

we've touched on only lightly. We've heard about deficit financing. Do you have any hope or any feeling that we might level off this \$300 plus billion figure, or perhaps reduce it in the foreseeable future?

DR. POPPE: Of the national debt?

QUESTION: Yes sir.

DR. POPPE: No, I don't think we will ever have the intent to pay this off, really, at least not within our lifetime. There is considerable worry about whether or not a large national debt is desirable. You have to look at the national debt; how it got to the point where it is now - over \$300 billion. Go back prior to World War I. During the war, as a result of tremendous expenditures, we started borrowing money. The borrowing was on the basis of, well, if we do not borrow the money, but rather, tax the money away, we impair incentive. In other words, a man is working eight hours and making \$2 an hour, and therefore he makes \$16 a day. As a result of the war he is now working 14 hours a day and getting another four hours of overtime pay. If you were to tax that away they thought that people would say, "What's the sense of doing this?" So, what are you doing? You're really impairing wartime production.

I believe that it was a mistake in not taxing heavier during the war; in other words, attempting to pay for the war on a pay-as-you-go basis. My philosophy is that if you can have 10 million men in the Army, the majority of whom get \$50 per month, I don't see why the civilian component can't carry the other part of the burden.

Well, here again, in my personal opinion I think we misinterpreted the feeling of the American public. I think they would have supported it. Then, the theory is that in time of prosperity we should increase taxes and in times of depression we should engage in deficit financing. But this is an awful platform to run on. No