



# The Phyllis Schlafly Report



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## Will The Democrat Trojan Horse Fool Republicans?

The Republican Party should reread Homer's account of the Trojan Horse stratagem by which the Greeks defeated the Trojans. Like the Greeks, the Democrats pretended to evacuate the capital battleground after their defeat in 1968. Like the Greeks, the Democrats left behind a hidden strong force which was prepared to strike from within so as to sabotage Republican efforts to give our country peace and prosperity.

Some saboteurs were deep in the State and HEW Departments and they boldly surfaced to attack Secretaries Rogers and Finch at the time of the Cambodia invasion and the Kent College shootings. Others are on the Supreme Court where they have blocked the enforcement of the draft laws against non-religious objectors, of the state and Federal laws against obscenity, and of efforts to remove loafers from big-city welfare rolls.

But the key Trojan Horse Democrats are locked in control of the most powerful instrumentality of the Federal Government: the Federal Reserve System. Look at the paper money in your purse. It was all issued by the Federal Reserve System and is called "Federal Reserve Notes."

### JFK - LBJ Holdovers

The Federal Reserve System determines the amount of money in circulation, the amount of bank credit available, and the prevailing interest rates. It is run by seven Governors, each appointed by the President for a 14-year term. Six of the seven present Governors were appointed by Presidents Kennedy and Johnson and were confirmed by a Senate controlled by Democrats.

Two of these seven were appointed by President John Kennedy, namely: Governors George W. Mitchell and J. Dewey Daane. Four of these seven were appointed by President Lyndon Johnson, namely: J.L. Robertson, Sherman J. Maisel, Andrew F. Brimmer, and William F. Sherrill.

### The "Tight Money" Policy

Shortly after the Nixon Administration was elected, the Federal Reserve put in force its "tight money" policy. On July 3, 1969, New York economist Pierre Rinfret charged that the Administration is risking a "financial panic" by permitting the Federal Reserve to run monetary policy. He said that the Federal Reserve tight money policy is preventing the expansion of services necessary to stop the rising cost in services.

On August 6, 1969, Joel E. Segall, professor of finance at Chicago University, said: "The Federal Reserve Board has given us monetary conditions quite similar to those which preceded [other] recessions."

On October 5, 1969, economist Eliot Janeway warned: "The majority view still believes that what has been done -- driving interest rates up and drying up liquidity -- will work to produce a corrective restraint on prices first, then on interest rates, and finally even on wage rates. The minority is satisfied that what is being done will not work. I seem to be as outspoken a member of the minority as is to be heard.

"William McChesney Martin, chairman of the Federal Reserve Board, is the most influential spokesman for the majority. His also is the voice which first raised the cry that another 1929 may be on the way."

In the spring of 1970 there was an improvement in the market prices for stocks and bonds caused by an unexpected rise in the money supply. Whereupon "the Federal Reserve System tightened its credit policy during April." (New York Times, May 11, 1970, p. 57).

On May 10, 1970 the Federal Reserve Bank of New York modestly described the vast power wielded by the Federal Reserve Governors in these words: "The monetary and bank credit aggregates expanded strongly in April, and the Federal Reserve interposed some resistance to the acceleration that developed."

The Federal Reserve Bulletin for June 1970 frankly admitted (pp. 508, 510): "The latest information lent support to the view that over-all economic activity was weakening further in early 1970 . . . . In February, according to tentative estimates, industrial production fell for the seventh consecutive month. Employment and hours of work in manufacturing declined substantially . . . ."

"System open market operations since the February 10 meeting of the Committee had been directed at fostering somewhat less firm conditions in the money market, in accordance with the Committee's decision at that meeting . . . ."

### Results Of Tight Money

Since December 3, 1968 the Democrats who control the Federal Reserve System have caused a 35% decline in stock market values, record high interest rates, and a 42% increase (from 3.5% to 5%) in the unemployment rate.

Wall Street fears a liquidity crisis caused by the Federal Reserve's tight money policies. Our largest railroad, the Penn Central, went into bankruptcy because it could not borrow the tight money needed to pay its bills.

Economists such as Eliot Janeway predict that unless President Nixon can force the Federal Reserve to reverse its tight money policies, the Penn Central "will trigger a chain reaction to a financial crisis."

### \$20,000 House Costs \$45,321

The Democrat majority on the Federal Reserve Board, like the Democrats in power in the 1930s, believe in an economy of scarcity. Then the Democrats tried to raise farm prices by plowing under every third row and killing little pigs. The home building industry has been badly hurt by the Federal Reserve Board because today anyone buying a home on a 25 or 30 year loan pays *more in interest* than in principal. If you buy a \$20,000 house on a 25-year loan at today's usual rate, the total cost is \$45,321.

It is the duty of the Republicans in Congress and in the White House immediately to expose the Democrats who are causing these injustices. They should expose the crackpot economic views of these Federal Reserve Governors who haven't the common sense to realize that raising the cost of money raises prices, because the manufacturer and farmer and home builder must either pass this higher cost on to his customers or go broke.

American business functions on credit. It is elementary economics that when the Federal Reserve raises the cost of money, it automatically inflates prices. The Federal Reserve can best prevent inflation by encouraging production and giving the country a sufficient money supply so that producers can borrow at reasonable rates. The key to lower prices is increased production. In December 1945 ball point pens cost \$15. Today better pens cost only 29 cents.

### A Trojan Horse Scheme

The Federal Reserve high interest and tight money policy is so detrimental to our markets and our producers and so harmful to the general public that it is difficult to believe that it was imposed in good faith and not as part of a Trojan Horse scheme to discredit the

Republican Administration. The unelected money dictators who are imposing these unsound policies must be promptly brought before the court of public opinion.

Failure to do so permitted the 1929 recession, caused by the Federal Reserve, to continue for four years, to be unfairly blamed on the Republicans by the voters in 1932, and to defeat one of the most able and honorable men ever to occupy the White House, President Herbert Hoover.

### The Solution

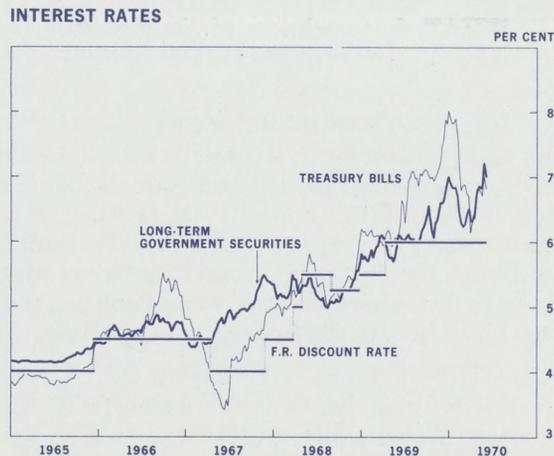
While President Nixon cannot remove the Democrat Federal Reserve Governors, the following remedies should be considered:

1. A Congressional Committee should summon the Federal Reserve Governors and make them answer for the distress they are causing to our country.

2. Congress should restore to the Federal Reserve Act the original language of Senator Robert L. Owen which made it mandatory that the power of the Governors of the Federal Reserve System be employed in the service of commerce and to promote a stable price level. Because this language was deleted, the Federal Reserve Governors were free to manipulate the money supply and interest rates so as to change the price level 80% between May 1920 and June 1921, a greater per cent between 1929 and 1933, and today to demoralize stock and bond prices as well as home construction and financing.

3. The Federal Trade Commission should investigate the extent to which the Federal Reserve Governors are damaging the trade and commerce of our country.

4. Congressmen who are concerned about the plight of their constituents should demand an end to the high interest rates and tight money policies of the Federal Reserve and explain who is to blame for the economic distress which is so needlessly being inflicted on our country. Congress should have amended the Federal Reserve Act to prevent the Governors from contracting our money supply and raising interest rates unreasonably. Instead the Democrat majority in Congress preferred to let their fellow Democrats on the Federal Reserve Board raise interest rates and shrink the nation's money supply. These Democrats should be replaced by the voters on November 3rd.



Discount rate, range or level for all F.R. Banks. Weekly average market yields for U.S. Govt. bonds maturing in 10 years or more and for 90-day Treasury bills. Latest figures: week ending June 5.

# Terry Gautier Receives 1970 Award

Mrs. Terry Crawford Gautier of Pascagoula has been named Mississippi's Outstanding Young Woman of the Year for 1970. The wife of attorney John Gautier and mother of eight children, Terry has been active in civic, social and political affairs.

The purpose of the Outstanding Young Women of America is to honor women between the ages of 21 and 35 who give of their time and efforts for the betterment of community, country and profession.

Terry's life certainly fills this specification.

As manager of The Old Place Plantation, Terry has proved that she is a creative businesswoman by making this old family plantation into one of Mississippi's finest tourist attractions. She served as correspondent for three Republican National Conventions. She has held high offices in the Young Republican Federation and in the Mississippi Federation of Republican Women.

An active community and civic worker, Terry was the first woman member of the board of the Pascagoula Chamber of Commerce. A talented artist, Terry's paintings have been exhibited at the Southeastern Art Exhibit in Atlanta.

Congratulations to our good friend and Eagle, Terry Gautier, on this much-deserved honor. Her peers who selected her for this award stated: "Terry's courageous leadership and accomplishments in patriotic endeavors have inspired us all."

## "Never underestimate the power of a woman" . . . especially 500 of them!

### A Tribute to The Public Affairs Luncheon Club of Dallas

**WHEN A CONGRESSMAN**, a state or city official, businessman, or an editor receives a wire from the Resolutions Committee of the Public Affairs Luncheon Club of Dallas, he knows exactly what they mean. First they know what they are talking about. And there's no mincing of words, no couched or evasive diplomatic language. A spade is a spade is a spade.

**A MESSAGE** from the Club is not one woman's off opinion, but the studied, direct order, if not demand, of 500 women that they be heard and considered.

**WHAT** do you know of the Senate's Tax Reform Act as it affects cooperatives, charitable giving, state and local bonds, tax reductions for single persons, low income allowances, conglomerates, etc.? If you want a straight and knowledgeable answer, ask a member of the Public Affairs Club.

**THE CLUB?** Its constitution defines its being: "a nonpartisan and educational group dedicated to the preservation of the principles of democratic and constitutional government, and its purpose shall be to encourage women to take a thoughtful, informed, and active interest in the affairs and functions of government."

**EACH** month, seven months a year, the members meet to hear a speaker of perceptive im-

portance on some current legislation, or national, state or local problem.

**LAST** month, with quick response from one Dallas newspaper, the Club urged the local papers to refuse advertising of "Adults Only" movies. They wired the House Foreign Affairs Committee chairman and members to defeat proposed changes in the Export Control Act that would increase trade with Communist countries.

**THEY** telegraphed congratulations to Vice President Agnew on his courageous stand regarding minority demonstrations against American foreign policy. They informed the Texas Legislature their approval of the use of oral confessions as a weapon against crime.

**IS THE PUBLIC** Affairs Luncheon Club being heard? In May the Congressional Record twice cited these 500 women's views upon various legislation. "Congratulations," was one comment, "for setting an inspiring example of what a few individuals can do to protect the American way of life."

**HAVE** you studied current legislation and written or wired your Congressman lately? Get involved. It's your America, too!



## Phyllis Attends Top-Level Briefings In Washington

Phyllis Schlafly accepted the invitation of Congressman Bob Wilson, chairman of the National Republican Congressional Committee, to attend a special conference of Republican Congressional candidates held in Washington in June.

Phyllis was the guest of President and Mrs. Nixon at a reception at the White House. Phyllis is shown above at her meeting with Vice President Spiro Agnew. Special briefings were held for Phyllis and other Congressional candidates with Minority Leader Gerald Ford, Republican National Chairman Rogers Morton, many Congressmen, Cabinet officials, and top-ranking leaders on foreign and domestic issues.

## A Memorial To Don Bruce

In August we will observe the first anniversary of the death of one of America's most dedicated patriots, Donald Cogley Bruce of Indiana.

Don was a man who stood tall with his friends, and was also respected by those with differing opinions. A devout Christian and conservative, he was gifted with the ability to speak clearly with simple words and uncomplicated phrases.

His lifelong efforts were always directed toward fostering an enthusiasm for America and stressing the importance of individual endeavor. Don Bruce was a man among men.

Before entering Republican politics, Don Bruce made many friends in Indiana during his years as a news commentator and radio executive. His educational program called "Background", aired from Indianapolis, gave deep insight into the problems posed by Communism and by the welfare state.

Don Bruce's wide popularity was reflected in his election to two consecutive terms in the U.S. House of Representatives, beginning in 1960. His 20,000-vote majority in 1962 was considered a landslide for a

conservative Republican in the 11th Indiana District.

Don was adored by his family -- his wife Hope and his children Don and Patty -- but he also enjoyed the love and loyalty of his many supporters. When he was narrowly defeated for the Senate nomination in 1964, a young supporter wept unashamedly on Don's shoulder, as other youthful workers, with equally tearful eyes, surrounded him.

Despite the urgings of friends, Don did not try for office again. He was not a political careerist. Instead, he turned his attention toward mobilizing public opinion through various organizations for the American and Christian principles in which he passionately believed. He was a good friend of the Eagles and was an honored speaker at Phyllis Schlafly's Eagle Conference held in St. Louis in February 1968. Years of non-stop effort around the clock apparently contributed to his massive heart attack at the early age of 48.

Many have paid tribute to Don Bruce, all of it much deserved. We find the following from the

*Indianapolis News* especially touching and fitting:

"Indianapolis will miss Don Bruce sorely, but it will not forget him. His contribution to the surge of concern over the future of American freedoms was a great one. It will live on in the efforts of others inspired by him to take up the high cause of liberty under law."

Don Bruce gave with all his heart -- until his heart gave out. Would it not be fitting and proper to name a building, a bridge, a highway or an airport in honor of Don Bruce?

by a Hoosier and Eagle,  
Jo Bigelow  
Anderson, Indiana

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