

National Debt Reaches Record High

By WILLIAM C. UTLEY

HERE was a time when the United States had a national debt of only \$37,515.05. But that was exactly 100 years ago—in 1836. And for each of those 100 years the debt has multiplied almost 10,000 times.

The United States began existence with the staggering (for those times) national debt of \$75,463,000. That was to pay for the Revolutionary war, and up to the present day great rises in the national debt have been the result of wars (accepting the theory of one school of thought, which regards the spending that caused the present enormous total as necessitated by a depression which was the direct result of the World war).

The War of 1812 sent the debt up to \$127,334,933.74 in 1816. In 1866 the debt reached a new high of \$2,756,000,000, following the Civil war. In 1915 it stood at the comfortable total of \$1,190,000,000, but the World war skyrocketed it to the alarming total of \$26,594,000,000 four years later. By conscientious budget-balancing during the next decade the debt reached its post-war low of \$16,200,000,000 in 1930.

predicted, tax revenues failed to grow to expected proportions. From Wall Street money marts have rumbled accusations of deliberate overstatement in the more recent budget estimates. In January, 1934, President Roosevelt estimated that the deficit six months later would be \$6,644,000,000; it turned out to be only \$2,836,000,000. An estimated \$3,169,000,000 deficit for the first half of 1935 proved to be an actual \$1,875,000,000. Wall Street says the treasury is too smart to make such mistakes unwittingly.

The Real National Debt.

For other reasons it is difficult to estimate the real national debt. The gross debt of more than \$30,000,000,000 at the end of 1935 actually represented the proceeds of December borrowing added to the existing debt. But though the money had been borrowed it had not yet been spent. With the sum thus held in the general fund deducted, the debt in December was actually only a little over \$28,000,000,000.

But there are also complications not so easy in nature. During the last half-dozen years the government has embarked on some extraordinary finan-

pled liabilities total another \$2,000,000,000 or so. Painting the blackest side of the picture, it is seen that if times go utterly bad, if these actual and implied liabilities have to be met and if Mr. Morgenthau's worst fears are realized, the national debt might reach \$40,000,000,000 or \$45,000,000,000 or even more.

There are some intangibles on the asset side, too. There is about \$4,473,000,000 which the government may realize from equities if all the debtors to RFC and HOLC pay up. There is \$2,000,000,000 (not an intangible but a real asset) of "gold profit" now being held in the stabilization fund; Secretary Morgenthau a year and a half ago announced that this sum would eventually be turned into revenues and would contribute toward reducing the national debt. It is barely possible that \$1,000,000,000 will be collected from the \$10,000,000,000 of war debts. At some time in the future revenues from the Social Security act passed in August, 1935, may be reckoned on the asset side.

No administration in history has borrowed so much money as the present one. No administration has borrowed it so cheaply, either. The cost of carrying a debt of \$30,000,000,000 today is little more than the cost of carrying the \$21,000,000,000 of 1933, and is actually less than the cost of carrying the war debt of 1919. While the debt has risen 70 per cent since the 1931 fiscal year, the cost of carrying it has risen only 34 per cent. This is what the President was referring to in his budget message when he said that the government's credit was never higher.

Refunding Debt Cheaply.

If the low rates for money continue, and economists right now can see little reason that they shouldn't, the government will find itself getting out from under the great part of the debt "dirt cheap," since about one-half of it matures within the next five years. Refunding should be possible at low cost.

One evil of "cheap money" is the temptation to spend more. It encourages irresponsibility. The world holds plenty of precedent to show that it is budgetary irresponsibility that leads to inflation.

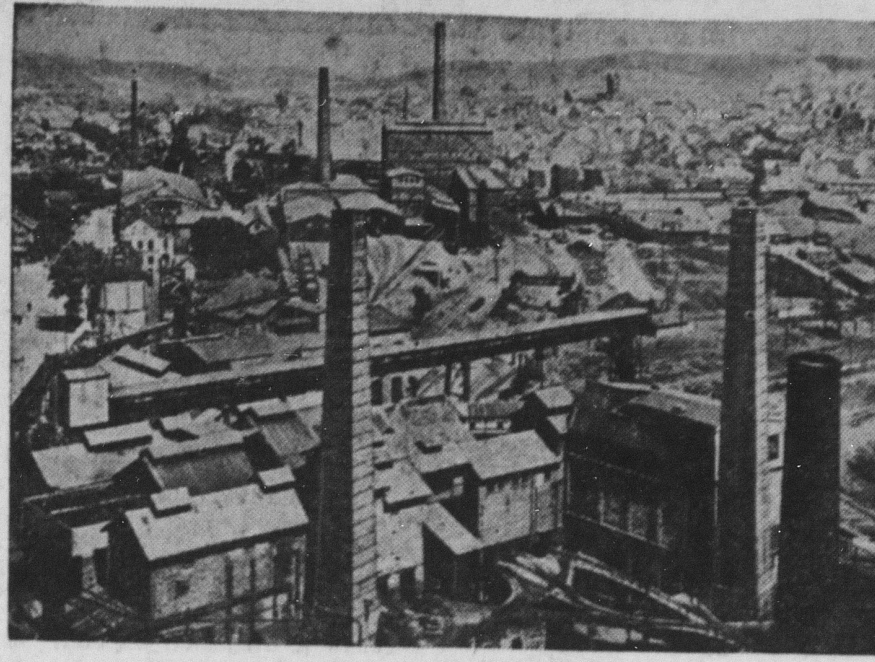
The New Deal—rightly or wrongly—has allowed the national debt to grow to its record high in a gamble on recovery. It has added new taxes, but declares itself as unwilling to add more (except for extra-budgetary spending on such things as the soldiers' bonus). The theory is that as times get better and incomes increase, tax receipts will increase and "emergency" spending will end (for as business get better more people will go back to work), and the budget will balance, the deficit becoming a surplus going toward the payment of the debt.

The estimated \$5,564,000,000 in revenues for the 1937 fiscal year, if it proves accurate, would mean the largest federal tax receipts in history, with the exception of the year 1920, when wartime taxes were at their height, but incomes were up, too. How some of the tax rates have been increased to make up for the difference in income today is readily seen: Maximum surtax on personal incomes has grown from 20 per cent in 1929-30 to 75 per cent; the maximum rate on estate taxes from 20 per cent to 70 per cent, and the maximum corporate income tax from 11 per cent to 15.17 per cent.

All Purchases Reflect Tax.

There has actually been a decline in the amount of federal tax taken from the citizen's dollar, however, in 1932

The Saar



Industrial Panorama in the Saar.

Prepared by the National Geographic Society, Washington, D. C.—WNU Service.

ALTHOUGH barely 738 square miles in area and with fewer than 825,000 people, the Saar has been one of Europe's most publicized regions since the World war.

Powder keg of Europe; witches' cauldron; political soap spot. For years such graphic labels have been tacked onto this small but highly industrialized region lying north of Alsace-Lorraine between France and Germany.

From the days of Attila and the Caesars down to Foch and Von Hindenburg, its valleys and wooded hills have rocked and echoed to the tramp and shouts of marching armies.

Geographically, the Saar is an irregular patch of hilly land crossed by small valleys. It lies alongside Luxembourg, forms a buffer state between France and Germany, and was cut from the two German states of Prussia and Bavaria.

With a population about equal to that of Boston proper, it shelters more than 1,000 people per square mile—one of the most densely settled areas in all Europe.

Only such miniature European states as Andora, Liechtenstein, San Marino and Monaco are smaller than this tiny, yet dynamic country. America knows no state so dwarfish. Delaware is about three times the Saar's size, yet has less than a third its population.

Saarbrücken, metropolis of the Saar, has only 132,400 people; yet in one year Saar trains haul 60,000,000 passengers!

Sit in any stuffy cafe at Saarbrücken, watch the guests eat red cabbage and boiled pork, or sip fat steins of beer as the band plays heavy Wagner music, and the place seems just another German industrial center.

But look into its eventful annals, or make a careful trip about its historic roads and ruins, and you find a land with a past peculiar to itself.

Saar Problem in Caesar's Time.

There was, in fact, a Saar problem even in Roman times, when blond men from east of the Rhine already had invaded this basin. In Caesar's "Commentaries" you read of these early German settlers. One Roman report of the time says that 120,000 barbarians, enamored of Gaul, had settled here.

Caesar feared these Germans might menace Rome itself; so he helped the Gauls drive them back across the Rhine. His battles on the Aisne and elsewhere were precursors of centuries of fighting along the Rhine.

Some Roman military roads hereabouts are shown on the Peutinger map of about 200 A. D. One ran north from Argentoratum (now Strasbourg) to the Saar basin. About this same time the Romans built a castle at a point on the Saar river where it was bridged by their military road from Paris to Mainz. Saarbrücken was so named, meaning "Saar Bridge." That early Roman castle was the first house in the now modern city of Saarbrücken.

Dense forests choked all the basin then, forests frequented by heathen druids, by wild Celtic tribes who hunted deer and boars with spears. Scattered ruins of menhirs, dolmens and cromlechs, symbols of the druid cult, have been found in the Saar forests.

Slowly, through centuries of paganism, tribal wars, and feudalism, the Saar was settled, civilized, and its wooded areas dotted with castles, villages, and towns.

Many old castles, as at Saarbrücken and Ottweiler, were set afire by invading French in 1793, and some of their occupants perished on the guillotine. Yet in German-speaking Saarbrücken today, with its street cars, new city hall, baths, paved streets, playgrounds, "talkies," airport, museum and brightly lit stores with glass fronts, newspapers, and crowded schools, there is little to remind one of the Roman stronghold of long ago; no old Latin edifices remain, as in Rome itself.

Roman ruins there are—if you dig—ruins of villas, of baths and bridges, some almost in the shadow of early Christian churches. At Tholey is a church that dates from the thirteenth century. In sharp contrast, near Saarbrücken is a mosque built by the French during the World war, where in their Moroccan soldiers might pray!

Strategically, the Saar lies on a natural route between France and Germany, and for centuries they have disputed as to where their boundary lines should be fixed. Soon after the break-up of Charlemagne's empire, and the Treaty of Verdun in 843, the Saar became German soil.

All Around the House

Neck pieces of beef and lamb make delicious soups and stews.

Flower pots used in the house are made very decorative if painted with water color paints.

A bottle of furniture polish rubbed into clean dry mop will give hardwood floors an excellent polish.

When postage stamps stick together lay a thin paper over them and run a hot iron over the paper. The heat does not remove mucilage.

Maple sirup mixed with confectioners sugar to which a little butter or cream is added makes a delicious frosting for cakes.

Equal parts of ammonia and turpentine will remove indelible ink marks from white fabrics.

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Do You Ever Wonder

Whether the "Pain" Remedy You Use is SAFE?

Ask Your Doctor and Find Out

Don't Entrust Your Own or Your Family's Well-Being to Unknown Preparations

THE person to ask whether the preparation you or your family are taking for the relief of headaches is SAFE to use regularly is your family doctor. Ask him particularly about Genuine BAYER ASPIRIN.

He will tell you that before the discovery of Bayer Aspirin most "pain" remedies were advised against by physicians as bad for the stomach and, often, for the heart. Which is food for thought if you seek quick, safe relief.

Scientists rate Bayer Aspirin among the fastest methods yet discovered for the relief of headaches and the pains of rheumatism, neuritis and neuralgia. And the experience of millions of users has proved it safe for the average person to use regularly. In your own interest remember this.

You can get Genuine Bayer Aspirin at any drug store—simply by asking for it by its full name, BAYER ASPIRIN. Make it a point to do this—and see that you get what you want.

Bayer Aspirin

Forgive Graciously If you must forgive, forgive graciously.

Black-Draught Good Laxative

Black-Draught has been kept on hand for all the family in the home of Mr. W. A. Lemons, of Independence, Va., since twenty years ago. Mr. Lemons writes that he takes it as a laxative in cases of "headache, dull, tired feeling, biliousness."

"And I take it if I feel uncomfortable after a heavy meal," he adds. "I especially use it for sick headaches. It certainly is good."

When a man says "Black-Draught is good," it is probably because he remembers the prompt, refreshing relief it brought in constipation troubles. It is a simple, herb laxative; natural in composition and action.

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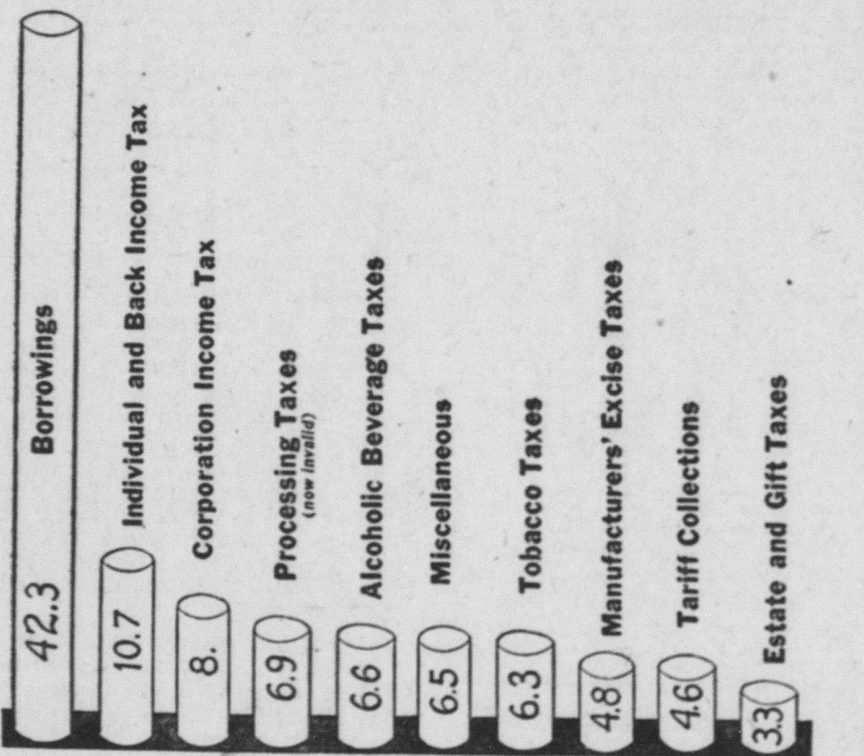
Babies Need a Pure NURSERY SOAP

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CHERRY-GLYCERINE COMPOUND

For Coughs due to Colds, Minor Bronchial and Throat Irritations

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WHERE THE GOVERNMENT'S DOLLAR COMES FROM. Recent court decisions would cancel the column labeled "Processing Taxes" and these taxes will have to be returned by the government. Both the charts on this page are based on 1935-1936 budget estimates.

When President Roosevelt delivered his budget message to congress on January 6, the national debt was higher than it had ever been before. It was well over \$30,000,000,000. He predicted that on June 30, 1937, at the end of the 1936-37 fiscal year, it would be \$31,351,000,000, or more than \$1,000 for every family in the land.

The present record national debt is the direct result of the administration's policy of "priming the pump" to aid business in effecting a recovery from the throes of depression. It is not as large as President Roosevelt had predicted it would be six months ago. Two years ago he said: "The debt would amount to \$31,834,000,000 on June 30, 1935."

But the President also said then, in his first annual budget message to congress, "My estimates for the coming fiscal year (ending June 30, 1935) show an excess of expenditures over receipts of \$2,000,000,000. We should plan to have a definitely balanced budget for the third year of recovery (the present fiscal year) and from that time on seek a continuing reduction of the national debt."

Balance Not in Sight.

Yet such a balance has not been effected or even forecast for the 1937 fiscal year. He estimated that for that year the government would collect \$5,654,000,000 in revenues, and would spend \$6,752,000,000—plus a sum for work relief still to be determined. The deficit then would have been at least \$1,098,000,000 plus whatever amount had to be added for relief. Unfortunately there were immediate pending issues which would throw the President's estimate out of whack. On the very day of his message the Supreme court declared the AAA invalid, and a later ruling decreed that the government would have to pay back the processing taxes. Also it was virtually certain that the \$2,000,000,000 soldiers' bonus would pass congress. The situation was serious enough for Secretary of the Treasury Morgenthau to predict that the country might face a national debt of \$35,500,000,000 by the end of the 1937 fiscal year.

The balancing of the budget has been complicated in recent years by the over-optimistic character of annual budget deficit estimates, as the following table reveals. The first three deficit estimates were by Mr. Hoover. All are given in millions of dollars:

	Predicted	Actual
1931-1932	81	2,153
1932-1933	1,738	2,663
1933-1934	841	2,959
1934-1935	2,512	2,575
1935-1936	4,528	4,986

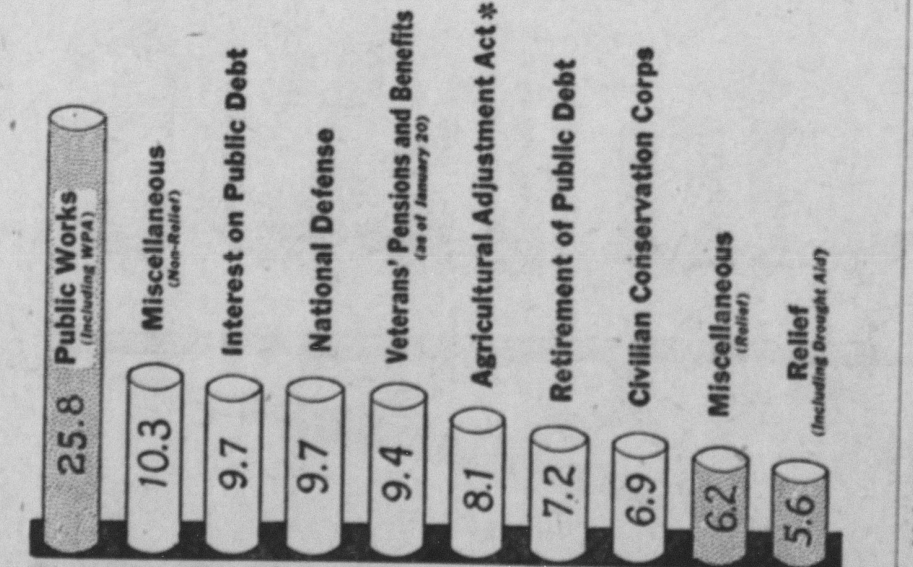
*Surplus. **As of Jan. 17, 1936.

That estimates were so far away from the actual totals may in most cases be laid to the total inability of the Treasury department, the banks and the people in general to estimate the duration of the depression. When incomes slumped, so did revenues. And when the "priming" failed to get the pump working as quickly as had been

cial ventures. Many critics of the government financial policy would add to the \$30,000,000,000 debt the contingent liabilities taken on by the treasury. How the Treasury department's financial ventures stood on October 31, 1935, is shown in the following "Combined Statement of Assets and Liabilities of Governmental Corporations and Credit Agencies of the United States." Figures are in millions of dollars:

	As-	Li-	Equi-
	sets	abilities	ties
Recon. Fin. Corp.	2,349	255	2,068
Commod. Credit Corp.	272	...	272
Public Wks. Admin.	216	...	216
Ship. Board Mer. F.	183	...	183
Federal Land Bks.	2,493	...	2,526
Fed. Intern. Cr. Bks.	252	...	103
Fed. Farm Mort. C.	1,822	1,297	204
Banks for Co-operat.	139	...	137
Home Loan Banks	123	...	75
Home Own. & L. C.	2,982	2,842	60
Fed. Sav. & L. Ins. C.	193	...	193
Fed. Dep. Ins. Corp.	218	...	150
All others	648	...	626
Grand Total	11,643	4,494	4,473

Like so much of the New Deal's financing, the value or the danger of these liabilities depend entirely upon



WHERE THE GOVERNMENT'S DOLLAR GOES. The shaded columns represent expenditures for recovery and relief. *Although the Supreme court declared the AAA unconstitutional, the administration will seek some other means of payment, and regards farm subsidy of this nature as a permanent policy.

recovery. If business returns to normal or prosperous times the assets will be gradually realized, as were those of the War Finance corporation. But if times do not get better and stay better the assets will be virtually impossible of collection. In a continued depression they might become an extremely embarrassing burden. The liabilities of \$4,494,000,000 are not only a claim on the taxpayer but they are over and above the national debt of more than \$30,000,000,000.

Further "Moral" Obligations.

Moral obligations of the treasury are outstanding liabilities of the Federal Land Banks, Home Loan Banks' discount functions, Federal Deposit Insurance corporation, Federal Savings and Life Insurance corporation and the real estate loans of the Federal Housing administration. These in-

it was 20.7 per cent; in 1933, 19.5 per cent, and in 1934, 19.6 per cent. The 20 cents out of every dollar that the citizen pays into the federal treasury is reflected in almost every article he buys: food, gasoline, telephone service, tobacco, theater tickets, electric power, etc.

But it is admitted that the new financing depends entirely upon recovery for revenues to increase. If times get worse instead of better—well, the Wall Street Journal has said:

"The question how much debt the country CAN carry is incorrectly posed. It should be how much debt WILL the country carry?"

If spending continues and if federal receipts do not swing up, only two courses lie ahead: More and higher taxes, or inflation.

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