that no one punching a keyboard can get much over $7,000.

Benson next wanted to know how many cars and chauffeurs he would inherit from Brannan.

"Two are assigned to the Secretary of Agriculture," Brannan replied.

"Can my wife and family use one of them?"

"Only on State duties," replied the outgoing Secretary of Agriculture.

"Well, can one of them take my children to school?"

"I suppose so," said Brannan, "but don't let Jess Larson or Drew Pearson catch you." (Larson has charge of allocating cars to government officials.)

Benson then wanted to know if his children, of whom he has six, could drive one of the cars to school themselves, without the chauffeur.

Secretary Brannan did not attempt to advise his successor on this point.

U.S. Prosperity--Where We Are, And How We Got There

By MARQUIS CHILDS

WASHINGTON

PRESIDENT TRUMAN is certainly entitled to the valedictory contained in his State of the Union Message. With clarity and resolution he has drawn the picture of a divided world, which means inevitably the continuing burden of responsibility that has pressed so hard on America since 1945.

But on the domestic side it is becoming monotonous to find Mr. Truman insisting every other day in statements, reports and special interviews that all has been for the best in the best possible of worlds during the nearly eight years of his Administration. With the awareness of history of which he has spoken so often, the President should know that the decisions he has taken will give him an important page no matter what either he or his detractors are saying at the moment.

Now that he is putting down the awful responsibility of the Presidency, a little sober realism on where we are and how we got there would be helpful. The achievements here at home have been great, as the statistics presented by Roy V. Peel, Director of the Census Bureau, make plain.

MORE FARM OWNERS

The advance in the ownership of both homes and farms has been truly remarkable. Today three-fourths of all farms are operated by their owners. This represents a striking reversal of the trend toward tenancy with all its evils; a trend that continued through the late twenties and into the thirties.

Realism would acknowledge, however, that the present prosperity owes a great deal to war, the rehabilitation of war-stricken nations, and the spending of huge sums for defense since the end of World War II. Billions upon billions of dollars were sliced into the economy during the war. Actual defense spending today is at the rate of $40 billions a year.

Mr. Truman glances over the fact that prosperity had begun to curl at the edges in late 1949 and early '50. Unemployment totals were climbing and some industries were beginning to experience a depression. The President says this trend had been checked before Korea. That is questionable. The swift jettisoning of the Truman "economy" defense budget and direct large expenditures for Korea started a new boom.

The economic realities of the past 20 years cannot be ignored. Despite all the remedies applied by the New Deal, the massive unemployment of the depression persisted into 1941 when large contracts started a big expansion of industry. The jobless total had been whittled down. Yet, anywhere from seven to nine millions willing and able to work could not find employment in private industry.

In at least one aspect the "success" of the New Deal program of farm-price supports, with surpluses taken off the market, can be documented. When the crisis of the war came, those surpluses of food and fiber were invaluable. But one must ask what would have happened to those millions of bales of cotton and bushels of corn if they had not been expended in the greatest of all wars.

FARM PRICES DOWN

During recent months farm prices have been steadily dropping. Cattle prices have dropped from the 1951 peak of $30 to around $21.30. Cotton has fallen from 42 cents to 34 cents. Foreign sales of major commodities have declined, which is one reason for the drop in prices.

It it had not been for various kinds of aid programs both at home and abroad, surpluses would again have been accumulating in unmanageable amounts. This must be a matter of immediate concern to the Eisenhower Administration.

While declining farm prices have in the past been the forerunner of depression, the question ahead concerns much more than the farmer and his right to an equitable return for his products. During the campaign the Republicans attacked the Truman prosperity as a war prosperity, and a case can be made out that it is just that. But at the same time Eisenhower, as candidate, promised a prosperity that would not be based on spending for war. Even with due discount for what the late Wendell Willkie called "campaign oratory," this is a large order.

Here's How Farm Price Supports, Parity Work

By CONGRESSIONAL QUARTERLY

WASHINGTON

SHOULD FARM prices be supported at a high or a low level?

This is the question for which the 83rd Congress may have to find an answer. It involves the most basic part of the farm program—the "floors" which help insure farmers against agricultural depression.

Price support now is mandatory for the "basic" commodities. They are corn, cotton, wheat, tobacco, rice and peanuts. It also applies to "designated nonbasics" such as wool, mohair, tung nuts, honey, Irish potatoes, milk and butterfat. Support for other products is permissive at the discretion of the Secretary of Agriculture.

Methods of support vary with different products. One technique involves non-recourse loans. This means that producers are not obligated to make good any loss involved in a decline in the market price of the commodity put up as collateral.

For example, the grower who gets a loan on his wheat at the support price of $1.95 per bushel does not have to pay off hit loan if the market price of wheat at the time the loan matures is only $1.85. Instead, he delivers his wheat to the Commodity Credit Corporation and discharges his loan in full.

Loans are made on storable commodities such as wheat, cotton and tobacco.

SUPPORTS BY CCC PURCHASES

Another method of support is outright purchase by the CCC. This supports prices in two ways: (1) By providing the farmer with an outlet for the commodity at the support price; and (2) by boosting the general price level of product through removing excess supplies from the market. This is used for potatoes, eggs, dairy products, wool and some other products.

A third method of support is the purchase agreement. This assures the grower the support price for his commodity at the close of the marketing season. These agreements are made available to producers of hay and pasture grass seeds and, as an alternative to loans, to growers of corn, wheat, oats and some other crops.

Under present law the basic crops are supported at 90 per cent of parity, while the designated nonbasic commodities must be supported at levels ranging from 60 to 90 per cent.

PARITY FORMULA

Parity involves a complicated formula designed to give the farmer a fair return for a crop in relation to his purchasing power. The parity price of any product is that which will give it the same purchasing power as it had during a given base period in terms of (1) prices of things farmers buy; (2) interest on mortgage indebtedness; (3) taxes on farm real estate; and (4) wage rates for hired labor.

Two base periods are now used in combination for computing parity prices. Officials take into consideration price relationships in the period 1909-14, as well as those for the most recent 10 years.

The farm organizations—particularly the American Farm Bureau Federation — feel that this parity method is too complicated and unwieldy. They urge adoption of a simpler formula.