

a wayward and thoughtless long-range monetary policy, and general economic policy as well.

Tight money and rising interest rates are appallingly unequitable

In this connection, I set forth the following:

(1) From 1952 to 1967, the interest rates on new Treasury borrowings rose 144.7 percent for 3-month bills, 167.4 percent for 9- to 12-month issues, 138 percent for 3- to 5-year issues, and 81 percent for long-term bonds. The computed average interest rate on the Federal public debt rose from 2.33 percent in 1952 to 4.15 percent in 1967, an increase of 78.3 percent. For the 15-year period as a whole, the rising interest costs to the Federal Government alone aggregated \$35.1 billion, and stood at about \$5 billion in 1967 alone. The annual cost to the Treasury now in 1969 is close to \$8 billion. These rising costs to our Federal Government have in part been paid for by taxes imposed upon the people, but in the main these rising interest costs have added to the Federal deficit. Those who claim that Federal deficits are inflationary per se will thus be hard put to explain how rising interest rates can contribute to the war against inflation.

(2) During the same 15-year period 1952-67, the rising interest costs have imposed an additional burden of \$5.2 billion upon State and local governments. This additional cost burden stood at \$1 billion in 1967 alone, and is very much higher than that now in 1969.

(3) During the same 15-year period, the computed average interest rate on the total interest-bearing private debt rose from 4.97 to 6.24 percent, a rise of 25.6 percent. Thus, the aggregate burden imposed upon private borrowers during the period as a whole was \$66.4 billion, and stood at about \$11 billion in 1967 alone. This increased burden is at an annual rate of between \$12 and \$13 billion now in 1969.

(4) Looking at all types of borrowings, both private and public, the computed average interest rate rose from 3.5 percent in 1952 to 5.4 percent in 1967, a rise of 54.3 percent. This imposed in the aggregate an additional interest burden of \$106.6 billion, and \$17.7 billion in 1967 alone. The additional interest burden in 1967 alone was about two and a half times as high as the average annual additional interest burden during the 15-year period. Now, in 1969, the annual rate of the excess interest burden is considerably above \$20 billion.²⁰

(5) If the trend toward rising interest rates continues, I estimate conservatively—and my estimates made many years ago have turned out to be conservative to date—that the additional or excessive interest burden might well rise to \$25 billion in 1977 alone, averaging annually well above \$20 billion during 1969-77 inclusive, and aggregating well above \$180 billion over the 9-year period.

(6) The additional interest burden aggregating \$106.6 billion during the 15-year period I have reviewed equates with an excess interest cost per capita for the entire U.S. population of \$88.90 in 1967 alone, and \$591.89 for the period as a whole. Thus, the additional or excessive interest costs for a family of four came to \$355.60 in 1967 alone, and \$2,367 for the period as a whole.

(7) Upon whom, in the main, has this unconscionable interest burden fallen? It has fallen upon the small businessman and the farmer; the person who buys a car on time to get to work; the family who buys

²⁰ See chart 19, following text.