Ewing Galloway

How Jimmy Carter Wrecked OUR MONEY

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■ LAST SUMMER President Carter addressed the nation by television to sermonize that the greatest problem facing our country is not inflation or the energy crisis, but the loss of public confidence in the government's ability to cope with these difficulties. This lack of confidence in government is based upon experience. For many decades, government intervention has served to increase our every problem until, as folk wisdom has it, the most quickly recognized lie in Christendom is now: "We're from the Government, and we're here to help you."

This year, for instance, we have been constantly assured that government will help us with inflation. The cost of living has been increasing at

What Jimmy Carter has done is to give us unprecedented increases in taxation but even bigger increases in spending. He at once drained the private capital market, choking production, and spun out federal debt by inflating the money supply. The result is growing stagflation and impending economic disaster.

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an annualized rate as high as 18.2 percent, almost four times the 4.8 percent rate prevailing when Gerald Ford left the Oval Office. Responding to demands for a reduction in this disastrously high level of inflation, President Carter and the monetary authorities at the Federal Reserve and the Treasury instituted anti-inflationary measures. These involved restricting credit through increased reserve requirements on lending institutions and calling for fiscal restraint by the Congress. Let us briefly examine what this means.

Under the direction of Paul Volcker, a member of both the Council on Foreign Relations and the Trilateral Commission, the Federal Reserve increased reserve requirements on member banks, reducing the percentage of deposits they could lend. Meanwhile, it raised the cost of borrowing for most large banks by charging a three-point premium on loans to those institutions which borrow frequently and heavily from the System. Consumer credit restrictions were imposed by requiring banks to carry increased reserves for loans where proceeds do not finance the collateral, such as those made by credit cards, through overdraft checking, unsecured personal loans, and so on.

Operating together, these monetary measures had the effect of slowing the expansion of the money supply by reducing credit. The policy was tuned to attack consumer credit and credit expansion of business. It did both. But these half measures ignored the major problem, which was and is the huge federal deficits. We cannot have any permanent success at curbing inflation as long as the Fed must continue to monetize vast Budget deficits by cranking fiat money into the economy.

Budgetary restraint, we are told by the slick politicians in Washington, will eliminate the chronic deficits. And that is true. But what they have done is to find ways to hide the deficit rather than to eliminate it. Billions of dollars are now poured out in "off-Budget programs" that Congress ignores in tabulating the balance sheet. This sector includes such agencies as the Export-Import Bank and obscure-sounding programs like the Environmental Financing Authority, the Exchange Stabilization Fund, the Federal Financing Bank, the Housing for the Elderly or Handicapped Fund, the Pension Benefit Guarantee Fund, and the U.S. Railway Association. According to the *Budget Of The United States For Fiscal Year 1980*, total off-Budget programs amounted to $7.3 billion in Fiscal 1976 but rose to $8.7 billion for

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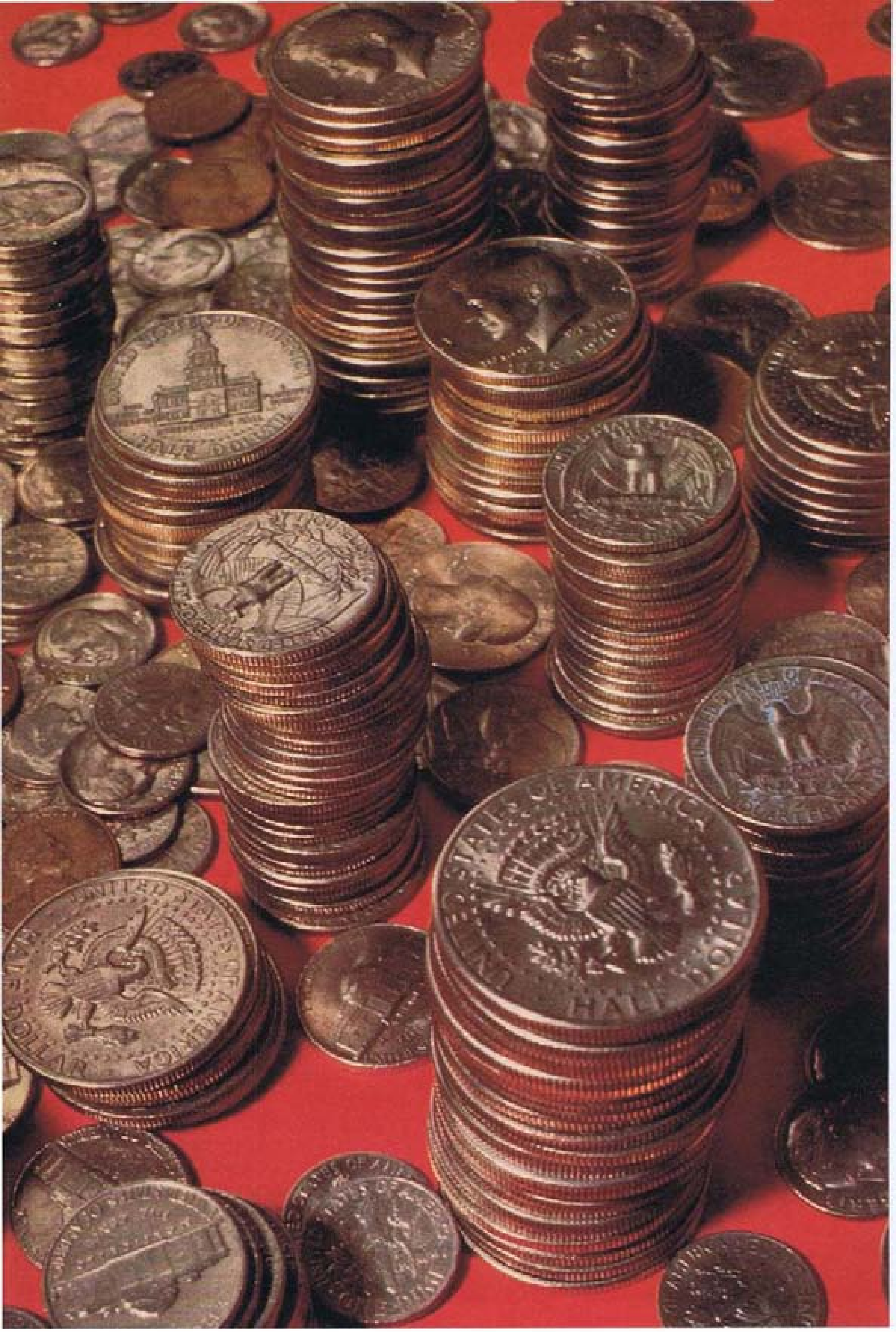

UNITED STATES OF AMERICA
HALF DOLLAR

Fiscal 1977 and to $10.33 billion for Fiscal 1978. These off-Budget expenditures were officially said to amount to more than eleven billion dollars in 1979, and official estimates for the next Fiscal Year run around eighteen billion or more. But that is just the smallest part of it. As Professor Arthur Laffer of the University of Southern California observed in *The Review Of The News* for June 11, 1980:

"When I examined last year's Budget, I found that if the federal government had to do honest accounting like a company would have to do, the deficit would be found to be more than $200 billion. You have to realize that the unemployment liabilities and the Social Security system are part of the total deficit. They estimate about three and a half trillion dollars on the unfunded liabilities, the military retirement, and civil service, while the offsetting receipts are, I believe, $170 billion a year."

Although Treasury Secretary G. William Miller has *talked* about the possibility of openly budgeting the borrowings of these agencies and programs, it is likely that this confidence game will continue in order to hide the enormity of the true deficit. And, as long as we suffer such deficits (open and hidden) we will continue to suffer inflation.

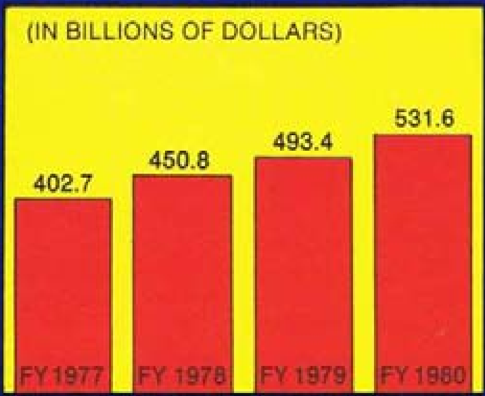
We can rid ourselves of these deficits which cause inflation by cutting spending or increasing taxes to balance the Budget. But Jimmy Carter has elected to increase both. In a March 24, 1980, article in *Newsweek*, Professor Milton Friedman observed of Mr. Carter's "anti-inflation" plan: "President Carter has not proposed a meaningful cut in spending. He has simply proposed a slightly smaller *increase*. We should be considering cuts of $60 billion to $100 billion in fiscal 1981 projected spending, not $14 billion."

What is needed is not the cosmetics of the Carter scheme but major surgery to cut down the size, scope, and spending of a government that is taxing and inflating us to our knees. But actually to implement the large spending cuts suggested by Dr. Friedman, Professor Laffer, and other supply-side economists would be politically impossible with our current Congress. Until we throw out the spenders, our deficits will continue to expand and the economy will continue to be paddled back and forth like a ping-pong ball between incipient credit collapse and hyperinflation. If the bad debts, malinvestments, and economic distortions are not liquidated through depression, then increasing doses of the narcotic of inflation will have to be used to desensitize the economy whenever withdrawal pains begin to occur. At some point in the not-too-distant future, if this continues, the economy will collapse.

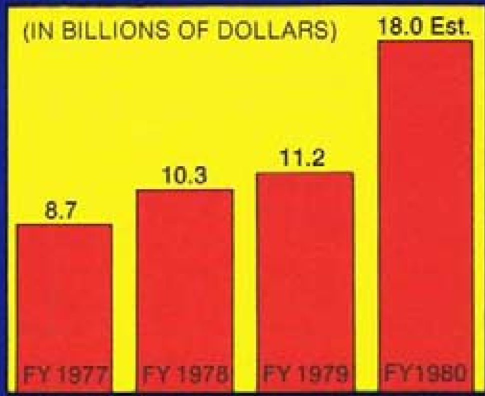
As David E. Rhoads, author of *How To Survive A Spastic Economy*, puts it: "What will happen, of course, is that someone will make a fatal error. On one of the economic oscillations, somebody will zig when they should have zagged, and our economy will come apart like a cut golfball."

Could the U.S. economy really collapse? Keynesian "authorities" assure us that it couldn't. They are whistling past the graveyard. Professor H.A. Merklein of the Graduate School of Management at the University of Dallas, contributing economics editor for *World Oil* and a strong critic of Keynesian dogma, defines the point at which the collapse is likely to occur. Merklein observes in the August 1, 1978, issue of *World Oil* that an individual reaches the point of bankruptcy when he can

GOVERNMENT SPENDING

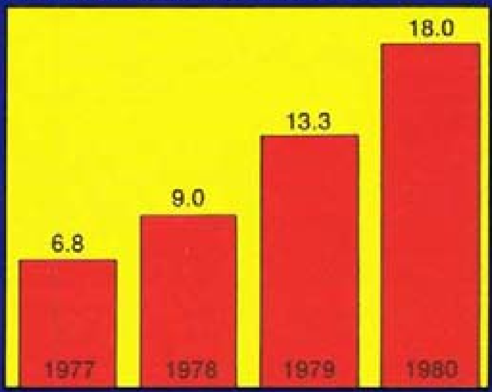


OFF-BUDGET SPENDING

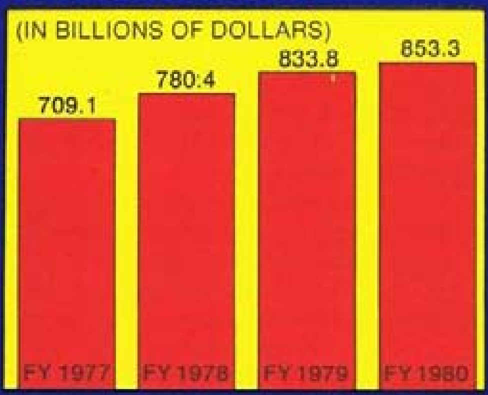


FEDERAL TAX BURDEN PER HOUSEHOLD

PERCENT INCREASE IN CONSUMER PRICES



NATIONAL DEBT



PURCHASING POWER OF THE DOLLAR

no longer maintain his nonproductive luxuries by borrowing. When the interest payments he owes exceed his capacity to borrow further, he has come to the end of the line. Merklein then observes:

"This holds for nations as well, including the United States. Through use of excessive loan demands, the U.S. Government could conceivably displace the private investor from the capital markets. If this happens, and a concurrent inflation rate of 10% or more renders depreciation more and more deficient as a way to maintain private investment at its current level, then the government will be the ultimate owner of all productive resources.

"This would have serious repercussions on U.S. living standards in view of the well-known inefficiencies of centrally-planned economies. It would drastically curtail freedom, with the government making decisions concerning every facet of private life, but there would at least be a productive process.

"If, on the other hand, the government were to use its credit for the extension of existing luxury goods and the building of new ones, the picture would change. This is no longer the replacement of an efficient production process; this is *abolishment of production*. And that process is as doomed from the start as is the individual's unchecked acquisition of luxury goods through loans."

The government's nonproductive expenditures are called "transfer payments" and include Food Stamps, school aid, Welfare, *etc.* These "transfer payments" and "social welfare programs" have soared during the Carter Administration. The budget of the Department of Health and Human Services is now the third largest budget in the world, trailing only the national Budgets of the United States and the Soviet Union. Earlier this year, H.E.W. Secretary Patricia Harris boasted that even whelping the Department of Education would not reduce her spending. According to Mrs. Harris: "H.E.W. will lose very little in the way of money or personnel with the creation of the new department. When you're dealing with a budget of $180 billion and 143,000 employees, the management task is enormous, and the new department won't remove much of the burden."

According to a recent Tax Foundation report, federal outlays for so-called "human resources" programs will have nearly *doubled* between 1975 and 1981, from $168.7 billion to an estimated $336.2 billion. And it's getting worse all of the time. Congress recently increased funding for the huge Food Stamp program by almost fifty percent. Taxpayers who sweat and strain to feed their own families must also sweat and strain to the tune of some $9.2 billion this year to feed those who won't work to feed themselves.

The point is that the nonproductive sector of our economy is growing ever larger. This is reflected in the current downturn in the Gross National Product. It doesn't take a genius to recognize that since the ability to borrow depends on one's productive assets, declining productivity coupled with rising loan demands to finance the "transfer payments" means that there will come a time when no more can be borrowed. We already have the lowest rate of savings in the industrialized world. Dr. Merklein comments:

"Bankruptcy is inevitable when a system built up through loans can no longer be maintained through loans. For a government, as well as any economic unit, this means that bank-

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OUR MONEY

ruptcy occurs when interest payments on the debt exceed the unit's borrowing capacity. What does this imply for a nation? A nation can and will go bankrupt when the interest payments on its public debt exceed the net capital generation of that nation. When this happens, Doomsday is on hand, and the collapse of the economy is imminent. This will not necessarily take the form of an abrupt change, although it might. The market may become increasingly apprehensive as Doomsday approaches, until the inevitable is there for even the most insistent optimist to see."

What conditions of unemployment and inflation mark this moment of collapse? Merklein defines "collapse" as the point where the market ceases to function effectively, and says this occurs "when the sum of percentage inflation plus two times percentage unemployment equals 50 or more . . . ." He explains:

"By this definition, the Great Depression constituted an economic collapse, with 25% unemployment and no inflation (in fact, declining price levels). That's why 25% unemployment was chosen as the one extreme of the bipolar unemployment-inflation continuum. The other pole, 50% inflation, is based on the fact that public confidence in government-issued fiat money tends to break down somewhere near that threshold, and barter begins to replace the money economy."

Other combinations defining collapse would be 12.5 percent unemployment and twenty-five percent inflation, fifteen percent unemployment and twenty percent inflation, *etc*. The Professor continues: "In trying to pin down Doomsday, two factors need to be considered: the net capital generating ability of the U.S. economy, and future interest payments on the national debt. To get the latter factor requires projection of future deficit spending and the resulting increase in national debt, as well as of applicable interest rates." Using the five-year moving average curve for deficit spending since World War II, and making some conservative assumptions about what interest rates will do, Dr. Merklein projected a three hundred percent increase in the service charge on the National Debt between 1977 and 1985.

What will this do to the economy? As we have observed, the limit on our ability to continue to pay these huge interest charges on the National Debt is our net capital generating ability. Since capital accumulation is a function of private savings and investment, to the extent that government consumes available funds for its nonproductive programs it prevents this capital generation process. Professor Merklein summarizes the way it works:

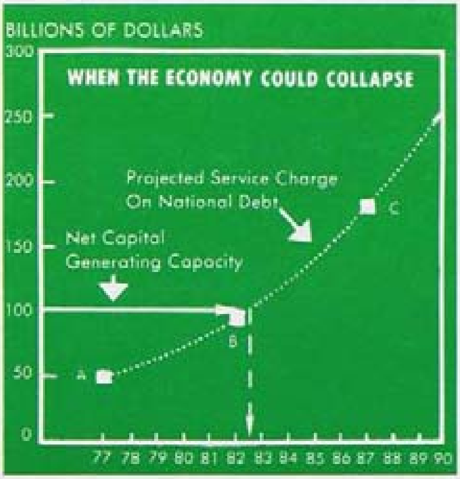
"If a government has a balanced budget, the net capital generated from the consumer and business sectors in a given year is available for net investment, *i.e.*, for capital stock, the use of which will enhance the wealth-potential of the nation. If the government *does not* balance its budget, the economy finds itself with two claimants on the generated capital: the business sector for net addition to capital stock, and the *government*, federal, state, and local, to cover its deficit. To the extent that the federal government's use of net capital serves to swell the ranks of its bureaucracy, diverting capital away from the business sector to the government is tantamount *to replac-*

ing productive endeavors with nonproductive ones."

From data available at the time the Dallas University professor wrote his article, he set the nation's net capital generating ability at around one hundred billion dollars. (There has been no growth during the Carter years in capital accumulation.) He then compared this capital generating capacity with the projected service charge on the National Debt in the graph shown on this page. Merklein explained the implications of the point where the line representing the Net Capital Generating Ability intersects the Projected Service Charge curve as follows:

". . . The plot shows that the service charge will equal net capital generating ability of $100 billion in 1982-83. For the nation as a whole, this is the day when private investment is limited to replacing worn-out capital goods, and less than replacing them, since the on-going inflation rate will render capital consumption allowances insufficient for that purpose. That is the day when the United States stands before the world with a magnificent system of Medicare, Medicaid, unemployment insurance, and other welfare programs that, for political reasons, it is incapable of reducing, while it can no longer finance the interest charge on its debt through borrowing."

What to do? If the government tried to cancel the National Debt directly, in effect declaring bankruptcy, it would quickly expose the fallacy taught to students for so long that "we owe it to ourselves." Such an act would mean wiping out the life savings of millions who hold savings bonds and T-Bills. International confidence in the U.S. economy would immediately crumble, and O.P.E.C. would cut off our oil supplies faster than a boy can eat a stolen watermelon. And, since banks hold much of the National Debt in the form of government paper, cancellation would result in the collapse of banks and lending institutions — and their business and individual clients along with them. Even declaring a "moratorium" on paying the interest charges on the Debt would destroy any investor confidence remaining, so the government would be unable to



borrow. The bottom line, as accountants say, would be the same. The U.S. would then resort to cranking out worthless fiat currency. Hyperinflation amid business collapse would follow.

Julian M. Snyder draws this analogy in *International Moneyline* for May 8, 1980:

"The world's industrial machinery is like a huge trailer truck laboring up an increasingly steep mountain road. The engine is still functioning, but the truck is going nowhere, and is on the point of sliding back or of toppling over. In other words, the industrial machine is no longer capable of generating increasingly profitable production of goods and services, and the customer is surfeited. In such a situation, the engine in the truck on the mountain would be overheating. In our industrial society, the overheating is the inflation rate, which shows that our money system is working less efficiently."

Inflation has indeed overheated and the economy has been grinding to a halt. Retail sales dropped another 1.5 percent in May for the fourth monthly decline in a row, with the drop since January far exceeding that of the 1974-1975 recession. But prices continue to soar.

The Fed reduced available credit, but the maniacal spending spree conducted during the Carter Administration has pushed the National Debt even higher than Dr. Merklein projected. The Debt figure for 1978 was $780.4 billion, whereas Merklein estimated $746 billion. The National Debt for 1979 was in excess of $833.8 billion — more than twenty-five billion dollars above the estimate Merklein used in his August 1978 article. In the first five months of Fiscal 1980 (October through February) the National Debt zoomed to more than $853 billion, and the estimate for Fiscal 1981 is $939.4 billion. This means that, if anything, Merklein understated the gravity of the situation. We either get deficit spending under control, and stop choking savings and exhausting capital and investment, or we destroy ourselves.

It is significant that economist Julian Snyder has for some time also projected 1982 as the date for the anticipated crash. Snyder says the "credit balloon has just about reached the bursting point. The current U.S. credit squeeze, plus the high rate of inflation, is beginning to put heavy pressure on the Eurodollar market — that is, exported U.S. dollars totaling an estimated $600-$700 billion, which are circulating overseas outside of any national banking regulation.

"Within the U.S. we have, over the last six months, witnessed the unprecedented collapse of the bond market, followed by astronomical heights in short-term interest rates on an equally unprecedented basis. These chaotic conditions inevitably suggest a severe economic contraction and a stock market panic selloff similar to 1929.

"In commenting on the Great Depression, Milton Friedman points out in his exhaustive *Monetary History Of The United States*, that long-term securities cannot really be liquidated, they can only be transferred from one holder to another at ever-decreasing prices — and this is how the next contraction could start. Bond portfolios would have ever-decreasing values which would force banks to call loans to restore liquidity and preserve domestic reserve requirements. There is presently no mechanism for the Federal Reserve System to help multinational banks directly if they got into trouble overseas — which is where most of them have the majority of their assets. Thus, a bankruptcy of an over-extended multinational, such as the Chase Manhattan Bank, is not unreasonable. This would touch off a chain reaction as credit began to dry up for major global industrial companies. A breakdown in international credit would deal such a blow to these companies that some of them might never recover. Needless to say, such a financial landslide would trigger a massive stock market selloff, further contracting money assets and setting the stage for layoffs and bankruptcies for suppliers."

Snyder goes on to say that this time the contraction of the economy could be inflationary instead of deflationary. ". . . The true solution to excessive debt is to depreciate the obligation by depreciating the currency in which it is denominated and

We could produce our way out of trouble. But that is like saying we could have ham and eggs for breakfast if we had some ham and if we had some eggs. To increase production requires capital, and what is not being drained off by federal borrowing is being taxed away to support socialist transfer payments.

then pay the debt with new issues of money. This, in fact, is what the Western world has been doing over the last decade, and has been directly responsible for world-wide price inflation. However, each depreciation reduces the circulating purchasing power which, in turn, requires a greater depreciation to make up for it. As the history of every great inflation shows, once this cycle gets in motion, real purchasing power is extinguished — you cannot recreate credit with a printing press . . . ."

Of course we could produce our way out of trouble. But that is like saying we could have a breakfast of ham and eggs if we had some ham and if we had some eggs. To increase production requires capital, remember, and what is not being absorbed by the greatly expanded federal borrowing is being taxed away to support those socialist "transfer payments." You get some idea of the dimensions of the problem when you realize that government spending under Jimmy Carter has increased from \$366.4 billion in Fiscal 1976 to \$402.7 billion in Fiscal 1977, \$450.8 billion in Fiscal 1978, \$493.4 billion in Fiscal 1979, \$531.6 billion in Fiscal 1980, and . . . direct federal spending for 1981 is now expected to reach \$621 billion. And those anti-production "transfer payments" and "social welfare" programs are expected to draw off more than \$336 billion by 1981 — almost double what the federal government spent on those same programs in Fiscal 1975.

You pay for this three times. Once in inflation to finance the deficits which we have been discussing, again in reduced production and jobs to expand our living standard, and yet again in dramatically higher taxes. In 1958, federal, state, and local taxes totaled \$106.8 billion. In 1968, the total tax take was \$243 billion. Since Carter took office, however, the total bite of federal, state, and local taxes took \$616 billion in 1978 and more than \$690 billion in 1979. Because of inflationary "tax bracket creep" and tax hikes in Social Security and in other areas, federal taxes alone have been increased in the four Carter Budgets (1977-1981) by more than \$328 billion.

Jimmy Carter has imposed the two most gargantuan tax hikes in U.S. history. The first of these was the huge tax increase he signed in 1977 to bail out the beleaguered Social Security system. This increased our Social Security taxes by a whopping \$223 billion over a ten-year period. At the time Carter signed the tax hike for Social Security, he stated: "This bill insures the solvency of these funds for the balance of this century." But according to a recent study by the Congressional Budget Office, the Social Security "trust fund" will "drop to a level in 1984 that would be insufficient to maintain the cash flow of the program." This is because Social Security is a pyramid scheme that is growing faster than its tax base.

The other huge tax increase was the $227 billion "Windfall Profits Tax" on crude oil which will provide fifteen billion dollars in revenue for the Fiscal 1981 Budget. It will severely hurt domestic energy production and burden energy consumers with ever higher prices that they will pay on every petroleum product they consume. The oil companies will of course collect the tax for the government, but they are only the middlemen. You will pay.

These tax hikes under Jimmy Carter will translate into an increase of thirty-six hundred dollars for every taxpaying U.S. family. But even that hasn't been enough to satisfy Carter. As we have seen, he has inflated our money supply to spend money he doesn't have. Congressman Skip Bafalis (R.-Florida) notes that when Fiscal Year 1979 ended, on September thirtieth, the National Debt was $833.8 billion. He observes that this "breaks down to $3,823.71 for every man, woman, and child in the country. In the period from October 1st to February 21st, a period of less than five months, the National Debt climbed to $853.3 billion, which breaks down to $3,913.14, or an increase of $89.43." Under Carter's 1981 Budget, the National Debt will be $939.4 billion, increasing the individual share to $4,307.98 — about four hundred dollars more than it was at the beginning of 1980. And these sums, in turn, have in part been borrowed from capital that would otherwise have gone into creating production and jobs and in part been spun out directly as inflation to cheapen your money.

This is why we have both double-digit inflation and a terrifying economic slowdown. The housing industry has been hit with a ton of high-interest bricks; home building is down by fifty percent from a year ago. At current rates, only four percent of American families can afford to buy a medium-priced home. And when construction, steel production, and auto output are simultaneously in the pits, you have big trouble. Growth in personal income, as reported in late May, was the lowest in years and the economy is suffering the worst collapse since the Great Depression of the 1930s. Bankruptcies are increasing, especially among the small- and medium-sized enterprises. And the Dow Jones, adjusted for inflation, makes Don Knotts look like the Incredible Hulk. The Commerce Department reported on May thirtieth that the Composite Index of Leading Economic Indicators plunged a record 4.8 percent in April. Yes, Carter has us in deep trouble.

Already Paul Volcker and William Miller are afraid they've gone too far. The term "overkill" is being bandied about on the business pages. Volcker has moved in a panic to ease the credit restraints he had only just imposed. Prime lending rates dropped more than five points in April and May from their all-time high of twenty percent in March. On May twenty-fourth, Treasury boss William Miller pleaded: "Now that we have so remarkably corrected the inflationary psychology and the excessive demand for credit, it's time to go back to normal consumer behavior — people behaving in a normal way." But Americans have lost confidence in government and panic has set in over the combination of inflation and stagnation.

Howard Ruff, writing in his April fifteenth issue of *The Ruff Times*, sized up the situation well:

"Federal Reserve Chairmen always seem to get reputations as enemies of inflation, *while actually helping to manufacture it*. Arthur Burns presided over the huge burst of inflation in the Nixon and Ford years. Now Mr. Miller and Mr. Volcker are doing the same thing for Carter. *They are anything but inflation fighters*. They are trying to manipulate the economy for political purposes and they want what every banker wants — controlled inflation. The only trouble is they are discovering to their shocked amazement, *they don't really know how to control it*. They no longer have the ability to 'fine tune' the economy, if they ever did. Their actions are ham-handed and *they have overkilled*. They know how to light the fire, and they know how to blow it out, but *they don't know how to turn it down. They don't have a thermostat, only an on-off switch*."

Indications that the monetary authorities are preparing a massive inflation include the provisions of the new Monetary Control Act. As we pointed out here last month, this act eliminates the requirement that the Federal Reserve banks have collateral for the Federal Reserve notes in their vaults. It also gives extraordinary power to the Federal Reserve Board to set reserve requirements at any level it pleases (including zero reserves) for renewable periods of one hundred eighty days. That would free enormous sums of money for further inflation. In addition, as of June of 1981, what qualifies as a "legal reserve" for the U.S. money system will be expanded to include *any* securities that Federal Reserve banks may purchase or hold in their open market operations. These reserve securities could include stocks, municipal bonds, corporate bonds, and even notes issued by debt-ridden Less Developed Nations. As the Fed can increase its reserves by purchasing these new "securities" in addition to federal paper, it has even more power to inflate than before.

In the words of Howard Ruff: "While the Fed is beating its breast about inflation, *it is gearing up to inflate at more than twice the present rate*, if necessary. *While they are yelling 'whoa' at the horse, they are putting on their spurs*."

In fact, even if Paul Volcker were to hold a policy of gradual monetary growth for a few more months there is a limit to how long he can do it because of the necessity of funding those continuing Carter deficits. We have already explained how much of this is hidden. But the fact is that even the *budgeted* deficits are understated. Congressman Robert Michel (R.-Illinois) comments on the tendency of Carter Budgets to grow beyond their projections, observing: "Last year at this time, President Carter told us his new Budget would contain $532 billion in spending with a $29 billion deficit. When all of the tally sheets are in, that Budget will be in excess of $565 billion and the [*admitted*] Budget deficit will be closer to $45 billion."

This is so because, despite the huge tax increases, revenues are not keeping up with the colossal Carter spending. If the Fiscal 1981 Budget is balanced at all, it is only on paper, and only momentarily. By juggling the spending figures and raising taxes to new highs, Carter is trying to con the voters into believing that he is serious about reducing deficits. He isn't.

Senator Malcolm Wallop (R.-Wyoming) reported in *The Review Of The News* for June 18, 1980, that the

Administration's 1981 Budget, said to be balanced, is "among the biggest frauds that has ever been produced. That Budget has about $2 billion in actual budget cuts and about $24 billion in increased federal income taxes. Part of it is achieved by the President's surtax on gasoline, which Congress has rejected. And some of that paper 'balance' was derived by artificially changing the government's official assumption about what the rate of inflation is going to be. The White House is officially estimating it at about 8 percent, but for the first quarter of this year it's been running about 17 percent. Any 'balance' proposed in this Budget will be derived from balancing the additional burden on the backs of the American taxpayers."

So what we are about to get is more deficit-induced currency inflation. In fact, the day that Senator Wallop's warning was published, the *New York Times* quoted Carter economists as admitting there would be a 1981 Budget deficit of more than twenty billion dollars. The off-Budget additions mean more and worse inflation. And, until and unless these deficits are stopped, inflation will move us nearer and nearer to catastrophe.

Because of the shaky situation in banking, the accompanying economic stagnation is likely to cause many small banking institutions to fold — with their assets taken over by the federal government as provided for in H.R. 7080, a bill introduced at the request of the Administration by Congressman William Reuss. Section 603 of this bill even provides that a bureaucracy called the National Credit Union Administration Board "may, *ex parte* and without notice, appoint itself as conservator and immediately take possession and control of the business and assets of any insured credit union in any case in which the Board determines that such action is necessary . . . ." The same takeover authority is granted to the Federal Deposit Insurance Corporation with respect to insured banks. The net result of all this would be to allow the big banks to eat the little banks with government handling the service while propping up the big boys by inflating till the cows come home.

This, of course, is a worst-case scenario. It means hyperinflation, the death of the dollar, and a wrecked economy. But it need not happen. There is yet time — barely time — to pull our monetary bacon out of the fire. It will take not only a Conservative President but a Conservative Congress to do it. It will mean cutting back hard enough on federal spending to reduce taxation and assure capital accumulation. It will mean getting off the backs of the savers, investors, and producers. And, above all, it will mean honestly balanced Budgets to choke inflation and stop it cold.

The alternative is economic collapse. And with that will come an end to the abundance of America as we have known it. ■ ■

Answer to Right-Acrostic on Page 71

SUSAN L.M. HUCK: SECULAR HUMANISM

Man centered religions encounter a number of basic problems. One is the scorn of those who have trouble believing that mankind is the greatest thing in the universe, and that one need look no further than the mirror for spiritual guidance.

A. Shibboleth	H. Henhouse	O. Utter Bosh	V. Antioch
B. Uproarious	I. Uther	P. Left Right	W. No Nukes
C. Saffron	J. Cerebral	Q. Atavistic	X. In and
D. Anoint	K. Kashmir	R. Rangoon	Y. Speed
E. Never Land	L. Simonier	S. Hottentot	Z. Moderne
F. Leftover	M. Eight	T. Utrecht	
G. Mannering	N. Ceebee	U. Mildewing	