

checking account except a commercial bank. It is the only institution that can manufacture money by a flick of the pen, just manufacture it, create it. They have the right to do that. No other financial institution has that right except the Federal Reserve, which creates it for the banks. That gives them a great privilege. And they are protected from competition. Nobody can go into competition with them, unless the competition is wanted or needed.

Suppose the grocery stores had something like that, or the drug-stores. Nobody could go into competition with them, unless they could show it was absolutely needed. The banks have great protection there. Not only that, but they can manufacture the money and they are doing something now that I think is terrible, against the public interest, against the interest of the Nation. They are using this manufactured money upon the credit of the Nation to buy tax-exempt bonds with it. Today they own nearly a half of all tax-exempt bonds in the United States of America, giving them a corner on these bonds to fix the market in any way they want to, if they choose to do so.

The main evil is that we give them the right to create money in the public interest, to allocate credit fairly to everybody in the country; instead of doing that, they use it for themselves to buy tax-exempt government bonds and pay no taxes on that investment at all. That does not appear to me to be justified and in the public interest.

Now the reason for our problems today, the reason we don't have money for the poverty programs and for housing, is because of the high interest imposed by the Federal Reserve operating for the banks. Last year, Madam Chairman, we paid \$36 billion more interest than we should have paid. That was extortionate, excessive, sometimes usurious interest; \$36 billion in excess. That would have built more than two and a half million houses at \$15,000 a house. That would have entirely cured our ghetto problem, and we would have had two and a half million houses built with that money that we paid in excess, just like they are asking us to pay excess on these student loans. And for the last 15 years we have paid excess interest, over \$14 billion a year, aggregating \$211 billion. And if we had paid that instead in the housing market, if we had made loans or if we had given them \$15,000 houses, it would have been more than 14 million houses.

So our problem today is high interest, just like these bankers lobbyists coming in here and asking for high interest on this. They are asking to obtain high interest on everything. They are ruining this country. We are paying twice as much interest on the national debt today, 14.2, as we would have to pay if we just paid reasonable rates of interest, as proven by the past.

I took the liberty of sending every Member of Congress a speech that I made last week which takes in 14 years, from 1939 to the end of 1952, and showed the interest rates under a Federal Reserve Board that was acting in the public interest and making sure that the public was protected by a President who was asking them to do it. They worked with him, and the interest rates were low. Now the next 14 years, from 1953 until the end of 1966, they were more than twice as much. That shows the difference.

This thing was deliberately done. It is picking the pockets of the people to the extent that they cannot buy the food, some of them,