STATEMENT BY SENATOR STROM THURMOND (D-SC) FOR HIS WEEKLY RADIO BROADCAST, AUGUST 15-16, 1959 (RECORDED AUGUST 13, 1959)

MY FRIENDS AND FELLOW CITIZENS:

One of the most encouraging developments during this year is the increased public interest in the Federal Government's fiscal affairs. Already, the public's intense interest has resulted in a brake on deficit expenditures by Congress. Much of the attention which has been directed at federal expenditures resulted from the all-time high 13-billion-dollar deficit for fiscal year 1959. Unfortunately, however, the national debt continues to increase.

Despite the increased interest in the country's fiscal condition, many people apparently do not understand just what is the national debt. A constituent recently suggested that it "just be cancelled". Unfortunately, no such easy solution to our public indebtedness exists.

The national debt is now approximately $285 billion. As of March, 1959, the latest date for which accurate figures are available--this debt was represented by $282.2 billion of securities, and the balance is represented by bills for operation of the Government which have not yet been paid. It is interesting to see who loaned the Federal Government $282.2 billion dollars. The breakdown is as follows: commercial banks, $62.9 billion; federal reserve banks, $25.5 billion; individuals, $64.5 billion; insurance companies, $12.0 billion; mutual savings banks, $7.4 billion; corporations, $21 billion; state and local governments...
$17.9 billion; U. S. Government investment accounts, $53.7 billion; and miscellaneous investors, $17.2 billion. In the final analysis, the national debt is owed to the American people.

Even if you do not personally own any savings bonds as an individual, the Federal Government still probably has borrowed some of your money. A portion of your savings account, your bank deposits, the taxes you paid to your town, county, or the State of South Carolina, your insurance premium, and the price you paid for a share of stock, have in all probability been loaned to the Federal Government. The $53.7 billion owed to "U. S. Government investment accounts" includes the major portion of the contributions paid in by various participants in Government retirement programs. The savings and security of the American public are on loan to the Federal Government. Inability or failure to pay by the Government would result in disaster to almost every American family.

Unlike most private institutions where money is invested, the Government does not produce income to pay its debts. The only source of income for the Government is the taxpayer. Borrowing by the Government is, therefore, just an indirect method of levying more taxes. It is sound business only so long as it is used to prevent fluctuations in the tax level to meet expenses which fluctuate; it is now at a dangerous extreme. If direct taxation instead of borrowing had been used during fiscal 1959/
to pay the 13-billion-dollar deficit only, it would have required the confiscation of all personal incomes above $4,000.

The greatest danger of a higher debt lies in the possibility that the dollar will continue to deflate in value. History is replete with examples of liquidation of national debts by cheapening the currency to make it easy. This is just a slightly less quick, but equally disastrous method of wiping out the savings of a society.

The national debt must be paid, and paid in hard dollars. Any other course would wipe out all retirement funds, savings accounts, bank deposits, insurance policies, and indeed, all financial values. There is but one way to meet the obligations of the Federal Government. Expenditures must be cut well below the level of income derived from the present level of taxes, and the balance used systematically to pay off the Government's unconscionable debt.

This is Strom Thurmond in Washington.