

The Foothills View

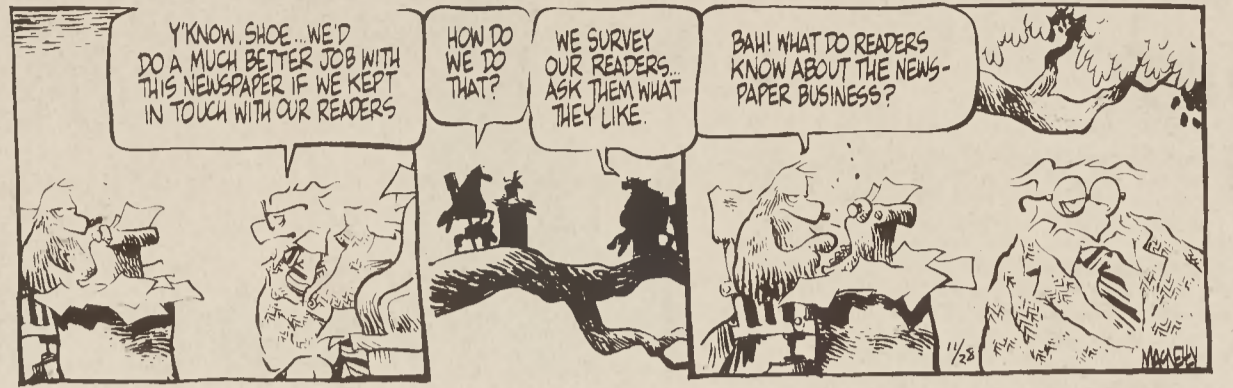
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Commentary

The editorial page of The Foothills View

Editor's Miscellany

Statewide attention was focused last week on a few paragraphs called Resolution No. 5. Adopted by the state convention of Southern Baptists, the resolution was termed a rebuke to the Moral Majority, Inc. We print below what the resolution said. The editor.

RECOMMENDED BY RESOLUTIONS COMMITTEE

WHEREAS, many public issues are being made doctrinal and theological by certain political and religious leaders, and WHEREAS, these selected issues are being made tests of faith and loyalty, and candidates for public office are being judged and targeted for defeat on the basis of disagreement on a single issue or multiple issues,

THEREFORE BE IT RESOLVED that the Baptist State Convention recognizes that Christians of conscience may reach conflicting positions on a wide variety of political issues, and

BE IT FURTHER RESOLVED that this Convention opposes the use of any device which attempts to grade candidates on the basis of a few issues and which states, either implicitly, that one candidate is the Christian candidate or the one for which all Christians should vote, and

BE IT FINALLY RESOLVED that the Baptist State Convention strongly rejects all attempts to use political power to enforce religious opinions under a government that guarantees religious freedom to all.

MONEY TALKS

"If you remember the definition of inflation, it will help to keep this in perspective. Inflation is: 'An excess of currency in relation to the goods and services that are offered for sale, resulting in a general increase in prices.'"

In our modern society, rather than merely "print" money, we are more sophisticated. We "monetize" the debt. That's a nice way of saying that we turn debt into money. How? When the Federal Reserve "buys" a Treasury Bill, it is loaning money to the treasury in return for an IOU. That IOU is an asset on the books of the bank, and the liability that balances it is an addition to the checking account of the government. By the stroke of a pen, new currency has been created without any increase in the goods or services offered in the economy. Such banking action matches precisely the definition of inflation.

—Clyde P. Howard, Consultant's Coin Report, P.O. Box 8277, Fountain Valley, CA 92708

Money funds. Julian Snyder sees possible danger in the funds: The bulk of the assets of the money funds are invested in bank CDs and commercial paper. If some country bank was troubled enough to miss a CD payment or a large corporation defaulted interest due on its commercial paper — as Chrysler did in the early 1970s — some people would pull savings from money funds. Or corporate treasurers could move hundreds of millions into another fund to get a fraction of percent higher yield. The industry has no reserve requirements. Its accounts are not insured. It is not under supervision of any kind. A 'run' on a major money fund could easily provoke a money fund panic. There need be no question about the soundness of the portfolio. The fund may simply not be liquid enough when it needs to be. A final point: if the banking system gets into trouble, as many experts fear, the money funds will be in trouble automatically. They may even become the sacrificial lambs of the next financial crisis.

—Clyde P. Howard, Consultant's Coin Report, P.O. Box 8277, Fountain Valley, CA 92708

It pays to read every word of the Atlantic Monthly article, then every word of David Stockman's statement to the press and then at least on a novel by Anthony Trollope. What is truly astonishing is that there should be such an astonishment. If the point, were simply made that Stockman used here and there an unfortunate metaphor, why then it is good news that the hygiene of the English language has suddenly become a front-page concern. If the point is that setting out to a) balance the budget, b) defeat inflation, and c) do a) and b) under the onus of a democratic system requires hard maneuvering, flexibility, frustration, exaggeration, then really there isn't that

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much of a story here.

What is the worst that can be said about Stockman? I mean, how would, say, the William Kunstlers of this world state their case against him?

They would say that he has consciously deceived the president of the United States, the president's advisers and the chairmen of committees in Congress.

How?

By suggesting that tax cuts in a certain amount, budget reductions in a certain amount and a balanced budget by 1984 were compatible. Knowing all along that they were not.

But why is a single man in such control of the figures as to have the power to effect such dissimulations?

Just after Congress agreed on the budget cuts, William Greider writes in the Atlantic Monthly, Stockman was less than jubilant over what so many considered a great victory. Stockman privately communicated his misgivings to his friend. "There was less there than met the eye. Nobody has figured it out yet. Let's say that you and I walked outside and I waved a wand and said, I've just lowered the temperature from 110 to 78. Would you believe me?" Stockman's reference was to projections made by the Congressional Budget Office from an unrealistic economic base.

Perhaps it is the contention of his critics that he should have denounced the projections there and then as unrealistic.

William F. Buckley, Jr.'s "ON THE RIGHT"



They have a point, but not a compelling one. How often does one hear, from an active political figure, denunciations of figures which, although mishandled, are being used in order to enhance the chances of legislation for which he is lobbying?

Stockman made it clear, when he that is hoary is already old, is that that confronted the press, that he backs the which is hoary is not necessarily antiquated, president's program. He made it clear that even as we have not in two millenia he does not believe it will result in a improved on the exhortation to love one's balanced budget by 1984. One can both neighbor as oneself. back Reagan's program and predict it will not balance the budget. His critics would appear to be saying that Congress would not have done what it did if Congress had known everything Stockman knows. But is this so?

Would the budget cuts have been made? Presumably the answer to that is yes, they'd have been cut, because we are overspending.

Well then, would the taxes have been reduced? That depends on the extent of one's commitment to the proposition that taxes are too high. Supply-side economics is dismissed by Mr. Stockman's friend Greider as nothing more than "new language and argument to conceal a hoary old Republican doctrine: give the tax cuts to the top brackets, the wealthiest individuals and the largest enterprises, and let the good effects 'trickle down' through the economy to reach everyone else." What is the matter with that sentence, other than that everything

The principal defect in Reagan's program is that it insufficiently provides for those who characteristically save, invest and risk. "Seventy percent of this tax reduction," Stockman told the press, "some \$135 billion out of \$200 billion, over the next three years, will go to middle- and lower-income Americans -- from zero to \$50,000 a year."

What is why the program is not likely to bring us that balanced budget. If Congress had followed the advice of Milton Friedman, reducing the top tax rate to 25 percent, we would not have needed to worry about a deficit in 1984. The scandal is that David Stockman could not -- cannot -- tell the whole truth because the people's representative will not listen to it.