

Sharing the Burden

President Ford was notably unresponsive in his replies to two questions at his news conference yesterday as to why he was seeking a corporate and personal income surtax when many if not most economists agree that the country is not suffering primarily from a demand-push inflation. He was similarly vague as to why he describes inflation in "apocalyptic" language but shies away from gasoline rationing or a stiff tax on gasoline or petroleum imports.

In striving to answer these questions at his news conference, Mr. Ford had to contend with an inherently insurmountable difficulty. A clear analysis of inflation could only serve to emphasize the softness and the insufficient magnitudes of his ten-point program.

The President proposed the surtax presumably because he wanted to offset the cost of additional unemployment compensation, work relief projects, and modest tax reduction for the very poor. He quite rightly does not want a larger deficit. The current inflation arises from several diverse sources but a greater Federal deficit would surely intensify it. However, since a serious slump is simultaneously beginning to develop, the critical consideration in devising a proper set of policies is how to restrain the inflationary forces without encouraging the recessionary forces.

President Ford has not achieved the right mix partially because his magnitudes are too small. He is like a life-guard who attempts to save a man 100 feet offshore by throwing him a fifty-foot rope. Specifically, the tax relief for the poor is too modest to make any difference; the aid to housing is insufficient to revive that hard-hit industry; the public jobs for the unemployed are almost sure to be too few.

If the President were to bring sizable and effective help to these recession victims, he would need a much bigger source of revenue than the surtax, which will provide only \$5 billion. Furthermore, a drastic lowering of gasoline consumption and wastage would have a healthy effect on lowering the price of overseas oil, one major cause of inflation. Gas rationing on fairly liberal terms, a tax on automobile engine capacity, and a drive to make mass transit a readily available and strikingly cheap alternative to the private automobile in every city would be effective means of bringing down American oil imports and prices and keeping them down.

In his address to Congress and in his news conference remarks, however, President Ford showed he is deeply reluctant to recommend the uncomfortable for fear it may prove to be the unpopular. This is almost certainly a misjudgment of the public mood. In any event, there is no doubt that soft answers and small programs cannot reach the source of the trouble.