

# AMERICA, 1973

## Freedom Rings For Help

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■ IF A year ago some seer had submitted a résumé of the past twelve months to M.G.M. as a script for a movie spectacular, he would likely have received a rejection slip declaring that his scenario was too far out to be credible even as science fiction.

Take last year's election for example. First the leading anti-Establishment candidate was gunned down in a shopping center and then the Democrats nominated a candidate wilder than a March hare. Only Massachusetts was surprised when he proved to be no match for the well-oiled Committee to Re-Elect the President and Richard Nixon romped to an overwhelming victory. Then six months after the landslide came the opening of the Watergate. Triumph was turned into pathos in a tidal wave of accusation, confession, and front-page speculation. Whether the American people are as enthralled and appalled about the Watergate affair as the knee-jerk Fabians of the mass media is doubtful, but while Watergate and related chicken

stealing has monopolized the newspapers and mesmerized the tube boobs, other far more dangerous developments have been ignored.

### THE UNITED STATES

Area: 3,617,204 square miles; Population: 203,189,722; Capital: Washington, D.C.; Per Capita Income: \$4,400; Head of State and Government: President Richard Nixon.

DESPITE the propaganda to the contrary, crime marches on in America. Just as Lyndon Johnson had used a War on Poverty as a central theme of his Presidential campaign, so Richard Nixon made a War on Crime the primary cause of his 1968 quest that produced the golden fleecing. While wags are cracking that the President has driven criminals from the streets and brought them into the White House where he can keep an eye on them, the fact is that Mr. Nixon's gangbusters have proved to be no more adept at stopping the nation's criminals than they were at bugging the office of the Democratic National Committee.

The latest available statistics from the F.B.I. Uniform Crime Reports show that, using 1966 as a base, crime is up eighty-three percent. Forty-eight percent of this rise was during the first three years of the Nixon Administration. During the same period, larceny was up 110 percent, with seventy percent of that occurring during the past three years. Violent crime is up ninety percent since 1966, fifty percent of that during the last three years of the Nixon Administration for which statistics are available. The F.B.I. Uniform Crime Report states:



*In Calendar year 1971 an estimated 5,995,200 Index offenses were reported to law enforcement agencies, a 7 percent increase over 1970. The violent crimes as a group made up 14 percent of the Crime Index total and rose 11 percent, with murder, forcible rape, and robbery each up 11 percent and aggravated assault up 10 percent.*

And even these stratospheric statistics are understated.\* As an Associated Press report of September 2, 1972, explains:

*A government survey eventually reaching into 350,000 American homes may find crime rates higher than those reported by the FBI. By keeping interviews with crime victims confidential, surveyors are discovering a gap between what shows up on police blotters and what actually occurs on the street.*

The *Chicago Tribune* has found that crime statistics are now so doctored that it is a wonder they do not show a downward trend at a time when crime continues to soar. Bob Wiedrich of the *Tribune* says members of the Chicago Criminal Investigation Division told him that they are under constant political pressure to lie about the rise of crime. Wiedrich charged that the detectives don't want to hide the facts from the public, but they realize that failure to do so might result in their being sent back to jobs as patrolmen with a \$1,000 reduc-

\*It should be kept in mind that each year's new statistics are built on a bigger base. One is therefore shocked that we have yet even to reach a point at which the percentage rise in crime appears substantially smaller. For example, a baby doubles its weight in the first few months, but a teenage boy might gain twenty pounds and undergo only a ten percent increase because he is starting from a much larger base. When the increase in the percentage of crime continues to rise as the base continues to rise, you know we are in trouble.

tion in pay. As a result, records are juggled to reduce crimes from the Over Fifty Dollars category to the less serious Under Fifty Dollars category, or to classify authentic reports of crimes as "unfounded." Reporter Wiedrich says one detective told him that a good police officer "can kill more crime with a typewriter in a few hours than seventy-five patrolmen kill in a day."

Such juggling of the crime statistics is like trying to control weather by smashing the thermometer, but politicians everywhere are under pressure to do it.

One class of rising crime which is not reflected in the F.B.I. statistics is what might be called school crime. Under the caption "Guns Galore," *U.S. News & World Report* of April 16, 1973, describes such crime in New York City:

*In 1972, the number of assaults on students and teachers was 1,052 — up from 423 a year earlier. Vandalism cost 3.7 million dollars in 1971, compared with 2.9 million in 1970. Losses from break-ins and arson keep climbing, too.*

*Police records indicate investigation of rapes of three 10 and 11-year-old girls in an East Harlem school last year, but these are not included in Board of Education figures on crime. In many cases, assaults are not reported because of fear of retaliation, officials say.*

*One male teacher at Brooklyn's Franklin K. Lane High School says: "A guy's nobody at all if he's got a knife; he's got to have a gun to be really somebody."*

*Another teacher complains: "Too many of our schools resemble Dodge City. Everyone must carry some 'heat' — a gun for protection."*

The Washington-based magazine says the situation in the Los Angeles schools is almost equally bad, observing:





The number of police officers slain each year in the United States has doubled since Richard Nixon took office, and the figure is escalating. During 1971, the last year for which figures are available, 126 officers were killed as compared with 100 in the previous year. Between 1967 and 1971, some 452 American policemen were killed in the line of duty — seventy-seven percent by previously arrested felons who had been released on one “Liberal” whim or another. At the same time, the radical propaganda against our local police has caused assaults on officers to reach 72,000 per year. So completely is the “Liberal” Establishment on the side of the criminal that of all reported major offenses only twelve percent now result in arrest, six percent in conviction, and a bare one percent in incarceration of the criminal. And all this permissiveness has made crime pay — placing a financial burden on our economy amounting to fifty billion dollars. Shoplifting alone now costs business \$3.5 billion a year, other “ordinary crimes” against property cost \$16 billion a year, and so-called “ghetto crime” costs us another \$5 billion.





*To cope with growing violence, the Los Angeles County school district has built up a security force bigger than that of some of the locality's law-enforcement agencies. Its budget has nearly doubled in a few years and rivals that of many middle-sized U.S. cities.*

*Gang violence has turned some of the schools into garrison camps, enclosed by steel-mesh fences with padlocked gates. Teachers lock their classrooms from the inside. Some students are afraid to go to school. One Los Angeles school principal told his school board: "For teachers and students alike, the issue unfortunately is no longer learning, but survival."*

The youngsters are only reflecting a national malaise. The crime of shoplifting, for example, is now a \$3.5 billion expense which must be passed on to customers. A Commerce Department report released in 1972 reveals that "ordinary crime" such as burglary, robbery, vandalism, employee theft, bad checks, and arson cost American businesses an astounding sixteen billion dollars per year. Not counted in this figure is an additional estimate of five billion dollars in so-called "ghetto crime," including peddling of narcotics, prostitution, and profits from illicit gambling. The growing financial burden of crime in America has now passed fifty billion dollars a year.

A high percentage of crimes are committed to support narcotics habits. According to Don McAuliffe, an official of the Justice Department's Office of Narcotics, there are an estimated 600,000 heroin addicts in America today as compared to 50,000 ten years ago. This indicates that the number of heroin addicts in the United States has multiplied twelve times in the past decade. A 1969 report placed the number of such addicts at 332,000. Which means that we have suffered an increase of more than eighty

percent in heroin addiction since Richard Nixon took office.

In a report released in June 1973, the National Commission on Marijuana and Drug Abuse revealed that about 1.5 million Americans of high school age, and some 700,000 adults, have used heroin. A New York State commission on education reports that nearly half of New York City's 300,000 high school students are "currently users of some psycho-active drugs." Twenty percent of students at the junior high level were found to be users of heroin or marijuana. As the eighteen-member commission noted: "This heart-breaking phenomenon... is spreading with what appears to be the force of an epidemic in suburban and rural areas as well."

It gives us little pleasure to remind our readers that we predicted just such a rise in heroin addiction when the Nixon Administration welcomed the Red Chinese into the United Nations, where diplomatic immunity provides a perfect cover for the smuggling of heroin — the chief means by which Red China obtains hard currency. Columnist DeWitt Copp quotes a British study as having established that the total illegal world production of opium (from which heroin is derived) is 5,000 tons — with an estimated 3,500 tons of this amount coming from Red China.

On July 21, 1972, nearly two million dollars' worth of pure heroin from Communist China was seized in New York by federal narcotics agents. But still the Nixon Administration does everything it can to hide the fact that Red China is priming its pathetic economy by pumping heroin into the arms of American teenagers. It is appalling that the Administration has had the total cooperation of the Establishment media in hiding the Red China connection.

The escalation of drug use and spiraling rate of crime of all kinds has produced enormous problems for our police. The number of policemen slain in the line



of duty has almost doubled since the Nixon crime-fighters took over from the Johnson G-men. Between 1962 and 1966, 270 policemen were assassinated in the United States. Between 1967 and 1971, the number of killings of police officers escalated to 452. Seventy-seven percent of those murdering such officers had previous criminal arrests. During 1971, the last year for which figures are available, 126 law enforcement officers were killed as compared to 100 in the previous year. Assaults against policemen are now running at the incredible rate of 72,000 per year. As you can see, law and order have hardly been restored.

While crime flies, the rate of conviction crawls. According to the *Indianapolis Star*, experts in criminology now acknowledge that of all reported major criminal offenses only twelve percent result in arrest, only six percent in conviction, and only one percent in incarceration of the criminal. The chances of a criminal being punished for committing a serious crime in the United States are three in one hundred. Crime not only pays, it pays better than ever.

For the past four decades, the flocks of "Liberal" birds have twittered from their ivory perches that if we would only put the poor and unfortunate on welfare, crime would virtually disappear. Doing things their way has caused crime and welfare to rise faster than the cost of filet mignon. The number of people on the nation's welfare rolls is now in excess of fifteen million — the highest ever, according to figures released by the Department of Health, Education and Welfare. This is the equivalent of the combined populations of the sixteen states of Nebraska, Alaska, Oregon, Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, Nevada, Delaware, South Dakota, North Dakota, Vermont, and New Hampshire. Since Richard Nixon took office in 1969, 5.5 million people have been added to the welfare rolls, representing an astounding increase of over fifty percent.

Of course many welfare recipients have part-time jobs . . . as criminals.

Welfare rolls are now growing at a rate more than ten times as fast as the rate of population, and the Tax Foundation estimates that nineteen million Americans will be living on welfare by 1975. Most of these welfare recipients never paid income taxes and never will. Nonetheless they are being organized by tax-supported federal agencies and other tax-exempt groups into cohesive blocs to lobby, demonstrate, and vote for increased welfare payments to be paid for by heavier taxes on those of us who work for a living. This year the federal government paid out more than nineteen billion dollars just for relief. Already, in New York City, every five workers in private enterprise support two welfare recipients and a government employee. It is estimated that by 1982 the ratio of taxpayers to tax absorbers will be one to one.

The Food Stamp program is one of the fastest growing forms of welfare. When Richard Nixon took office, 2.5 million persons were receiving Food Stamps, but after four years of Mr. Nixon's brand of "conservative" leadership the number has risen over five hundred percent to thirteen million, and the program is costing taxpayers nearly two billion dollars.

The Food Stamp program even subsidizes strikes. In 1971, when all "non-workers" began to get Food Stamps, the number of strikes that lasted over ninety days nearly doubled. In one strike in Detroit, for example, strikers were allowed to buy \$180 worth of Food Stamps for \$26, prompting a union official to remark: "We have guys eating T-bone steaks now who never ate T-bone steaks before." Strikers receive about \$240 million annually in Food Stamps and an additional \$110 million under other welfare programs. The net result is that strikes are becoming more frequent and lasting longer. Prolonged strikes mean higher wages at settlement, higher prices, and higher taxes.



Welfare departments, run by "Liberal" social workers, are quite naturally reluctant to run eligibility checks on their "clients." The Department of Health, Education and Welfare claimed that only three percent were illegally receiving aid. Then a Senate Committee investigated in depth and discovered that up to forty-five percent of welfare recipients are ineligible for the government cheques they are receiving.

Meanwhile, back at the employment office, literally millions of jobs go unclaimed as taxpayers are forced to pay the indolent *not* to work. The National Federation of Independent Business, which has studied this phenomenon for several years, says its latest figures indicate that independent businesses, alone, now suffer as many as 2.97 million unfilled jobs because shirkers are allowed to live fatly on welfare rather than being required to accept employment.

Big Government has gone mad. According to the Tax Foundation, total spending over the fifty-year period 1922 to 1972, at the federal, state, and local levels combined, went from \$9 billion in 1922 to \$410 billion in 1972. Federal spending jumped in that time from \$3.8 billion to \$248 billion; state expenditures from \$1.3 billion to \$87 billion; and, local government spending from \$4 billion to \$75 billion. Federal spending for Fiscal 1974 will leap by \$20 billion to at least \$269 billion\* for an increase of 8.2 percent in *one* year. That \$269 billion to be spent by Nixon & Company for Fiscal 1974, divided by 204 million residents of the United States, amounts to \$1,319 for each man, woman, and child; more than \$5,000 for that family of four so beloved by statisticians and policymakers. This is the "Starvation Budget" we hear so much about in the mass media!

\*Even this figure understates the real Budget. That \$269 billion does not include such items as the deficit of our "independent" Postal Service or the vast borrowing on account done by other government "corporations."

Dividing the \$269 billion Budget by an estimated national income of \$1,050 billion for Fiscal 1974 tells us that the federal government alone is taking 25.6 percent of everything we make. And this does not include the more than fifteen percent of our income that will be spent by state and local governments. Are you getting your money's worth for the more than forty cents out of every dollar of your income that you are paying for government services? You *know* you are not!

Calculations indicate that you, a typical American, will have to work more than four months of 1973 before you will have the money to pay the taxes of all types that are being taken from you by Big Government. This tax load usually evokes cries of "soak the rich." But even "Liberal" Congressman Bob Wilson (R-California) admits: "If the federal government confiscated all income earned by all the millionaires in the nation, it would pay the cost of government for only 39 hours. There just aren't enough millionaires in the U.S.A. . . . Wage-earners with incomes of less than \$200 a week pay the lion's share of taxes (estimated often at over 90 percent)."

In 1965, federal outlays for social welfare stood at \$37.7 billion, compared with \$45.9 billion for the military. For Fiscal 1974, military spending will run \$80.7 billion, but social welfare will be escalated to an astounding \$126.4 billion. Forty-seven percent of the Budget now goes for Socialism, and only thirty percent for survival. The Richard Nixon "New Deal" is the first in our history which has required the government to spend more for Marxism than for preserving our liberty.

It is now considered almost antediluvian to note that the fathers of our Constitution intended for our government to be an instrument of protection for the people, not a machine for robbing productive Peter to pay indolent Paul. Yet there is daily less hope for the productive Peters of America. Mr. Nixon



Red China must have dollars to pay for the Boeing aircraft, foodstuffs, sophisticated computers, and heavy machinery the Maoists are being permitted to buy from the United States. But there is almost nothing made in Mao's slave economy that can compete on the American market. At right a U.S. Customs officer receives Red China's first legal dollar-trade shipment in two decades. The product? Long-tailed anchovies, white rabbit rolls, and red date soup. These are foods for which Americans are hardly likely to give up enough dollars to permit Mao Tse-tung to buy a swimsuit. Instead, Mao gets his dollars from pushing high-grade heroin — of which he produces between sixty-

five and eighty percent of the world's illicit supply. Below is a cache of heroin from Red China captured in New York City in January. Another cache worth two million dollars was grabbed in July. What has happened is that the President has opened our doors to the world's biggest dope pusher, resulting in an eighty percent rise in heroin addiction since Mr. Nixon took office. There are now 600,000 heroin addicts in the United States as compared with 50,000 only ten years ago, and the National Committee on Marijuana and Drug Abuse says some 1.5 million U.S. high school students have "sampled" heroin.



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has already scheduled spending amounting to \$288 billion next year, and \$352 billion will be required for Fiscal 1978 under *current* laws. For comparison, consider that federal spending for Fiscal 1965 was \$118.5 billion — regarded at the time as a suffocating sum. At the present time the federal government spends your taxes at the rate of \$475,000 a minute. At that rate, the government spent more money in the first ten months of Fiscal 1973 than it did between 1789 and 1942.

Why does the Budget escalate inexorably every year? Obviously the Congress each year passes new spending appropriations. But there is a more insidious mechanism for inflating the Budget. Every year those who are aghast at spiralling expenditures are coolly informed that a significant amount of the increase is "uncontrollable." From where do these "uncontrollable" increases come?

Let us assume that one morning a United States Senator rises in the great hall of the upper house and pleads the case of homeless dogs. Hardly an eye is left dry as the Senator demands that every True Liberal rally to the cause of hobo Bowzers, Blackies, Rovers, and Spots. The cost of federal Canine Care, he explains, will be a paltry one billion dollars... the first year. The Senators say to themselves, well, it's a worthy cause and one billion dollars is a small enough sum when considered against what it cost to put a dog into orbit. So why not? Thus a new spending bill is passed. But, the hooker is that while the price tag the first year is (a nominal) one billion dollars, the Canine Care Bill, like most other legislation, contains a built-in escalator for subsequent years. The cost the second year is three billion dollars, and eight billion dollars the third year, and so on until dogs are running away from home to live lavishly in the federal kennel.

Now, everybody is happy except the bewildered taxpayer, who does not un-

derstand how he has been bamboozled. The Legislative Branch, which passed the bill because of the "comparatively low" first-year appropriation, now wraps itself in the pure, white garb of the dogooder... and then it ducks. In succeeding years the Executive Branch can claim that it is submitting a bare-bones Budget, but that there are many increases in appropriations (now including Canine Care) which are mandated by law.

And, as the politicians avoid responsibility for such growing expenditures, the taxpayers are saddled with an enormous and escalating National Debt. Representative George H. Mahon (D.-Texas) has observed:

*Just in fiscal years 1970 through 1973, the national debt — a debt that casts a heavy shadow over coming generations — will have soared from \$367 billion to an incredible \$490 billion, and maybe higher if the new budget projections don't hold. In other words, about one-fourth of that enormous debt is being piled up in this four-year period alone....*

*We went into the red about \$10 billion a year during the Sixties. Thus far in the Seventies, we are going in debt at nearly four times that rate. This is a dismal picture of a nation spending itself toward oblivion.*

But things are even worse than they seem. Just as with the crime statistics, the Watergate Wonderboys also doctor the Debt statistics. Congressman Mahon elaborates:

*The budget submitted to Congress in January projects deficits of \$38.8 billion in the current fiscal year and \$25.5 billion in the 1973 fiscal year starting July 1. But these figures understate the severe financial crunch in general federal funds.*



*If you eliminate the trust fund surpluses (from Social Security and other sources) that are counted in the so-called "unified" budget from which the figures are taken, the deficit for the current fiscal year will be an estimated \$44.7 billion. That is the true deficit.*

*By the same method, the 1973 deficit is now estimated at \$36.2 billion. In other words, in these two consecutive years alone we stand to really go in the red by an additional \$80.9 billion!*

That is catastrophic, but it isn't all. As *U.S. News & World Report* explains:

*When you take a close look at the things the Government could be obliged to pay for, over and above the U.S. debt, you find a total that mounts to 1.3 trillion dollars — 1,336 billion to be exact. The White House this year has proposed, instead of direct federal loans or grants, Government guarantees of private credit for such things as: Economic aid to American Indians; Aid to lower-income students; Construction of facilities for health-maintenance organizations; Purchase by railroads of freight cars and locomotives; Construction of the Washington, D.C., subway system . . .*

So the true Debt commitment is \$1,336 billion. And you are paying through the nose for it. This year the American taxpayers will ante up about \$25 billion in interest just to service the reported National Debt. Nine years ago it was "only" \$11.8 billion. Debt service devours the third-largest piece of the federal money pie. This year reported interest payments on the National Debt will cost every man, woman, and child in the nation \$123 apiece. Little wonder that Thomas Jefferson warned:

*To preserve our independence, we must not let our leaders load us with perpetual debt. We must make our election between economy and liberty, or profusion and servitude.*

While Mr. Nixon occasionally umpahs the music of parsimony when puffing away a few dollars from a Congressional appropriation, the music fades when it comes to his own staff. There silence reigns as duplicitous as a shouting match at a convention of the dumb. Since 1969, reports Associated Press, the annual cost of operating the Executive Office of the President has screeched from \$31 million to \$71 million . . . more than double.

When it comes to taking care of themselves, our Congressmen are not exactly cheapskates either. The latest figures from the U.S. Chamber of Commerce peg the cost of each Congressman's salary, plus office expenses and staff pay, at \$335,000 annually. And while Representatives presently receive a mere \$42,500 a year in salary, plans are afoot to raise this to the vicinity of \$50,000.

Congressman James A. Haley (D-Florida) reports that total federal employment today, including 2.6 million on active military duty, adds up to 15.9 million. "When one realizes that salaries and wages are the principal cost of almost every type of government activity at whatever level, it becomes easy to see why the cost of our total government structure has become so enormous. Leaving aside the military payroll," Congressman Haley continues, "public civilian payrolls for October of last year (1971) totaled \$8.9 billion . . . Multiplying them by 12, you get an approximate total of \$106.8 billion for a year's payroll costs."

Last December the President ordered across-the-board pay increases of 5.14 percent for 1.3 million bureaucrats. Our bureaucrats must be the most pampered in the world. The Chamber of Commerce of the United States reports that civilian federal employees now receive forty-five



percent more in their paycheques than workers in private industry. Full-time federal workers average \$11,503 per year while productive private employees average only \$7,924 annually.

Our Fat Cat bureaucracy is running rampant on a field of green. The White House Office of Management and Budget, for example, lists 1,724 consulting advisory commissions, including forty added under President Nixon. Congressional researchers contend that there may be as many as 1,800 additional "outside" advisory commissions, plus 1,400 "inter-agency" committees scattered throughout the federal hierarchy — in all involving 20,000 members and 4,400 staff workers and costing about \$75 million a year. These are just the *advisory* commissions, the figures do not take into account the myriad *regulatory* agencies.

These snoopercrats are putting an incredible strain on American business, which they are alternately smothering and freezing with a paper blizzard. Congressman James Haley reports that competent researchers figure required government paper-work is now costing American business and industry as much as \$75 billion yearly, to which can be added a paper-pushing outlay by the federal government of perhaps \$10 billion more to process that same paper. The cost of all this must naturally be passed on to consumers in higher prices for finished products. As columnist Henry J. Taylor notes:

*One index of this octopuslike Federal bureaucracy's size is its number of filing cabinets. The retiring Director of the Office of Management and Budget, Caspar W. Weinberger, has informed Mr. Nixon that the executive branch has two million.*

*In Washington alone these cabinets cover 25 million cubic feet of floor space. This is 12 times the entire rentable floor space in the*

*vast 102-story Empire State Building — only for filing cabinets.*

*Weinberger found that about 250,000 — yes, 250,000 — Federal payrollers are chiefly involved with filing the paper into cabinets . . .*

Big Brother is keeping those records on you! As the *Wall Street Journal* (August 31, 1972) observed:

*. . . the General Services Administration figures that 4.5 million cubic feet of Federal records are generated and filed each year. That adds up to about 10 billion pieces of paper. A National Archives team trying to cut down on Federal paperwork estimates that there probably are over one million different forms in use by Federal agencies . . . By simple arithmetic, the figures show that the Federal bureaucracy generates 50 pages of record annually for every man, woman and child in the country. . . . The number of man-hours applied to such endeavors is incalculable but some estimates of the total cost of the dialogue between citizens and all levels of government run as high as \$50 billion a year.*

That fifty billion dollars is wholly unproductive, returning no economic value in *real* goods and services. It chases after goods it never helped to produce, causing price rises (what the paper shufflers call "demand" inflation) on all real goods and services created by the nation's producers.

Another feature of this tax and tax, spend and spend, extravaganza is that it costs nearly one billion dollars just to collect our money before the government squanders it. *Family Weekly* of April 15, 1973, quotes one I.R.S. tax collector as wailing: "The job is so huge that we would need a staff of about a million people to do it right. We nearly drown in



paper every April." And doesn't that break your heart! The poor I.R.S. employs a mere seventy thousand persons, only enough to populate a moderate-size city.

During the 1972 campaign, Mr. Nixon declared again and again that there would be no raise in taxes under Nixon II unless the Democrat-controlled Congress spent more than he wished to spend. Now the tune is beginning to change. As the *Los Angeles Times* reported on April 24, 1973: "The Nixon Administration Monday cautiously advanced the idea that a tax increase might be necessary to cool off the booming economy and reduce inflationary pressures." After all, there is no third term to worry about.

"Liberal" columnists Evans and Novak report that the Administration is already considering an additional tax of five to ten cents on each gallon of gasoline. As the dynamic duo put it:

*In addition to sponging inflationary consumer spending, such a tax would also reduce demand for gas. With the energy squeeze now threatening a major crisis, gasoline is already drying up at some gas stations across the country and "voluntary" rationing appears probable in the heavy driving season just ahead . . . .*

*But the primary target of top-level officials now eyeing the gas tax is not balance of payments but the imperative requirement for President Nixon to make a psychological breakthrough on the inflation front. A tax calculated to raise around \$8 billion . . . .*

Whether or not taxes are boosted on the record, the fact is that Mr. Nixon's Keynesian inflation increases everybody's taxes every year anyway, even when the tax rates remain the same. Under the Marxist graduated income tax, wage increases resulting from inflation push us all

into higher and higher tax brackets. The \$1,200 a month you earn today probably won't buy any more groceries than the \$800 a month you made five years ago, but you are now in a tax bracket where you pay a higher percentage of your income. Ah, those Keynesian Marxists, they *are* tricky. You certainly wouldn't want to buy a used car from one.

A recent Gallup Poll shows that seventy-two percent of the American people are severely concerned about inflation, citing it as their chief worry. It is thought to be the nation's Number One problem by more than twice the number of Americans deeply concerned about any other national problem. Inflation is on the minds of the American people; it is written about in their newspapers and talked about on their radio and television sets. Yet most Americans do not even know what inflation is. And they will never find out by reading the Establishment newspapers and magazines or by watching television. When the cost of living jumps — as it does now every month — the mass media wring their hands over "inflation." There is much talk about greedy businessmen and selfish unions. You are allowed to select your own villain: If you are a Republican it is labor unions; if you are a Democrat it is big business. Virtually nobody in the mass media ever names the real culprit. As a consequence, the vast majority of the American people are confused over what *causes* inflation and frustrated over how to stop it.

The fact is that what we are all suffering from is *inflation of the money supply*. Thus neither unions nor businessmen cause inflation because neither can create money. While Americans are led by the mass media to believe that inflation is the rising cost of living or the "wage-price spiral," this is simply not true. For a standard definition of *inflation* one has but to turn to *Webster's New World Dictionary*, where we find it defined as an increase in the amount of currency in



circulation, resulting in a relatively sharp and sudden fall in its value and rise in prices; it may be caused by an increase in the volume of paper money issued or gold mined." As my colleague Alan Stang would say, Observe! Webster says that the cost of living rises as a result of increasing (inflating) the money supply. Why do you suppose neither the Nixonites nor the Cronkites ever explain this to the American people?

Let us make the cause of the "wage-price spiral" perfectly clear. First, let us deal with wages. Let us suppose that you, prolific soul that you are, have ten children. On Saturday morning you line them up in your kitchen and assign each a chore. You have on a plate ten cookies, and to each you promise a cookie upon completion of his assigned task. The next week you begin the same routine, but one of your more obstreperous kidlets (the one that reminds you so much of your mother-in-law) announces that she will not work unless she is paid two cookies. Upon which the rest of the moppet brigade (all rather like your wife's side of the family, really) demand that their cookie salaries be doubled. Alas, you are forced to inform them that you only have ten cookies and therefore there is no way you can raise their wages to twenty cookies unless your wife (ta-ta-dum) increases the cookie supply by baking more cookies. Without more baking, you can only give some of your gang more cookies if you give others less cookies. You cannot have a general rise in cookie wages in your mini-economy unless you bake more cookies.

The same is true in the maxi-economy as in the mini-economy. You can't pay all or most workers more money unless there is more money available with which to pay them.

Now for prices. Imagine that you are at an auction. As with the other people there, you have a certain amount of money in your wallet with which to bid on the things you want. Suddenly a man

from the government bursts into the room carrying a bushel basket full of newly printed money and proclaims the good news that, without ever passing Go, you are all going to be richer by two hundred dollars. Your rejoicing, however, is shortlived as the new money that the government man gives you has not increased the amount of goods that are available to be auctioned. Supply and demand have not changed, but you and the other people at the auction now use your new money to bid against each other for the goods that are for sale. The net result is that the merchandise is bid up to heights that otherwise would not have been possible.

Just as in the real economy you cannot have an artificial general rise in wages throughout the economy without an increase in the money supply (remember our cookies?), neither can you have an artificial increase in prices without an accompanying increase in the money supply. If new supplies of money are *not* printed, only an increase in production (a delivery at the auction of more goods) will result in your wages buying more of everything.

Does the above analogy of an auction apply to the real world? Yes, our economy is simply a vast auction with millions of bids being made every day in a situation where prices are constantly fluctuating not only because of normal changes in supply and demand, but because of ever-increasing distortions caused by the money printers in Washington.

You will recall that Mr. Webster informed us that inflation (an increase in the money supply) could be caused by either a rapid increase in the supply of paper money or gold. The world's supply of gold has increased only in miniscule amounts, but the supply of our paper money has been inflated (increased) by the proverbial leaps and bounds. The proof is in the counting. Consider:

In 1932 there was in the United States \$156 per capita in circulation. In 1973





From 1970 to 1973 President Nixon added \$123 billion to the official National Debt, a sum equal to one-fourth of the entire Debt total. The paper "money" printed to pay deficit bills (currency inflation) has bid up prices and resulted in a real rise in the dollar cost of living amounting to seventeen percent per year. Little wonder that our dollars are worth less in terms of gold! Interest on the Debt, which nine years ago was \$11.8 billion per year, was \$25 billion this year — the third-largest expense in the federal Budget. Nonetheless, Mr. Nixon continues the deficit spending which creates inflation. Federal spending for Fiscal 1974 is up \$20 billion (8.2 percent in one year) and the federal government now taxes away 25.6 percent of our national income. Some 15.9 million now work for the federal government, and 15 million more are on the federal "relief" roles at an expense to the taxpayers of \$19 billion per year. Welfare has become such a racket that, according to a Senate Committee, forty-five percent of welfare recipients are ineligible for the cheques they receive regularly. Nonetheless, President Nixon has now boosted the number of welfare recipients of Food Stamps by five hundred percent.





there is nearly \$2,100 per capita in circulation! Remember, this new money took on value only by subtracting from the value of all other money already in circulation. In other words, by reducing the value of the money in your wallet, savings account, retirement funds, and insurance policies. And it is this fantastic increase (inflation) of the amount of money (cash and credit) in circulation that has produced the continuous wage-price spiral.

Did the workers who belong to unions print this new money? Did big business print this money? Of course not. They too were victims of the new money created by the politicians through the Federal Reserve System. The politicians blame everybody for inflation but themselves. They even try to get you to eat less-expensive cuts of meat, and to make you believe that ranchers or supermarkets are the bad guys. But it is *the politicians* who are really responsible!

The government has created these enormous amounts of new money, all unbacked by gold or silver, in two ways. The first is through expansion of bank credit by way of the Federal Reserve System. The second is through the enormous Budgetary deficits which are largely backed by bonds sold to the Federal Reserve System itself or to commercial banks. In both cases these bonds are monetized, *i.e.*, turned into new money and pumped into the economy where it bids up wages and prices.

What we have is a money system under which the greater the government's debt the more money the government releases to spend! How would you like to operate your household on such a basis, allowing you to go down to your local Sears & Sawbuck, charge everything that catches your fancy on a credit card, and then return to your house and print up the money to pay the bills? You can try this, of course, but if you do it the outfit that is legally counterfeiting money will put you away in the crowbar motel.

When Richard Nixon first took his oath of office the money supply was at \$197 billion. By April 1973, because of the need to print money to cover all of that deficit spending we discussed earlier, it was \$256 billion. This is an increase of thirty percent. The money supply was increased 8.2 percent during 1972 alone. In fact, the increase in the money supply (inflation) since 1965 amounts to fifty-five percent!

Is it any wonder that wage and price controls have proved to be a joke? Richard Nixon once said that wage and price controls put on at a time when you are increasing the money supply is like clamping a lid on a boiling cauldron; you either have to take the lid off and release the steam or the cauldron will explode. He was right, of course. With Phase III the steam was released, and sure enough prices climbed like a Saturn rocket. When Americans deluded by the mass media once again began demanding controls, the President obliged with Phase III And One-Half. When we finally get Phase IV, you can bet your bottom devalued dollar that it will not call for balancing the Budget — the one thing that would stop inflation. As F.A. Hayek, one of history's great economists, observed in *The Constitution Of Liberty*:

*Those who wish to preserve freedom should recognize, however, that inflation is probably the most important single factor in that vicious circle wherein one kind of government action makes more and more government control necessary.*

By "official" figures, the cost of living has risen twenty-five percent during the Nixon era. The government statistics are, of course, doctored. Anyone who buys anything from soup to nuts and bolts knows that if the official figures were spread on your lawn it would grow a luxuriant green. We are told officially



that the cost of living has gone up at a rate of five percent a year. But as the *Harry Schultz Letter* reported from London at the end of April 1973, "the biggest and worst news of the year is the sharp escalation of U.S. inflation . . . The overall U.S. inflation rate, on a practical level, is probably 17%, highest in the western world."

Since inflation is an increase in the money supply, why does the government persist in fooling around with the effects of inflation instead of stopping the rise of prices by ceasing to sluice unbacked paper into the economy? It is a good question, and one that puzzles many Americans. Here are some answers:

First, the question assumes that people in government think in the same way as we do; we the people, who are taxed to support the government. They don't!

Second, it assumes that the government wants to curb inflation. It doesn't!

Third, the question assumes that the government, in attacking the effects of inflation rather than its cause, is unaware that it is acting illogically. It isn't!

Let us take these three faulty assumptions one at a time.

1. You, as a producer and earner, are interested in retaining control of as much of your earnings as possible; it is to the interest of the government, on the other hand, to transfer control of as much of your earnings as possible from you to itself. You, as an individual, are interested in retaining the maximum of liberty and freedom of choice; but government, which can only grow as the individual shrinks, grows stronger only by curtailing your liberty and freedom of choice.

2. Inflation, which taxes without appearing to, is admirably suited to strengthening government by giving it more to spend and hence more power and influence.

3. From its own point of view, and in a perverse sort of way, the refusal of government to admit what inflation is, and its attack on the symptoms of infla-

tion, rather than its cause, are obscenely logical. This is so for a number of reasons, among which are:

If the government admitted that dilution of the money supply, by itself, was the cause of inflation, it would be admitting that government is the inflation culprit. If the government admitted that, the logical cure for inflation would immediately suggest itself to millions of puzzled, frustrated, and plundered taxpayers. They would demand a drastic reduction in government spending and put a halt to the flooding of the economy with deficit "money." Moreover, in such an eventuality, the government's controls on the economy would no longer make sense to even the economically ignorant. But if the government is forced to stop its dilution of the money supply with the legally counterfeited "money" it spends in enormous amounts, it would be reducing its own power. And no government of self-interested politicians is likely to do that.

The plain, frightening, obscene truth is that our government is unalterably committed to an inflationary policy, and has no intention of reverting to a policy of sound money that would curtail its growing power. Political commentator Don Bell finds it hard to believe that this is all accidental. He writes:

*To assume that they planned it that way is one way of explaining rationally the seemingly insane mismanagement of the United States monetary policy: the destruction of the dollar, the loss of gold, the feeding of worthless fiat money into the economy, the use of ineffective wage and price controls, the refusal to allow American citizens to possess gold, etc.*

We can be sure that John Maynard Keynes knew what he was doing when he created his theory ( $K = \frac{1}{1-MPC}$ ) proposing that prosperity was to be found in



inflation of our currency by perpetual deficits. Keynes, who said he considered himself a Bolshevik, boasted openly:

*Lenin was certainly right. There is no subtler, no surer means of overturning the existing basis of society than to debauch the currency. The process engages all the hidden forces of economic law on the side of destruction.*

As Mr. Bell suggests, "they planned it that way." Of course, national monetary problems caused by inflation soon become international monetary problems. For many years the United States has been exporting much of its inflation to Europe in the form of balance of payments (B.O.P.) deficits. When inflation pushed up American prices we became less competitive in world markets and were soon buying more abroad than we were selling. The excess of our imports over our exports created the B.O.P. problem. Dollars that were left abroad, primarily in Europe, came to be known as Eurodollars. A Eurodollar is an American dollar which is an expatriate, waiting to drain goods from our economy.

The Nixonites chose to deal with the problem of our unfavorable balance of payments with what they called "benign neglect." Benign neglect turned out to be a disaster. In 1971, the B.O.P. deficit was an absolutely incredible \$30.4 billion. In 1972, the figure was cut to \$10.9 billion. But it was like an alcoholic cutting his intake of whiskey from three gallons a day to two. In the first quarter of 1973, our B.O.P. deficit was an almost unbelievable \$10.2 billion. A balance of payments deficit equal to practically the entire official value of the U.S. gold supply had been run up in only three months.

But, despite the fact that our B.O.P. problems are out of control, it is still Business As Usual with foreign aid. It is foreign aid and our trade deficit which

are responsible for almost all of our balance of payments deficit. According to Representative Otto Passman, Chairman of the House Foreign Aid Subcommittee, the requests of the Nixon Administration for foreign aid ballooned from \$12 billion in Fiscal 1971 to an unconscionable total of \$18.5 billion for Fiscal 1973. This means that the American hare has to start the B.O.P. race with an 18.5-pound weight around its neck. No wonder the European tortoise is winning.

It is now believed that possibly as many as \$120 billion in Eurodollars — all claims against our production — are sloshing around the Continent. The Europeans holding this glut of dollars have to do something with them. Until August 1971, many were cautiously turning them in to the U.S. Treasury for gold at thirty-five dollars an ounce. Then the United States repudiated its promise to redeem these dollars because it was afraid it would be left without any gold whatsoever. So suppose you are a European with lots of dollars on your hands. What do you do with them? More and more have been attacking the purchasing power of the dollar by exchanging Eurodollars for German marks or buying gold.

In order to establish a more realistic balance between the dollar and foreign currencies, President Nixon has twice done what he swore again and again that he would never do: He has devalued the dollar. He did this by first raising the fictitious price of gold to \$38.00 an ounce and then to \$42.22. Since the dollar is still not convertible to gold, the raise in the price is only theoretical, but the change in the ratio of the dollar to other currencies is supposed to make American exports more attractive and foreign imports more expensive.

Dr. Franz Pick is widely regarded as the world's foremost expert on currency and gold. Born in Bohemia, Dr. Pick studied law at the University of Leipzig, monetary theory at the University of Hamburg, and inflation-devaluation at the



Sorbonne in Paris. He wrote his Ph.D. dissertation on currency devaluation. Dr. Pick describes the import of Mr. Nixon's devaluations as follows:

*The two most recent devaluations...wiped out more than a trillion dollars of savings.*

*The two most recent devaluations alone amount to about 18%. The gross total public and private debt in the United States is about \$5½ trillion. So these devaluations wiped out more than a trillion dollars of savings. Investors who bought bonds, life insurance, annuities or similiar things were simply cheated without compensation. If we continue to do this, we are going to ruin the United States — and we may drift into dictatorship.*

*To talk about the industrial power of the United States is just bunk. If the currency doesn't work, the country cannot work. The destiny of the currency is, and will be, the destiny of the nation.*

When the first devaluation occurred in December 1971, United Press International misleadingly reported: "Economists for banks, brokerage houses and investment counseling firms agreed a modest devaluation of the dollar could have no immediate impact on business or price levels here at home." The next day it continued: "Devaluation relates only to the value of the dollar with other currencies and not to prices of domestic products."

That was the official Nixon Line. Now, two years later, we all know that The Boys have been fibbing to us again. As economist John Kamin notes: "What the dollar devaluation does is remove price competition from domestic markets. That means all those cheap imported goods which have been serving to hold down U.S.A. domestic prices will no

longer do so. It means that, logically, with competitive pressures removed in domestic markets, domestic sellers will raise their prices now that it is easier to do so. Result? Higher prices to you..." You can let your fingers do the walking through the ads in today's newspapers to see whether Kamin or the Nixonites were correct.

The worst thing about the recent ten percent devaluation of our dollar is that it didn't shock the American people. Americans still don't appreciate the gravity of the worsening situation with respect to their currency. Devaluation does internationally what inflation does at home. It exploits people's faith in the value of a piece of paper, which suddenly turns out to be worth less than what they paid for it. It is even highly debatable whether the devaluation will substantially change the balance of trade. As Dr. Harry Schultz observes:

*A vast proportion of US exports fall into 2 classes: highly sophisticated technological products, & primary & agricultural products. These exports will not sell in greater volume abroad simply because the foreign exchange price of such products has been reduced by 2 dollar devaluations.*

*In fact, quite the contrary. It will mean in most cases the US will simply get less dollar income in selling the same products in the same volume. Examples: US has a world monopoly on jumbo jets. No major airline on earth can survive without them. Price, under these circumstances, is not a major consideration. Yet as a result of the cleverness of Nixon & Co., Boeing, Lockheed, Douglas & all their suppliers, will be getting as much as 20% less for the same aircraft when marketed abroad.*

*Yet despite these jumbos being cheaper, it's unlikely any more will*



*be sold than at the old price. Purchases of aircraft are related primarily to forecasts of passenger volume, & that may now be lower than forecast, if Americans travel abroad less as a result of the reduced foreign purchasing power of their dollars. Is this the sort of stuff that's supposed to save America?*

Increasingly we are being told that our only way out of the international monetary maze is through the establishment of a world currency under the International Monetary Fund (I.M.F.), a subsidiary of the United Nations which reports directly to the U.N. Economic and Social Council. A world currency is a natural and necessary step towards the creation of a World Government. And our newspapers and the financial press are now chock full of "recommendations" from the *Insiders* of international finance and the Polly Parrot press corps which follows their lead. None of these people call for any of the major steps which would solve the intertwined problems of inflation, B.O.P. deficits, and international monetary chaos.

The real solutions are as follows: (1) drastically to cut federal spending by unravelling the welfare state; (2) to balance the Budget and control the creation of bank credit so that the presses that print unbacked "money" will grind to a halt; (3) gradually to re-establish the convertibility of the dollar for both foreigners and Americans; (4) to get the O.S.H.A.-crats and other federal plundercrats and their myriad regulatory agencies off the backs of American producers so that we can once more out-produce the world; and, (5) to stop the union-enforced featherbedding and related anti-production practices which are helping to make American products more expensive and less competitive in the world market.

But nobody in the Establishment is proposing these solutions. Instead, they call for more and more controls at home to stop "inflation," and a world central

bank on the international level to stop "imbalances" in the world economy. President Nixon has even called for a "thoroughgoing reform of the world monetary system" and the creation of a "modern world economic order."

It is not yet possible to determine whether the *Insiders* are trying to move us directly into a world currency or whether there will be an intermediate step featuring a worldwide trade war, with Europe pitting a Common Market currency against the dollar. Trial balloons (possibly deliberately misleading statements) suggesting the future of the international monetary situation are thicker than fleas at a dog convention. You can take your choice between the possibility that the price of gold will be tripled or that all of the major central banks will participate in an international attack on gold by cutting all currencies loose from the precious metal and dumping their reserves on the open market.

Something is obviously in the wind. Harry Schultz of the Financial and Economic Research Corporation in London has reported that Washington is planning to issue currency printed in red (some of which Schultz says has already been produced) for use within the borders of the United States. This new currency, says Dr. Schultz, would replace domestically the present paper money and would carry half the value of the present currency — leaving the present currency to be used only in international transactions. The effect of such a move would be a possible fifty percent devaluation on top of the two ten-percent devaluations which the dollar has suffered.

Dr. Franz Pick maintains that the Treasury began printing the new money last year. He reports:

*The new 1 dollar bill would remain green, but with a new design. The 5 dollar bill would be blue, the 10 dollar bill beige-brown, the 20 dollar bill red.*



Such reports are now common. Rumors are also rampant that the Soviet Union will soon join the International Monetary Fund. This would be a major step toward integrating the world's divergent national economies within a World Government. Such a move has been the goal of the *Insiders* of the Establishment for many decades.

In 1953 Mr. Norman Dodd was chief investigator for the Reece Congressional Committee enquiring into the power and influence of the great Establishment foundations. At that time he interviewed Rowan Gaither, then president of the Ford Foundation, and Gaither told Dodd that the Ford Foundation was working "to so alter American society that it could be comfortably merged with that of the Soviet Union." Certainly our society, particularly our economy, is being so altered. Much progress has been made in that direction in the past year through taxes, inflation, and regulation. At the same time, the Establishment *Insiders* are using the U.S. Government and our giant Establishment corporations to upgrade the power of the Soviet economy to make it possible for such a merger.

Leading the parade to Moscow of American business and financial institutions is the Rockefellers' Chase Manhattan Bank, which according to the *Los Angeles Times* of May 28, 1973, "has long served as Russia's chief transfer agent for funds from the United States." The Chase has already agreed to provide \$86 million in credit to help the Soviets finance the world's largest truck factory on the Kama River. Under the caption "A Comrade At Chase," we learn from *Newsweek* of June 4, 1973:

*Because the Rockefeller name is almost a synonym for capitalism, one would hardly expect the Soviets to fawn over any of the multimillionaire brothers. But last week in Moscow, Chase Manhattan Bank chairman David Rockefeller*

*was greeted by Premier Aleksei Kosygin and feted with caviar and champagne when he arrived to open the first office of an American bank in the Soviet Union in some 50 years. "It is ironic," Rockefeller conceded, "but the whole world is changing very rapidly."*

*The possibility of financing projects of that size has Western bankers tripping over one another for entry to Russia.*

Not surprisingly, the Rockefellers are opening up for direct business in Moscow at the city's most prestigious address: Number One Karl Marx Square. The fact that the main initiator of help for the development of the Communist economy is David Rockefeller raises the suspicion that he is using this as another ploy to further his long-standing scheme to organize a World Government under the supervision of the *Insiders* of international finance.

It may be no coincidence that the Establishment media are playing up the Watergate scandals for all they are worth with the result that David Rockefeller's brother Nelson has been able to replace Nixon loyalists with Rockefeller loyalists inside the Nixon Administration. It is difficult to identify any action by Nixon that runs counter to the long-range interests of the Rockefellers, but the President apparently figured on a larger role for himself in the "new world order" than the Rockefellers and other top *Insiders* wanted him to have. If ever there is a Rockefeller in the White House, we will know that the Great Merger is at hand. And, the reliable Washington columnist Paul Scott is convinced that the game plan calls for the election of Nelson Rockefeller to the Presidency by 1976.

It might just happen that way. And if it does, whoever said that truth is stranger than fiction can smile knowingly. Unfortunately, the truth does not now augur well for America. ■ ■