

# AMERICAN ASSOCIATION FOR THE ADVANCEMENT OF SCIENCE

*Science* serves its readers as a forum for the presentation and discussion of important issues related to the advancement of science, including the presentation of minority or conflicting points of view, rather than by publishing only material on which a consensus has been reached. Accordingly, all articles published in *Science*—including editorials, news and comment, and book reviews—are signed and reflect the individual views of the authors and not official points of view adopted by the AAAS or the institutions with which the authors are affiliated.

## Editorial Board

1974

ALFRED BROWN	FRANK W. PUTNAM
JAMES F. CROW	MAXINE F. SINGER
SEYMOUR S. KETY	GORDON WOLMAN
FRANK PRESS	

1975

HERBERT S. GUTOWSKY	DONALD LINDSLEY
N. BRUCE HANNAY	RUTH PATRICK
DONALD KENNEDY	RAYMOND H. THOMPSON
DANIEL E. KOSHLAND, JR.	

## Editorial Staff

*Editor:* PHILIP H. ABELSON

*Business Manager:* HANS NUSSBAUM

*Managing Editor:* ROBERT V. ORMES

*Assistant Editors:* ELLEN E. MURPHY, JOHN E. RINGLE

*Assistant to the Editors:* PATRICIA ROWE

*News and Comment:* JOHN WALSH, LUTHER J. CARTER, DEBORAH SHAPLEY, ROBERT GILLETTE, NICOLAS WADE, CONSTANCE HOLDEN, BARBARA J. CULLITON, SCHERRAINE MACK

*Research News:* ALLEN L. HAMMOND, WILLIAM D. METZ, THOMAS H. MAUGH II, JEAN L. MARX, ARTHUR L. ROBINSON, GINA BARI KOLATA, FANNIE GROOM

*Book Reviews:* KATHERINE LIVINGSTON, LYNN MANFIELD, JANET KEGG

*Cover Editor:* GRAYCE FINGER

*Editorial Assistants:* MARGARET ALLEN, ISABELLA BOULDIN, ELEANORE BUTZ, MARY DORFMAN, SYLVIA EBERHART, JUDITH GIVELBER, CORRINE HARRIS, NANCY HARTNAGEL, OLIVER HEATWOLE, CHRISTINE KARLIK, MARGARET LLOYD, ERIC POGGENPOHL, JEAN ROCKWOOD, LEAH RYAN, LOIS SCHMITT, RICHARD SEMIKLOSE, YA LI SWIGART, ELEANOR WARNER

*Guide to Scientific Instruments:* RICHARD SOMMER

*Membership Recruitment:* GWENDOLYN HUDDLE;  
*Subscription Records and Member Records:* ANN RAGLAND

## Advertising Staff

*Director*

EARL J. SCHERAGO

*Production Manager*

MARGARET STERLING

*Advertising Sales Manager:* RICHARD L. CHARLES

*Sales:* NEW YORK, N.Y. 10036: Herbert L. Burkland, 11 W. 42 St. (212-PE-6-1858); SCOTCH PLAINS, N.J. 07076: C. Richard Callis, 12 Unami Lane (201-889-4873); CHICAGO, ILL. 60611: Jack Ryan, Room 2107, 919 N. Michigan Ave. (312-DE-7-4973); BEVERLY HILLS, CALIF. 90211: Winn Nance, 111 N. La Cienega Blvd. (213-657-2772); DORSET, VT. 05251: Fred W. Dieffenbach, Kent Hill Rd. (802-867-5581)

**EDITORIAL CORRESPONDENCE:** 1515 Massachusetts Ave., NW, Washington, D.C. 20005. Phones: (Area code 202) Central Office: 467-4350; Book Reviews: 467-4367; Business Office: 467-4411; Circulation: 467-4417; Guide to Scientific Instruments: 467-4480; News and Comment: 467-4430; Reprints and Permissions: 467-4483; Research News: 467-4321; Reviewing: 467-4440. Cable: Advancesci. Washington. Copies of "Instructions for Contributors" can be obtained from the editorial office. See also page xv, *Science*, 28 June 1974. **ADVERTISING CORRESPONDENCE:** Room 1740, 11 W. 42 St., New York, N.Y. 10036. Phone: 212-PE-6-1858.

## The Wages of Inflation

A large chunk of the savings of many Americans has been taxed away while they weren't looking. Taxing savings through inflation has, in effect, become a part of our public policy. The consequences of this kind of taxation are severe. Everybody knows that individual savings have lost value, but not everybody has been watching while this country has suffered a serious erosion of the vigor of its independent institutions.

During the 1960's the Johnson Administration chose to try to fund a war in Southeast Asia, along with huge domestic programs, without taxing earnings or income enough to pay for them. The government printed money to pay its debt; the economy continued to overheat. Inflation became a "tax" levied upon those who saved.

The next Administration administered more of the same mode of surreptitious taxation. Then came dollar devaluations and, in their wake, American buyers paid higher prices for foreign oil and goods.

While everybody paid part of the bill for continuing deficits, we are just beginning to recognize how much was paid by the endowed institutions of the country. A small college, for example, which had its \$20 million endowment in long-term corporate bonds in 1960 had lost \$10 million in market value by 1970. The trustees of such a college, watching their assets decline and hearing tales of triumph in the great speculative stock market of the late 1960's, might well have moved half or more of the remaining endowment into stocks. If they did so in 1968, and fared no better than other investors, they would have lost half the money they put into stocks. Meanwhile, their operating costs have increased at the rate of about 7 percent a year.

It is not right to remain silent when so much that has been painfully built, so much that is precious to our tradition and our present values, is being eroded by a continuing, unadmitted capital levy. Other independent institutions are being taxed away, slowly it is true, but surely. Does it matter? I think it does.

The strongest argument for independent institutions is that they provide sanctuary, support, and stimulus to independent persons. Some solecists are alone, some saints chose to stand alone, but most men need a community to form a horizontal dimension in their lives. We require the sustenance of ideas shared with contemporaries.

Endowed institutions help provide community. But even in the company of the like-minded, there is a sort of temporal loneliness; although we may have the agreement of contemporaries, most of us require some solace of tradition. Each of us can serve better our special truth if we find a few others enough like us to be relevant, and better still, if we can locate ourselves in time through discovering that we stand in some continuity. Churches, colleges, and libraries provide continuity, and their savings—endowments—provide for continuity.

A community of shared values within diversity and continuity of values over time sustain vigorous individuals and a heterogeneous society. Without institutions to provide community and continuity, few men could stand alone against bullying despots or bullying crowds.

These sanctuaries do not protect themselves. They are very easily lost. Liberty, expressing itself through diverse institutions, dies unless it is in the interest of powerful groups to maintain it. In the 18th century its death was feared most from despotism, a blunt instrument. In the 20th century, in this country, inflation is a more subtle, but deadly, peril. Inflation alters the balance between the government and independent institutions. It transfers money from the latter to the former, and with money goes the power to make a fact out of an opinion. It is a perilous transfer, and it is being made every day by taxation through inflation.—

ROGER G. KENNEDY, *Ford Foundation, 320 East 43 Street, New York 10017*

This editorial is adapted from an article of the same title that appeared in the September 1974 issue of *The Atlantic*. Copyright © 1974, by the Atlantic Monthly Company, Boston, Massachusetts. Reprinted with permission.