

# The Foothills View

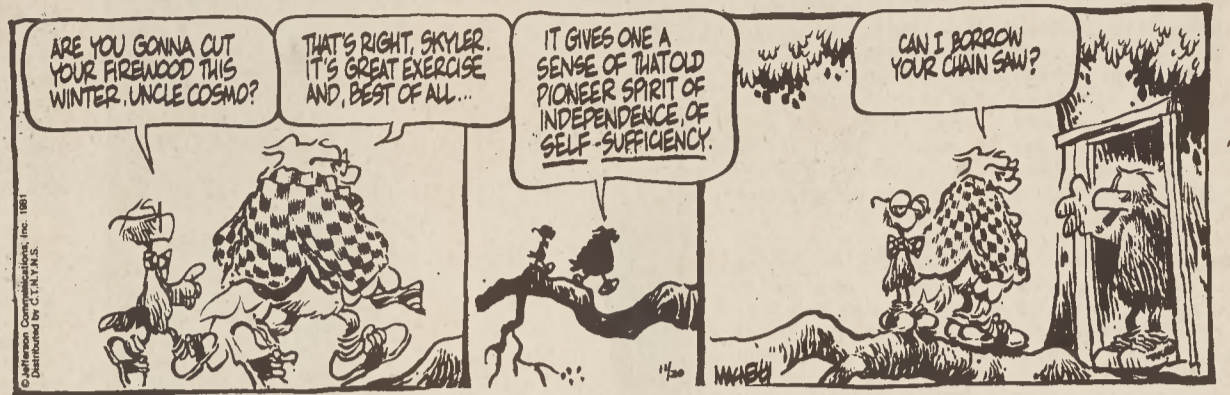
November 12, 1981

SHOE



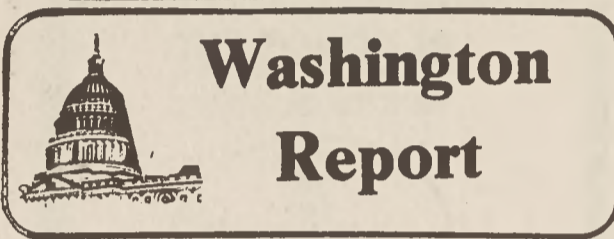
The Foothills View is a community newspaper published each Thursday by the Gardner-Webb College Press, Inc.

Dave Robertson Managing Editor



## Commentary

The editorial page of The Foothills View



### Washington Report

A Column By  
Rep. Broyhill

November 11th will be observed across our nation as Veterans Day. This is a day of solemn remembrance. It is also a day of challenge to us--the living--to be faithful to the ideals for which so many gave their lives. These ideals are at the very heart of what is best about America.

Last week I began the first of a two-part series with the nation's number one spokesman for veterans, Mr. Robert Nimmo, the new Administrator of Veterans Affairs. I talked with him about the needs of the veteran population in the 10th District. There are more than 621,000 veterans in North Carolina and 10 percent of them reside in my congressional district.

My office works very closely with the Winston-Salem Regional Office of the Veterans Administration. Unfortunately, not every veteran who seeks my assistance on a claim or other problem can receive favorable results. However, my office has established a close working relationship with the Winston-Salem regional office. I believe the staff there is doing a good job on behalf of the veterans of our state.

Mr. Nimmo commented, "Our regional office in Winston-Salem is one of the busiest in the nation. They work very closely with the North Carolina Division of Veterans Affairs and all the service organizations. I believe they are doing a fine job serving Tar Heel veterans."

I also talked with the Administrator about the emotional issue of Agent Orange. Here's what he had to say about this problem. "The emotional issue of Agent Orange continues to be one of the most perplexing problems the VA faces. Far from being insensitive, however, the VA has been the moving force that has sparked a wide range of medical research on this subject. VA's dilemma is that the law permits us to pay compensation only to those persons who have a disability that can be linked through factual history or medical science to their military service. Despite what many individuals believe and a number of groups advocates, there is still no medical evidence of a link between Agent Orange and any long range condition other than a tupe of skin rash called chloracne. But the important thing for veterans and their families to remember is that any veteran who thinks he has a problem related to Agent Orange can get a free medical examination at the VA. Those eligible for treatment will be treated. They don't have to wait for medical research."

We also talked about a new law which is designed to meet the needs of an estimated 100,000 former prisoners of war. A joint VA/Department of Defense study in 1980 found that these veterans have a higher incidence of physical and psychological disabilities related to their poor diet, confinement and lack of medical care. Anyone who was imprisoned for 30 days or more is now eligible for certain assistance, and more information can be obtained by contacting the VA.

In discussing the future of the Veterans Administration, Mr. Nimmo said, "I have worked in and around the federal government for 37 years and I know as a matter of personal observation that the vast majority of government employees sincerely believe in what they're doing, that the vast majority of government employees sincerely believe in what they're doing, that they are competent and that they want to do what's right. But, as with any organization, leadership is a key ingredient. I think we can improve the management of the bureaucracy, get all 230,000 VA employees pulling in harness and enthusiastic about their work, which will inevitably translate into better delivery of benefits to our veterans."

I agree and I join all Americans in saluting our veterans on this Veterans Day, 1981.

It is a pity that the White House has become something of a Tower of Babel in the matter of economic reform. Concerning which a few observations:

1) Even as Margaret Thatcher cannot, by serious observers, be said to have taken the steps required to reverse British socialism and interventionism, so Ronald Reagan cannot seriously be said to have attempted supply-side economics. Not at this point. It becomes tiresome to say it, but the tax reduction that began on Oct. 1 to the contrary notwithstanding, inflation plus increases in Social Security levies will leave

*"As things now stand, notwithstanding all the planned reductions in the Reagan program, three years hence the American people will pay a one percent greater tax than they paid under Carter."*

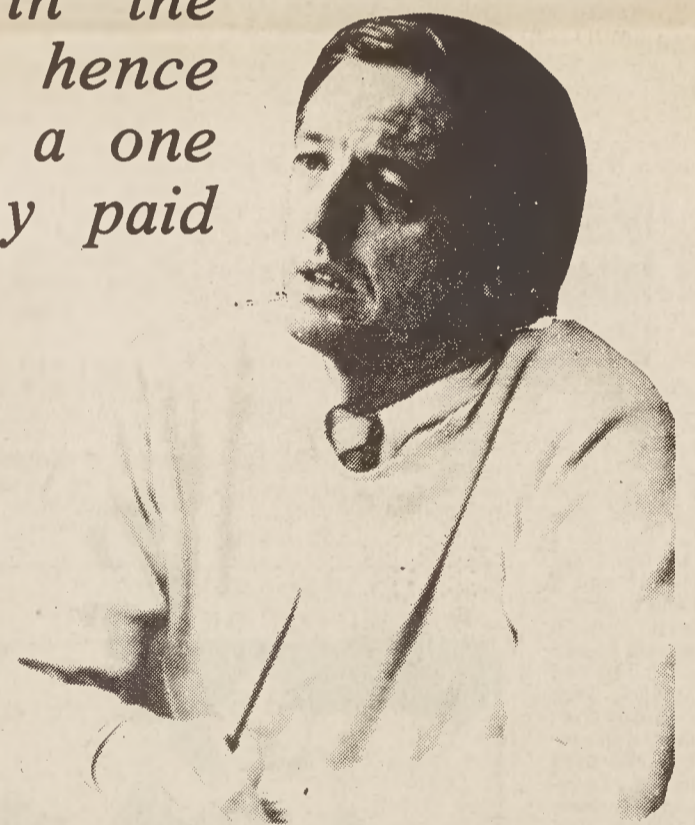
the American people with less at the end of the year than they disposed of before the tax cut went into effect.

In other words, the tax cut reduces only the extent of the net exaction on the consumer. So viewed, it is hardly to be expected that that first year's cut would substantially increase a) investment, c) productivity, d) employment. The way to bring on a substantial increase in savings and a redirection in economic energies away from the almighty search for the tax shelter would have been to follow the advice of Milton Friedman: reduce the top tax rate to 25 percent, immediately.

2) Although three years down the line the tax reductions will have become (at 25 percent) substantial, even then the load is not critically lifted where it should be. It is widely unobserved that there are no plans for reducing the top tax rate from the present 50 percent. This was integral to the Kemp-Roth approach. Under K-R, rates across the board were to have been reduced by 10 percent per year. If K-R had been implemented, in three years the top rate would have gone down from 50 percent to 37.4 percent. Under the Reagan plan, the top rate stays at 50 percent. Such relief as is extended takes the form of delaying the figure at which the 50 percent is reached. But whether this is a net relief to the taxpayer depends of course on the rate of inflation.

But even if inflation were totally controlled, the economy would suffer from a rate (50 percent) that skims risk capital resources and encourages tax-oriented investment policies. As things now stand, notwithstanding all the planned reductions in the Reagan program, three years hence the American people will pay a 1 percent greater tax than they paid under President Carter.

## William F. Buckley, Jr.'s "ON THE RIGHT"



3) We are left asking: What would Congress now consent to do, that it hasn't already done? We are left most clearly with the impression that any further reduction in federal expenses is excluded, certainly until after the elections next year. What, then?

Years ago, Milton Friedman came out with the notion that if only as a matter of morality, the United States should issue guaranteed purchase maintenance bonds. You cannot, said Friedman the moralist, with good conscience sell someone a \$100 bond paying 3 percent interest when you have every reason to know that the bond's purchasing traction will have reduced by 5 percent in a year. That argument goes beyond the moral in the rash of recent suggestions that, in effect, not only the government, but the private sector begin indexing its loans.

indexed. Thus, if you borrowed \$1,000 with the obligation to repay in two years, and inflation (tied to the cost of living index) went up by 10 percent, you would owe the bank \$1,200. That, at first blush, is a most awful alternative -- except that if the lender is protected against inflation, he will reduce the interest to the conventional 2 percent to 3 percent.

Granted there are those who would prefer to pay 20 percent tax deductible interest and benefit from the reduction in the principal payment; but to do it right is the point of the exercise. Introducing the indexation of the national debt would cause that debt to soar: but the carrying cost would plunge.

We are at this moment selling 10-year government bonds at over 15 percent interest. Guaranteeing the purchasing power of the bond would save us -- up to \$100 billion per year.

Robert Heilbroner, the economist, writing to *The New York Times*, proposes that a mortgage, or even a straight loan, be

The reform should be explored.