

all this represents, by deliberative national policies, a transfer of income mainly from those who have not to those who have, a transfer of income from those who borrow to those who lend, a transfer of income from those who cannot protect themselves to those who can protect themselves.

The increased interest rates, since 1952, on all one- to four-family, nonfarm, home mortgages are now imposing an additional cost upon homeowners of about \$2 billion at an annual rate.

And this in itself means that, on a \$10,000 house which might be bought by a \$5,000 family, the increased interest payout by that family over a 25-year mortgage is about \$2,000, or about 40 percent of the family's annual income before taxes.

The increased interest rates on total consumer credit, which is most directly within the scope of this hearing, may now be costing these types of borrowers as much as \$2 billion at an annual rate.

As I have said, the excess interest costs in the Federal budget alone are now at an annual rate of about \$6 billion. Here we are, a nation with riots in the streets fiddling while Detroit burns, claiming that we are unable to afford adequate expenditures for slum rebuilding or education or health services or most other needs of high national priority, or even for the kind of employment programs that might be created with the right kind of expenditures, and yet tolerating these fantastic interest tributes to those who lend money to the Government itself. The annual excess interest cost of \$6 billion in the Federal budget alone is much more than twice the proposed fiscal 1968 Federal budget outlays for education; about 30 percent higher than outlays for health services and research; about twice outlays for public assistance; almost four times outlays for labor, manpower, and other welfare services; about twice outlays for agriculture and agricultural resources; six times our outlays for housing and community development—even though we have proclaimed this lack as a source of all of the trouble in our cities—80 percent higher than outlays for natural resources; and about $3\frac{1}{2}$ times outlays for the Office of Economic Opportunity.

Now, over the next 10 years, and I have estimated that as of now the nationwide increased interest costs are \$17 to \$19 billion at an annual rate—over the next 10 years, with the increases in interest rates which are still in process, but more importantly because more and more debts which were not covered by the rising interest rates will be refinanced at the higher rates, I estimate as a minimum, that over the next 10 years, at least \$25 billion a year, or \$250 billion over the next 10 years, will be transferred from those who borrow to those who lend through the rising interest rate policy alone.

This comes to estimates of about \$80 billion over the next 10 years in the Federal budget, about \$20 billion over the next 10 years on State and local budgets, and about \$150 billion over the next 10 years on all private debts. As I figure it on the interest-bearing consumer debt, it averages at \$2 to \$2 $\frac{1}{2}$ billion annually, or \$20 to \$25 billion over the next 10 years.

What does the average annual excess interest cost of \$8 billion a year over the next decade in the Federal budget alone—which I estimate to be more than likely unless the prevalent monetary policy is drastically changed—really mean? This figure comes to about eight