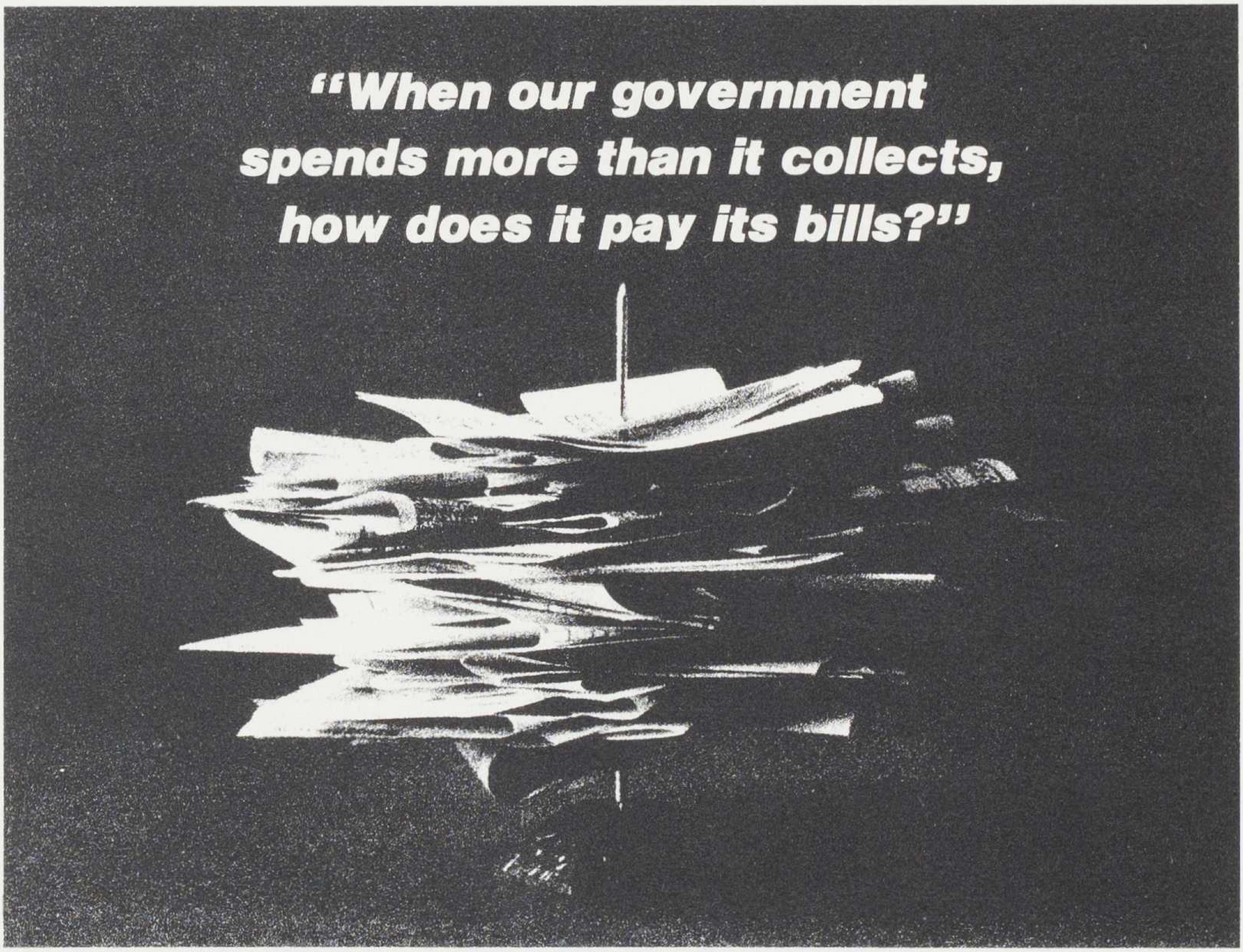

FACT:

with extra unearned money created out of "thin air" - *and that's inflation.*

Deficit	$17.8 Billion	UNEARNED MONEY
FEDERAL SPENDING $277.1 Billion	$259.3 Billion	EARNED MONEY

Five-Year Average, 1971-1975

Source: U.S. Federal Reserve Bulletin

Throughout history, people have wanted government to give to them without taking from them, and rulers have realized they might offend their subjects by demanding higher taxes.

To make wars popular, instead of raising taxes, kings debased the currency, adding a cheap alloy to coins. This paid for the war — and created inflation. Our own country helped pay for both the Revolutionary War and the Civil War by printing worthless paper money — and created inflation.

Today, legislators know they can win popularity — and elections — by voting for new federal programs. They also know it's unpopular to raise enough taxes to pay for them. So they authorize expenditures in excess of income — and create inflation.

Government pays for most of its basic expenditures with "earned" money — taxed or borrowed from people's earnings — the only valuable money government has to spend.

To cover its deficits, Washington creates extra unearned money out of thin air, thus reducing the value of all money, savings and insurance.

This increases the "money supply" faster than the supply of goods and services — the root cause of inflation. Only way to stop it: stop our federal government from spending more than it collects!

CENTER FOR THE AMERICAN WAY
51 East 42 Street
New York, N.Y. 10017