ES® to the NEWS

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## THE FLIGHT FROM THE DOLLAR

The value of our dollar, which has steadily declined during the past 18 years, has been plunging to new depths. In 1960 the dollar was worth 4.60 !est German marks. Today it is worth only 2 West German marks. In 1970 the dollar was worth 4.32 Swiss francs. Today it is worth only 1.8 Swiss francs, a decline of 240 percent.

These striking drops cannot be blamed on our oil imports. We import about 40 percent of our oil needs. The Germans and Swiss must import all their oil.

The Federal Government is entirely to blame for our shocking inflation now running upwards of 9 percent. Every year the Federal Government spends billions more than its income. The Federal Reserve then prints the dollars to pay these deficits, which in turn cause our galloping inflation.

The pressure for more spending comes from the Federal bureaucracy. A majority of Congressmen approve because they are protected from inflation by generous salary increases and retirement benefits.

Government-caused inflation is a cruel tax on our senior citizens. Being retired, they receive no wage increases and are locked into fixed incomes which buy less each year. Wage earners are hurt, too, because inflation shoves them into higher tax brackets.

The depreciating dollar is finally pinching the big New York City banks, especially those which have large deposits from foreign currencies. Foreign depositors no longer want to exchange their good German marks, Swiss francs backed by gold, or Japanese yen, for American dollars backed by nothing and losing value every day.

Washington University economist Hyman P. Minsky predicts that the only way to ensure the survival of the big New York City banks is for the Federal Reserve to raise short-tern interest rates. He says that ''the Federal Reserve must

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intervene by jacking up interest rates because the New York banks simply cannot survive their foreign currency problems otherwise."

Minsky oints out that the New York banks, which hold as much as 50 percent of their deposits overseas with substantial amounts in foreign currency, "face severe foreign currency shortfalls as a result of the declining dollar." He added, "if one of the big New York banks goes, 1929 is in your face. "

Of course, if the Federal Reserve raises the interest rate it charges banks, then the banks must raise the interest they charge their customers. If economist Minsky is correct, all American bank borrowers will soon be paying higher interest rates so that the New York banks can hold their foreign deposits.

In the face of the flight from the dollar, the Carter Administration's response is to present the American people with a plan to spend $500 billion in the coming fiscal year. The largest part of this will come from individual income and payroll taxes.

The projected deficit for the coming year is $61 bi11 ion. The Federal debt amounts to an obligation of $3,291 for every man, woman and child in the United States.

In a recent news conference, President Carter attributed the dollar's weakness to market myopia. He charged that foreign investors just don't appreciate the virtues of the U.S. dollar.

The n opia is President Carter's. On top of his proposed $100 billion energy plan &nd his $16 billion welfare proposal, he has now asked for a $12.9 federal education boondoggle. This is a 24 percent increase over education funding in the current year and a 46 percent rise since Carter took office.

The Carter spending proposals are not only fiscally irresponsible, they are not smart politically. The American people no longer buy the concept that Federal bureaucrats can spend our money better than we can ourselves.

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