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Inflation Leading to Catastrophe

THE price of nearly everything you own will go up during the next 12 months. The value might not be any greater, but the prices will be higher.

Prices of nearly everything you buy also will be higher, and your profits will evaporate like snow in July.

Continued inflation is guaranteed by Congress, by the administration, by labor, by industries and by consumers. Day after day, news reports tell us that nothing effective is being done to slow down inflation. Small lulls amount to little.

Continued inflation is being written into laws, labor contracts and government regulations. Usually, inflationary actions are protected so that competition, efficiency and productivity can't reduce them.

An analysis published by U.S. News & World Report shows that gains made in family incomes have been eaten up by inflation. Median family income rose from \$6,957 in

1965 to \$24,958 in 1976, but measured in buying power of 1965 dollars, the new level was worth only \$8,290.

Government spokesmen boast that the 1977 budget deficit was \$23 billion less than projected. It is still a deficit of \$45 billion, and government must borrow vast sums, helping to keep interest rates, taxes and prices high.

Labor leaders also try to make their fueling of inflation look modest, noting that 1977 increases were slightly less than those of 1976. Over the life of contracts negotiated this year, increases average 5.8 per cent. Within three years, that would boost labor costs on affected products 18 per cent.

The first minimum wage of 25 cents an hour, set in 1938, tripled by 1950. It doubled again by 1968, and by 1976 it had risen to \$2.30 an hour. The initial rate in the new law is \$2.65 and this will go up 45 per cent in four years, reaching \$3.35 an

hour in 1981.

If the minimum wage continues to be increased at that rate, lowest wages allowed would be more than \$21 an hour at the start of the new century, but what could they buy?

If that wouldn't be guaranteed inflation, what would be?

Old timers can remember the 1920s, when inflation made German money almost worthless. Cartoonists depicted consumers pushing wheelbarrows full of "marks" to stores to buy loaves of bread. We also remember 1929 and the 1930s.

An individual can only try to keep up by charging more for his commodities, products or services.

But some time, a new balance must be created. Historically, this has come about in disastrous crashes that threw prices back to earth, where they again related to solid values.

The higher things climb, the farther it is back to reality, and the greater the catastrophe is apt to be.