

145 3-01 Warren Comm.

Washington Outlook **BW**

November 26, 1966 From: Business, Week, 26 November 1966.

LBJ may wait for political word on taxes

Every jiggle in the economic pressure gauges and performance charts sets policymakers to brooding these days.

They are seeking some kind of sign that will tell them whether a tax increase will be needed next year to damp down inflation, or whether current soft areas mean the inflation danger is over.

But if the indicators continue to send out mixed signals as they are doing now, purely economic factors may wind up playing a secondary role in the final decision. Political factors may take over.

A hint came from Texas this week, where the President is recuperating. The word is not to count on a decision soon after a new batch of economic indicators comes in Dec. 10 (page 47). The issue may not be settled until January—and by then the new Congress will be in session and the President will be getting a full political reading on taxes.

Some current theories will rile Congress

Lawmakers will find two current lines of speculation hard to swallow.

One line is that President Johnson will propose a tax increase, to be on the safe side about inflation. Then, if the economy softens, he can make political points by canceling the increase in 1968, when he presumably will be running for reelection. If Johnson does ask Congress for a tax increase, he will take particular pains to convince lawmakers that he has no such strategy in mind.

Another essentially political idea is certain to annoy Congress. Some economists urge a tax increase on the ground that regardless of whether it turns out to be needed for strictly economic reasons, it will help condition Congress and the public to the idea of quick turns in fiscal policy—something long advocated by academicians. Congress will hardly agree that it needs to be taught lessons of this kind.

Another political factor is certain to play a role. Johnson will be told by Chairman Wilbur Mills (D-Ark.) of the House Ways & Means Committee that a tax increase will be acceptable only if accompanied by large cuts in spending for civilian purposes. Johnson could decide this is too high a price to pay.

Russell joins critics of Warren report

The disclosure by Senator Richard B. Russell (D-Ga.) that he is dissatisfied with the report of the Warren Commission on the assassination of President Kennedy increases the chances that the whole matter will be reopened.

Russell was a member of the Warren Commission and has long been chairman of the Senate committee that oversees the Central Intelligence Agency. He wonders whether more could have been learned about the stay of the assassin, Lee Harvey Oswald, in Russia from 1959 to 1962, and whether all the facts were brought out concerning Oswald's dealings with a pro-Castro committee. Russell has enormous prestige in intelligence matters and could rally a strong Congressional drive for more probing.

Balm in defeat

There is at least some balm for Johnson in the long list of Democrats defeated in the Nov. 8 election. Many Democrats who had jobs before the election are available now for federal appointments, providing some relief in Johnson's constant hunt for talent.

The job of Attorney General, for example, is open. Johnson has Meyer