es. to the NEWS
RELEASE: NOVEMBER 14, 1978

by PHYLLIS SCHLA.FLY
Box 618, Alton, Illinois **62002**
Phone: **618-462-5415**

THE DOLLAR COLLAPSE

The most serious problem we face today is the debasement of our money by our government. As both a national and an individual problem, it outranks all those other problems that politicians talk about and journalists write about.

The dollar has been debased somewhere between 76 and 92 percent since 1940. Just in the last 12 months, the dollar has dropped 40 percent compared to the Japanese yen and 50 percent compared to the Swiss franc.

The financial pages have been expressing surprise at what has happened to the American dollar. Actually, it would be surprising if it had not experienced a toboggan slide downhill because it is backed by nothing and is continually being cheapened by unconscionable federal deficits.

At least one respected money expert is ominously forecasting the total collapse of the dollar. Dr. Franz Pick, author of six books on gold and silver and a contributor to leading financial publications, predicts that "the government will continue to debase the dollar until it is worth about a nickel. Then it will repudiate its debts by exchanging 10 to 20 old dollars for each new dollar."

History books tell us about financial crises in other lands, such as Germany after World War I. Until recently, Americans have been comfortable in the belief that "it can't happen here." Now we are not so sure.

Presddent Carter made a self-proclaimed anti-inflation speech on October 24 in which he said that "the government is not the only cause of inflation." He is wrong. The government is the only cause of inflation because only the government can print paper money to pay for the tens of billions of dollars of deficits caused by its domestic and foreign **giveaways.** That's exactly what causes inflation.

On November l the Federal Reserve Board raised its discount rate (the interest rate at which it lends money to banks) by an almost unprecedented one percent. On November 2 the Treasury agreed to pay 8.85 percent interest on its ten-year notes,

(more)

the highest ever paid on thestnotes. Of course the taxpayers will do the paying.

On November 3 the prime interest rate jumped to 10.75 percent -- 39 percent higher than in January of this year. Prime is the rate charged to the banks' top corporate customers. The rest of us pay more.

The Treasury Department indulges in its own brand of dishonesty by continually encouraging people with only a small amount of savings to buy government bonds. As long as our government follows a policy of deficit spending, government bonds are the worst possible investment. The dollars you receive back are always worth less than the dollars you put out. Almost every federal bond sold before this fall is now_,. selling below par.

Dr. Pfck reminds us that there is "no example in history where any government has ever·repaid its debts in the purchasing power in which the innocent bought its bonds. Government bonds are certificates of guaranteed confiscation."

Unfortunately, most Americans are locked into the U.S. dollar. Salaries; Social Security benefits, pensions, interest from savings accounts and savings and loan asso ciation , and life insurance payments are a11 made in declining do11 ars.

In other times, smal 1 investors. could hedge against inflation by transferring their savings into the stock market. But the loss of up to $100 billion in stock values during the 11 0ctober Massacre" is a timely warning against that. Real property is supposedly another hedge against inflation. But the sky-high interest rates are

a powerful disincentive to potential home and property buyers.

When President '" Carter went campaigning before the election, he bragged in Sacramento, "We've now got the dollar back in a strong position." With Egypt and Israel demandin9 that the United States pay about $10 billion to finance new bases in the Middle East, the treaty ·payments promised to Panama in 1979, and the largest foreign aid bill in history just passed, a $50 billion deficit next year looks like a certainty. That means more bad news for the dollar.

{end)