P.S. to the NEWS
by PHYLLIS SCHLAFLY

Box 618, Alton, Illinois 62002
Phone: 618-462-5415

RELEASE: MARCH 13, 1979

U.S. DOLLARS VS. OVERSEAS DOLLARS

It isn't the decline in the value of the U.S. dollar on foreign money markets that is causing economic woes to American citizens; it's the inflation at home. Yet the Carter Administration appears to prefer to shore up the overseas dollar at the expense of the domestic dollar.

According to Lyle H. Kennedy II, a respected investment counselor, this is another example of a wrong money policy that rips off the U.S. taxpayers while bailing out the bankers and others who have indulged in too much speculation in global currency markets.

It is true, as news reports tell us almost daily, that the value of the U.S. dollar is low in terms of the German mark and the Japanese yen. But when our Treasury tries to increase the value of our overseas dollar by buying German marks and Japanese yen, according to Kennedy, that helps Germany and Japan at the cost of risking a dangerous recession at home.

It is not the duty of the American taxpayers to pull the chestnuts out of the fire of those who are stuck with too many overseas dollars. American taxpayers should rank higher in our scale of priorities and sympathies. Kennedy charges that politicians confuse the task of fighting inflation at home with defending the dollar abroad.

"The more the dollar is worth abroad, the less effectively American companies can compete in world markets," says Kennedy. Although a cheap dollar makes the price of imported oil higher, cheaper dollars greatly help American exports such as farm products, tractors and automobiles.

Kennedy has an impressive background as an analyst and investment advisor to blue chip companies and now has his own business in Connecticut serving individual investors. He is the grandson of the founder of the Wall STreet Analyst, one of the

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few publications that forecast the 1929 stock market crash, and his mother was the first woman partner in a New York Stock Exchange member firm.

Since the cheaper overseas dollar has increased the prices of imported Japanese and European steel, employment and earnings of U.S. steel companies are significantly higher -- a big improvement after their layoffs and losses of a couple of years ago.

The cheap overseas dollar has induced smart foreign money to invest and build factories in the United States, and this creates jobs for Americans. This has given a tremendous boost to our economy at a time when high taxes and excessive government regulations have kept U.S. capital formation at a dangerously low level.

Foreign companies who expect to compete in U.S. markets are now opening plants in our country and making more jobs for Americans. Volkswagen has opened a plant in Pennsylvania, Kawasaki is building motorcycles in Nebraska, and Datsun, Toyota and Honda are planning American assembly plants.

Our need for such foreign investment will be even greater now that the new Iranian government has cancelled some $10 billion of arms orders which had been placed with the United States by the recently deposed Shah. The U.S. economy will pay a heavy price for the Shah's overthrow, not only in higher oil prices and gasoline shortages, but especially in the layoffs that will result from the loss of one of our best cash customers.

It is difficult to avoid the conclusion that the money policies of our country are consistently designed to benefit foreigners at the expense of Americans. The chief beneficiaries of the Panama Treaty ratified in April 1978 are the giant U.S. and foreign banks which would have lost some $2 billion from their foolish loans to Panama if we had not given Panama the windfall advantage of being able to collect the toll receipts from ships going through our Canal.

Despite all the budget cutbacks in other spending programs, U.S. foreign aid to 115 countries continues. Will U.S. money policies ever be designed to benefit Americans rather than foreigners?

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