



# The Phyllis Schlafly Report



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## As Sound As A Dollar

"Not worth a Continental" was the inauspicious way the American money system got its start. The paper currency issued by the Continental Congress fell in value to practically nothing.

As America grew and prospered under the unique and inspired system of Government devised by the Founding Fathers, another axiom gradually came into general use: "as sound as a dollar." The American currency became the best in the world -- the most sought after and the safest. Nowadays, if anybody says he feels "as sound as a dollar," this evokes a compassionate retort such as, "Too bad -- I hope you'll recover soon."

The average American is mystified today as he sees his weekly paycheck evaporate at the checkout counter of the supermarket. What happened? Well, don't think that the experts know any more than you do! Nearly all the financial experts for banks and businesses who went on record the first of the year with their forecasts for 1973 were wrong, wrong, wrong in predicting what would happen to our money this year. So, how can we explain what happened to our dollar?

Individuals and nations can violate the laws of God -- or the laws of good health -- or the laws of sound economics -- for a while and appear to get by with it. But the day of reckoning finally comes. Greece and Rome finally fell. Overdoses of alcohol, drugs, tobacco and empty calories eventually take their toll. Currencies collapse. The chickens may not come home to roost in a day, or a year, or a decade -- but finally they do come.

Today we are paying the price for years of deficit spending, Government waste, foreign giveaways, domestic handouts, bureaucratic bungling, and a bipartisan America Last foreign policy that puts every other country and financial interest in the world ahead of our own. Boycotts and price controls won't solve the problem any more than putting a thermometer in ice water will cure your fever. The thermometer is not the problem; it only records the sickness within the body.

### High Prices Go Higher

To paraphrase Mark Twain's famous statement about the weather, Everybody talks about high prices,

but nobody does anything about it. Every family today is concerned with rising prices, especially food, meat and gasoline. On March 20, it was disclosed that the consumer price index rose 0.8 per cent in February, the largest one-month jump in 22 years. For the month of February, the price of food at retail climbed 2.4 percent. The figure for meat, poultry and fish was 5 percent, and for meat alone 5.4 percent. These percentage increases are for one month only; an increase of 5 percent a month would be 60 percent a year.

What kind of comfort do we get from our Government leaders? They say, Eat fish! Eat cheese! The Cost of Living Council urges "selective shopping," that we shift over to cheaper cuts of meat, and "eat a little bit less." Any way you slice it, our buying power is going down. The only thing the Government is doing to help us with high prices is to send out White House recipes for meat loaf padded with bread crumbs.

The cost of gasoline is rising almost as fast as meat, and talk of rationing is spreading. One industry official was recently quoted as saying: "In some parts of the country, you may have to drive into four or five stations before you find one that can fill your tank." Again, the advice that filters down from the bureaucrats tries to throw the remedy back on the consumer. We are told, in order to save gasoline, don't drive more than 50 miles per hour!

Here is a list of what has happened to the cost of gasoline across the country.

Average price of a gallon of major- brand gasoline, regular grade, at the pump in mid-March--

	1973 Price	Increase in Past Year		1973 Price	Increase in Past Year
Atlanta	37.9¢	15%	Kansas City	37.9¢	15%
Baltimore	38.9¢	3%	Louisville	39.9¢	21%
Boston	37.9¢	9%	Los Angeles	35.9¢	9%
Chicago	40.4¢	None	Minneapolis	38.9¢	35%
Dallas	33.9¢	None	New Orleans	36.9¢	12%
Denver	38.9¢	8%	New York	41.9¢	None
Detroit	37.9¢	12%	Philadelphia	37.9¢	9%
Houston	33.9¢	13%	San Francisco	36.9¢	6%
Jacksonville	37.9¢	6%	Seattle	37.9¢	27%
			St. Louis	38.9¢	15%

Note: Price includes all taxes.

Source: "The Oil and Gas Journal"

Government bureaucrats are trying to pin the blame on the supermarkets, the farmers, union labor, the oil companies, or big business. But it's not their fault. Rising prices are the fault of big Government which is spending more money than it is taking in every month, and then rolling the printing presses to make up the deficits.

Here is the record of how the Federal budget has climbed in the last ten years.

#### Kennedy Years:

1962	\$106 billion
1963	111 billion
1964	118 billion

#### Johnson Years:

1965	118 billion
1966	134 billion
1967	158 billion
1968	178 billion
1969	184 billion

#### Nixon Years:

1970	196 billion
1971	211 billion
1972	231 billion
1973	256 billion

## Devaluation of The Dollar

The Congressional Act of March 14, 1900 fixed the value of the dollar at 1/20th of an ounce of gold. On January 31, 1934, the value of the dollar was reduced to 1/35th of an ounce of gold.

On March 31, 1972, Congress approved a reduction in the value of the dollar to 1/38th of an ounce of gold. On the night of February 12, 1973, the White House announced that the dollar was further devalued to 1/42nd of an ounce of gold. The price of gold on the free London market is now up to more than \$90 per ounce.

The immediate result of these devaluations is to raise the prices of imported products and to make traveling overseas more costly. Americans will have to pay at least 20 percent more than last year to obtain the world's best cameras, watches, radios, wines, perfumes, and many other goods produced in foreign countries.

American travelers abroad will be hardest hit because the world is now flooded with U.S. paper dollars which nobody wants. The dollar is now justifiably regarded overseas as a "sick currency" and is treated as such by many shopkeepers. A holiday in Europe now costs about 25 percent more than it did 16 months ago, as a result of the two formal devaluations.

The effect of devaluation on luxury imports and overseas travel, however, is only part of the story. Hundreds of American-made goods which everyone uses will soon cost more because they require raw materials or machine tools produced in other countries.

Here is a chart which shows how the value of the dollar is going down.

Since May, 1971, a series of actions here and abroad—including devaluations of the dollar and removal of support of the dollar by some foreign governments—has sent the value of the U. S. currency tumbling all over the world—

	Amount of Foreign Currency Equaling \$1		Change in Dollar's Value
	In Mid-1971	Latest (March 16)	
Australian dollars	0.885	0.694	DOWN 21.6%
Austrian schillings	24.9	20.2	DOWN 18.9%
Belgian francs*	49.6	38.2	DOWN 23.0%
British pence	41.3	40.5	DOWN 1.9%
Canadian dollars	1.01	0.996	DOWN 1.4%
Dutch guilders	3.46	2.87	DOWN 17.1%
French francs*	5.51	4.48	DOWN 18.7%
Italian lire*	620	575	DOWN 7.3%
Japanese yen	357	258	DOWN 27.7%
Spanish pesetas	69.4	54.1	DOWN 22.0%
Swedish kronor	5.16	4.41	DOWN 14.5%
Swiss francs	4.06	3.24	DOWN 20.2%
West German marks	3.64	2.82	DOWN 22.5%

\*Rate used in capital transactions.

Source: First National City Bank, New York

Government-caused inflation is the cruelest tax of all because it hits hardest on those least able to pay. It steals the value of our life insurance, our bank accounts, our pensions, our U.S. savings bonds, our savings and checking accounts, and our deposits in savings and loan institutions. The Government has, in effect, reached in and robbed our citizens of the value of their savings.

It is interesting that, while American citizens must tighten our belts in order to absorb the effects of devaluation, no such crimp was put in our foreign handouts. The World Bank (of which former Secretary of Defense Robert McNamara is president) demanded that the United States cough up a supplementary appropriation of the U.S. taxpayers' money in order to compensate foreign borrowers for our devaluation. Congress dutifully acquiesced and appropriated the additional funds so that the World Bank can give full value for every foreign handout. The American taxpayers were, as usual, left holding the bag.

## Financial Aid to Russia

While our Government has robbed our citizens by deficits and devaluation, the United States is now giving direct financial aid to the Soviet Union. On March 20, the U.S. Export-Import Bank announced that it is granting \$202.4 million in loans and guarantees to the Soviet Union for the purchase of American industrial equipment. This is the Export-Import Bank's first credit to the Soviet Union and marks a radical departure from previous American policy.

Under the agreement, the Export-Import Bank will make \$101.2 million in direct loans to the Soviet Union's Foreign Trade Bank, and will guarantee another \$101.2 million in matching loans from three U.S. commercial banks.

The next day, Chase Manhattan Bank announced it is making the first direct major loan by a U.S. commercial bank to the Soviet Union in more than

half a century. Chase Manhattan granted the Soviet Union this \$86 million credit to help finance building the Kama River truck plant foundry. The interest rate and terms were not disclosed and the Bank said they would not be revealed. Chase Manhattan Bank thus makes a profit on this loan without any risk whatsoever because it is guaranteed by the Export-Import Bank, which in turn is funded by the U.S. taxpayers.

The Kama truck manufacturing complex is being built 550 miles east of Moscow. Occupying 3.6 million square feet, the foundry will be the largest in the world. Construction is to start in about a year. The plant is designed to turn out about 150,000 diesel trucks yearly.

The millions of U.S. dollars doled out to the Russians to build a truck plant larger than any truck plant in our country comes hard on the heels of the giant billion dollar grain deal of 1972. This grain deal has proved to be terribly costly to the *taxpayers* because we loaned the Soviets a substantial part of the money they used to buy the grain, to the *farmers* because they were shortchanged on the price, and most of all to the American *consumers* who have to pay and pay in terms of higher prices for bread, other wheat products, and meat.

CBS network television, which did the best single job of reporting on the Soviet grain deal, reported that it would cost the American consumer \$290,000,000 in higher prices of bread and other wheat products in the first nine months after it happened, and it would add \$1,200,000,000 to the price of meat during the same period over what we would have paid for meat. This is because of the cost of feed grains fed to livestock.

### How to Cut Deficits

There are plenty of ways that Government spending can be substantially cut in order to preserve the value of our dollar. One of the principal ways would be to eliminate foreign giveaways which last year amounted to the incredible total of \$17,048,700,000. That's billions, not millions.

The reason why, for the first time, we have found out the grand total of foreign aid is that there is a new requirement in the Foreign Aid Act that all foreign aid spending under a variety of programs be recorded in one document. Never before has the executive branch of the Government been required to gather all foreign giveaway figures together so the public could see the total.

The figures are staggering. The report for fiscal year 1972 listed \$6,069,100,000 in economic aid, \$5,274,800,000 in military grants and loans, \$4,910,200,000 in loans and investments in foreign countries, \$163,400,000 to international organizations, and \$631,200,000 in military facilities transferred to foreign governments.

If there ever was proof that we have an America Last foreign policy, this is it.

Another place we can cut deficit spending is by bringing home some or all of the 310,000 American troops still stationed in Western Europe. The United States balance of payments is at least \$2.3 billion in the red every year, because of troops in Europe, and

some officials estimate that the total balance of payments cost is nearer \$5 billion.

In any case, the cost in balance of payments is only a fraction of the total cost to the U.S. taxpayers. According to a recent estimate made by the Associated Press, the total annual cost of keeping U.S. forces in Europe, which includes the Sixth Fleet in the Mediterranean, is officially estimated at \$17 billion.

It makes no sense to send American troops to Europe to save Europeans the trouble and expense of defending themselves, especially when Europe now has more men and more gold than the United States.

Nor does it make sense for Americans to be forced to pay -- through direct taxes and through higher prices of bread and meat -- for grain and factories to the Soviets, so that the Soviets can spend their money on weapons.

When are the American people going to wake up and pin the blame for high prices where it really belongs -- on U.S. Government spending for an America Last foreign policy?

### An America Last Money Policy

Ever since the first devaluation of the dollar in 1934, our Government has allowed foreign central banks to exchange dollars for U.S. gold. U.S. citizens were and are denied this right.

As a result of letting foreigners obtain gold for dollars at the below-market value of an ounce for every \$35, the U.S. gold stocks declined from \$24 billion to \$10 billion between 1950 and 1972. As the gold backing for our paper dollars left the country our Government paid its deficits by issuing bonds and exchanging them for newly printed Federal Reserve dollars.

The printing press dollars lost about 44% of their purchasing power from 1950 to 1973. In terms of gold, the dollar fell from \$35 for an ounce to \$90 for an ounce. As shown on the next page, the political platforms promised "sound money, which retains its buying power." They also promised that "the right of American citizens to buy, hold or sell gold should be reestablished as soon as this is feasible."

Confronted with the choice of stopping the foreign giveaways or continuing the gold and dollar drain, our Government chose the latter.

### Trust in God , Not in Dollars

Since 1956, by order of Congress, all our currency and coins contain the inscription "In God We Trust." We pray that no one is so deluded as to extend this trust to the money so inscribed.

# What Republican Platforms Promised

## The 1972 Republican Platform

"We have checked the inflation which had started to skyrocket when our Administration took office, making the difficult transition from inflation toward price stability. . . . We will continue to pursue sound economic policies that will eliminate inflation, further cut unemployment, raise real incomes, and strengthen our international economic position. We will fight for responsible Federal budgets to help assure steady expansion of the economy without inflation. . . . Since the 1930's it has been illegal for United States citizens to own gold. We believe it is time to reconsider that policy. The right of American citizens to buy, hold, or sell gold should be reestablished as soon as this is feasible."

## The 1968 Republican Platform

"We *must* [emphasis in the original] re-establish fiscal responsibility and put an end to increases in the cost of living. . . . New Republican leadership can and will restore fiscal integrity and sound monetary policies, encourage sustained economic vitality, and avoid such economic distortions as wage and price controls. . . . Nations hostile to this country will receive no assistance from the United States. We will not provide aid of any kind to countries which aid and abet the war efforts of North Vietnam. Only when Communist nations prove by actual deeds that they genuinely seek world peace and will live in harmony with the rest of the world, will we support expansion of East-West trade. We will strictly administer the Export Control Act, taking special care to deny export licenses for strategic goods."

## The 1964 Republican Platform

"We also pledge prudent, responsible management of the government's fiscal affairs to protect the individual against the evils of spendthrift government -- protecting most of all the needy and fixed-income families against the cruelest tax, inflation -- and protecting every citizen against the high taxes forced by excessive spending, in order that each individual may keep more of his earnings for his own and his family's use. . . . We pledge a reduction of not less than \$5 billion in the present level of Federal spending; an end to chronic deficit financing, proudly reaffirming our belief in a balanced budget; further reduction in individual and corporate tax rates as fiscal discipline is restored; repayments on the public debt."

## The 1960 Republican Platform

"We reject the concept of artificial growth forced by massive new Federal spending and loose money policies. . . . While leading Democrats charge us with a 'budget balancing' mentality, their taunts really reflect their frustration over the people's recognition that as a nation we must live within our means. . . . We must work persistently to reduce, not to increase, the national debt."

## The 1956 Republican Platform

"We have balanced the budget. We believe and will continue to prove that thrift, prudence, and a sensible respect for living within income applies as surely to the management of our Government's budget as it does to the family budget. . . . We hold that the protection of the freedom of men requires that budgets be balanced, waste in Government eliminated, and taxes reduced. . . . We pledge . . . continued balancing of the budget to assure the financial strength of the country. . . . The Republican Party believes that sound money, which retains its buying power, is an essential foundation for new jobs, a higher standard of living, protection of savings, a secure national defense, and the general economic growth of the country."

## The 1952 Republican Platform

"Our goal is a balanced budget, a reduced national debt, an economical administration, and a cut in taxes. We believe in combating inflation by encouraging full production of goods and food, and not through a program of restrictions."

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