P.S. to the NEWS
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THE GOVERNMENT BOND RIPOFF

Government agencies, such as the Securities and Exchange Commission and the Federal Trade Commission, were created to protect investors from false and fraudulent claims by corporations or private citizens. But they don't do anything to protect us from fraudulent claims by the Federal Government; that's apparently different.

The U.S. Treasury Department makes the following unprovable advertising claims in an attempt to peddle U.S. Savings Bonds to the public: "U.S. Savings Bonds are one sure way to make your dreams come true" and "They'll put your financial worries to rest."

Series E Savings Bonds paid only 6 percent and then 6.5 percent interest during 1979. Their interest rate has now risen to 7 percent, but there are several catches, such as having to hold your bond for eleven years.

By contrast, money market certificates currently pay almost 12 percent interest (with a $10,000 minimum investment). Some observers estimate that, if the purchasers of Series E Savings Bonds had chosen the higher-interest-rate investments, they could have pocketed an additional $2 billion in interest income.

Since consumer prices increased 13.2 percent in the first eleven months of 1979, the buyers of government bonds made very bad investments. Since the cost of buying a home was 33 percent higher in December 1979 than a year earlier, a home investment would have been much safer and more profitable than the low-interest government bonds which are eaten away by inflation.

Furthermore, it is very misleading of the U.S. Treasury to refer to the new bonds as "Energy Bonds." This name came from President Carter's speech of July 1979 in which he said that energy bonds would be sold.

However, the revenue from the sale of these bonds does not go to produce energy; it does not produce a barrel of oil or a ton of coal or a kilowatt of power. The

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revenue all goes to the general revenue fund. It is obvious that the federal savings-bond salesmen are trying to capitalize on the trigger word "energy" and use it as a slick advertising slogan to imply that, somehow, the purchase of energy bonds will increase our energy supplies.

At least 15 million Americans bought U.S. Savings Bonds last year. About 9.5 million of those are lower-income workers who bought their bonds through payroll-savings plans.

Every dollar that those small investors shelled out to buy a U.S. Savings Bond ten years ago is worth only 44 cents today. That's what government-caused inflation has done to the value of the dollars which their slick salesmen conned small investors into placing for safekeeping with the U.S. Government itself.

The $25 savings bond has now been eliminated. Inflation has galloped so fast that this typical present to high school graduates and other young people is not worth the paperwork to give any more.

We need a powerful watchdog committee to protect investors in U.S. Treasury securities. If the U.S. Treasury Department were subject to "truth-in-savings-bond" laws, regulations, and watchdog committees, small investors would know what the government is doing to their hard-earned and carefully-saved dollars.

The Federal Government money managers who are cheating small American investors with low interest rates paid in depreciated dollars are the same ones who every year support the sending of billions of dollars in giveaways to more than 100 foreign countries. This is the America Last policy which customarily gives foreign donees preferred claims over American taxpayers.

When you give a birthday, graduation, or Christmas gift to the young people in your family, you would be better off giving them a gold coin than a U.S. Savings Bond. Ten years later, it probably won't have lost its value like a Savings Bond.

Even worse than the loss in the financial value of the bond is the loss of confidence in our government. A government which would cheat us out of our money would might cheat us in other ways, too.

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