

National Debt

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has set up the same cry of anguish and despair. At every stage in the growth of that debt it has been seriously asserted by wise men that bankruptcy and ruin were at hand. Yet still the debt went on growing; and still bankruptcy and ruin were as remote as ever ... We find it as easy to pay the interest of \$800 million as our ancestors, a century ago, to pay the interest of \$80 million. "So far, the United States has had a strikingly similar experience. Debt and national income have grown about equally.

HOW BIG A DEBT?

Obviously, then, we need a national debt. The question remains, is there any size beyond which its growth is dangerous? Is there any limit as to how big it should be allowed to get?

The answer is that the size of the national debt should be limited by criteria similar to those used by the banks and other lenders in determining how large a private debt should be allowed to get. Ironically, while many bankers are worrying about the growth of the national debt, they are working as hard as they can to generate business and individual loans which increase private debt.

Some persons worry about the rise of the national debt because they feel that government spending is unproductive while private spending is productive. This argument can be largely refuted by pointing to roads, schools, and other productive facilities built by the Government and by pointing out that government programs have been approved by our elected representatives and this reflects what the majority wants accomplished. But even disregarding this, the point remains that the same standard should be applied in determining the size of both the national debt and private indebtedness -- the ability to repay.

FUTURE PROSPECTS FOR DEBT

Our real output and income have been growing in recent years by about 4 percent per year; if this rate can be kept up, and if a national debt no larger than one half of national income is considered satisfactory, the distortion of a growing debt burden need not stop the Government from pursuing a fully compensatory fiscal policy. The arithmetic is simple: the Government can incur future annual deficits up to an average of \$18 billion a year or 4 percent of the debt's present size without increasing the debt relative to income.

Based on ability to meet principal and interest payments, the national debt has become less and less of a burden in recent years.

The national debt has represented a steadily declining percentage of our productive potential as measured by the gross national product, with the national debt declining from 90 percent of the GNP in 1950, to 70 percent in 1955, 58 percent in 1960, and 39 percent predicted for 1972.

Since 1945 our economy has been experiencing a period of vigorous prosperity and growth. Our price level in the past 25 years has been one of the most stable in the world. Never in the nation's history have we enjoyed so much general prosperity with so little price inflation as we have experienced during these years.

SUMMARY

Most of the people in this country worry about the national debt - except economists. There is no topic in economics that is more widely misunderstood, and none about which the average person has more misconceptions. Most people think that the national debt will have to be repaid at some time or other. It will not. Most people believe that the national debt is a burden on future generations. It is not. Even if we tried, we would find it almost impossible to shift the burden of the national debt to our children. Most people believe that the national debt can become so large as to bankrupt the Federal Government. Impossible! Most people think that a large national debt is a burden on the economy. It need not be if it is managed properly. Quite the contrary. There is no economic limit to the size of the national debt, and a rising debt can bring important benefits. Any burdens that may arise appear only if the national debt is managed improperly or if it is increased or decreased at the wrong time for the wrong reasons.

The national debt need never be repaid. Old debt matures, but can always be replaced by new debt. The national debt is like a forest, in which each tree must eventually die but the forest goes on indefinitely.

Alumni

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Herb Obser is going to graduate school at Hunter College in the field of Community Health Education. He is Coordinator of Drug Education and Prevention in the New York City Schools. **Kevin Soden**, a medical student at the University of Florida was selected to present a paper to the American Medical Association Convention in Las Vegas on April 25. **Bob Embry** has been appointed a salesman in the Bethlehem, Pa., suboffice of Bethlehem Steel Corporation's Philadelphia sales district. He and Judy live in Boothwyn.

'68 -- Congratulations to **Cathy (Liffrig)** and **Pat Blevins** on the arrival of Michele Elizabeth on April 12. **Pamela Wright** is Director of Guidance and Counseling at the Heritage Schools in Anaheim, California. She is currently completing her masters in psychology from Pepperdine University, Los Angeles. **James Nissley** has joined the Bank of Virginia - Potomac, and has been assigned to the Marumsc Plaza office in Woodbridge. For the past three years he has been associated with Central National Bank in Richmond. Enjoyed the letter from **Ed Antosek** giving us some news. Ed will be graduated on June 4 from Osteopathic Hospital in Philadelphia.



Can you identify these former Abbey students?

'69 -- **Randy Melvin** is a Treasury Agent in Columbia, S.C. **Ed O'Brien** visited the campus the middle of March. He teaches sixth and seventh grades at Big Island Elementary School in Bedford, Virginia, and coaches the seventh grade team. **Tom Dugan** stopped by for a visit on his way to Pasadena, California. He is a U.S. Postal Inspector engaged in criminal and audit work; he was transferred from Boston. **Tom Adelmy** also visited the Abbey in March. He is with his father's construction business in West Palm Beach, Florida. **John Spacek** visited in April. He and Linda have a son, John III, born December 19, 1971 and John is with the Hartford Insurance Group in Charlotte. Congratulations and best wishes to **Becky McCluney** and **Dick Bernard**, who were married in Belmont Abbey Cathedral on April 22. Dick is in the service stationed in Texas, where they will live. **Jerry Bielizna** stopped by when he was in the area during a school break. He is a graduate student at Fairfield University in Connecticut and also teaches in Danbury. Thank you, **Bob Chism**, for sending us Bryan Cavan's current address. How about sending us some news of yourself? **Lee Whalen** has been transferred by Owens-Illinois Corporation to Philadelphia, and he and Alice are living in Newtown Square.

'70 -- **Bill Jordan** visited the Abbey the last of March. He is with the Essex County Welfare Department and he and Christine live in Irvington, N.J. **George Fell** is Southeastern Sales Representative for Spring Mills and covers five Southern states. He has moved to Clarkston, Georgia. Enjoyed the letter from **James Van Pelt** and appreciated his comments concerning the Abbey. Jim is an Account Analyst with Travelers Insurance Co., and he and Sandra have a two-year-old son, Greg. They live in Gastonia. It was good to see **Frank Tassone** when he was here for the McCluney-Bernard wedding. Frank told us that **Jim Obl** ('69) was

married in Tuscaloosa on April 14, but did not know the details. **James Marco** will receive the MBA from the University of Dayton this April and has been employed by the University as an assistant Dean of Students. He told us that he and **Ann Christine Carbone** (SHC '71) are planning a wedding in the near future.

'71 -- **Mike Holley** visited the campus on his way to **Mike Fitzsimmons'** wedding. He is with Equitable Life Insurance Co. in Norfolk, Va. Congratulations and best wishes to **Carolina Brearey** (SHC) and **Robert Shahid**, who were married February 27 in St. Mildred's Catholic Church in Swansboro, S.C. Robert is a salesman with Abco Chemical Co. Congratulations to **Ellie** and **Brent Jaquet** on the arrival of **Kelly Rene** on March 26 in Hampton, Va. Brent is in the Navy and will soon be transferred to a ten week journalism school in Indianapolis. He will then be stationed in Boston for three years.

IN MEMORIAM

George W. Collins, Jr.,
Class of 1918
Sister Marygrace Hannigan,
Class of 1970

Corbley SIGAP

Man Of Year

Paul Edward Corbley, the son of Mr. Edward F. Corbley of 6300 Colgate Road, Jacksonville, has been named Man of the Year in the Sigma Phi Epsilon Fraternity, Lambda Chapter at Belmont Abbey College.

A graduate of Bishop Henry High School, he will receive his AB Degree in Economics this spring. Active in intramurals and the Circle K Club, he was named to Who's Who in American Colleges and Universities. Following college he will be associated with Aetna Life and Casualty in Tampa, Florida.