P.S. to the NEWS
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RELEASE: NOVEMBER 16, 1979

THE WRONG AND RIGHT WAY TO FIGHT INFLATION

The Carter Administration's plan to fight inflation is to raise taxes and interest rates, increase unemployment, reduce production, and accept a lower standard of living. As explained by Barry Bosworth, former head of the Council on Wage and Price Stability, "The result will be to throw a few million people out of work. If enough of them are out of work, they will cease asking for wage increases."

If there ever was a cold-blooded plan to destroy our economy, that is it. At our current 13.4 percent rate of inflation, this plan would produce an unemployment rate of more than 19 percent. But for every one percent increase in unemployment, the federal deficit goes up by $20 billion because the government loses revenue yet has to spend more for unemployment compensation and welfare.

The notion that we can fight inflation by employing fewer workers at lower wages to produce fewer goods is simply "asinine," according to Congressman Jack Kemp. Yet that notion lies at the heart of the Carter Administration's fiscal and monetary policies.

Why are our nation's monetary managers not concerned that 12 percent of adult minority workers and 40 percent of black teenagers don't have jobs? Why are our nation's monetary managers not concerned that millions of other minority and majority Americans are worried about losing their jobs because of layoffs and plant closings? Meanwhile the Carter Administration mismanagers vote themselves whopping government pay increases, and their banker friends grow rich on high interest rates and are protected against their own mistakes by taxpayer guarantees to cover their bad loans.

Inflation is not caused by workers working, by producers producing, by business doing business, by consumers consuming, or by the average American's attempt to improve his standard of living. Inflation is caused when government rolls the printing presses and cheapens the value of our dollar. Recession is caused when government destroys incentives for employment, saving, investment, and production.

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To find out who are the guilty who cause inflation, ask the old Latin question, cui bono (who profits?). Government profits! Our 13.4 percent inflation rate raises income taxes by 21.4 percent because everyone is pushed into a higher tax bracket.

Congressman Jack Kemp is talking such common sense in recent speeches about this issue that it ought to be shouted from the housetops. "When you tax something, you get less of that thing. We are taxing work, savings, investment, enterprise, and excellence, and we are getting less of each." The converse is also true. Kemp says: "When you subsidize something, you get more of that thing. We are subsidizing welfare, debt, unemployment and mediocrity, and getting more of each."

The Carter economic game plan will actually increase inflation. It is based on the premise that there are only so many jobs and they should be allocated by federal quotas; that our energy resources will be exhausted on a fixed date in the near future, so our dwindling supplies must be allocated by the Federal Energy Department, no matter how incompetent; that there is only a fixed sum of prosperity and poverty, so the federal bureaucrats should determine how much each of us may have.

This tunnel-visioned ideology not only results in a stagnant economy but, as Congressman Kemp so accurately points out, "politics becomes the art of pitting class against class: rich against poor, white against black, capital against labor, Sunbelt against Snowbelt, old against young."

The answer is not to increase bureaucrats to ration shortages, but to reduce taxes and government overregulation so that natural incentives to production will return to our economy. Kemp urges an across-the-board 30 percent cut in individual income tax rates over the next three years. We should also "inflation-proof" the tax code by a technique called "indexing" in order to prevent inflation from causing automatic tax increases. We should liberalize depreciation rates, freeze social security taxes, and provide more incentives (not taxes) on energy production.

The winning presidential candidate in 1980 will be the one who promises to get the country moving again along the Kemp economic strategy. We must restore faith in the American dream -- that hard work will be rewarded by a bigger piece of the bigger pie in which we all can share.

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