gers of its implications. He advocates, as a remedy, the freeing of exchange rates so that the British people will know the true value of their pound. The remainder of the Conservatives, of course, are against inflation; but this did not help the pound when they were in power. They failed to advocate a balanced budget or anything else resembling fiscal responsibility.

The believers in free enterprise have been led into a trap by this constant inflation. If they do not now agree to Labour's prices and incomes policy, the pound will lose all value; and if they do agree, they must give the government unlimited power over the economy and their own freedom of choice.

The pressure of the trade unions might eventually release wages from control; but dividends would continue to be decided by the government "in the national interest" and to meet "the claims of social needs and justice"– as though it were the sole judge of these things.

The only policy which can prevent socialism's entry by the back door in this manner is to see that a country's money is sound. ◈

IDEAS ON LIBERTY *French Inflation, 1789-1799*

NOW BEGAN to be seen more plainly some of the many ways in which an inflation policy robs the working class . . . the classes living on fixed incomes and small salaries felt the pressure first, as soon as the purchasing power of their fixed incomes was reduced. Soon the great class living on wages felt it even more sadly. . . . the demand for labor was diminished; laboring men were thrown out of employment . . . the price of labor . . . went down . . . . Working men of all sorts were more and more thrown out of employment.

ANDREW DICKSON WHITE, *Fiat Money Inflation in France*

The GAP between Earning and Receiving

WILLIAM HENRY CHAMBERLIN

THERE WAS A TIME, within the memory of living men and women, when what an American earned was his to keep, subject to the payment of moderate Federal and local taxes. And, as a corollary, the American was supposed to pay his rent and medical expenses and make reasonable provision for his old age. This was economic capitalism – or individualism, to use a more accurate word; it was a simple and understandable system, and it was admirably calculated to promote hard work and individual responsibility. The state stayed off the back of the taxpayer and, in turn, expected him to look out for the present and future needs of himself and his family.

Now, scarcely a trace of this system remains. Because of enormously increased Federal, state, and local taxes and because of the growing burden, on the productive part of the population, of withholding levies for various welfare programs, the gap between what a man earns and what he receives, between his nominal wage or salary and his "take home" pay, has steadily widened. Take someone who earns $150 a week, an average rather than a high salary in this age of shrunken and shrinking dollars. After deductions for Federal and state taxes and for so-called social se-

---

Mr. Chamberlin is a skilled observer and reporter of economic and political conditions at home and abroad. In addition to writing a number of books, he has lectured widely and is a contributor to *The Wall Street Journal* and numerous magazines.