



GALBRAITH: "I WOULD INCREASE TAXES ON INCOMES OVER \$15,000."

GALBRAITH ON INFLATION

John Kenneth Galbraith, 65, the world's tallest economist, 6 feet 8, was asked on a recent lecture tour what he would do if he'd been appointed Secretary of the Treasury instead of William Simon.

A man of acerbic wit who frequently wears brass knuckles on his tongue, the lanky Harvard professor conceded that America's number-one problem is inflation "and inflation was a problem we controlled very well in this country from 1942 to 1946, and we can easily control it again."

"The trouble with economists," Galbraith, a veteran Democrat, pointed out, "is that they're like generals. They are always fighting the last war. To them unemployment is the great enemy. They don't seem to realize that inflation is far more serious than unemployment. No Administration can survive on a 10.8 percent inflation rate, and that's what we've been having

in this country.

"Just imagine that you've decided to put your savings in the safe deposit box and leave them there. Under the present inflationary spiral, your savings, after less than 10 years, would be worth little in purchasing power.

"If I were appointed Secretary of the Treasury, I would keep the prime interest rate (the rate at which banks are willing to loan money to their most favored and reliable customers) at 10% percent, to discourage expansion.

"I would increase taxes on those with incomes of \$15,000 or more. I'd place a surtax on all such incomes, and I believe that would control 40 percent of all excessive spending.

"I am opposed to the reduction of taxes on the lower income brackets right now, but I would ease those taxes just as soon as inflation subsided.

"I would certainly use wage and price controls on the most highly orga-

nized sector of the economy, the nation's 1000 corporations and the unions they're involved with.

"I would also ask the Congress for a large sum of money to permit the cities to become the employers of last resort for those who became unemployed, and I would lean towards a system of income maintenance, probably through the negative income tax.

"President Nixon, in my opinion, is more in trouble for failed economics than failed burglars. Two of his top economics advisers, George Shultz and Herbert Stein, used Phase 2 of wage and price controls to get Nixon through the election of '72, but then they abandoned the controls because they were working. Stein and Shultz are to economics as Friar Tuck was to wickedness. They see and recognize it but can't do anything about it. Arthur Burns [head of the Federal Reserve], on the other hand, is a pragmatist, and hopefully he will do what has to be done. Stein and Shultz have two of the finest 18th-century minds when it comes to economics. And I hope that William Simon doesn't follow in their steps, I hope he practices eclectic economics."

For those who haven't been taught at Harvard by Professor Galbraith, eclectic economics is the practice of taking what is considered best from different systems of economics and using those ingredients to solve the problems at hand.

"I am not in favor," Galbraith declares, "of using 18th-century minds to solve 20th-century problems."