

tember when the housing industry was flat on its back and it was apparent that a tremendous recession had developed which was wiping out small business and causing the liquidation of thousands of farmers. It was at this point that the Federal Reserve and the Administration changed their policies. The President announced that he would no longer pursue the participation sales policy which had been used as a gimmick to reduce on paper appropriation of funds and make the budget look good to those unfamiliar with sophisticated bookkeeping.

Having brought the country to the brink of catastrophe, the Federal Reserve Board reversed its policy and injected large amounts of new funds into the money bloodstream. This has been referred to by *Barrens* magazine, a very conservative publication, as a "zig-zag policy" which we think is a very apt description of the Fed's activities.

At the present time, not only have the policies of the Federal Reserve been questioned in the Halls of Congress, the metropolitan press and by various interested expert individuals, but in the financial world.

Attention is called to an article published in the *New York Times* on January 3, 1969, titled, "Laughing at the Fed." The writer of this witty article, Edward L. Dale, Jr., says in regard to the Federal Reserve System, "Banks are laughing at it; economists are laughing at it; businessmen—getting loans like crazy—are probably laughing at it. Congressmen are not in the 'in-group.' They are just frustrated and puzzled by it. The easiest laugh around is to say at a party, 'Say, have you heard? The Fed is tightening money . . .'"

If the Federal Reserve Board was not so powerful and did not affect the lives of so many millions of citizens, we could laugh too, but we assure you that farmers are not laughing at the present time at skyrocketing interest rates which have reached disastrous proportions. Farmers are struggling now under a total debt of \$55 billion. They are having to pay not only the 8 percent rate which is charged those who obtain funds from the Housing Authority, but as much as 10, 12, and 15 percent on short-term loans. Federal agencies particularly the Farmers Home Administration, are out of money and farmers are dying on the vine by thousands. Fortunately, within the last few days the new administration has made \$25 million of new money available under the emergency FHA program.

Some comment is called for, we feel, in regard to the threats made by Federal Reserve Board Chairman William McChesney Martin. In 1968, having injected too much new money into the money bloodstream, Chairman Martin began threatening the Congress and the American people with a recession if Congress did not do his bidding in relation to a balanced budget and a new tax law. He said, according to a statement inserted by Congressman Holifield in the *Congressional Record* of April 24, 1968, "We are in the midst of the worst financial crisis since 1931." Martin said the Nation faces either "uncontrollable inflation" or an "uncontrollable recession" because of an "intolerable balance-of-payments deficit side by side with a budget deficit."

In this hysterical statement Chairman Martin ignored the fact that the national debt and the deficit were not high—in fact, extremely low—as compared to the debt as a percentage of the gross national product during the years 1941–47. The following figures succinctly prove this point: