

The National Outlook Federal Aid For Depressed Areas

By RALPH ROBEY

Both the House and the Senate have passed a bill enabling the federal government to aid depressed areas. There was strong opposition to such a proposal, but there never was any real hope of defeating it. President Kennedy made this one of his anti-recession measures and the Eisenhower administration had supported such an extension of federal government activity.

The cost of the measure will be some \$400 million. At present there are 103 areas which meet the requirements for help as depressed areas. This is determined by the percentage of unemployed in relation to the average for the nation as a whole.

There are many reasons why an area may become depressed, and these are crucial from the viewpoint of appraising the wisdom of this measure. Some of the more important of these reasons are:

High labor cost: This can force up the costs of production and thereby increase prices. The result is a smaller market and less need for the old output. This is one of the things which has happened in the coal fields. To attempt to meet it the mines have made enormous investment in machines to keep prices at a level which enables the mine to compete with alternative sources of fuel.

Unfavorable business climate: This may take the form of a bad tax system, hostility on the part of the local government, misunderstanding of the problems of management, refusal to enforce the laws against labor abuses, and so on. Where such a situation is found it is to be expected that business will not remain any longer than necessary.

Shrinking market: This may



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be permanent, as, for example, buggy manufacturing, or it may be temporary, as in the case of automobiles and steel today. In either event it reduces the need for workers and hence increases unemployment in these industries.

Transportation costs: With competition as vigorous as it is today in most lines, the cost of getting a product to market may become a matter of utmost concern. The result in many cases is that a business will set up units as close to its market as possible, and this may leave many workers at the old site without jobs.

Exhaustion of a natural resource: This is what gave us the ghost towns of the west. But it may happen in any field which is based upon the extraction or manufacturing process of a natural resource.

Increased Productivity: From the point of view of employment, farming offers the best example of this. Through mechanization, larger units, better fertilizer, and better seeds, the increased output per acre has been fantastic. The same process, to some extent, has gone on in almost all industry.

Foreign competition: An increasing number of industries are finding it difficult — and some, impossible — to meet the prices of competitors from abroad. Wherever this is true, it hurts employment in this country.

Now financial aid by the federal government will not, and can not, offset any of these reasons for an area becoming depressed. This does not mean that the problem is not serious. These unemployed persons need job, and the nation needs to get them back to work.

Senator Wallace F. Bennett (R-Utah), after listening to exhaustive hearings on this bill, said point blank in the report of the Committee on Banking and Currency that "the time to stop a surge of federal intervention in the field of plant location is before the principle of federal intervention is established." Unfortunately it is too late for that now. But that does not change the fact that the expenditure of this \$400 million will not begin to solve the problem of depressed areas.

New VFW Auxiliary Officers Are Installed

At a meeting of the VFW Auxiliary held Thursday night of last week new officers were installed with Mrs. Patty Jordan officiating as installing officer. Those installed were as follows:

President, Anita Conner; senior vice president, Doris Toler; junior vice president, Betty Perry; secretary, Ellie Mae Parrish; treasurer, Rose Goodwin; chaplain, Birdie Harris; conductress, Dora Stillman; historian, Helen Byrum; guard, Mary Coffield; trustee for three years, Bertha Mizelle.

The next business meeting will be held Thursday night, May 4, at the home of Mrs. W. H. Coffield.



WHEN A MAN FEELS LIKE A KING—With the ice of Lake Erie glistening beneath their feet, a man and a boy head for their favorite ice fishing spot, off Port Clinton, Ohio. Their sled hauls angling equipment.

Trends In U. S. Economy Abroad Stress Productivity Record To Meet Needs

The American economy entered the Sixties over a third more productive in terms of output per man-hour than it had been at the start of the Fifties, according to data compiled by the U. S. Bureau of Labor Statistics. The long-term figures likewise show that the overall gains in productivity were larger in the last decade than in any previous 10-year period on record, thus seemingly putting the economy at its best level of efficiency to date to meet the multiplying challenges of the times at home and abroad.

The Question of Adequacy
However, with all the achievements over the years, the adequacy of our performance on the production front, the field in which this country has so long been pre-eminent, is coming under increasingly critical reappraisal as the result of certain trends.

The first of these is the current sluggish performance of the economy in its rate of growth, accompanied by a disturbingly high level of unemployment and idleness of production facilities.

The second is the intensified challenge to our competitive position in world markets and to our overall production efficiency from both within and without the Free World. A particular problem in connection with this is the pressure on the dollar and the threat to its future value resulting from the continuing large annual deficits in the balance of our international payments and the drain on our gold reserves, now at their lowest level in years.

Importance of Productivity
It is against this background that our productivity performance takes on added importance. For all studies show that rising production efficiency and increasing output per man-hour are intimately related to the nation's strength and progress entering virtually every phase of economic activity including our rate of growth, manpower utilization, costs of production, price stability, and international competition.

The Bureau of Labor Statistics figures show that productivity in the private economy, which embraces both agriculture and the nonfarm sector and also includes certain Government enterprises selling products and services like the Post Office and publicly-owned utilities, increased 37 per cent for the 1950-59 period as a whole. This compares with a rise of 33 per cent for the Forties, the previous high.

A breakdown of the figures, however, shows that the results were influenced by an extraordinarily large productivity gain in agriculture, where output per man-hour rose 86 per cent in the last decade, more than three times the rise in the Forties. In relation to the general economy, the latest figures show that agriculture accounts for less than 10 per cent of total private employment and under 5 per cent of total output.

The bulge in farm productivity reflects both technological advances in agricultural production and rising investment in machinery and the general farm plant. Along with this, too, is the factor of massive Government assistance through price stabilization operations and other outlays, which in recent years have involved multi-billion spending of public funds annually.

The Role of Investment
Productivity in the nonagricultural area of the economy increased 28 per cent in the last decade as against 25 per cent in the Forties. A diverse group of manufacturing and nonmanufacturing industries is included here, and also trade and the services. Productivity results vary widely, with manufacturing showing a somewhat better per-

formance than the rest of the group.

Fundamental to the productivity achievements of our economy as well as that of other countries is the effectiveness with which human and material resources or blended and employed on a foundation of high investment and technological innovation. The investment process stands out decisively here, in its translation into more efficient tools of production in the form of new plant and equipment, and in the expansion of research and development expenditures to discover new and improved products and to add to the store of technical knowledge.

Recent studies by the Bank for International Settlements show a close correlation between investment and economic growth, with Japan and Germany out in front in both respects in recent years and the United States well down on the list of the democratic world. Since personal savings are basic in our capital formation and investment process, the matter of their adequacy is a natural question under the conditions and problems facing the nation today.

Al Phillips Seeking Re-election May 2nd

Al Phillips, Councilman from the Second Ward, last week, filed as a candidate for re-election in the municipal election Tuesday, May 2.

Mr. Phillips has served one term on the board, having been elected in the 1959 election when he defeated Raleigh Hollowell by a count of 211 to 118. Mr. Phillips is serving as a member of the Finance Committee and assistant to the Street Commissioner.

TRY A HERALD CLASSIFIED

Meetings Planned For Grain Program

C. W. Overman will notify all farmers on the mailing list of two meetings to be held possibly on Monday night and Tuesday night of next week. At these meetings the feed grain program for 1961 will be explained in detail.

Briefly, the main information is as follows: A farmer with less than 25 acres of grain can put the entire acreage in the program. A farmer with 25 to 100 acres of grain can put in 20 acres plus an additional twenty percent of his two-year average acreage. Farmers with 100 acres and over may put in up to 40%. The minimum that any farmer can put in is 20% of his two-year average acreage.

Payments will be based on average farm yields and will vary. Payments on the first 20 percent of the acreage will range from \$28.30 to \$52.30 per acre. The sign-up will begin just as soon as the ASC office receives the forms, which are expected any day. At the time of sign-up, one-half of the farm payment will be made. The other half of the payment will be made after performance is checked. Farmers have until June 1 to sign up. June 1 is closing date.

State-Local Bond Vote Approvals Top \$40 Billion

Electorate In Favor of Process of Meeting Important Social and Public Needs

A total of more than \$40 billion in new bond issues for capital and other purposes by

State and local governments all over the country has won public approval at the polls in the post-World War II period to provide the educational and other community facilities needed by an expanding population and growing economy.

Last year saw a new high in public support for such expenditures, with the voters approving more than \$6 billion in the proposals for new projects. This was more than double the 1959 figure and well over a billion dollars above the previous high set in 1956. The figures were compiled from data gathered by the Investment Bankers Association of America.

The Need for Savings

Approval by the electorate is, of course, just the first step in this process of meeting social and public needs. Savings and investment are essential to complete it by providing the market for the securities involved.

It is significant to note, therefore, that State and local bonds rank as an important medium of investment for the funds of the people's thrift institutions as well as other investors. A U. S. Treasury Department tabulation of the distribution of the ownership of these securities shows insurance companies as the second largest holder next to classification of individuals. Holdings by life insurance companies alone currently exceed \$3 billion.

While public approval for proposed new issues regularly runs high at the ballot box, the record shows this to be anything but a rubber stamp operation. Some proposals just make it by a narrow margin, as well as the case of a \$1 1/2 billion California water and irrigation project in 1960. Many others are rejected annually for cost or other reasons. Last year, for example, saw a very high proportion of acceptances, figuring out to around \$7 out of every \$8 of the total of the proposals submitted.

to the electorate. In 1959 the proportion of approvals was substantially lower at little more than \$7 out of every \$10.

Impact on Construction
Bond elections for capital purposes are a major factor in public construction, which in recent years has represented more than a quarter of the nation's entire building activity. By the nature of the process involved there is usually a considerable time lag between voter approval and translation of the project into reality. Thus the approvals of the last few years will be a sustaining factor in over-all construction demand in the years ahead.

Bond election proposals are submitted to the electorate all year round, and not only in November. They cover a wide variety of projects involved in the every-day life of the community and the nation, such as schools and other educational facilities, roads and bridges, water and sewer projects, public housing, and recreational facilities. In most years school bond approvals have headed the list in dollar totals of all projects involved, and last year came to over \$2 billion, up sharply from recent years.

One Way To Do It
Junior was a little terror, the scourge of his home and the neighborhood, so Papa was understandably surprised when Mama suggested they buy him a bicycle.

"Do you think it will improve his behavior?" inquired Papa.

"No," answered Mama grimly, "but it might spread his meanness over a larger area."

YOUR VOTE AND SUPPORT WILL BE APPRECIATED

RICHARD D. DIXON, JR.
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Councilman First Ward

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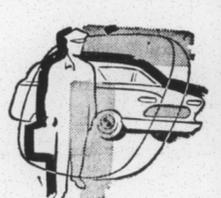
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before—in just 7 years, 9 months. Bonds bought before June 1, 1959, earn more, too—an extra 1/2% from then to maturity.
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Pick the amount you would like to receive each month for 17-3/4 years

	\$36.25	\$72.50	\$145.00	\$290.00	\$725.00
You save each month for 17 years, 9 months	18.75	37.50	75.00	150.00	375.00
At maturity, 7 years, 9 months from issue date, each bond will be worth	25.00	50.00	100.00	200.00	500.00
Hold each bond for another 10 years					
You collect each month for 17 years, 9 months	36.25	72.50	145.00	290.00	725.00

Tables based on assumption that 3-1/2% rate will be in effect 17 years and 9 months from original purchase date of each Bond.

SOME ADVANTAGES YOU MIGHT THINK ABOUT

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