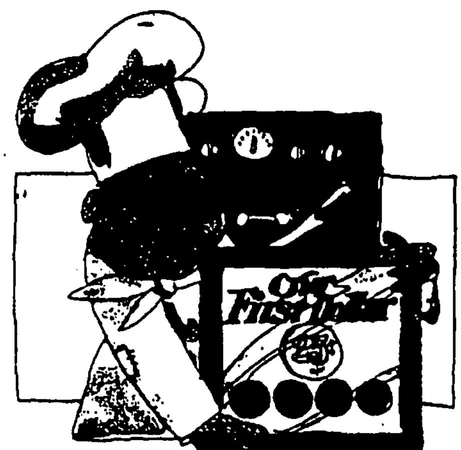
We seem to derive our national philosophy from Don Marquis' carefree, lower-case alley cat mehitabel, who lived only for the moment.

have only flipped past the pictures. In this, as in other matters, we seem to derive our national philosophy from Don Marquis' carefree, lower-case alley cat mehitabel, who lived for the moment and whose motto was "*toujours gai.*"

And what shall we say about inflation that has not already been said, except that the word, with its connotation of expansiveness and even euphoria, may be misleading? We have had a steady inflation of prices, true, but with it a steady *deflation* in the value of our money. The year brought word that the dollar had lost half of its worth within the short span of a decade. The proprietor of my favorite bakery started out in business in 1927, and promptly framed his first dollar. I visited him the other day and didn't have the heart to tell him that that green rectangle, which was to mark the first step along the road to a secure fortune, has survived to his retirement years worth only a quarter and four pennies in terms of

The proprietor of my favorite bakery started out in business in 1927, and promptly framed his first dollar.



its original purchasing power. All I could do was to mutter to myself, "A dollar saved is seventy-one cents lost."

Inflation leaves us doubly vexed. I have at hand a notice from the manager of our Faculty Club, suggesting that, since the price of just about everything has gone out of sight—including the price of the abominable meals served there—we should increase the *percentage* of our tips. You will perceive the fallacy of that logic. Do you perceive also the fallacy of the Federal tax tables, which drive us into higher brackets without any elevation of our real income? In 1953, local, state and Federal taxes took 11.5 per cent of the average family's earnings. Barely a quarter of a century later, the bite was 22.5 per cent. "People were tithing," says John Shannon, of the Advisory Commission on Intergovernmental Relations. "Now they're double-tithing."

Inflation, according to Federal Reserve Governor Henry C. Wallich, is "a form of fraud, perpetrated by everybody on everybody." Unlike other forms of fraud, this is one in which hardly anybody sets out to cheat. We have progressively institutionalized inflation as a national way of life, unpleasant but inevitable, the result of our own indulgence, like acid indigestion and postparty hangovers. The legal experts speak of victimless crimes. What we have here are crimeless victims. Victims we nevertheless remain.

At this point, I hear you cry out: "Ah-ha! You promised to talk about politics rather than economics." To which I respond: "Ah-ha! The two are inseparable."

Economics concerns itself with one of the most fundamental areas of human social interaction, and one of the oldest. It may have begun when someone came up with the bright idea of swapping an animal hide for a stone ax. Today, it pervades every aspect of our lives. It is the chief point of contact between citizens and their governments. It is high on the agenda when the diplomats meet to discuss how they can sweeten the dealings between the nations they represent. Its forces are humming away day and night, endlessly, to influence how comfortably we shall live, how well we shall be able to educate our children, how secure we shall be against the workings of nature and the antagonism of our fellow humans—and, above all, how much freedom we shall have, of which more later.

"Economics and politics are one and the same thing," said Britain's Hugh Dykes, who combined the two as a Member of Parliament and as an investment analyst and a stockbroker in one of London's leading financial houses. (Witty fellow. He described an economist as someone approached by a panhandler who asks for money because he hasn't eaten in three days. Says the economist, whipping out his notebook, "How does that compare with the same period last year?")

The Nobel Committee recognized the pervasiveness of this discipline when it awarded its 1978 prize in economics to your fellow Pittsburgher Herbert A. Simon, a man eminent in many fields—in management, in

Economics concerns itself with one of the most fundamental areas of social interaction, and one of the oldest.