

Put Inflation Blame on Government

CONTINUAL criticism of higher food costs and a few other selected targets as causes of inflation may be a diversionary tactic to draw attention from the real price accelerator and the painful cure.

Six months ago a Gallup Poll reported that the majority of Americans considered government to be most responsible for inflation. Government spokesmen seem inclined to blame just about everybody else.

"Inflation is the simple, natural and entirely predictable result of government increasing the money supply," says one economist.

Henry C. Wallich, member of the board of governors of the Federal Reserve System, recently said that because of changing values, "Inflation is like a country where nobody speaks the truth."

"The cause of inflation is excessive spending by government and deficit financing of the negative balance," says another expert.

"Let's put the blame for inflation where it belongs — on the federal government," is the appeal of an in-

fluential farm leader.

At times, consumers might have applied brakes to rising prices by reducing purchases, but now they seem to accept increases as inevitable and buy what they need, grumbling and complaining.

Inflation encourages spending rather than saving. The philosophy is: "Buy now; prices may be even higher next month!"

The president has mentioned "poor productivity" as a major concern because it adds to inflation. But only oil, beef and a few other items are in short supply. Prices are rising on plentiful items.

The proposal to tax away "windfall profits" that might be earned by oil companies because of the oil shortage and inflation has rightly been called a "windfall tax."

Suggested distribution of the funds to energy research, mass transit and low income families would not do a fraction of the good that would result if the oil companies invested a big part of their money in development of additional

energy resources.

One inflation accelerator is the periodic increase in minimum wages. In addition, labor contracts like the 30 per cent boost in wages and fringe benefits recently awarded to the Teamsters Union will show up in higher costs of living in 1980 and forever after.

The government probably profits more from inflation than any other institution, business or individual, because the federal income tax system is based upon a percentage of profits or incomes.

The higher the wages, the higher the percentage government takes as taxes, leaving individuals with fewer dollars that have less buying power. The more business produces and earns, the greater the share the federal government takes as taxes — corporate and personal.

If any of the talk about slowing down or stopping inflation were to take effect, governmental revenue would drop. Not spending; just the revenue. There is no sign that is about to happen.