

RECESSIONITIS

Currently, the nation is beginning to suffer from that new disease, recessionitis. It used to be that when hard times came, people called such times depressions, but today, we indulge in euphemisms, and call them recessions. Somehow, they don't seem so bad when you describe them in such relatively inoffensive terms.

But whether you call it a recession or a depression, there is no doubt that people are increasingly losing their jobs. The automobile industry is in a very bad shape, partly because government rules force the manufacturers to put into the cars expensive environmental-control devices as well as costly safety gadgets. With the cost of a new car skyrocketing, it is hardly surprising the sales are down. Housing starts are way off, and related industries as appliances are suffering.

There is no question but that the economy has been declining. Whether it is a depression or not, as yet, is still questionable for while some industries are suffering, others as steel and chemicals have been booming.

Prices have been rising despite the slowdown in many fields, but there are indications that prices may have peaked for the time being, and may, even decline.

Probably the smart thing for the government to do is to do nothing and let the marketplace make the necessary adjustments inasmuch as certainly nothing will be done about the influence of land speculation on the business cycle. But will the government stand by and do nothing?

The chances are not good. While the administration might be willing to do so, Congress may force its hand. The Democrats have been elected by great majorities and they, no doubt, feel they must do something. Thus, it is quite likely they will pressure the President to adopt an expansionary policy. The administration, already, has gone along what line as the Federal Reserve System has been expanding the money supply at a faster pace than it did during the early part of the summer. If Congress keeps pressing it, no doubt, it will increase the flow of money into the economy. This will tend to raise prices again, or at least prevent them from falling. If the expansionary economy narcotic is big enough, it probably will revive business, but with prices tending to rise, or at least not fall, great pressures will be built up for wage and price controls.

Ironically, it could well be, that the pressures built up in 1975 will result in these controls being established in 1976, the year this country celebrates the 200th anniversary of that superb cry for freedom, the Declaration of Independence.

Whether people will be aware of the irony of celebrating freedom at the same time economic restrictions on one's freedom to buy and sell are imposed is questionable. The people do not understand economic freedom, and probably only will learn thru sad experience.

No one knows whether the country is going to slide into a depression or not. The assumption is that if things worsen, the government will pull all stops to turn things around. It is because this feeling seems so widespread that businessmen do not appear to be panicking. Instead, they appear to be taking a wait-and-see attitude.

So, as the year 1974 draws to a close, recessionitis seems to be the dominant economic disease, but more and more people seem to feel that the witch doctors in Washington will inject enough economic narcotics into the economy so by 1976 we may be suffering from inflationitis once again.

The more things change, the more they remain the same. MERRY CHRIST - MAS!

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