

The National Outlook A New Political Issue Develops

By RALPH ROBEY

New Deal Democrats have decided to make a party political issue over the Administration's request for a higher public debt ceiling, and for removal of the present limit on the interest rate which the treasury may pay on obligations of more than five years maturity. Conservative Democrats may not go along with this decision of the liberal wing of the party, but the issue promises to be one of the great controversies of the present Congress.

The Administration has asked for three things: an increase of \$1 billion in debt ceiling; the right to increase the interest on savings bonds, and removal of the present 4 1/2 per cent interest limitation on all Treasury obligations maturing in more than five years.

Treasury Needs Some Elbow Room

Back of the request for the higher debt ceiling is the hard fact that at the end of this fiscal year, June 30, the debt will be \$2 billion above the present ceiling. This can be taken care of on a temporary basis, but not indefinitely, and the treasury is of the opinion that it must have some elbow room. Actually, there is a large seasonal variation in Treasury receipts. They always are relatively low in the first six months of a fiscal year, and much higher in the second six months. Even with a balanced budget for the fiscal year ending June 30, 1960, which is a possibility, there will be a substantial deficit between now and next December. This can be met, as it has been in the past, by providing for a temporary bulge in the debt ceiling, or by making the legal debt limit apply only at the end of the fiscal year.

It is assumed that the increase of the debt ceiling will be passed by Congress. It has to be if the nation is not going to get into a seriously embarrassed financial position, and it is unthinkable that anyone would deliberately bring that about.

The argument for increasing the interest on savings bonds is simple. At present 3 1/2 percent, which is what these bonds now pay, is below many other investments of virtually equal safety and greater liquidity. This is one of the reasons for the fairly consistent redemption of savings bonds above new sales. In other words, these obligations no longer are a source of new funds to the Treasury but on the contrary have become a drain on the cash balance of the Government. It is proposed to raise the interest rate to 3 3/4 percent for all such bonds sold after June 1 of this year, and to adjust the yield to the same figure on those already outstanding.

It is also assumed that these changes will be authorized without much difficulty.

The reasons for requesting elimination of the present 4 1/2 interest limitation on obligations of more than five years maturity are two facts: first, many of the issues now outstanding yield more than 4 1/2 percent, which means that the Treasury today cannot sell a long term bond; second, if Treasury borrowing has to be limited to short term issues it has great inflationary potentials, because such issues are taken largely by the banks and paid for by book-keeping entries, which means an increase in the money supply.

Make The Issues More Attractive

The great argument being developed against the elimination of this interest rate restriction is that it would involve higher rates across the board. In hearings before the House Ways and Means Committee,

both Secretary of the Treasury Anderson, speaking for the Administration, and William Martin, Jr., speaking as Chairman of the Federal Reserve Board of Governors, denied that this would be the result. Both insisted that the general level of interest rates would not advance and that the cost of carrying the public debt might actually decline. Their argument was that such freeing of the hands of the Treasury would enable issues to be better tailored to the market, would make possible better timing of the offerings, and would tend to allay the fears of inflation, thus creating more willingness on the part of investors to buy obligations which carry a fixed rate of interest.

It is too early to be dogmatic on how this particular controversy will end. The expectation is that the House will pass a bill fairly quickly, probably giving the Administration what it has asked. The Senate, then, will be the real battle ground. What will happen there is anyone's guess. My guess is that after a hard fight the Administration will win on all three of its requests.



Three-Point Test Of A Good Breakfast—(1) It gives you materials for body building and repair and to help keep you healthy; (2) It provides fuel for body energy; and (3) It tastes good.

A doughnuts-and-coffee breakfast fails the test right on Point One. It leaves far too much for other meals to make up.

A fruit-juice-and-coffee breakfast goes a little way toward Point One, but not far enough. It's short on Point Two also. Between supper and breakfast there's a 10- or 12-hour stretch. Breakfast should supply its share of energy food.

For many people, particularly children, it's sound planning to have one-fourth to one-third of the day's food at breakfast; but there's no hard and fast rule. A desk worker who eats a substantial lunch early may get along very well on a light breakfast. It's the food you eat in the entire day, totaled up, that tells whether you're well fed.

Breakfast Variety—Here are a few ways to get variety—and maybe surprises—into breakfasts.

Vary cooked fruit flavor. Sprinkle applesauce with cinnamon or other spice, or with raisins or chopped dried fruit. Add orange or lemon slices to prunes, figs, or dried peaches.

Scramble eggs with tomatoes. To serve 6: Beat together 6 eggs and a cupful of cooked or canned tomatoes. Season, and cook in a little fat over low heat, stirring constantly, until firm as



LONG TIME BETWEEN—Army's fabulous Pete Dawkins, graduating cadet captain, talks to 99-year-old Gen. Clay Hodges (left), oldest living alumnus of West Point, during graduation week ceremonies at the Academy.

bread in a moderate oven (350 degrees) for 20 to 30 minutes, depending on the size of the loaf.

Nonfat Dry Milk—There are two types of packaged nonfat dry milk on the market. One is referred to as "nonfat dry milk"; the other is the more recently developed "instant nonfat dry

vitamins of the milk from which it was made.

Properly packaged nonfat dry milk may be kept in a cool, dry place without refrigerator for at least six months. If prolonged temperatures above 90 degrees are encountered, some flavor changes will occur. Also, the exposure of an opened package to high humidity conditions may cause caking of the product along with flavor change. Under normal conditions this product has very excellent keeping quality.

Reliquified nonfat dry milk should be given the same care as pasteurized milk, i.e., it should be kept in the coldest part of the refrigerator and kept covered. Only enough should be mixed at one time to serve for two or three days.

The product keeps well in the dry form, and freezing of the milk product is not practical.

Eggs Rich In Vitamins And Proteins—Vitamin A for normal growth and health; vitamins B and D for healthy bones and teeth and a wealth of valuable proteins and minerals make eggs one of the most complete foods in nature. Eggs should be used for a safe nutritious diet and with the present abundant supply they are one of the most economical.

CONVENTION MASCOT—Miss Paula Powell accompanied her grandfather, J. L. Chestnut, to Greensboro Friday of last week. Miss Powell will take part as mascot of the American Legion and Auxiliary convention. Her grandmother, Mrs. J. L. Chestnut is president of the North Carolina Legion Auxiliary.

Books provide the record of man's progress and the point of departure for steps into the future.

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