The original documents are located in Box D6, folder “Ford Press Releases - Banking, 1968” of the Ford Congressional Papers: Press Secretary and Speech File at the Gerald R. Ford Presidential Library.

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Mr. Speaker, I ask unanimous consent to revise and extend my remarks. Mr. Speaker, a page one story in the New York Times this morning reveals that organized crime has moved into Wall Street through the device of loan-sharking. I ask unanimous consent that the New York Times story be printed in the Congressional Record immediately following my remarks.

Mr. Speaker, the testimony now being given before a committee of the New York Legislature on loan-sharking and organized crime points up the need for swift action by the Congress to swing federal investigators into action against loan-sharking—one of the principal sources of revenue for the crime syndicates.

We have a vehicle for that purpose in a bill due to come to the House floor shortly—the Truth-In-Lending Bill which yesterday was granted a three-hour open rule by the House Rules Committee.

The Truth-In-Lending Bill is urgently needed, and there will be Republican support for it in the House as in the Senate. As reported out of committee, however, the legislation would not touch upon the tremendous problem of loan-sharking.

I wish to announce that Republicans will offer an amendment to the Truth-In-Lending Bill to give additional protection to the man who has to borrow money. Our amendment will zero in on the lending of money at illegally high rates of interest. It will unleash federal agents in a drive to rid the country of the scourge of loan-sharking and to weaken the financial underpinnings of organized crime.

It seems safe to predict that the House will overwhelmingly approve this amendment. There now is no federal loan-sharking statute on the books.

Mr. Speaker, the Republican loan-sharking amendment has been carefully prepared by Rep. William B. Widnall, senior Republican on the Banking and Currency Committee, and Rep. Richard H. Poff, member of the Judiciary Committee and chairman of the House Republican Task Force on Crime.
The loan-sharking proposal first was offered in a bill introduced last December by all members of the Task Force, the senior Republican on the Judiciary Committee, Rep. William M. McCulloch, and me.

Mr. Speaker, the Republican amendment to the Truth-In-Lending Bill would make it a violation of federal law for anyone to lend money at illegal rates of interest. The interest rate involved would be deemed illegal whenever it exceeded the rate permitted in a particular state. Federal penalties of a $10,000 fine or 10 years in jail would apply whenever such a loan interfered with or affected interstate commerce, or whenever any part of the loan transaction or efforts at collecting the loan or interest on it crossed state lines.

Mr. Speaker, evidence of the infiltration of Wall Street by loan sharks and mobsters underscores the urgency of immediate action to bring the full force of federal investigative power into play against loan-sharking and all it entails.

Mr. Speaker, the House Republican Task Force on Crime has spent months in preparing this loan-sharking legislation. The legislation resulting from this group's efforts deserves the careful consideration of the House. The loan-sharking amendment merits ringing endorsement.

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###
The House Republican Policy Committee supports Consumer Credit Protection legislation.

Today, consumer credit totals more than $95 billion. Of this amount, $76 billion is represented by installment credit. Over $31 billion is in automobile paper. The Federal Reserve Board has estimated that as of September 1967, revolving credit reached $5.3 billion. The American Consumer is paying approximately $13 billion a year in interest and service charges.

The American Consumer must have the information that is required to understand and compare the vast number of credit plans that are now available. Full disclosure of credit charges, add ons, fees and service charges would permit the Consumer to compare and decide for himself the reasonableness of the overall charge and to determine the payment method best suited to his particular financial situation.

As reported from Committee, H.R. 11601 does not meet the problem of loan sharking which preys so heavily upon the poor. A Republican amendment will be offered that will make it a violation of federal law for anyone engaged in interstate commerce to lend money at rates of interest held to be illegal under the statute of the State in which the transaction takes place. This will permit federal law enforcement to assist the States in ridding our Country of loan sharking and in denying to organized crime one of its principal sources of revenue.

This amendment and the Consumer Credit Protection legislation merits the broadest possible support. We urge its adoption.
President Johnson's request that Congress remove the gold cover is a tragic confession of failure. Seven years of Democratic spendthrift policies have reduced this country from a fiscal strongman into a hat-in-hand supplicant whose currency is dependent upon the restraint and forbearance of others. World confidence in the dollar has been shaken and the international monetary system is in serious trouble.

In this emergency, the stopgap measures and stopovers of the Johnson Administration are inadequate and dangerous. Basic and fundamental changes - a complete redirection of our fiscal affairs - must be effected without further delay.

At the close of the Eisenhower Administration, this country enjoyed cost-price stability, a federal budget surplus and a strong international economic position. The dollar reigned supreme and "Good as Gold" was an accurate as well as an apt description of our currency. Today, by every meaningful measure, the stability and the economic balance of that period have been dissipated by fiscal and monetary mismanagement. For example:

<table>
<thead>
<tr>
<th>Description</th>
<th>December 1960</th>
<th>December 1967</th>
<th>Percentage of Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Public &amp; Private Debt</td>
<td>$800.2 billion</td>
<td>$1,430.2 trillion</td>
<td>+60.7%</td>
</tr>
<tr>
<td>U.S. Government Debt</td>
<td>$200.4 billion</td>
<td>$345.2 billion</td>
<td>+80.1%</td>
</tr>
<tr>
<td>Fed. Gov't Spending (Annual Rate)</td>
<td>$93.0 billion</td>
<td>$167.5 billion</td>
<td>+80.1%</td>
</tr>
<tr>
<td>Yearly interest on Federal Debt</td>
<td>$345.2 billion</td>
<td>$13.5 billion (FY67)</td>
<td>+46.0%</td>
</tr>
<tr>
<td>Interest Rates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AAA Corp. Bonds</td>
<td>6.4%</td>
<td>6.19%</td>
<td>+60.4%</td>
</tr>
<tr>
<td>High Grade Municipal Bonds</td>
<td>4.71%</td>
<td>4.49%</td>
<td>+20.4%</td>
</tr>
<tr>
<td>Taxable Federal Bonds</td>
<td>4.76%</td>
<td>5.36%</td>
<td>+33.3%</td>
</tr>
<tr>
<td>3 Mos. Treasury Bills</td>
<td>2.928%</td>
<td>2.012%</td>
<td>+71.2%</td>
</tr>
<tr>
<td>Consumer Price Index (1957-59)</td>
<td>100.0</td>
<td>122.2</td>
<td>+18.2%</td>
</tr>
<tr>
<td>Foreign Short Term Dollar Holdings</td>
<td>$21.3 billion</td>
<td>$32.4 billion</td>
<td>+40.4%</td>
</tr>
<tr>
<td>Gold Reserve</td>
<td>$17.8 billion</td>
<td>$12.0 billion</td>
<td>-32.5%</td>
</tr>
</tbody>
</table>
The extent of our monetary problem is best illustrated by contrasting the situation as it existed in February 1961 with our present situation.

In his February 6, 1961 balance of payments message, President Kennedy stated:

'Our gold reserve now stands at $17.5 billion. This is more than 1 1/2 times foreign official dollar holdings and more than 90 percent of all foreign dollar holdings. It is some two-fifths of the gold stock of the entire free world.'

Today, our gold reserve stands at $11.884 billion, only three-fourths of the foreign official dollar holdings of $16 billion and less than 40 percent of all foreign dollar holdings of $32 billion.

The steadily deteriorating monetary situation has been of growing concern to Republicans. On March 10, 1965 the Republican Coordinating Committee called attention to the fact that, 'One of the most urgent matters of public business facing the United States was, and will continue to be, competent management of our balance of payments, gold outflow and international monetary problems...the present Administration is putting us in a position of dealing from weakness rather than strength.'

On August 30, 1965, the Coordinating Committee recommended a nine point program that called for the responsible use of fiscal and monetary policies, the realistic reductions of government overseas economic and military programs and the implementation of steps to increase the return flow of dollars. Again in April 1967, the Coordinating Committee issued fourteen recommendations that would, if implemented, insure sound growth and economic stability. Republicans in Congress made repeated efforts to reduce nonessential spending and successfully led the fight to cut $5.8 billion from the President's 1968 appropriation requests.

Unfortunately, the Johnson Administration did not heed these warnings or implement a program of fiscal restraint at home or abroad. Since 1965 it has engaged in fiscal excesses that will increase the administrative budget expenditures from $96.5 billion to $147.3 billion in fiscal 1969. Nondefense spending will
increase $24.2 billion (52 percent) and employment in the executive branch will increase by 454,747 (more than 20 percent). The budget deficit in fiscal 1968 will total at least $19.8 billion for an astounding total of more than $60 billion in just eight years.

The balance of payments problem was permitted to deteriorate until in the fourth quarter of 1967 the deficit was at a catastrophic annual rate of about $7.5 billion. The historic U. S. trade surplus declined until in the fourth quarter of 1967 imports almost equalled exports. In December alone, our Country lost $925 million in gold and our gold stock dropped to its lowest point in 31 years.

Now we are face to face with a monetary crisis of unknown proportions. The removal of the gold cover is at best but a stopgap measure. Fiscal stability and confidence in the dollar must be restored. The outflow of gold must be brought under control through the implementation of responsible economic policies. We reject the Johnson Administration's position that this Country can permit its gold supply to be siphoned off completely.

The balance of payments deficit must be eliminated. However, the Administration's proposed controls and restrictions on foreign investment and travel may be self-defeating. In recent years, receipts from direct investments abroad have been exceeding outflows by $1.5 to $2 billion. Restrictions on foreign travel are contrary to the basic right to travel, impose an additional financial burden on those who can afford it the least and invite serious retaliation by other governments.

We must adopt policies that will encourage a return by this Country to a trade surplus position that is both historic and absolutely essential. The adverse effect on the balance of payments of foreign aid and U. S. military expenditures in Western Europe must be mitigated. Exports and foreign tourism in the United States must be encouraged. International monetary arrangements must be strengthened.

Recently, the Johnson Administration indicated that at long last it is ready to (over)
give more than lip service to these proposals. We hope so - action, not more words, is needed.

There must be a return to fiscal sanity at home. The Administration's expansionary budget for 1969 must be cut. Spending priorities must be established and then adhered to.

We recommend the immediate enactment of legislation that would impose a ceiling on government spending except for additional expenditures that might be necessary for Vietnam.

We are concerned that removing the gold cover may be construed by the Johnson Administration as sanctioning in advance the dissipation of our remaining gold supply, in lieu of making the hard decisions that are necessary to restore international confidence in the dollar. We believe that a program of domestic fiscal and monetary reform would do more than any other thing to bolster foreign confidence in the dollar and reduce pressures on our gold stock.

The removal of the gold cover without making fiscal and monetary reforms will simply paper over our basic problems, delay a return to fiscal responsibility and make the monetary crisis more severe and even harder to handle in the future.
This weekend's necessity of revising our international gold system derives entirely from mismanagement of our domestic financial and economic affairs by the Johnson Administration. The international speculation that forced action at this time is merely a recognition of this mismanagement.

If the new two-price structure for gold is to become the means of transition to a durable international monetary system, the basic policies which have led to the dollar's plight must be changed. The President must proceed at once to restore credibility and confidence in the fiscal practices of our government. People around the world, including governments and private individuals, must again be persuaded that it is better to hold dollars than gold.

Warning of an imminent international monetary crisis was made emphatically in a report on the gold drain by the Republican Coordinating Committee in August 1965, and it has been repeated consistently since that time.
The Administration must put into effect at once the sizable cuts in spending for which the Congress and the Republican Party have been calling. It is urgently necessary for the President to come forth with meaningful specific proposals for major reductions in non-essential government spending. Until he does, there can be no expectation that the Congress and the American people will accept a tax increase. The budget must be brought close to balance and the deficit in our international payments must be sharply reduced if we are to restore faith in the dollar and avoid another crisis.

Getting domestic spending under control, and establishing a structure of priorities to meet pressing human needs at home and our obligations abroad, is the first order of business for our nation. The Republican Coordinating Committee calls on the Administration for an immediate return to fiscal sanity and monetary discipline.

###
President Johnson has blamed the Democratic-controlled 90th Congress for home mortgage interest rates that have reached what he called "the highest point in 50 years."

I am certainly not an apologist for the Democratic majority in the Congress. If the President wants to berate the Democrats in Congress for not passing an income tax increase up to this time and say that this is the reason for high interest rates on mortgage funds, I really should not demur.

But I nevertheless feel the American people should be given the facts with regard to high interest rates on home mortgage money. So I called the Federal Housing Administration.

In signing legislation which removes the 6 per cent interest rate ceiling on FHA and VA loans, President Johnson said that while the "need for homes is always there, no mortgage credit was to be found." "We could have avoided this if we could have passed a tax increase." He said that by refusing to approve a tax increase Congress has let interest rates go from "5½ per cent to 7 per cent and even 8 per cent--the highest point in 50 years."

An FHA spokesman informed me that conventional interest rates last were 5½ per cent in early 1966 and increased steadily from that time on. They have fluctuated between 6½ and 7 per cent for the last six months to a year and are 7½ per cent now, he stated. This means that conventional interest rates on home mortgage funds have been at least 6½ per cent for about 12 months. The FHA spokesman said they were "higher in the latter half of 1966 when the bottom dropped out."

FHA interest rates were 5½ per cent from Feb. 7, 1966 through April 11, 1966; 5.75 per cent from April 12, 1966, through Oct. 2, 1966; 6 per cent from Oct. 3, 1966 through May 7, 1968; and now 6.75 per cent by administrative action taken Tuesday.

The President rejected the idea of an income tax increase in 1966, when the interest rate spiral started--nor did he at that time try to hold down federal spending as a curb on inflation and steadily rising interest rates. He first proposed an income tax increase in his January 1967 State of the Union Message--but did not send Congress a specific tax increase proposal until August 1967. By that time conventional interest rates were--in the words of the FHA spokesman--"fluctuating between 6½ and 7 per cent" and the FHA and VA rates were 6 per cent.

I don't like to defend the Democratic majority in the Congress, but I do wish the President would get his facts straight before he gets out his bull whip... even to use on his own party.

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