

# AMERICA, 1979

## Trouble Grows And So Do The Conservatives

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■ WHEN Rommel's Afrika Korps had at last been routed, Winston Churchill observed that the event marked, if not the beginning of the end of the war, at least the end of the beginning. In many ways the victories of the past year have produced much the same result for Conservatives in the United States. Before an aggressor force can be defeated, it must first be identified, slowed, and forced to stand and fight. Over the last year the Conspiracy in America has been exposed and slowed. Great, and even decisive, battles lay ahead. But Conservatives have made an important beginning.

It would be an unwarranted exaggeration in this review of American domestic policy to proclaim that in 1978-1979 the forces of Right routed the forces of Wrong and that the American Left is busy making reservations on the next boat for Sweden and other Socialist paradises further to the north and east. The forces of

Big Brother continue grinding along on momentum developed earlier. But the supply lines that have supported their advance for some five decades are not only overextended but are being systematically exposed and cut.

### THE UNITED STATES

**Area:** 3,617,123 square miles; **Population:** 218,000,000; **Capital:** Washington; **Per Capita Income:** \$9,000; **Head Of State And Of Government:** James Earl Carter Jr.

We began observing this phenomenon shortly after the election of Jimmy Carter. Those who have tracked the battle for the hearts and minds of the American public over a decade or more will remember that "Liberals" were perpetually on the offensive and Conservatives constantly fighting a rear-guard action. The people still looked to their father who art in Washington as friend and protector. Those having closer contact with the federal government viewed the Washington policymakers as habitual bumbler, but *well-meaning* bumbler. When Americanists attacked the Washington power complex, and those behind it, many of their friends were sincerely shocked.

Today the mood has changed almost completely. Only recipients of the dole and their subsidized keepers still regard Washington as the fountain from which all blessings flow. Unlike a decade ago, Americans now believe that Washington can do nothing right; that our government is run by greedy conspirators out to grab



power over everything and everyone. There is a general feeling that everything the bureaucrats are allowed to touch will turn to mud. The public is fed up with inflation, government red tape, political maneuvering, bureaucracy, regulators, forced busing, ecofreak dictators, and meddlers in general.

This is not to infer that the people have developed a deep philosophical interest in liberty. But most see the consequences of Big Government and realize that the quality of life and our standard of living are deteriorating. Because there is little understanding behind the growing anti-government feeling, the people are not yet aware of the practical, workable answers that Conservatives offer to the problems we face.

But now even the term "Liberal" has become a pejorative. You know that is so when a pedigreed, filigreed, two-hundred-percent "Liberal" like Vice President Walter Mondale goes about saying he no longer describes himself as a "Liberal" and wants to be called a Progressive. Students of American history recognize that traditionally only radical populists have used that term, and that it was for a time co-opted by the Communist Party. Never mind, it's better than "Liberal." And, let me tell you, when Vice President Walter Mondale suddenly announces that he wants you to call him a Progressive rather than a "Liberal," you may be reasonably certain that profound political change has taken place. The Left, which has been on the offensive in our country for five decades, is now on the defensive. The momentum has changed.

Recent polls show that most Americans are optimistic about their own personal future, but pessimistic about the future of our country. Suffering the consequences of do-

mestic and foreign policies still being made by the Left, most can't yet see the light at the end of the tunnel — or, if they do, they figure it's the headlight of a train. Americanists are now in the unique position of having to go around and cheer people up, working to convince them that all is not hopelessly lost if only they will go to work to expose and replace the radical policymakers. A man marooned at the bottom of a well with only a pile of sticks can become very discouraged unless someone shows him how to make a ladder.

Consider the hostility toward the President. The President of the United States is the symbol of our government to many people. Which helps to explain why most Americans now look on Jimmy Carter as a bad joke. All Presidents have had their detractors, but others have also had their loyal defenders. Trying to find an ebullient champion of Jimmy Carter is like hunting for silver coins in your change. Many detested Lyndon Johnson, and the mere mention of Richard Nixon sent millions into frothing paroxysms. The people made fun of Jerry Ford and his proclivities for stumbling, banging his head, and saying the wrong thing. But never in recent history has America had a President almost universally regarded as an incompetent clod and intellectual flyweight. Like the comedian Rodney Dangerfield, Jimmy Carter gets no respect. The people look upon him as a reject from the Grand Ol' Opry.

Surely Carter has some supporters somewhere. The polls show that twenty-five percent of the people still approve of his Administration — a lower rating than Richard Nixon had at the height of Watergate — but one must recognize that Carter supporters are guaranteed anonymity when they talk to pollsters. If they





really exist, how do you suppose the President's defenders communicate with each other? Apparently these Carter enthusiasts have secret meetings deep within the forest while the moon is new.

Jimmy Carter is believed to be the accidental President. At no other time in American history could he have had a prayer of being elected. Carter was the beneficiary of a freak situation in which the public was blindly disgusted with career politicians in the wake of Watergate. Like the Hollywood casting agent, the American public was looking for a fresh face. Few realized that the same old crew of Rockefeller operators was manipulating him like a puppet. America wanted an outsider for President, and the *Insiders* made sure Americans thought that was what they were getting. Voters simply didn't realize how they would be turning the White House into the Nut House while the Administration was run by David Rockefeller's henchmen from the Trilateral Commission and the

Council on Foreign Relations. Now they know, and they are furious at the deception.

In February 1976, nationwide polls showed that only four percent of Jimmy Carter's fellow Democrats wanted him to head the ticket that November. Probably half of these were local boosters from Georgia. At the time, Americans didn't know Jimmy Carter and his Snopes friends from Lum 'n Abner. This was remedied when the Establishment media turned on their propaganda machines and Carter became a household name overnight. The magicians in Manhattan were even able to conjure up some instant charisma, convincing millions that the Georgia goober-plucker was some kind of a rural John Kennedy. Over the short haul, the media are capable of convincing sizable numbers of people of almost anything. Remember *green* toothpaste? Or Joe Namath in pantyhose? With sufficient hype, a television audience in the millions might for a month or two be convinced that essence of goat will



cure baldness. After all, who ever saw a bald goat?

While comparisons may be odious, Professor Carter did not have a cure for the nation's failing follicles. He was, in fact, a con man fronting for *Insiders* out to skin us. The magic charisma of the campaign quickly turned out to be all rouge and paint. Carter's speeches, written by doctrinaire radicals, proved to be as inspiring as reading the phone book. For a while, people thought Brother Billy was the more interesting of the Carter brothers, but he didn't wear well either. When last seen, Billy was palming quarters from the collection plate at A.A. meetings and trying to avoid being indicted on felony charges. From there it's all downhill with the Carter clan — a collection of weirdos and misfits so bizarre as to shame the Pocatello Freak Palace.

The President began his Administration with an overwhelming majority in both Houses of Congress, but Jimmy and his ham-fisted cronies and pet radicals have been able to make little use of it. Constitutionalists were afraid in 1977 that Carter would blitz more collectivist legislation through Congress than at any time since the early days of King Franklin. But Jimmy's insufferably pietistic arrogance and the changing mood of the people have cooled off even the party-line "Liberals." It is true that Carter, obedient to David Rockefeller and the Trilateralist crowd running his Administration, was successful in ratifying the Panama Canal Treaties, but he paid an enormous price for it in popularity. And, as it happens, Panamanians are ineligible to vote in the U.S. Presidential election of 1980. The President obviously counted heavily on the Middle East Peace Treaty to restore his waning popularity, but this only weakened Israel while aligning against us the

whole of the Arab world — which has responded with further increases in the price of oil. His betrayal of our allies in Iran and Free China are recognized by the people as terrible disasters for which Carter must be held responsible.

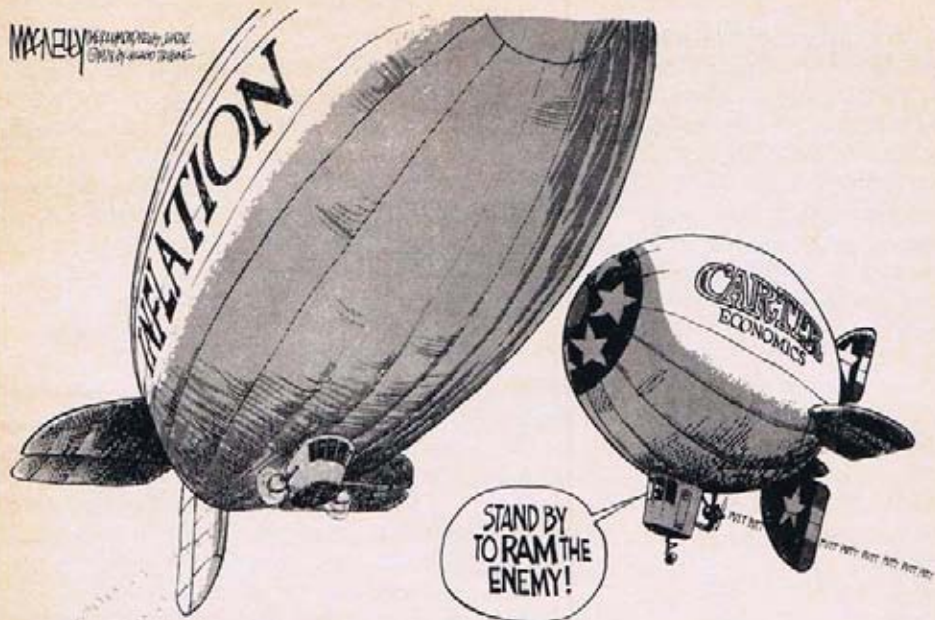
For better or for worse, however, the public is more interested in what is occurring domestically than what is going on abroad, where the Carter foreign policy is so aggressively pro-Communist as to astound the merest tyro. Even SALT II, which Democrats like Senator Henry Jackson are openly calling "appeasement," has not yet produced the public rage that has resulted from what Carter hath wrought at home. A review of the consequences of the Carter economic policy should suffice to explain why the tide of battle has turned from Left to Right.

The Number One domestic issue in the minds of Americans is inflation. The people are absolutely furious about it. And with good reason. Inflation is tearing the American family to pieces as mothers and homemakers are forced into the job market to make ends meet. Prices are going berserk, and the Carter crew has been forced to admit that it has "underestimated" the rise in the cost of living. Custer similarly underestimated the number of Indians camping near the Little Big Horn.

The hundred-cent dollar of 1967, already puny by previous standards, was worth forty-nine cents by March of this year. Last year the dollar was shrunk by nine cents, and at the rate things are going it will shrivel an amazing fifteen cents this year. That is a bite of nearly a quarter in a period of just two years. How long can our economy withstand this? How long will the American family stand for it?

Readers of this magazine were





among the first to know the Big Secret, that price inflation in the marketplace is triggered by monetary inflation resulting from deficit spending at the federal level. As Professor Milton Friedman puts it: "There is one thing which government and government alone can do. Government . . . has an effective printing press on which it can turn out green pieces of paper and, as a result, government and government alone is the source of inflation. Nobody else is responsible for it." Yes, indeed. Even "Liberals" know that businesses and labor unions cannot print money without being tossed in the crowbar motel for counterfeiting.

It was not many years ago, however, that the only people privy to the Big Secret that inflation is caused by government, and not by businesses and labor unions, were a handful of libertarian economists and the readers of this magazine. But there is a funny thing about the truth: Repeated often enough it tends to be recognized. Working with The John

Birch Society and its TRIM Committees we have reached many millions of influential people with our education campaign on the cause of inflation — to the point that the legislators of the states have taken up the fight and are close to calling a Constitutional Convention for the purpose of requiring a balanced federal Budget. This might be dangerous, leading to more-radical constitutional change, and it ignores the far superior strategy of balancing the Budget by reducing government. But there is no doubt the people have come to realize that a balanced Budget would choke inflation.

Nonetheless, Carter and his cronies at the television networks are still doing their best to keep as many as possible from catching on to the game. They explain away inflation as being caused by the increasing cost of beef and gasoline, or truck drivers wanting an outrageous amount of money for delivering freight. Carter points the finger of guilt in every direction but at himself. Of course it



is true that prices can go up for reasons other than an increase in the money supply. Real or contrived shortages, for instance, will cause prices to rise. But not *all* prices, and not everything at once. It is simply an economic fact that, when the money supply is increased faster than productivity, prices will escalate across the board. Consider the following chart:

	% Change In Money Supply	% Change In Prices
1970	3.8	5.9
1971	6.7	4.3
1972	7.1	3.3
1973	7.5	6.2
1974	5.5	11.0
1975	4.2	9.1
1976	5.1	5.8
1977	7.1	6.5
1978	*8.0	*11.1

You will notice that there is a cause-and-effect relationship. It is not exact because some monetary inflation is offset by increases in productivity and there is a factor which economists call "lag time." This is the time which elapses between when the new deficit money is sluiced into the economy and the time it takes gradually to bid up the prices of goods and services. The money pumping up today's prices came into circulation twelve to eighteen months ago. That is why the cost-of-living index is jumping like a bronco full of amphetamines despite the fact that the Federal Reserve had followed a somewhat more restrictive policy of money creation in 1979. The money pushing up prices today is part of that horrendous eight percent increase during 1978.

For the most part, wages have been zipping along at almost the

same clip as increasing prices; so what difference does it make? If you happen to be retired or on some fixed income which does not readily adjust to a skyrocketing cost of living, or if your adjustments lag behind, you are being choked blue. And the hooker is that those wonderful humanitarian Socialists who designed our income tax made it progressive. As we all know, this means that every time we get a raise in pay to keep pace with inflation we not only pay taxes on it at our highest rate but often at an even higher percentage in a higher bracket. Is it any wonder the government has a built-in bias toward inflation? The income-tax take under Carter for 1979 will be up thirteen percent over 1978. And it will go up more with continued inflation in 1980.

Thanks to inflation and higher tax brackets, it now takes twenty-five thousand dollars to give a family of four the buying power it had with thirteen thousand dollars in 1970. And, a family earning twenty-five thousand dollars a year pays almost four times as much in Social Security taxes and twice as much in federal income taxes as it did earning thirteen thousand dollars just nine years ago. Additionally, the increased cost of living chews up a cool nine thousand dollars.

Claiming to offset this treadmill effect, Jimmy Carter magnanimously sponsored a tax cut last year. It was a great public-relations stroke. But the Carter giveth and the Carter taketh away. At the same time he was supposedly cutting income taxes, His Peanutship pushed through an increase in Social Security taxes that not only devoured the phony cut but amounted to the largest tax hike in the history of the Republic.

Undoubtedly Carter was reluctant to increase Social Security taxes. All

\*Six months to June 1978.



politicians love to deliver benefits, but are leery about offending the voters by presenting the bill. For years Conservatives had been pointing out that the Social Security System was actuarially unsound because more benefits were promised than could be supported by the taxes being collected. The situation was a politician's paradise since it took almost thirty years for this little flaw to become obvious to everybody.

Suddenly government statisticians revealed that the system could be bankrupt as early as 1981 without a tremendous infusion of new taxes. The whole scam was a game of Social Security Roulette and Carter just happened to be the President in office when the wheel stopped on double zero. Unfortunately for succeeding Presidents, a lot of other nasty surprises will soon appear in this roulette game which the U.S. Government has been playing for four decades.

With an election coming up next year, we are likely to see another tax cut as Carter tries temporarily to offset the damage his inflation has done to American families. We might even see tax-rate indexing, which attempts automatically to adjust tax brackets according to the amount of inflation so that one is taxed at a higher rate only on real increases. But if the President has his way we will *not* see a balanced Budget — which means that inflation will continue as deficits are used to keep federal spending going up and up.

The impact of perpetual inflation upon Americans is enormous. The obvious problem is simply meeting the ever-escalating daily bills at the supermarket, hardware store, and the shopping center. But even if a family manages through some form of legerdemain to maintain its standard

of living on a day-to-day basis, it is probably at the expense of the future. Traditionally, American families have tried to save to educate their children, handle unforeseen crises, and to provide for what is euphemistically known as the golden years. Trying to save money in a time of double-digit inflation is virtually impossible for most Americans. With the current fifteen percent a year increase in prices, an individual in the thirty-percent tax bracket must make a return on savings of 21.4 percent just to break even. We know of no investment which consistently pays that kind of return — and that is just to break even in purchasing power.

Since Savings and Loans and second-trust deeds are not paying anything like twenty-one percent, a family might plunge into the stock market in search of higher returns. But inflation has not been very kind to the stock market either. Profits in the market have been greatly reduced since inflation really started to take off in 1966. If you adjust the Dow Jones Industrial Average for inflation and state it in 1966 dollars, you find that the D.J.I.A. is about 370. The Dow Jones will have to go to 2000 in terms of 1979 dollars just to break even with what it was thirteen years ago. Not many people have been able consistently to double the averages.

If your family income has actually managed to keep up with the inflation-taxation spiral, you have done better than most. When government-created inflation is factored in, the standard of living of the typical American worker has fallen during the past five years. Over the period from 1973 to 1978, the typical full-time worker's earnings rose by forty-three percent. Unfortunately, prices during the same period exploded by forty-seven percent. And



this does not take into account the fact that the typical worker is pushed into a higher tax bracket by that forty-three percent pay hike. So the standard of living of our worker is actually six or seven percent lower than it was five years ago. Most families are keeping up with the Joneses by joining the Joneses in hock.

Consumer installment credit, charge accounts, auto loans, and credit-card balances all increased at an annual rate of fifteen percent during the first quarter of 1979. At the beginning of the year, Americans owed a record \$1.2 trillion. That is the equivalent of eighty-three percent of all personal income after taxes. The typical family, as a result, is now devoting twenty-three percent of its income to repayment of loans.

Meanwhile, Jimmy Carter claims he is carrying out a holy crusade against inflation, which he says everybody but the government is causing. Is Carter fighting inflation by cutting federal spending and balancing the Budget? Is Bella Abzug a candidate for Miss America?

One of the most intriguing gadgets to come out of the electronic revolution is the Psychological Stress Evaluator, which analyzes stress in the voice to determine whether the person speaking knows he is telling a lie. The machine is so accurate that its evaluations are admissible in court. Inventor of this modern lie detector is C.R. McQuiston, a former U.S. intelligence officer who likes to subject Jimmy Carter's speeches to electronic analysis. Of a Carter speech delivered last December, McQuiston reports: "He's flat out lying. . . ." The former intelligence officer observes: "Every time he touched on the state of the economy, his choked voice patterns indicate that he has severe doubts when he says we're not heading for a depression.

. . . And when he holds out hope that his inflation plan will work, the stress goes absolutely wild. Just the word 'inflation' drives him nuts."

Golly, folks, and Jimmy promised he would never lie to us. When Carter dies, his gravestone will read: "Here lies Jimmy Carter — as usual."

But the point is that the people are aware their President is lying to them and they don't like it in the least. Seventy-one percent of Americans polled say they have lost confidence in the government's ability to beat inflation. That is an eleven percent increase in just one year, and another indication that the people have had it with Big Government and mean to retire the deficit-producing spenders at the first opportunity. Jimmy Carter will be among them.

One doesn't need a lie detector to know that Carter's approach to inflation is a coverup; the barest knowledge of economics will do. The Carter anti-inflation program is based upon "voluntary" restraint in wages and prices, which deals with the consequences and not the cause of the problem. "Voluntary" restraints have just one chance of succeeding — none. Jimmy's guidelines have been blown all to blazes by a double explosion. First the Teamsters thumbed their noses at the Peanut President's brittle "Seven Percent Solution," which was supposed to be the maximum pay hike for a year. The truck drivers sought and got a thirty-percent jump spread over three years. It made sense — considering that price inflation is running at well over ten percent a year. With the Teamster settlement as a precedent, what other union can now afford to settle for less without bringing down upon its leadership the wrath of irate members? So much for the labor half of the "voluntary" restraints. What they amount to are an effort to get



workers to take a cut in real wages even as politicians go right on spending at an increasing rate.

The Carterite plan to keep businesses under control called for chopping off government contracts for those who raised their prices above the artificial federal limit. Here the consequences of holding down prices while money is being inflated at a double-digit rate would mean further losses and a reduction in jobs. A federal judge ruled that President Carter was out of order, observing that if Uncle Sam could yank federal contracts as a reprisal for violating the guidelines, then the guidelines were not voluntary and were therefore illegal. Jimmy Carter, unlike Richard Nixon, does not have the authority unilaterally to impose wage and price controls.

So much for the Carter jawboning. That term "jawboning," by the way, comes from the Bible — where Samson slew his enemies with the jawbone of an ass. Very appropriate in the case of Carter.

Meanwhile, Jimmy Carter and his gang of peanut vendors are swearing up and down that, even if Congress gives them the power to do so, they will not attempt to invoke wage and price controls because they don't work and will cause more problems than they solve. We expect that tune to change very soon. While it is true that wage and price controls haven't worked at any time they were tried in the last two thousand years, they will stabilize prices for a few months — say the amount of time between their installation and the next election. It is hard to imagine that Gerald Rafshoon, President Carter's assistant in charge of image building, is not whispering in his ear that he will be *el muerto* at the polls in 1980 if he doesn't at least appear to do something about inflation.

Double-digit inflation amounts to a cup of Presidential hemlock at election time.

Very quickly, of course, such controls always produce shortages, allocations, and so-called black markets. But those would come only *after* the election. So Carter will go to Congress to try to get the same sort of disastrous controls which Nixon was able to implement simply by invoking an Executive Order. Mr. Carter will make a great show as he urges Congress to help him stop inflation. Conservatives will fight hard . . . and, perhaps, lose a close one. If at this point the Republican Presidential candidates open up with both barrels, explaining how only government can cause inflation and reminding the people that they have been frozen into real-wage cuts by Jimmy Carter, it should spell the end not only for Carter but for many of the Congressmen who help with the power grab.

If the President were genuinely interested in controlling inflation, Republicans should explain, the first things he would do are attack federal spending with a chainsaw and stop deficit spending. Federal spending this year is scheduled to hit \$532 billion, an increase of almost forty billion dollars over last year. This is a trifling \$130 billion more than when Carter sauntered into the White House. According to the federal planners, who refer to this year's Budget as "lean and austere," the federal Budget for Fiscal 1982 will escalate to \$615 billion.

This year's bloated Budget amounts to twenty-four hundred dollars for every breathing American. In 1966 that figure was "only" about six hundred dollars per American. A graph of the per-capita rise in federal spending looks like the trajectory of a Saturn rocket. If one considers federal spending on the basis of a



typical family of four, the not-so-grand total is nearly ten thousand dollars. And that does not include state, county, and city taxes. The tax collectors are now grabbing and spending forty-three cents out of every income dollar in the United States. Of course, much of this is through indirect taxes — such as taxes on corporations — which are simply passed on to the family consumer in the form of higher prices.

If the government cut spending and left substantial amounts of these funds in the pockets of those who earned the money, the American family would not be under the financial gun and the economy would take off like a jet plane. But instead it is unproductive and inflationary federal spending that goes up, up, and away.

Even so, the key to inflation is the fact that the Carter Administration spends far more than it has the courage to tax. The difference is made up by running deficits. This year Carter & Company plan to run in the red by \$37.4 billion. Last year it was \$48.8 billion, and the year before that a cool forty-five billion. Keep in mind that Carter has been running these deficits at the top of a business recovery cycle where, even according to Keynesian theory, the Budget should be balanced.

The point is, as we have noted, that these deficits are the primary cause of the price inflation plaguing the country. Deficits are turned into new money by the Federal Reserve and the banking system. Carter's problem is that to trim the Budget to the point where it is balanced would cut off all kinds of government goodies to millions who can be relied upon to vote themselves a living by pulling The Big D on election day. In March the Democrat-controlled Congress once again went through the

charade of increasing the "temporary" National Debt limit from \$798 billion to \$830 billion. That allows Carter & Company to keep inflating. Congress has the power to stop it, but there aren't yet enough Conservatives there to do the job.\*

Not to worry, the "Liberals" used to admonish us. We owe the National Debt to ourselves. Whatever this vacuous cliché was supposed to mean, it did have a mysteriously tranquilizing effect. Today, this absurdity is not even remotely credible. Foreigners hold \$132 billion in U.S. Debt securities, much of it in the hands of those friendly folks in the Middle East. The boys from the camel kingdoms have not only been given control of our destiny through an oil cartel, but the potential for wrecking our monetary and banking systems as well. Cashing out their U.S. bonds could cause even more chaos than pulling the oil plug.

Having doubled our National Debt during the past seven years of relative prosperity is going to be deadly expensive for the taxpayers forever — or at least until the government prints so much money that future claims on present debt are virtually worthless. Interest on money wasted by the politicians of Congresses past will this year cost the federal tax slaves sixty-five billion dollars, and will cost every taxpayer more than five hundred dollars. What we will pay in interest, alone, is now as big as the entire Budget in the days when Harry Truman was using our money to restore the post-war world. Interest presently accounts for twelve cents out of every federal tax dollar spent. In 1966, the tariff on past follies was

\*On February 28, 1979, the House rejected the increase by a vote of 194 to 222, but a month later President Carter and Speaker O'Neill got their way 212 to 195. A good fight, a close fight even, but still no cigar.



twelve billion dollars; in 1976 it had multiplied to thirty-five billion. One good thing is that the interest on the Debt cannot continue to climb at the rate that it has been over the last four years or it will soon reach infinity. And doesn't that make you feel better!

While you are feeling good, remember that it takes an army of bureaucrats to run this government spending machine that is grinding us to pulp. Here is another area where popular reaction is working for Conservatives. One of every five Americans with full-time jobs now works for the government. But this figure dramatically understates the true situation. Hundreds of thousands more are employed by technically *private* concerns that contract their work to the government. There are approximately sixteen million government employees, of which thirteen million are said to work for state and local government. Naturally, many of those "non-federal" jobs are mandated by Washington and financed in part by the federal government. During Carter's quest for the Oval Office, he made it sound like bureaucrats would virtually become an endangered species if he were elected. "Here lies Jimmy Carter." And the people know it.

Despite Carter's claims of austerity, the federal payroll continues to explode. The U.S. civilian payroll of the federal government is now fifty-four billion dollars as compared to twenty-two billion only a decade ago. Nearly one in every five bureaucrats makes more than thirty thousand dollars a year, and thirty-two thousand of your "public servants" make in excess of forty thousand dollars. At pension time these people can achieve full retirement benefits at age fifty-five, and their pensions are adjusted twice a year for inflation.

For example, a bureaucrat who quit "work" in 1971 with a top salary of thirty-six thousand dollars now draws a cushy retirement check of more than forty-six thousand dollars a year. Needless to say, government employees are not what you would describe as hard-line inflation fighters.

Since these legions of tax-supported drones mean to get theirs, no matter what happens, there exists what *U.S. News & World Report* calls an "unending tale of fraud, waste in government." The total tariff for this, says the magazine, amounts to fifty billion dollars a year.

If you add the fifty billion dollars wasted to the fifty-two billion in salaries, these bureaucrats are costing us \$102 billion a year. But that is just the tip of the iceberg. The U.S. Government now owns enough building space — 2.5 billion square feet — to fill 564 Sears Towers, the Chicago building with 110 floors, some 1,454 feet in height, the tallest building in the world. These federal buildings cost us forty billion dollars to construct. In addition, the U.S. Government now rents enough building space to fill another forty-nine Sears Towers at a rental to the taxpayers of seven hundred million dollars a year. All told, the federal government occupies enough space to fill 613 Sears Towers, with more being added every month. And, of course, every one of these offices has to have desks, chairs, electric typewriters, office supplies, and equipment.

And the indirect costs are even more astounding. If all the federal employees did was drink coffee, read the newspapers, and comb their afros, we would be infinitely better off. Occasionally, however, the paper shufflers and planners get around to drawing up regulations. That is when they really start getting



expensive. Using the *Federal Register*, the bureaucrats created by decree as many "laws" in the last eighteen months as have been passed by Congress since the late Eighteenth Century.

According to Dr. Murray Weidenbaum, director of Washington University's Center for the Study of American Business, the cost of complying with all this federal regulation is nearly one hundred billion dollars a year. The red tape and regulation not only result in a mountain of expensive paperwork, with thousands of forms which must be filled out by business and filed by government, but they produce far-reaching consequences. Government regulations are reducing technological innovations, thwarting medical advancement, perpetuating inefficiency in the U.S. economy, and constantly reducing this country's ability to compete internationally.

One thing that Carter could do which would offset the effects of monetary inflation would be to start wholesale elimination of federal regulations; but, while the Big Goober pays lip-service to doing away with these burdens, there has been very little improvement indeed.

In order to dig out from its government-caused economic problems, America desperately needs to increase its productivity. Between 1947 and 1967, American productivity climbed at an average rate of 3.3 percent. But between 1967 and 1977 that rate was cut almost in half to 1.8 percent. The growth for 1977 was .3 percent. By comparison, productivity in Japan between 1962 and 1977 escalated at an average rate of 8.4 percent. What is happening is that our federal government is absorbing so much capital through taxation and borrowing, and putting so many restraints on business through regula-

tion, that it is killing the goose that lays the golden egg.

The average profit margin for American corporations is today a mere 4.8 percent. But even this paltry return is illusory since much of the profit is due to the paper increases in values of inventory due to inflation. When replacement costs are considered, those paper profits evaporate. Considering the cost of capital replacement . . . well, we are eating our seed corn.

If the situation is so bad, why then am I so optimistic? Because the people are feeling the crunch, know that government is responsible, and are damned angry about it. The only way that Americans are going to get Big Government off their backs is when the anti-government sentiment now pervading the country is turned into replacing Congressmen and Senators and Presidents who insist on ignoring demands of the people for lower taxes through less government. The time to start planning for that is now, not a year from now.

The November 1978 elections produced the best results for Conservatives in twenty-five years. This is not to claim that "Liberal" incumbents were wiped out like flies. Hypocrites that they are, many adopted the rhetoric of the tax slashers and slipped back into office. But some very bad hombres bit the dust, particularly in the Senate, to be replaced by some very good men. Jimmy Carter will have an even tougher time getting his program through the Congress this session than last. And he can't make a move without anticipating the reaction of Teddy Kennedy, who is urging yet more spending and even greater extremism while leering over Carter's shoulder and breathing down his neck. Things are going to be interesting this next year. And they are going to get better. ■ ■