JlP!SL to the NEWS
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DR. BURNS' WARNINGS ON GOLD

Just before gold went on sale in the United States for the first time in 40 years, Chairman Arthur Burns of the Federal Reserve Sys tem criticized those Americans who bought or planned to buy gold.

He said that buying gold could divert dangerously large sums from credit markets at the very time when the high price of money is already hurting industries that depend on credit, such as homebuild ing and commercial banking. Chairman Burns said that gold buying might also cause a shortage of funds in the bond market where husi-· ness firms raise their capital for new projects and plants that in turn create new jobs.

The man who issued these dire warnings is the same Federal Re serve Chairman Burns who maintains a stony silence in the face of the chief causes of our capital shortage, namely, the Government billions policies that encourage sending/of badly needed American dollars be- hind the Iron Curtain to build the world's largest truck plant, the world's largest fertilizer factory, the world's largest tanker ship yard, and to finance the world's largest gra n purchases.

Nor does Dr. Burns ever criticize the Overseas Private Invest ment Corporation which spends hundreds of millions of American tax dollars to repay businesses for losses they suffer on their invest ments and plants in foreign countries.

It costs tens of tllousands of dollars in tools,·machinery and equipment to create a single job. The reason why investment capital

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is so short in the United States today is not because a few Ameri cans are trying to protect some of their savings by buying gold, but because of the money policies that drain our pockets to build fac tories overseas.

AFL-CIO chief George Meany does not have the economic degrees that Dr. Burns has, but Meany has something better than degrees, common sense. His recent statements show a clear understanding of why we face a shortage of jobs, investment capital, and mortgage money for homebuilding. He knows that when our government lends money to U.S. businesses to build factories in Russia and other Iron Cur tain countries, many American jobs are lost.

To add to our economic miseries, we are now told that the Federal deficits during the current and next fiscal year will amount to $77 billion. This year's deficit will be more than twice as large as was predicted only two months ago, and next year's deficit will be the largest in peacetime history. These deficits are the handwriting on the wall of a further depreciation of our dollar.

The intention of the Federal Reserve Act was to give us a stable money system and prevent inflation and depression. Yet, for the first time in our history, we are suffering both at the same time.

American gold buyers are merely trying to protect their life savings from the inflation caused by the money policies of Dr. Burns and the Administration he supports. Maybe there is a better invest ment than gold, but it certainly is not the Federal Reserve dollars

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now suffering from double-digit inflation.

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