

## Administration Tax Stance Unaffected

# GNP Quarterly Growth Sets Post-Korea Record

By Joseph R. Coyne

Associated Press

The Government reported yesterday that the largest quarterly increase in the gross national product since the Korean War, but a spokesman said this has not changed the Administration's thinking against an immediate anti-inflationary tax boost now.

A \$17-billion increase in the value of all goods and services produced in the country was reported by the Commerce Department's Office of Business Economics for the January-March quarter, raising the gross national product to a seasonally adjusted annual rate of \$714 billion.

Because the rise is more than was anticipated by the Administration, it will certainly add fuel to the debate over a possible tax increase to stem inflation. But one administration source said the new figure "has not produced any decisions or any sharp changes in thinking."

Last January the Administration projected an average increase in gross national product of \$12 billion a quarter throughout 1966.

White House sources said

### Food Group to Meet

The Chesapeake-Potomac Frozen Food Association will hear Harry Pripstein, vice president and director of sales for Food Fair Stores, Inc., at a meeting Wednesday night at Friendship Airport.

### N.Y. Central Net Up 398% in Period

NEW YORK, April 18 (AP)—Earnings of the New York Central Railroad soared 398 per cent in the first quarter of this year.

Net income was the highest in ten years at \$7,578,611, or \$1.11 a share, as compared with last year's first-quarter total of \$1,520,650, or 22 cents a share.

Total operating revenues increased by 2.3 per cent to \$160,609,237.

Alfred E. Pearlman, president, said the increased earnings reflected the company's quiet revolution that touched on all phases of the railroad.

Last week economic factors are too mixed to permit a tax decision at this time. An administration source said yesterday's announcement doesn't change that picture. He said most of the higher-than-expected increase was taken into account by the White House. Late revisions in the figure pushed the total somewhat higher, "but it doesn't signify that much," the source added.

"We still haven't gotten an answer on a tax increase," one key official said.

The 2.5 per cent gain in gross national product during the first quarter of 1966 was roughly comparable to the

gain during the first quarter of 1965 when GNP rose by \$16.5 billion.

But in dollars, the increase announced today was the largest since the third quarter of 1950 when GNP rose by 6.5 per cent. The yearly total at that time, however, was less than half what it is now.

One Treasury Department source said yesterday's figure will certainly bear heavily on any decision made by the Administration, but he noted that it does not take into effect the voluntary restraint on business investment urged by the White House last month.

In 1965 GNP took its biggest quarterly jump during the January-March quarter. It slowed its advance to \$11.2 billion during the second quarter, but rose during the last half of the year—by \$12.7 billion in the third quarter and \$15.7 billion in the final three months. The final total for the year was \$676.3 billion.

The first quarter increase reflected a 1.5 per cent boost in the physical volume of production and a rise in overall prices, mainly for food, of slightly less than 1 per cent.

In announcing the figure, the Department emphasized it was based on preliminary and incomplete information and is subject to revision next month.

The over-all rise in prices during the first quarter was the biggest of the current business expansion. During 1964 and 1965, quarterly price increases averaged less than one-half of 1 per cent.