

# Inflation, labor unions, and government regulations poison free market system, NPPC executive charges

DES MOINES, Iowa — A warning to ward off the dangers of two somewhat "subtle" diseases posing a threat to today's livestock producers has come from the National Pork Producers Council.

Orville L. Sweet, NPPC's executive vice president, appearing before members of the Livestock Conservation Institute Wednesday in Kansas City, cited the dual problem of inflation and government regulation as "chronic diseases sapping the strength of the entire livestock industry."

Livestock people, Sweet noted, continue to operate under the impression that "the mythical free enterprise system will assure them of fair treatment at the market place where supply and demand should be the pricing factor."

"However, there are," he said, "subtle forces at work which aggravate obscure diseases such as inflation. They are union leverage and government regulations preventing the real free market from functioning as it was intended."

"All suffer from inflation, but the disorganized, idealistic producer will suffer most because he lacks the leverage others have attained."

"In 1916, the approximate time of the first meeting of the Institute, we had 60 million head of hogs, valued at 500 million dollars and a farm value of \$8 per head,

and 67,438,000 head of cattle valued at two and one half billion dollars with a farm value of \$40 per head. Hogs are now \$45 per cwt. and estimated farm value of \$108 with cattle \$75 per cwt. and an estimated farm value of \$500-\$600. This amounts to only five per cent annual rate of inflation.

"What will hogs and cattle be worth on the market 40 years from now as the Institute reaches its centennial year, assuming that the livestock will still be subject to the cycles to which we have grown accustomed and that supply and demand are still a factor?"

"The predictions," Sweet said, "are difficult because livestock prices have not kept up with parity and rate of inflation of products the producer must buy. During the last 63 years, the producer has had the short end of a stick that gets shorter each year as inflation progresses."

Sweet suggested looking at the projected costs of a number of items 40 years hence, based on what he termed the "conservative" inflation rate of five per cent. A 50 cent loaf of bread will, he said, cost \$5; 85 cent a dozen eggs will be \$7.64; a 49 cent a pound dryer will \$4.40 lb. and a \$1.35 jar of peanut butter will be \$12.13. Still other predictions include an \$85 suit increasing to \$763; a \$30 dress to \$269; a \$14 pair of slacks to \$125 and a \$25 pair of shoes to increase



Orville Sweet

to \$224. He cited still other figures, a house valued at \$35,000 would, in 40 years, cost \$314,000 and a \$235 monthly rent to skyrocket to \$2,400. A compact car costing \$3,175 today would cost \$28,527 and a \$10,000 tractor over \$100,000.

"We will never whip the threat of inflation," Sweet said, "because the federal government has a vested interest in fostering inflation. It's a hidden tax collector. As inflation heats up, workers do likewise and start putting the bite on the boss for a raise they hope will maintain purchasing power. When times are good they usually succeed. However, instead of staying even, the workers always lose ground to inflation because they are pushed into high tax brackets, and the

windfall profits the government gets in the process are enough to make Big Business blush. The windfall is possible because government manages to enjoy an increase in tax receipts without all the messy political bother inherent in having to ask Congress to pass a law raising taxes.

"While an entire generation of Americans is coming of age thinking that inflation is the economic rule rather than the exception, nothing," Sweet continued, "could be further from the truth. It's an aberration that results from imprudent government monetary and fiscal policies. And, if that same government doesn't produce leaders with the courage to do the right things, then we are in real trouble."

"But when inflation actually works for the government as its phantom tax collector, how can government leaders be expected to fight it any harder than what's necessary to stay in office?"

"When you're told that inflation hurts, you're being told the truth," Sweet said. "Its insidious effects are devastating to society. But when you're told that inflation is bad for everyone, you're not being told the truth. Inflation is good for many in the system who have the savvy to use it to their advantage. A government using a progressive income tax system is a good

example—especially when it's run by leaders who discover the advantages of using inflation rather than the legislative process to increase the revenues needed to pay the tab of government.

"It's amazing that this country was founded on the reasonable expectation of its founders to escape unfair taxation. Today however, Americans find themselves squeezed in a vice, caught in the grip between insidious taxation and runaway inflation."

On the topic of regulations, Sweet said that "paradoxically, the regulations we resist so strongly are not always those passed by our elected legislators, but by bureau people hired or appointed. It is now always the laws that impair production and impede progress, but the indiscreet interpretation and implementation of the laws implied meaning through bureaucratic regulations."

Sweet noted that he had recently met with government information people attempting to better communicate with pork producers on the sulfa issue. "These individuals," Sweet said, "faced a dilemma because they were dealing with a scientific subject in a political world of cunning, craftiness, inuendo and conceit. There was confusion over what they wanted to say

and the response they wanted to get from the pork producers. The dilemma resulted from dealing with an idealistic regulation that just doesn't fit into the real world of practical production. And if reason in regulations as they related to livestock production fails to prevail within a short time, meat costs will continue to soar even higher.

"The two factors of inflation and government regulations probably have a greater negative effect on livestock production than all other diseases combined," Sweet said, "and cooperative, organizational efforts provide the only solution for producers to accurately diagnose the problems and prescribe treatment in the same manner in which they have learned to control disease and pestilence in the past."

"Inflation and government controls are," Sweet concluded, "public enemies number one and two and feed on each other. Sadly enough, it may be that the only solution is to starve the regulation machinery through more Proposition 13's. However, it's my belief that people will react before it's too late. There are dedicated people in government service as concerned as we are. Government, with all good intentions, has a real struggle when it comes to being efficiently helpful."

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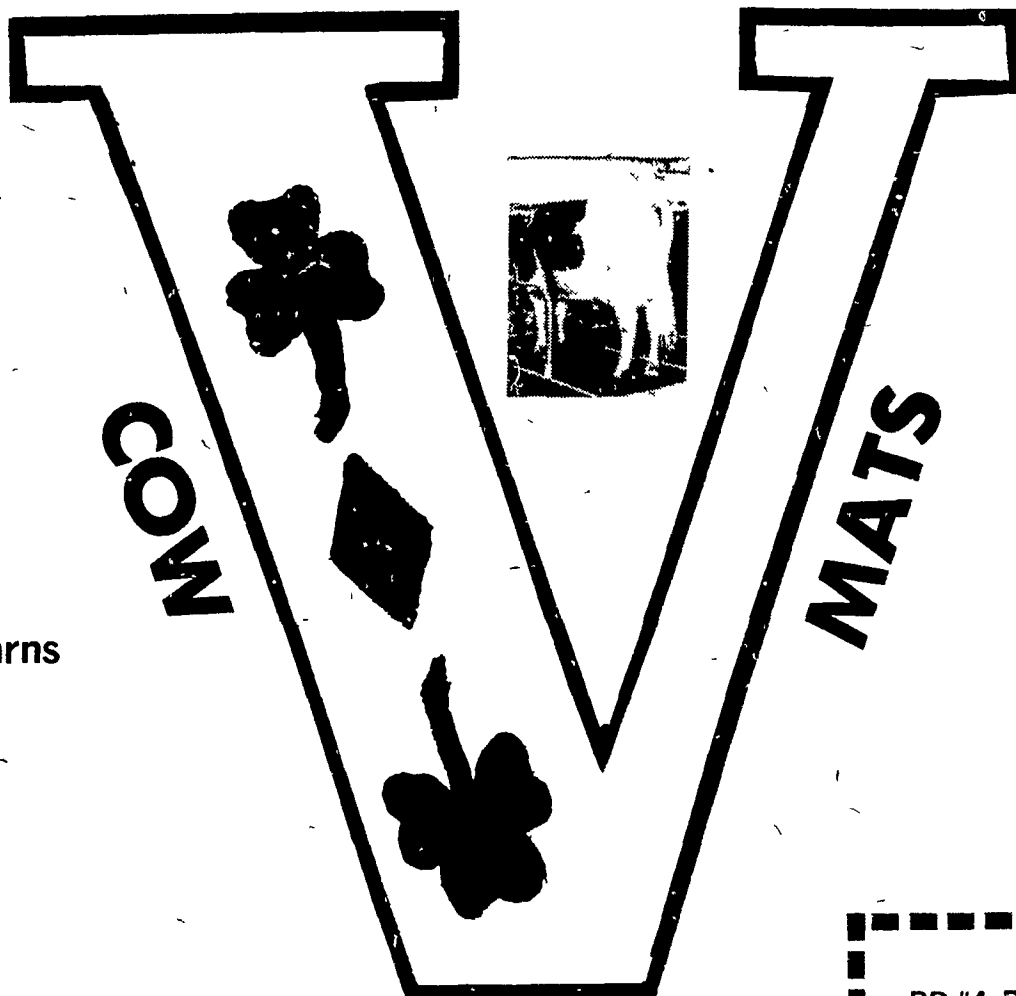
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