

Inflation's Bitter Fruits Enumerated

SINCE we seem neither willing nor able to stop inflation, it may be a good idea to look back and see where unlimited inflation leads. Then we'll know what to expect.

In a special section on inflation, U.S. News & World Report points out how the U.S. dollar's buying power has declined from 100 cents in 1939 to 21.2 cents in July 1978.

Federal spending has risen from \$196.6 billion in 1970 to \$496.6 billion for fiscal 1979, with big deficits every year.

Then the magazine's editors called upon three veteran observers to describe "inflation's bitter fruits."

Kurt Lachmann, retired Germany correspondent, told how the value of the German mark fell from 162 to the U.S. dollar in 1922 to 4.4 trillion to \$1 in late 1923.

Individuals carried marks in shopping bags and companies used trunks. Barter replaced money. Food riots broke out. People lost their inclination to work hard, so output and quality of goods fell.

Middle class families lost everything as wealth became concentrated in hands of speculators and black market operators. Law was determined and moral values debased, Lachman writes.

Eventually, a new "rentenmark" was issued, guaranteed by mortgages on the agricultural and industrial resources of the entire nation. Recovery was made, but the experience set the stage for the Nazis to take over, and scars remain today.

Money inflation that occurred in China in 1948-1949 is described by Robert P. Martin, former correspondent for the magazine in Shanghai, and by Laurence S. Kuter, retired general and former commander of U.S. East Air Forces.

At the bottom, the Chinese yuan (dollar) dropped to 70 million to a U.S. dollar, largely because of civil war, Martin wrote. Chinese women went shopping with servants to carry baskets of currency needed to buy the day's supplies. Banks handed out bundles of currency four inches thick, which became mone-

tary units themselves.

Children foraged for garbage at restaurants and women swept the docks for a few grains of spilled rice.

The Chinese Nationalists could not overcome their money problems. Eventually, the Communists took over and ended inflation by instituting an absolute dictatorship that continues to this day.

When will inflation come to an end in the United States? Nobody knows, but anybody who ever has blown up a balloon knows that inflation can continue only so long before it bursts.

"The Crash of '79:— Forget it," says Time magazine's Board of Economists. "Oh sure, there will be a quarter or two of very slow growth next year, but the odds are against anything that could even be called a recession."

So refill the flowing bowl, and on with the party! We are being told that what happened in Germany and China can't happen there. But what if it did?