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Guest (s): Rep. Thomas Abernathy (D-MS) and Rep. Bruce Alger (R-TX)

Title: Balanced Budget

Note: Questions were paraphrased and/or shortened by the transcriber. For the exact question, please consult the audiotapes.

Morphew: Introductions...to Alger...the ways and means committee is the tax-writing committee...what's in store for us?

Alger: Well, frankly, I might be the last man to tell you because I am the last man on the Republican side of the ten man team, you know it's fifteen Democrats and ten Republicans, and this is a new subject to me as a special subject. However, I might tell that in addition to the specific things like life insurance income tax and cooperative taxation and these fields we may be getting into, that I've had a continuing interest in a balanced budget, a forced annual balanced budget, that Congress can't adjourn until we have balanced the income against the outgo, and of course, this would be before Ways and Means and certainly is an interest of mine.

Morphew: To Abernathy...I'm sure balancing the budget would be an interest of yours, wouldn't it?

Abernathy: Yes, and in my judgment, I think federal spending and a balanced budget are the two important issues that face the country at this time. Incidentally, I'd like to take this opportunity to congratulate the Republican leadership for signing Bruce Alger to the Ways and Means Committee. Now, Bruce is a Republican and I'm a Democrat, but Bruce comes from our section of the country, he's made a fine mark in the House of Representatives. He's a solid man, he believes in the economy and I think they have assigned him to the committee to which he should have been assigned quite some time ago.

Alger: Well, Tom, if I may interrupt here, let me thank you very much because coming from you as it does I think you know how I feel, too, I'm proud to be one of the southerners in Congress, and I say to you again as I have reminded my people back home, there are certain principles I believe in long before I am a Republican and I think all of us are Americans before we belong to political parties and I think that's pretty

typical of Tom Abernathy. And since it is typical of him, I hope to measure up to that, too. Anyway, thanks Tom, I appreciate it.

Abernathy: Well, I'm very sincere in what I said.

Morphew: To Abernathy...do you think cuts can be made in this 77 billion dollar budget?

Abernathy: Well, of course I don't know. The budget it's a very volume in its document. It's been on my desk for the last few days...

Morphew: It weighs something like four pounds doesn't it?

Abernathy: Well, I haven't weighed it but I know it's larger than a Sears-Roebuck catalog, and the figures are so large, they're just monumental, that it's impossible to conceive just what those figures amount to, but with 77 billion dollars being the total amount of the budget, I'm just one of those who believes it can be reduced. Incidentally, I belong to a little economy group here in the Congress to which my colleague, Mr. Alger, also belongs, and we have a feeling that this budget, although it's said to be tight, that it still might be a little bit loose and we think we can tighten it up some more, and I think it ought to be tightened up, and I'm certainly going to contribute my effort toward doing so.

Morphew: To Alger...what is your reaction to this 77 billion dollar figure?

Alger: Well, I would not only share what Tom says, but if I may be even more specific, and I agree with him, it is so voluminous it's hard to know where to start, just one of the things that's kind of one of my pet peeves I guess you might call it is wherever the federal government is, like the defense department for example, in the conduct of free enterprise, a business if you please, in competition with our own citizens who are trying to run cleaning and laundry establishments and automobile repair and just all kinds of businesses, well the defense department is in some two thousand different business activities. Now, I simply say this is not increasing the defense of our nation, and I cite this as just one example where even though we want to appropriate everything we need for national defense, we could cut out some of the expense in the budget if we could get the Defense Department to cut out this operation of businesses in competition with our own citizens.

Morphew: To Alger...how is deficit spending financed?

Alger: Well, deficit spending is financed, as you know, by the government issuing securities, bonds if you please, and selling them on the market, in effect, putting more money in circulation, and the net effect of government spending more than it takes in, I'm not an economist, now, but I listen to those who are and I think that most of them agree that when the government spends more than it takes in, it inflates the currency. In other words, there's more money in circulation for the amount of goods that are there to be purchased and oftentimes this results in weakening the buying power of the dollar, and since most civilizations and societies have fallen when their currency failed, we should

take a lesson from them and not weaken the purchasing power of the dollar. Tom, does that sound about right?

Abernathy: Yes, it does sound right, and I'd like to point out one more thing when we are talking about inflation and a balanced budget. Of course, there's been a lot of bickering here lately as to whether or not the budget submitted is a balanced budget, but that's beside the point. I think the thing that's been overlooked in all of the hoo-roaring about the budget is that even though it may be balanced, we are still not paying one five cents on our national debt. Now we are living now in a time of peace. Of course, the world is unsettled, but at the same time we are in a time of peace. And if in a time of peace we can't carry our burdens and make a payment on our national debt, I shudder to think of what will happen to us in the years ahead in the event we should get into a war. It will absolutely destroy our economy and completely wreck the American dollar.

Alger: Well, you point out that just the interest on the national debt is the 8 billion something now, is really much too much and ought to be cut down and could be if we could retire some of the national debt.

Abernathy: The only way it can be cut down is by retiring some of the national debt.

Morphew: To Abernathy...you are well aware of the way that inflation affects the farmer and I believe you remarked that the farmer is the first one hit by inflation and the last to get over it...

Abernathy: Well, of course, inflation hits us all. I represent a lot of farm people. I have a district of around 400,000 people and I would say that 200,000 of them live off of the farm or they live off of those who do farm. Agriculture in my district is in a very bad state at this time and it has been for several years. The income of our farmers has been going down whereas the cost of the thing (sic) that they have had to buy such as tractors and machinery and fertilizer and seed and poisons and so on and so forth, have been constantly going up. He's been living in a tightening economy, he's being squeezed out, maybe some of them are in such a status that they can't ever get back into a sound economic farming, but the facts are that in general, our agriculture in my judgment is being slaughtered with the inflation that we have at this time.

Morphew: Because there's too much time between the things he has to have and the time it takes for farm prices to catch up if they ever do...

Abernathy: Yes, yes. Well, the things which my farmers are having to buy are going up constantly and the things which he is selling are going down constantly.

Morphew: Is there a solution, Mr. Alger?

Alger: Well, the solution is so simple that I'm afraid politicians when they forget the simple facts and principles that built this country overlook these things, and I believe the politicians forget it. What is it? Instead of being statesmen, they're politicians in their

outlook, and it's simply this, there is only one way to stop to balance a budget or to be able to reduce taxes, to be able to reduce our debt and that is to stop spending so much money and to do that we've got to cut out programs and cutting out programs means that possibly in every congressional district, there might be a denial to certain of the voters things that they've been enjoying and they all vote and they're all married and they all have kinfolks, you see, so that we don't exercise what the president asked us to, I think when he said it rather well, quoting someone last year, when he said we've got to have understanding and exercise self-discipline. Well, I think in congress when the men are badgered eternally by voters back home who are organized in pressure groups saying, give me more and more, Mr. Congressman, for me, these people are not selfish entirely, they're just losing sight of the overall framework and we in Congress then, I'm afraid too often, acquiesce to what the voters want instead of saying, no, we'd like to cut down this spending because in the long run you, the people, will be benefited by not inflating your currency, but it means that some of us in Congress have got to say no to spending programs and I think this has been our weakness. What do you think, Tom?

Abernathy: Well, of course, we can't ever have a balanced budget or we can't ever reduce spending within current revenues, we can't have a balanced budget unless everyone is willing to make some sacrifice of something that is now coming his way from the federal government. And, one of the frailties of the human being is that he's reluctant to give up the things that are coming his way. We all favor economy, everyone favors it, but usually, most of us, we favor it for the other man. If we expect to really balance our budget and reduce spending and reduce taxes everybody's got to make a contribution.