

important difference is that the sales tax is known to be a tax, but the inflation-tax is thought to be avoidance or postponement of the tax.

POSTPONED TAXES A MYTH

THIS MAKES clear, I believe, why inflation is such a pernicious form of tax. People who would otherwise protest and curb the extravagances of government are lulled by the foolish notion that inflation is a means of postponing payment of some of the current costs of government.

It is especially tempting to try to avoid taxes when the government is spending with abandon for a "national emergency." It is then argued that "since the expensive projects of government are largely for the benefit of later generations," why shouldn't part of the costs be left for them to pay? This notion, as has been said, has become a steady habit in the United States, especially during the past two decades.

The truth is, however, that if the government this year dips into the national punch bowl of goods and services that are produced and available, what it takes out and squanders this year is not there for others this year. The more government takes and squanders this year, the less someone will get back this year compared with what he produces.

Why, if we ignore the minor item of foreign trade balances, is it believed that a nation can postpone this year's cost of government? Probably it is the presence of money that confuses us. If we were to think only of punch and potatoes and things — exchanged by barter — we would not be

confused, because we would then realize that we cannot eat potatoes this year which are to be grown next year.

A whole nation of persons can't go on year after year consuming more than it has to consume. It can't do it for one year, or even for one day. It can't do it by allowing inflation, or by any other means. Failure to realize that inflation is a form of tax leads to the false belief that inflation affords a means of postponing some of the costs of government. But it can't be done.

If it were possible for a whole nation to postpone one-third of this year's cost of government until next year, why not postpone half of it? All of it? And if it is possible to postpone it until next year, why not postpone it for two years? Ten? Forever? If this were possible, we would not need to wait for Utopia. We could have it now!

GUNS AND BUTTER

THE ERROR in this line of thinking leads us to false hopes about what the preparation for war will do to our living. We are being told that both guns and butter are possible, and that we can add the cost of a military machine without sacrifice in our civilian welfare.

We find these promises either stated or implied in statements given out by government and by some civilian "leaders." Civilians are to be protected, they tell us, against suffering any decline in their living. They are to continue to receive incomes about as high as before, after taxes. Wage rates are being increased by about as much as the prospective increase in personal taxes. The price