



CHEMULT COMMUNITY CLUB women served a buckaroo breakfast at the club grounds the morning of the Fourth of July to nearly 100 early risers. This colorful covered wagon was the ticket booth and entry point to the grounds. Club officers in the picture are, left to right, Mrs. Jack Moebius, secretary; Mrs. Robert Hands, treasurer; Mrs. Cap Jessup, vice president and Mrs. William M. Taylor, president. Proceeds from the breakfast will be used to enlarge the Community Club building.

National Debt Interest Now 8 Billion Per Year

By CHARLES STAFFORD
AP Newsfeatures Writer

Alexander Hamilton, first secretary of the treasury, believed a little debt was a good thing.

A perpetual debt, theorized Hamilton, would assure the nation a good credit rating and a permanent group of bond holders. He borrowed money to get the new government on a firm financial footing, thereby giving birth to the national debt.

From Hamilton's time until the present administration of Secretary Robert B. Anderson, the debt has grown prodigiously, though there have been short periods of debt reduction.

In fact, there was a time when the nation was young that it managed to shed all indebtedness.

Albert Gallatin, who succeeded Hamilton, looked at the 1801 national debt of \$3 million dollars and set a twin goal of debt and tax reduction. By 1811, he had cut the debt to 48 million dollars.

With income flowing in from the sale of public lands, the national debt was completely wiped out by 1835. But absence of debt proved not to be a guarantee of financial stability. A period of prosperity was climaxed by the panic of 1839, and then depression settled over the land.

During the Civil War the debt went up, but was coming back down again by 1870. World War I sent it upward from \$1,146,939,000 in 1910 to \$24,299,321,000 in 1920. During the prosperous '20s, the debt declined, only to rise again during the depressed '30s.

World War II was the skyrocket that carried the debt to the heights where it is today. The 1940 debt was only \$42,967,531,000. On February 28, 1946, it reached its wartime high of \$279,214,000,000. The lowest it has gotten since the war ended was on April 30, 1949: \$251,530,000,000.

Now totaling almost 286 billion dollars, the debt is sure to go higher. The government had a deficit of more than 12 billion dollars during fiscal 1959, the largest in peacetime history.

Congress has raised the debt limit to 295 billion dollars for next year. There is little or no chance of reducing indebtedness in the next year or so, says Robert E. Merriam, the President's deputy assistant. "We will be fortunate to hold the line," he says.

Two things are combining to keep the debt rising.

With expenses exceeding income, the treasury—the world's largest borrower—must borrow money to meet the government's needs. One of the largest expenses, incidentally, is interest on the national debt which now totals more than eight billion dollars a year and is the second largest item in the budget. Secondly, there is a fear of inflation. Investors refuse to invest in long-term government securities partly because these would depreciate in value if there were a wave of inflation.

Uncle Sam is caught in a vicious circle. Unable to obtain less-inflationary long-term loans, he must go to the banks for more-inflationary short-term loans and thus add to inflation fears.

President Eisenhower and Secretary Anderson believe the only way out of the dilemma is to balance the budget and increase interest rates in order to obtain long-term loans.

And if a solution isn't found, what then?

Sen. Harry F. Byrd (D-Va.), an ardent proponent of governmental economy, warns:

"When governments become insolvent their money becomes worthless and they go through a

revolution wringer. The nature and the process of such revolutions may vary, but invariably the form of government is changed. There is no reason to think free enterprise democracy as we have known it would survive."

What would Alexander Hamilton say?

KHRUSHCHEV TO WARSAW
WARSAW (UPI)—Huge posters and dress rehearsal parades by the Army heralded the Warsaw visit of Nikita S. Khrushchev. The Soviet premier is due Tuesday, but the newspapers have carried very little about the visit and it has been impossible for Western newsmen to get any details on his schedule.

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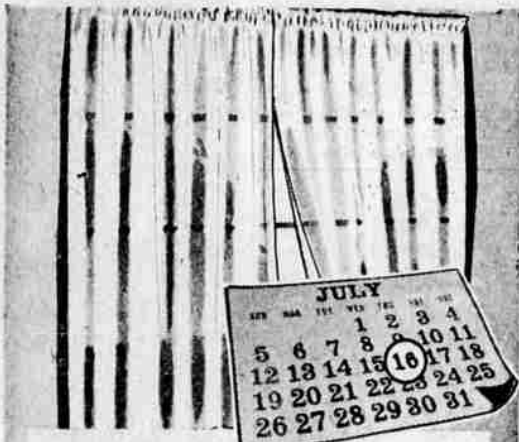
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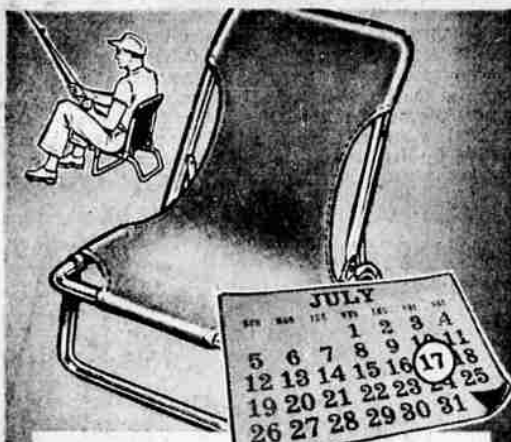
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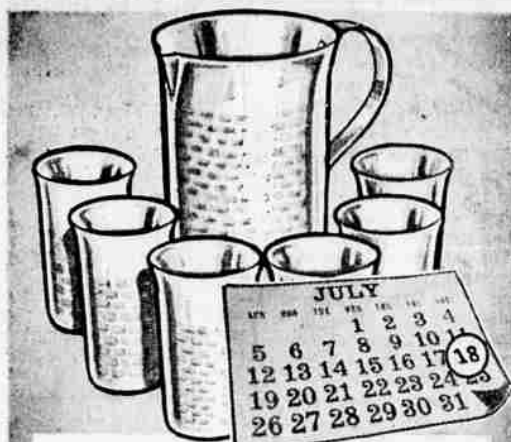
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Imported all-wool patterned carpet

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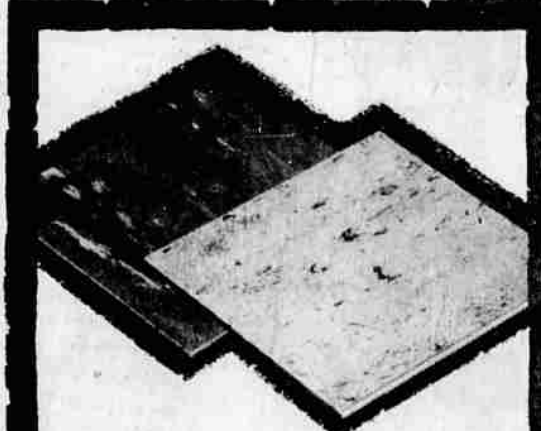
Unmatchable quality at this price: a resilient acrilan or an all-wool scroll and multi-level broadloom, each only 9.95 a sq. yd. Or for only 10.95 a sq. yd. the aristocrat of patterned carpets—a richly colored, deep plush pile of imported wools.



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