THE PRESIDENT HAS SEEN....

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JUL 19 1975

MEMORANDUM FOR: THE PRESIDENT

FROM: JAMES T. LYNN

SUBJECT: Washington Star Article on Alaska Railroad

Attached is a memorandum, in response to your request, explaining that the recent Washington Star article on the Alaska Railroad is partially incorrect and misleading.

Attachment

OMB ANALYSIS OF WASHINGTON STAR ARTICLE ON ALASKA RAILROAD

Background

This responds to your request for OMB's views on the attached Washington Star article of July 3, 1975, entitled "Government Has Trouble Running Its Own Railroad."

The article makes a number of claims which do not fairly represent the situation on the Alaska Railroad (ARR), as we see it. These are listed below, followed by a response to each point:

- the railroad is in poor physical condition, and the deferred maintenance backlog amounts to $17 million
- the "work force exceeds a ceiling imposed by the Office of Management and Budget"
- not enough workers can be hired to handle efficiently the increased traffic resulting from oil pipeline construction.

Point 1: Physical Condition

OMB has not been supplied with sufficient evidence to conclude that a serious problem of physical deterioration exists on the railroad. However, ARR officials maintain that a problem exists. Elsewhere within DOT, views on this subject are mixed.

The $17 million "deferred maintenance" figure quoted in the article represents a listing of proposed capital projects, compiled by the ARR in 1974, by no means limited to items of deferred maintenance. Projects relating to expansion and cost-saving improvements are also included.

Although the dollar value of deferred maintenance on the ARR is highly elusive, certain physical measures are available. In this regard, the article suggests that 400 old freight cars "must be replaced" (out of a total of 1400). It fails to mention, however, that only 10 (.7%) are currently out of service for repairs, compared with 11% in the Penn Central System. Assuming that Federal safety standards are being met, this suggests that the car fleet is in relatively good condition.

Track conditions also appear to be adequate. DOT reports that 82% of track miles on the railroad are safe for operation over 40 miles per hour. By contrast, only 65% of Penn Central track is safe for operations over 10 miles per hour.

Point 2: OMB Employment Ceiling Exceeded

In this point, the author indicates a violation of an OMB ceiling. This could not be the case, since OMB only applies an employment ceiling to the Department as a whole, not specifically to the ARR. It is true that the ARR exceeded the ceiling established by the Department (this was the subject of the memo which was leaked to the press), but this problem was resolved when the ARR reduced its permanent employment to the authorized level in June, before the article was written.

Point 3: Limitation on Hiring Causing Problems

In spite of a massive increase in shipments during the past year, there is no evidence that business is being turned away. This is partly due to increased efficiency, and partly due to the addition of 210 temporary employees during the past few months (an increase of 316% in the level of temporary employment--the total number requested by the ARR). To facilitate this increase, OMB raised the Department's ceiling accordingly.

In spite of these gains, the ARR is dissatisfied with its number of permanent employees. The Department is carefully assessing the need for additional permanent slots, reflecting a healthy concern that the present high levels of traffic may be short-lived, and may subside after the pipeline is finished.

In evaluating these points, it is also important to note that:

- The Alaska Railroad is difficult to control from Washington, partly because of geographic separation, and partly because of its strong ties with the Congressional delegation from Alaska.

- For this and other reasons, the Administration position for several years has favored transfer of the railroad to some local entity, preferably the State of Alaska.

Although the State is not currently willing or financially prepared to accept this role, once oil royalties become available by the late 1970's the Administration should begin to press for such a transfer.

- Pipeline construction has led to a dramatic increase in revenues (by 80% between 1974 and 1975). Thus, instead of sustaining a $1-2 million operating loss, as in recent years, the railroad is expected to earn a profit of $2 million in 1976. The prospect of increasing prosperity on the Alaska Railroad tends to argue against further Federal subsidies.

Attachment

THE WHITE HOUSE
WASHINGTON

Jim

What is OMB's answer

THE WHITE HOUSE

WASHINGTON

July 7, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: JAMES LYNN

FROM: JIM CONNOR JC

The attached newspaper article was returned in the President's Outbox with the following notation:

"What is OMB's answer?"

Please follow-up with appropriate action.

cc: Don Rumsfeld

Attachment:
Article from THE WASHINGTON STAR
Thursday, July 3, 1975
Entitled " Government Has Trouble Running
Its Own Railroad"

THE PRESIDENT HAS SEEN...

FPC and GAO Dispute Over Form Stalls Effort to Get Gas Reserve Data

Stephen M. Aug
Washington Star Staff Writer

The Federal Power Commission and the General Accounting Office are involved in a disagreement which threatens to disrupt FPC efforts to determine the extent of the nation's reserves of natural gas.

The dispute, which documents in FPC files indicate has been going on since February, involves issuance of a new form which would be sent to all pipeline companies and gas producers under FPC jurisdiction.

When the commission announced the plan in February, it said the first report, which was to have been filed with the agency by July 1, would include a listing of all crude domestic gas reserves at the end of 1974.

THE FORMS for the survey, however, never were approved by the GAO. The accounting office, under federal law, is responsible for insuring that information requests by independent federal regulatory agencies do not unnecessarily duplicate one another and do not put an undue burden on those who must supply the information.

In a letter to FPC Chairman John N. Nassikas, Monte Canfield, director of the GAO's Office of Special Programs, says the GAO absolutely refuses to permit the commission to send out its proposed form.

The complaints range from the burden of compliance on small gas producers — small businessmen continually complain that federal bureaucracy forces them to fill out a multitude of forms — to the charge that not all the information the FPC wants will be provided by these particular forms.

SPECIFICALLY, the GAO says the FPC will not obtain data for ownership of reserves that are exclusively within a single state. In fact, the FPC has no jurisdiction over wholly intrastate gas supplies.

Other data which GAO says the FPC wants but would not collect include the percent of reservoirs owned and identification of affiliates and subsidiaries.

The accounting office urges the FPC to clarify the instructions, to develop a detailed plan as to how the data is to be used, to use some other technique to obtain the information, and to poll every other government agency and the gas industry itself — which, naturally enough, objects to the form — as to the cost of completion of the forms.

THE LETTER from Canfield followed by days a plea from Robert W. Perdue, deputy general counsel of the FPC, requesting immediate approval of the new form, and citing "the worsening natural gas shortage and the prime importance the reserve data has on determining the just and reasonable rate (price) for new supplies of natural gas. . . ."

The Perdue letter said it was "absolutely essential that this information be submitted by the natural gas companies . . . as soon as possible."

At the time the FPC announced its intention of seeking the information, the commission cited the worsening shortage and said the prospect of increasing curtailments of natural gas supplies each winter requires the agency to "take every prudent step to remain abreast of fast-paced changes in the gas industry as well as to anticipate future developments and provide long-range planning."

MCI Told To Cancel 'Execunet'

The Federal Communications Commission today gave MCI Communications, Inc., of Washington 30 days to cancel is "Execunet" service, ruling that it essentially is a common carrier activity.

Under the "Execunet" service MCI customers may call a local telephone number from any push-button telephone in any city where MCI operates. The customer then punches out a special code number, and the phone number he wishes to call in any distant city. He is then billed a per-minute charge.

MCI was the first of a new group of firms formed to compete with telephone companies in providing specialized communications services to business firms and government agencies, usually at lower prices than similar service from telephone companies. But "Execunet," the FCC said, amounts to a common carrier service.

Government Has Trouble Running Its Own Railroad

By Stephen M. Aug
Washington Star Staff Writer

The federal government, frequently critical of the managements of the nation's privately owned railroads, is having trouble running its own — and internal correspondence says the government may be creating its own little Penn Central.

The problem is the Alaska Railroad, a 483-mile line between Seward and Fairbanks, which the federal government built, owns, operates and tries to maintain — albeit with apparent lack of success.

Internal Department of Transportation correspondence obtained by The Star shows that the Alaska Railroad has built up a backlog of about $17 million in deferred maintenance, and, despite the need to improve the facilities to handle the swelling amount of freight, due largely to construction of the trans-Alaska pipeline, the Ford administration won't make enough money available to fix it up.

FURTHER, the railroad is having so much trouble persuading its parent DOT to authorize additional personnel that in one letter it suggested discontinuing passenger service between Anchorage and Fairbanks to free train crews to run additional freights.

The fact that the railroad's work force exceeds a ceiling imposed by the Office of Management and Budget drew a sharp warning in a memo from Asaph H. Hall, acting administrator of the Federal Railroad Administration (which handles Alaska Railroad matters within DOT) to Walker S. Johnston, the railroad general manager. If Johnston exceeds the personnel ceiling, the memo warns, "the department could be gravely embarrassed with the President."

The railroad has complained that it is practically falling apart and that it has neither the equipment nor the manpower to handle all the business the pipeline construction is bringing.

IN FACT, 75,000 of the railroad's 1.95 million ties are untreated and require replacement.

Continued deterioration of untreated wood in timber trestles will require four years of heavy maintenance to bring the structures up to acceptable standards, according to one document. Tunnel portals and interiors still are supported by untreated wooden timbers installed in 1942-43 which must be replaced.

The railroad's freight cars average more than 30 years old, compared with a railroad-industry average of about 13 years — and 400 of its 1,400 freight cars ought to be retired, it says.

The railroad requested $7.3 million for the fiscal year ended June 30 and $10.2 million for the current fiscal year (1976) to accomplish deferred maintenance and make needed improvements. DOT recommended the first $7.3 million but only $8 million for the current year. OMB, however, slashed last year's budget to $6 million and provided no federal funds for this year.

ONE INTERNAL memorandum points out the problems of finding enough trained railroad personnel in Alaska, and notes that because of the personnel ceilings train crews are working double and triple

See ALASKA, D-7

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gest that you may be in the high risk category for heart disease, you should also be given some kind of cardiovascular risk analysis.

8. The exam should include updating of your immunizations and a legible record of the status of your protection against tetanus, polio, etc. — plus dates for re-immunizations.

9. You also should get a personal medical history exam with indications of your emotional status and living habits.

10. Don't short-change yourself on this exam. But don't permit yourself to overspend for tests not needed in your age-health bracket or to be grossly overcharged because you don't know what the various aspects of a physical should cost.

ALASKA

Continued From D-6

shifts — with a consequently high overtime cost.

"It is a more efficient operation to employ more personnel, paying straight time, than to pay overtime rates to employes who have already fulfilled their working day," the letter says.

It points out, too, that restricting the number of employes will hamper repairs and the railroad's ability to produce revenues (It turned a $3 million profit last year, though the Alaska Railroad usually runs at a loss).

"To refuse freight because the railroad does not have the personnel would not be consistent with the purpose of the Alaska Railroad . . ." the letter warns.

And it adds: "Curtailing the railroad's ability to earn revenues in excess of expenses by the imposition of unrealistic ceilings is a sure-fire method for creating another Penn Central."

MUTUAL FUNDS

NEW YORK (AP) —The following quotations, supplied by the National Association of Securities Dealers, Inc., are the prices at which these securities could have been sold (net asset value) or bought (value plus sales charge) Wednsdy

AGE Fnd	4.33	4.42
Adm Grt	3.73	4.09
Adm Inc	3.30	3.62
Adm Ins	6.79	7.44
Advisrs	3.39	3.71
Aetna F	7.00	7.65
Aetna Shr	11.76	12.85
Afutore F	8.22	N.L.
AllAm Fd	.41	...
Allstate	9.96	10.71
Alpha	10.43	N.L.
Am Birth	10.57	11.62
Am Eqity	4.57	5.01
Amer Express:		
Capit	6.16	6.73
Incme	7.99	8.73
Invest	7.02	7.67
Specl	6.06	6.62
Stock	6.61	7.22
American Funds:		
Amcp	4.89	5.34
A Mutl	8.19	8.95
Bond F	13.98	15.28
Grwth	4.34	4.74
Incom	13.44	14.69
ICA	12.61	13.78
N Pers	15.64	17.09
Wa Mut	11.81	12.91
Am Grth	4.62	5.05
Am Insln	4.63	5.06
Am Invs	4.97	N.L.
AmN Gth	2.26	2.47
Anchor Group:		
Daily	1.00	N.L.
Grwth	6.71	7.35
Incme	6.52	7.15
Resrv	10.32	11.31
Spectr	4.41	4.83
Fd Inv	6.57	7.20
Wash N	9.72	10.65
Audax Fd	7.09	7 75
Axe Houghton:		
Fnd A	4.42	4.80
Fnd B	6.72	7.30
Stock	5.81	6.35
BLC Grth	9.77	10.68
Babson	10.09	N.L.
Bayrk Fd	5.52	
Bayrk Gr	4.68	
Beacn Hil	8.25	N.L.
Beacn In	9.26	N.L.
Berk Cap	6.87	7.51
Bondstk	4.24	4.63
Bost Fdn	8.79	9.61
Brwn Fd	3.14	3.23
Calvin Bullock.		
Bullck	11.89	12.99
Candn	8.98	9.81
Divid	3.02	3.31
NatW S	8.96	9.79
NY Vnt	10.55	11.53
CG Fund	9.57	10.35
CG Incm	7.90	8.54
Cap Pres	93.73	N.L.
Centry Sh	10.10	11.04
Chall Inv	9.27	10.13
Channing Funds:		
Amer	1.14	1.25
Balan	8.74	9.55
Bond	7.97	8.71
Eq Grt	6.72	7.34
Eq Pre	2.77	3.03
Fd Am	6.32	6.91
Grwth	4.27	4.67
Incom	6.00	6.56
Prov	3.38	3.69
Specl	1.57	1.72
Vent	9.33	10.20
Chart Fd	11.08	12.11
Chase Gr Bos:		
Fund	6.78	7.41
Frt Cap	4.13	4.51
Shrhld	6.58	7.19
Specl	5.47	5.98
Chemicl	8.57	9.37
CNA Mgemt Fds:		
Knic F	5.62	6.16
Knic G	5.98	6.55
Liby Fd	3.98	4.35
Man Fd	2.99	
Schust	6.73	7.36
Colonial·		
Cnvrt	8.44	9.22
Equty	2.51	2.74
Fund	9.42	10.30
Grwth	5.11	5.58
Incom	8.04	8.79
Vent	2.28	2.49
Colu Grth	12.80	N.L
Colum Fd	6.59	N.L.
Cwlth AB	.92	1.00
Cwlth C	1.36	1.47
Comp Gr	5.39	5.89
Comp Ca	4.23	4.64
Comp Bd	8.02	8.72
Comp Fd	7.86	8.54
Concord	8.73	N.L.
Cons Inv	unavail	
Constel G	5.57	N.L.
Cont Mut	6.55	N.L.
Ctry Cap	11.92	12.89
Davge Fd	6.52	N.L
deVegh	30.84	N.L.
Delaware Group:		
Decat	9.75	10.66
Delaw	9.34	10.21
Delta	4.24	4.63
Dir Cap	3.82	4.19
Dodg Cox	14.76	N.L
Drex Bur	9.13	N.L
Dreyfus Grp:		
Dreyf	10.82	11.86
Equit	4.00	4.28
Levge	13.53	14.83
Liqu As	9.99	N.L.
Spl Inc	6.57	7.20
Third C	10.63	11.65
E&E Fd	3.14	N.L.
Eagle Gr	8.13	8.89
Eaton&Howard:		
Balan	8.30	9.07
Grwth	9.52	10.40
Incom	5.46	5.97
Specl	5.97	6.52
Stock	9.57	10.46
EDIE Spl	18.26	N.L.
Egret Fd	10.45	11.36
Elfun Tr	13.67	
Energy	12.69	N.L.
Fairfld	8.07	8.82
Farm Bu	7.91	N.L.
Federated Funds:		
Am Ldr	8.36	8.49
Empir	18.21	
Four E	16.85	
Fidelity Group:		
Bond	8.25	9.02
Capit	8.98	9.81
Contfd	10.84	N.L.
Conv	7.44	
Daily I	1.00	N.L.
Dstny	7.73	
Essex	7.86	
Evrst	11.65	
Fidel	14.42	15.76
Puritn	9.66	10.56
Salem	3.92	4.28
Trend	20.51	22.42
Financial Prog:		
Dyna	4.24	N.L.
Indust	3.81	N.L.
Incom	6.32	N.L.
Vent	4.41	N.L.
FstFd Va	11.15	12.19
Fst Investors:		
Disco	4.88	5.35
Grwth	6.59	7.22
Incom	7.24	7.93
Stock	7.04	7.72
Fst Mlt A	7.73	N.L.
Fleming Berger:		
Flem B	7.61	
100 Fd	7.36	N.L.
101 Fd	7.37	
Forty Fr	11.41	N.L.
Fnd Gth	3.85	4.21
Founders Group:		
Grwth	4.85	5.30
Incom	10.66	11.65
Mutal	8.57	9.37
Specl	8.92	9.75
Foursq	7.77	N.L.
Franklin Group:		
DNTC	6.53	7.16
Grwth	5.80	6.36
Utils	3.96	4.34
Incom	1.71	1.87
US Gov	9.31	10.20
Capit	5.65	6.19
Equit	3.46	3.79
Frkln Lfe	9.71	10.61
FdF Dep	8.26	N.L.
Fund Inc Grp:		
Comm	8.36	9.14
Impac	6.91	7.55
Ind Trd	10.56	11.54
Pilot	8.14	8.90
GE S & S	27.75	.
Gen Sec	7.11	N.L.
Grth Ind	17.75	N.L.
Guard M	24.05	N.L.
Hamilton:		
F HDA	3.92	4.29
Grwth	5.84	6.38
Incom	6.99	7.64
Hart Gth	9.92	N.L.
Hart Lev	9.23	N.L.
Harvest	10.12	N.L.
Hedge	5.94	
Heritge	1.37	
Hor Man	16.52	17.86
ISI Group·		
Grwth	unavail	
Incom	unavail	
Trus sh	unavail	
Trus un	unavail	
Imp Cap	7.88	8.61
Imp Gth	6.67	7.29
Inc Bost	5.46	5.98
Industry	2.89	
INTGN	7.65	8.27
Int Invst	17.63	19.32
Inver Gth	7.60	N.L.
Inv Guid	7.11	N.L.
Inv Indic	1.78	N.L.
Inves Bos	9.93	10.85
Inv Counsel:		
Capm	7.89	8.65
Capit S	4.86	5.33
Investors Group:		
IDS Bd	5.36	5.55
IDS Grt	5.35	
IDS ndi	4.84	5.26
Mutl	8.37	9.09
Prog	3.11	3.38
Stock	17.38	18.89
Select	8.60	9.25
Var Py	6.63	7.21
Inv Resh	5.57	6.09
Istel	20.93	21.58
Ivy	6.25	N.L.
JP GrthF	9.01	9.79
Janus F	16.20	N.L.
John Hancock:		
Bond	18.03	19.60
Grwth	6.30	6.85
Signat	7.76	8.43
Johnstn	20.92	N.L.
Keystone Funds:		
Apollo	4.05	4.44
Cus B1	16.90	17.68
Cus B2	17.24	18.89
Cus B4	7.34	8.04
Cus K1	6.73	7.37
Cus K2	5.37	5.88
Cus S1	18.96	20.77
Cus S2	8.91	9.77
Cus S3	7.71	8.45
Cus S4	3.26	3.58
Polar	3.33	3.64
Land Gth	6.81	7.45
LD EdieC	13.40	14.33
LD EdiR	1.00	1.01
Lexington Grp:		
Cp Ldr	14.00	15.38
Lex Gr	6.43	7.03
Lex Inc	10.01	10.94
Lex Rh	12.88	14.08
Life Ins	6.23	6.81
Lincoln Natl:		
Linc Ca	6.14	6.71
Sel Am	6.57	N.L.
Sel Opp	9.60	N.L.
Sel Spl	13.45	N.L.
Loomis Sayles:		
Capit	10.62	N.L.
Mut	13.05	N.L.
Lord Abbett:		
Affiltd	7.14	7.70
A Bus	2.93	3.16
Bnd Db	9.66	10.56
Lutheran Bro:		
Fund	9.72	10.62
Incom	8.42	9.20
US Gov	9.90	10.82
Massachusett Co:		
Freed	7.02	7.69
Indep	7.04	7.72
Mass	9.82	10.76
Mass Financl:		
MIT	10.21	11.01
MIG	10.18	10.98
MID	12.26	13.22
MFD	11.91	12.84
MCD	12.56	13.54
Mates	1.52	N.L.
Mathers	10.19	N.L.
Mid AM	4.78	5.22
Mon Mkt	1.00	N.L.
MONY F	9.56	10.45
MSB Fd	13.60	N.L.
Mut Ben	8.72	9.53
MIF Fd	7.61	8.21
MIF Gth	3.55	3.74
Mutual of Omaha:		
Amer	11.27	11.
Grwth	4.38	4.
Incom	8.21	8.
Mut Shrs	20.72	N.
Mut Trst	1.74	N.
NEA Mut	8.14	
Natl Ind	9.36	N.
Nat Secur Ser·		
Balan	7.87	8.
Bond	4.08	4.
Divid	3.27	3.
Grwth	5.54	6.
Pf Stk	5.56	6.
Incom	4.54	4.
Stock	6.79	7.
NE Life Fund:		
Equit	15.05	16.
Grwth	8.82	9.
Incom	13.35	14.
Side	13.79	14.
Neuw Fd	8.05	N.
New Wld	10.94	11.
Newton	11.49	12.
Nichls Fd	12.61	N.
Noreast	13.50	N.
Omega	8.09	8.
One WmS	14.59	N.
Oppenheimer Fd:		
Oppen	6.19	6.
Incom	7.18	7.
Opp Mo	9.60	
AIM	8.73	9.
Time	5.89	6.
OTC Sec	10.12	11.
Param M	6.86	7.
Partner	7.84	N.
Paul Rvr	5.45	5.
Pegas Fd	3.59	3.
Penn Sq	7.04	N.
Penn Mu	2.52	N.
Phila	6.81	7.
Phoe Cap	8.20	8.
Pilgrim Grp:		
Pilg FS	12.26	12.8
Pilg Fd	6.97	7.6
Mag C	3.06	N.L
Mag In	8.09	8.8
Pine St	10.22	N.L
Pioneer Fund:		
Fund	11.70	12.7
II	10.50	11.4
Plan Inv	10.51	11.4
Pligrth	10.63	11.6
Plifrnd	6.57	7.1
Price Funds:		
Grwth	11.00	N.L
Incom	9.37	N.L
N Era	11.34	N.L
N Horiz	7.49	N.L
Pro Fund	6.01	N.L
Prov Gth	7.57	8.2
Pru SIP	8.88	9.7
Putnam Funds:		
Conv	9.99	10.9
Equit	9.57	10.4
Georg	12.42	13.5
Grwth	9.95	10.8
Incom	7.22	7.8
Invest	7.65	8.3
Vista	10.01	11.0
Voyag	10.74	11.7
Reserve	1.00	N.L
Revere	4.87	5.3
Safec Eqt	7.69	8.4
Safec Gth	5.99	6.5
Scudder Funds:		
Int Inv	13.14	N.L
Specl	21.82	N.L
Balan	13.78	N.L
Com St	8.59	N.L
Man Rs	10.03	N.L
Sbd Levr	4.64	5.0
Security Funds:		
Equty	3.42	3.7
Invest	5.97	6.5
Ultra	7.31	8.0
Sent Gth	9.04	9.8
Sentry F	12.08	13.1
Shareholders Gp:		
Cmstk	4.52	4.9
Entrp	5.23	5.7
Flet Fd	4.44	4.8
Harbr	7.49	8.1
Legal	6.45	7.0
Pace	7.94	8.6
Shearson Funds:		
Appre	16.12	17.6

Eliot Janeway

What to Cash In First

Special to the Washington Star

Q. After being retired for seven years and living 35 miles from town on a rental basis, my wife and I are planning to relocate closer to town and build on a five-acre plot we own. Our assets are: $20,000 paid-up life insurance; several thousand shares of stock in a company I worked for; 2,000 fund shares from which we get $150 a month; $18,000 in E bonds, which are all matured; $60,000 in bank savings certificates; $10,000 in a bank account; and $900 a month from Social Security and pension.

What would be the best assets to convert to build a home in the $40,000 to $45,000 range? We want to spread our capital gains over three years.

Mr. M.V. (Salmon, Idaho).

A. Your E-Bonds provide your obvious nucleus. If you don't want to take out a mortgage under present conditions, draw down some of your savings certificates. You are set up to do so without risking your family security.

Q. I've practiced dentistry for 28 years and have saved gold scrap all this time. Based on $140 an ounce — some leeway for refining costs and inert materials — I have about $4,500 worth of scrap. I'm at my peak earning years at age 51 and am in a 50 percent-plus tax bracket. Should I cash it in or save it? Cashing it in would mean paying a tax and then investing in a tax-exempt bond, a small piece of land or a cash-equivalent fund. What do you think?

Dr. P.G. (Eau Claire, Wis.).

A. Cash in your gold scrap. You never go broke paying a tax by taking a profit. It's worth more earning income than being sat on in the hope of a windfall.

The Daily Investor

To Offset Inflation Don't Avoid Equities