

Battalion EDITORIALS

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TUESDAY, JULY 15, 1947

Damming Up Brazos River...

The Brazos River has been "dammed" pretty regularly since the first settlers came into Texas, but sometime this month bulldozers and power shovels are expected to get to work at damming up the river, a few miles north of Waco. The Whitney Dam, long discussed, is at last to get underway. It has been held up for years, both by war and discussion.

Flood control programs, like the one for the Brazos Valley, seem to generate more discussion than an old-fashioned political campaign. Few people actually oppose flood control, but because huge dams are so expensive to build, flood control dams are usually tied in with water-power development programs in order to partly pay their way. Arrangements are made to install hydro-electric plants, and then the fight begins.

Is it legal and proper for government agencies to produce and sell electric power, possibly in competition with private companies who make electricity by burning oil fuel? The battle goes round and round, and so far no final answer has come out. The Tennessee Valley Authority seems to have won its fight; the Missouri Valley fight is still going on, and the Brazos River fight is just beginning, as the dam goes up.

The case for not-producing-juice-at-dams has been well stated by a group of American electric light and power companies, in a full-page advertisement seen in many publications:

"You have helped buy a good many government dams—with your taxes. More are being suggested—under the name of flood control.

"You'll hear proposals to make electricity

An American Credo...

David E. Lilienthal's affirmation of democratic faith before a senate committee considering his qualifications to be chairman of the Atomic Energy Commission has received wide attention. Made in response to one of a long series of hostile, hodge-podge questions by his old enemy, Senator McClellan of Tennessee, the statement of the former chairman of the Tennessee Valley Authority is a stirring exposition of American principles.

Senator Wayne Morse of Oregon has said it should be studied by school children "even as Lincoln's Gettysburg address is studied."

The *Battalion* publishes the text in the belief that this exposition of American democratic ideals deserves emphasis in a form easily read and preserved.

"My convictions are not so much concerned with what I am against as what I am for; and that excludes a lot of things automatically.

"Traditionally, democracy has been an affirmative doctrine rather than merely a negative one.

"I believe—and I so conceive the Constitution of the United States to rest upon, as does religion—the fundamental proposition of the integrity of the individual; and that all government and all private institutions must be designed to promote and to protect and to defend the integrity and dignity of the individual; that that is the essential meaning of the Constitution of the Bill of Rights, as it is essentially the meaning of religion.

"Any form of government, therefore, and any other institutions which make men means rather than ends, which exalt the state or any other institutions above the importance of men, which place arbitrary power over men as a fundamental tenet of government, are contrary to that conception, and, therefore, I am deeply opposed to them.

"The communistic philosophy as well as the communistic form of government fall within this category, for their fundamental tenet is quite to the contrary. The fundamental tenet of Communism is that the state is an end in itself, and that therefore the powers which the state exercises over the individual are without any ethical standards to limit them.

"That I deeply disbelieve.

"It is very easy to say that one is not a Communist. And, of course, if my record requires me to state that very affirmatively, then it is a great disappointment to me.

It is very easy to talk about being against Communism. It is equally important to believe those things which provide a satisfying and effective alternative. Democracy is that satisfying, affirmative alternative.

"It is hope in the world is that it is an affirmative belief, rather than being simply a belief against something else and nothing more.

"One of the tenets of democracy that

at these same dams. That sounds reasonable, but it isn't as simple as it seems. Because you'll be paying the bill, you ought to know the facts.

"A dam built just for flood control is very different from a dam built to make just electric power.

"A flood-control dam has to be empty most of the time, ready to catch and hold the flood waters. A power dam has to be full—for electricity is made by water falling to the power-house. The farther it falls, the more electricity it makes.

"Sometimes a multi-purpose dam is proposed to do both jobs at once. It has to be much bigger. It is really one dam built on top of another—the lower part kept full to make electricity, the upper part kept empty to catch floods.

"Such a dam costs much more to build. It floods much more land behind it—and that land has to be bought and consequently taken out of production. And it doesn't always work out to prevent floods!"

The logic is clear and inescapable so far as it is carried. The power companies surely do not intend to fight flood control dams, as such, though the effect of their efforts to prevent combination-dams sometimes seems to work out that way.

But a major issue is left unsolved. With our oil and coal supplies diminishing, do we owe it to ourselves as a nation to somehow tap our water-power, such as Sweden has done so successfully? Boulder Dam power, carried to the shipyards and airplane factories of Los Angeles, was an enormous help in winning World War II. Even if it takes two separate dams, would it help Texas if power were available from the Brazos?

grows out of this central core of a belief that the individual comes first, that all men are the children of God and that their personalities are therefore sacred, carries with it a great belief in civil liberties and their protection and a repugnance to anyone who would steal from a human being that which is most precious to him—his good name—either impugning things to him by innuendo or by insinuation. And it is especially an unhappy circumstance that occasionally that is done in the name of democracy. This, I think, can tear our country apart and destroy it if we carry it further.

"I deeply believe in the capacity of democracy to surmount any trials that may lie ahead, provided only that we practice it in our daily lives.

"And among the things we must practice is that while we seek fervently to ferret out the subversive and anti-democratic forces in the country, we do not at the same time by hysteria, by resort to innuendo and smears, and other unfortunate tactics, blemish the very cause that we believe in, and cause a separation among our people—cause one group and one individual to hate another, based on mere attacks, mere unsubstantiated attacks upon their loyalty.

"I want also to add that part of my conviction is based on my training as an Anglo-American common law lawyer. It is the very basis and the great heritage of the English people to this country, which we have maintained, that we insist on the strictest rules of credibility of witnesses and on the avoidance of hearsay, and that gossip shall be excluded, in the courts of justice. And that, too, is an essential of our democracy.

"Whether by administrative agencies, acting arbitrarily against business organizations, or whether by investigating agencies of legislative branches, whenever these principles—of the protection of an individual and his good name against besmirchment by gossip, hearsay and the statements of witnesses who are not subject to cross-examination—are violated, then, too, we have failed in carrying forward our ideal in respect to democracy.

"That I deeply believe."

A chap from New York who commutes regularly to Washington reports that on the way down the other day he sat across the aisle from Henry Wallace, who dozed fitfully most of the trip—with an open copy of the *New Republic* on his lap. —TIDE

"THERE IS A TRIBE in Africa which limits orators to just what time they can stand on one foot. And they call Africa the 'Dark Continent.' —The Montrose (Pennsylvania) Independent.

Better Sign Up Soon—Or Else!



Solving The National Debt

By H. W. Spencer
Ever since the deficit spending theory of the late English economist, J. M. Keynes, caught fire during the Great Depression of 1932, the U. S. public has witnessed the national debt rise to astronomical proportions. Many have wondered to what extremes this sort of economy could be carried and still retain a financially sound government.

The limiting factor as to how large the national debt can be allowed to grow lies with the interest on the debt. When the U. S. Treasury can no longer pay the annual interest on the debt, our economy will be past the stage of control.

As it now stands the national debt is \$357,400,000,000, or about \$1840 per person—a six-fold increase over 1939. The tax year which ended June 1947 produced about \$42.5 billion. The cost of government operation for the same period amounts to \$41.5 billion. With an expected decline in the cost of government for the year which commenced July 1947, and assuming light tax cuts, about \$3 billion is expected to be applicable to the debt.

Over the two-year period, then, taxes will produce revenue sufficient to cut the debt at an average of \$2.175 billion a year. If the average could be maintained hereafter, it would take 118 years to pay off the present national debt. So for the future tax cutting and debt cutting will be a very slow process.

We may as well start now in adjusting ourselves to the system of high taxes and high debt. The whole approach to U. S. financial problems must be restated. Government financing, in years to come is to dominate the U. S. economy.

Many of us, no doubt, have wondered as to the enigmatic ownership of the national debt. It may be of interest to note that the banking system—commercial banks and Federal Reserve Banks—is the No. 1 owner of government securities. In February the banking system held 37% of the debt at a ratio of about 3 (commercial banks) to 1 (Federal Reserve Banks).

With concern over this situation, the Treasury is concentrating its present debt retirement program on bank holdings. Since March, 1946, the Treasury has retired more than \$22 billion of debt, using the money received from overborrowing in the Victory Loan drive of 1946. As this was in the form of bank reserves upon which bank loans were based, the retirement has helped to soften inflationary pressures, because it has put some check on bank-credit expansion.

Individuals own, mostly in savings bonds, 25% of the debt. At present the Treasury is seeking, through savings-bonds sales to shift debt from banks to individuals.

Government securities amounting to 10% of the debt are held by insurance companies. They are urging a new long-term issue to provide an additional outlet for insurance money. Corporations follow with 9%, mutual savings banks with 5%, and state and local governments with 2% of government obligations. All owners outside the Government hold 88% of the total national debt.

The Government itself is buying an increasing share of its own debt, mainly through trust funds for Social Security. These trust funds are taking in money faster than they are paying it out, and, under the law, the surplus must

be invested in government securities.

★

The money supply is to stay big. There is more than twice as much money in currency and bank deposits in circulation now as in 1939. Consequently, prices, reacting to the volume of dollars, are unlikely to drop anywhere near pre-war levels. As other factors than money supply affect prices, such as, supply of present scarcity of goods meeting demand, some correction may be expected in the distorted price structure.

Business activity must be kept high in order to support the government and carry the extraordinary debt. Interest rates will be kept low. This is a delicate problem as if interest rates are too low, investors cannot realize their earnings and speculation in stocks and real estate is encouraged. If interest rates are too high business expansion is discouraged. Not to be ignored also is that high rates make it difficult for the government to carry its debt. Currently interest alone on that debt at low rates totals \$5 billion per year.

Taxes present a similar problem. If taxes are too high, business may become discouraged. If taxes are too low, the federal budget gets out of balance, and debt is increased. A balance be-

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tween the two is to be essential to the whole economy for years to come.

The extent of the power the government can wield on our economy is exemplified in its power of shifting the ownership of government securities. Shifting the debt from banks to individuals or institutions cuts down the amount of money on deposit in banks. That reduces the base for an expansion of bank credit, and thus tends to reduce the volume of money. If the shift is in the opposite direction, that is, from individuals or institutions to banks, deposits are expanded, and in turn credit and purchasing power.

As the retirement of the national debt seems almost an insurmountable task, the perspective is focused on debt management rather than debt retirement. The rapidity of retirement is only one phase of the program. Most important is handling the debt in such a manner as to keep business moving and people working. Congress and the executive agencies are to face this problem for many years.

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