P.S. to the NEWS
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COSTS OF DEVALUATION

Is our money system operated for the benefit of foreigners rather than Americans? There is plenty of evidence to indicate this when we consider the continuing costs of President Nixon's two devaluations of the dollar. It is not just that prices are going up; it is that the buying power of the dollar is going down. These two devaluations have reduced by 20 percent the value of our dollar.

However, while Americans suffer this 20 percent loss in the value of our dollars, Congress made sure that the foreigners who receive handouts of U.S. tax money will not have to suffer any loss whatsoever. At the Administration's request, Congress quietly appropriated billions to the World Bank and four other foreign giveaway organizations in order to reimburse them for the U.S. devaluation of the dollar. This cost $1.6 billion last year to cover the first Nixon devaluation, and $2.2 billion last month to cover the second devaluation. President Nixon signed the bill on October 29.

Thus, American citizens had to pay first in having the value of our money cut, and secondly in taxes to make sure that the beneficiaries of foreign giveaways receive the full value of our old dollars.

There is a third price we have been paying for devaluation. If you have tried to get a mortgage to buy a house recently, you know that it is next to impossible. Officers of many savings and loan institutions say mortgage money is almost non-existent. For many

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middle-class working Americans, buying a house is rapidly becoming beyond reach. They cannot get a mortgage,or, if they qualify for one, they cannot afford it.

In order to stop the flight from our dollar, prime interest rates were raised to a record 10 percent. This is the interest rate that big corporations, such as AT&T and General Motors have to pay. But this means that most prospective home buyers cannot get a loan at all because home loans are usually limited by state usury laws, and savings and loan associations cannot obtain the funds to lend to individuals at the legal ceiling. Prospective home buyers are thus left high and dry.

Meanwhile, foreigners can still get easy cheap loans from international organizations which have a pipeline into the U.S. Treasury, ranging from the 6 percent charged by the Export-Import Bank, down to 2 percent charged for the so-called "soft" loans granted by the International Development Association. On October 31, President Nixon asked Congress to appropriate $1.5 billion more as the U.S. contribution to the International Development Association. IDA has been provided with more than $6.1 billion in soft-loan credits during the 15 years of its existence, and our contribution gets larger and larger all the time.

It's a vicious circle. Congress spends money it does not have, then turns around and increases the public debt, thus feeding the spiral of inflation and driving the economy into the ground. Isn't it about time that our money system were operated for the benefit of Americans instead of foreigners?

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