

Approved For Release 1999/10/13 : CIA-RDP72-00450R000100260019-4

force in public education (TIME cover, increasing political friction in Washington after he temporarily cut off federal school aid to Chicago and threatened the same for other cities that had been slow to integrate. Henry's resignation was accepted effective May 1, while Keppel's lay for the time being in Johnson's In basket.

**Tots Teeth.** At week's end, arriving exuberantly in Texas for the Easter holiday, Johnson announced new plans to expand the Great Society. At a bill-signing ceremony to celebrate a two-month extension of the medicare registration deadline—held characteristically at a federally financed home for the aged in San Antonio—Johnson said he would ask Congress next year for “increased insurance benefits, across the board, for 21 million beneficiaries” of social security, plus free dental services under medicare for children up to the age of six.

After some politicking, the Johnsons then accompanied Daughter Luci and Fiancé Pat Nugent at a Good Friday service in San Antonio's Roman Catholic San Fernando Cathedral, later flew to the L.B.J. Ranch for a long Easter weekend. There they were joined by Daughter Lynda, looking as radiant as her father and sporting a jeweled gold ring on the third finger of her left hand. A gift from her current beau, Actor George Hamilton, who had also joined the family for the weekend, the ring, White House aides averred, stood for “friendship,” not connubial intent.

### THE ADMINISTRATION

#### Councilor to Canute

“To say that we have no need for a tax increase is becoming easier and easier,” declared a White House economist last week. His remark reflects a growing confidence within the Administration that it can avert serious inflation without boosting taxes, that President Johnson's stubborn refusal to do so will prove in coming months to have been not only politically astute, but economically wise as well. If this confidence is borne out—in the face of mounting war costs and the free-spending mood of Congress—the nation can thank Gardner Ackley, the self-effacing former University of Michigan economist who devised the President's anti-inflationary strategy last January.

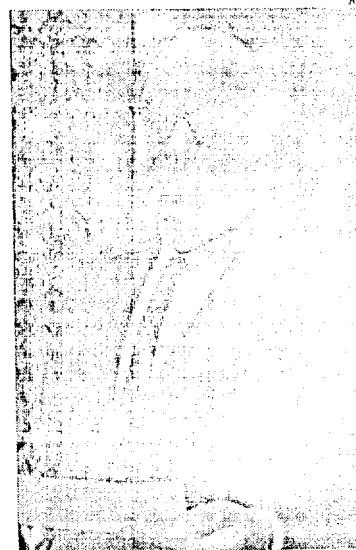
**“More Information.”** Ackley, 50, and his two colleagues on the President's Council of Economic Advisers have, in fact, been in a very lonely minority. Nearly every leading economist—not excluding Walter Heller, Ackley's brilliant predecessor as council chairman—as well as influential members of the banking and business communities, has backed a tax boost as the surest way to keep the boom in balance. “We have,” Ackley insists, “better and more complete information than they do.”

Ackley's information indicates that

the current inflationary surge may taper off as early as this summer or fall. High-velocity money, which has been the most paychecks in May and, together with last January's boost in social security taxes and recent reimposition of telephone and automobile excises, should put a crimp in consumer demand. Bank credit has been slowing, and industry's heavy investment in capital growth over recent years will permit a lower rate of plant expansion. Preliminary figures for the first quarter of this year point to a slight slowdown in the economy's feverish rate of growth.

**“Healthy Warmth.”** More important for the near future is a leveling off of food prices, which have accounted for most of the inflationary push in the last year. Figures released last week showed that the Wholesale Price Index, considered the most reliable gauge of inflation, held firm last month for the first time since October. “At the moment,” says Ackley, “I would describe the situation as one of healthy warmth. But I would also immediately add that it's necessary to keep a careful eye on it, to watch for too high a temperature or too fast a rise.”

A significant, though statistically unmeasurable, factor in Ackley's optimism must be the Canute-like figure of Lyndon Johnson, who more than any other President has thrown the full force of his office and his own mighty powers of persuasion against the tide of inflation. Though Ackley is less of an innovator than Heller, whom he succeeded a year and a half ago, and is the temperamental opposite of the President, he is by economic instinct perhaps even more in the Johnson mold. He has made the council an even more zealous watchdog of the economic guidelines, pushed it into an ever more active role as a shaper of the economy. If Ackley's council proves to have been right about inflation, that role will be more active yet.



ECONOMIC ADVISER ACKLEY  
Alone in the mold.

L.B.J. HONORING COST CUTTERS

Escape for the nonce.

### THE PRESIDENCY

#### Effulgent Interlude

For all the gnawing uncertainties of the situation in Viet Nam, Washington's least harassed man last week seemed to be Lyndon Johnson. In and out of the White House, the President was trading quips with visitors, tugging elbows, wading into crowds for handshaking and *abrazos*. The President's prose matched his effulgent mood.

**Bailing the Boat.** Presenting a gold medal to Teacher of the Year Mona Dayton in the Cabinet Room, Johnson expressed his delight in escaping for the nonce from “battles and soldiers and the bitterness of war,” praised the Tucson first-grade teacher for having “taken the great outdoors as her classroom and the great desert as her desk.” At an Agriculture Department ceremony honoring cost-cutting employees, Skipper Johnson likened the Administration's campaign against waste to “bailing a boat—you have to keep at it; there is no time to rest.” Mockingly, he scolded the Agriculture men for not equaling the White House's 100% participation in a savings-bond drive: “Maybe I was a little more persuasive with them than I can be with you.”

With Congress in recess, among the few items of business to cross the President's desk were the resignations of Federal Communications Commission Chairman E. William Henry and Assistant HEW Secretary Francis Keppel. Memphis Lawyer Henry, who as FCC chief since 1963 has stung A. T. & T. with a still-in-progress study of its rate setup but soft-pedaled his predecessors' criticism of the TV industry, is anxious to return to private practice. In three years at HEW, Keppel made its Office of Education the nation's most innovative