

Here ~~is~~ in Larry.
 My old Type writer.
 is a Rusty ~~is~~ /
 The Keyed copies
 for Owen & Don.
 & myself. Perk R.

GENERAL SERVICES ADMINISTRATION
REGION 3
PUBLIC BUILDINGS SERVICE

ESTIMATES

CONTRACT NO.

ALTS

DATE

PROJECT

DESCRIPTION

SHEET NO.

1 OF

ESTIMATOR

RHODES

SUMMARY *ELECTRICAL*

SUMMARY	QUANTITY			LABOR		MATERIAL		TOTAL COST
	NO. UNITS	UNIT MEAS.	PER UNIT	TOTAL	PER UNIT	TOTAL		

74 11

INFLATION AND VALUE, TAPED TALK BY LARRY MILES TO
NATIONAL CAPITOL CHAPTER, SAVE. SEPT 18/74-La Bella Vista.

Near the close of my talk on Value analysis and inflation, I will make 14 specific action suggestions. In the meantime we will discuss the situation. 27 years and eight months ago there was established in Schenectady a group ~~was~~ of techniques and procedures dedicated to the proposition that what people want when they spend their money is some FUNCTION accomplished. A staff is not wanted but the moving of a piece of mail; no one wants shoes, ~~but~~ he wants the feet protected and kept comfortable, You dont want a dress, you want the body shielded, kept warm and of course made attractive. In other words, it is always a function that people want accomplished, when they pay their money for anything. ~~It~~ They exchange their money for use and esthetic functions. These expensive and unique techniques are for the purpose of getting the same or more function for ~~the~~ ^{each} dollar. They are available and well known to Value Engineers. ~~Y~~ USA today is in peril from the opposite drive of the inflation philosophy. It wants to take more dollars for ~~the~~ each function. At this moment is it uncontrolled. It has not met its master, it has not met its counterforce.

At this moment it is destroying values like a consuming fire and as as a fire does it is increasing every second. Savings, life insurance. pensions are going faster each week. ~~What~~ ^{Well} is VA-VE its countermeasure?? What is it doing, if inflation it to take more dollars for every function, VA VE is to provide the same or more function for every dollar, direct antagonist. His~~to~~ry shows that when a destructive force is great enough, either countermeasures develop or disaster results. Is inflation strong enough - will the antagonist - value engineering come forth and help to stop it ? I hope so. First let us use our own system the information gathering step as the job plan and ask- What really is inflation ? Its each one getting money without earning it. I was in the hardware store, the item was priced \$1.10, the salesman said 'No it isnt \$1.10 now its a \$1.25. I was in a department store, three clerks were busy marking up prices on merchandise. Taking money without earning it. It is as tho each had hands in another's pockets. Inflation does mean that somebody's hands are in our pockets. We have worked for our values and expect to use them but they are going. Each person has seemingly developed two attitudes, One- I'll let ~~my~~ other hands in my pockets, I'll let them have some of my money without fighting.- Two, while I'm basically honest , basically against getting the dollars of others without earning it- stealing, others are doing it so I'll adjust my conscience and I will take some from others; I'll call it catching-up. So we see that all inflation is created under the name of catching up. When our tax assessor comes around as we have to catch up on values, Is he catching-up? He is creating inflation

Larry Miles-Value and Inflation. ((2))

Every bit of catching-up is creating inflation. People seem to feel that catching up, even tho they are taking what is not theirs is not feeding the fires of inflation, It is just as tho we go out to the parking lot and finding our spare tire is gone, because somebody wanted one, or say our battery is gone, well we just plan to take one from somebody else when the opportunity permits, and our conscience is not bothered, we have come to expect this, we just take from others. Thats what inflation really is.

The problem is that the rate accelerates just as the fire spreads and the taking becomes the rule not the exception. As it becomes easier to take from the neighbors without working, productivity falls, shortages show up everywhere, you are seeing in the papers where sharp reductions in productivity are coming, ~~times~~ ^{scarcities} are showing up, ~~in~~ businesses are failing,. But lets go back a bit to what we read in the papers. Isnt inflation caused by an excess of money supply? by deficit spending, and wont it stop when the excess is ended? The answer is positively, it will NOT stop. It has now become a situation of psychology, it is a people problem. Drying up the money will create a depression, a severe enough depression will stop inflation as it bankrupts hundreds of thousands of business. Drying up the money itself will not stop it. Its like the electric started on our car, we turn on the ^{elec} ~~electricity~~ to start the engine and then we turn it off, but that does not stop the engine. The engine is fuelled not from the gasoline tank and the engine continues to run . Inflation, now that it is started is fuelled by other than what started it initially. What do our knowlegeable leaders say and believe, Morrison in the Wall St Journal said recently , "This inflation is not caused by money supply money is tight, people wont have the guts to stop it till they have suffered a monetary Pearl Harbor," I was talking with a banker the other day - Not my son - he said we needed some money yesterday and we went to the government to get it and we paid 15 $\frac{1}{2}$ % interest. Is money tight? A leading economist recently- in like it. The Wall St. Journal said " The people dont, the people are causing it , they'll get what's coming to them." Now ~~it~~ all of this shows us that it is a people problem at the present time. Some respected person has said, "without leadership the people perish". An history is showing that over and over. What about the saying we are hearing- "Oh it will taper off, it will taper off in about three months ." Dont you believe it. A fire doesnt taper off till destruction is complete , inflation must be stopped by

a counterforce if we expect to have values left. Each person who feeds inflation by catching-up causes more than their number to feel that they should catch-up, thus we have a growing, expanding, exploding reaction system which is the type of thing which ignites the atomic bomb, and it causes it always to keep growing. Lets take history and compare it to ~~xxxxxx~~ ourselves. ~~xxx~~ Again from the Wall St Journal, costs in Germany in 1914 ^{costs} are used as a base, by 1919 ~~costs~~ were up about 700% in 5 years, in 1920- just one year later they were up 14 times. slightly less than double in one year, by 1921 they were up 35 times, more that double. This ~~is~~ ¹⁹²² ~~is~~ ^{is} the way inflation goes, by 1923 they were up 15 hundred times, by 1923 they were up over a billion times and there was total collapse.

Another experience comes from Japan. This is from the book the Pacific . In 1947 ^{flation had} risen 3 to 6 times, McArthur brought over Joe Dodge president of the Bank of Detroit, He drastically cut down the money supply, he cut down the credit supply he started deflation bankruptcies skyrocketed inflation abated, . So to analyse it, what stops inflation?? A deflation ^{OR DEPRESSION} can stop it, which means disaster, hundreds of thousands loosing jobs tens of thousands of businesses going bankrupt. Prices falling to a factor of 1/10 present rates, in many cases. A hard law will stop it, OR in my belief people action can stop it. I have seen people who are becoming enthusiastic about our value analysis techniques. and attack a ~~problem~~ problem that was considered unsolvable ~~and could not be solved~~ I have seen them solve that problem and persuade others ^{to} join with them, and I believe that the problem can be solved by people action. The value analysis system can stop it by people action.

t us think about how millions of ^{ARE} hard working frugal people like us ^{ARE} conditioned to feel right about the mass rip off of our fellow workers. We are honest folks, we believe in something for something, .How are we conditioned to feel that its right, to allow other hands in their pockets without a fight. Most of us believe that ^{if} we work for something, save for something, ^{SAVE} money to buy functions with, that its ours. Still now people are not fighting, how are they conditioned to allow these hands in their pockets without making a fuss. A self-destruct type of communication which fills the ~~papers~~ papers causes it. Some of it is innocently placed and other times it is intentional, conditioning. Here are some examples from the daily headlines & you will see a few every day. They are ^{insidious} insidious, they are thought destroying. Bread may

be or may go to one dollar a loaf."-" food prices will go up another 16%" from the postal service "first class postage up to 12¢ AND MORE IN SIGHT SOON" so we are being told "we are going to take even more of your money for the functions we perform and we just want to condition you now so you won't fight when we are ready to do it. Hospitals - did you read that "Hospitals may cost \$1000. per day;" who puts all these things in, ~~and~~ ^{Half} ~~of~~ of them are intended to condition us so we won't object to giving up more of our money for the same functions. Incidentally a fraternity brother of mine had been collecting charitable donations for a hospital. About a year ago he was happy, recently I asked about his work, he said he had quit his job in disgust." Well last year that hospital had a clear profit of over one million dollars. I couldn't look myself in the face to go out and ask for charity". All of these things say; "give up more of your earnings for the same functions and services without resistance ". 'Let other hands into your pockets without objection, let your neighbor take your spare tire or your battery, he is just catching-up, someone has taken his.' That's what these quotations say. What are some things we can do? First let's start an enormous function ^{definition} and evaluation activity. Fund large studies in research organizations and government activities. Describe all functions and attach their dollar value; Make sure that all purchases of goods and services are purchases of function. Work towards the day when a quality function and sound appropriate dollar costs will become the available basis for ending future economic disaster. It well could and should become a crime to destroy the value of the American dollar. Take money away from people to whom it belongs by charging more than the function value of the item. The same as by our standards this could be considered stealing. The system is so sound that it could become ~~the~~ a basis for international stabilization. and bring a undreamed of benefits to the world struggling for better answers to the problem of periodic economic crisis. @.2. nd Plan a real program including among other things the suggestions listed below; Since it is a people problem it will not be solved by a few scattered people. but ^{IT} will respond to massive action in wide areas of the country. People feel like suckers, that they are the only ones not catching-up. But with the consideration of the other millions of people feeling as they do they will return to the idea of the something for something ethic. and resist individual

actions which take their profits. **Three** Inform and enlist the help of others in the movement, provide useful communication ^{to} groups in management, manufacturing and purchasing engineering and consumer services, retired persons, economists. These people are also suckers, **4** purchasing people nowadays who buy important equipment dont have any idea what it is actually going to cost, and whether or not they can liquidate its cost in the project at hand. **5** Set out communications to help every SAVE member make presentations to all service clubs, Chambers of Commerce, civic groups, social groups, church groups, political groups, and look for support in the media. **Six**, generate and get into the press a thousand statements that are the ^{exact} opposite of the attitudes generously leaked today. They can be emotional, they can with our present attitudes, sound ridiculous; create credibility by including some economically accepted statements of the present time. Examples might read as follows. "New techniques will bring new homes at \$10.00 per square foot." "One hundred dollar refrigerators are forecast for the near future". Fill the papers with this kind of information. "Hospital costs have passed the Zenith and will drop about 10% a year for the next 5 years". "New techniques of design and distribution will send the cost of clothing down to about 1/2." As new equipment is installed and efficiency grows the cost of **POWER** is expected to decrease dramatically during the next five years. On and on and on, statements which if this program were successfully done, would come true. Dont anyone believe it cant happen. **7** Only in an inflationary cycle does everyone become conditioned to believe things must go up, and up. If a depression is required to stop it, prices will come down so fast and so far that it will seem as if there is no bottom. **8** **Seven**, openly fight against lowering of productivity, as a human duty, [&] as a patriotic duty. **9** **Eight**, Recognize higher prices without more ^{of} better function for what they are, dollar destroyers. destroyers of our democratic way of frugal living. **10** **Nine** Start right at the kick off base and criticize every rip-off. **11** **Ten** In all areas promote the stance "I will not pay more today than I did yesterday for this item"!! Ill go without it or I will buy less. **12** **11** In all areas also promote the stance "I will not charge more today than I did yesterday" **12** **Twelve** All chapters of the SAVE, have their own creativity and ^{can} pick their own ^{ETHICAL} decent actions. **13** **13** Thoroughly inform our law makers and enlist their

((6))

active support in ending this violent destruction of our substance without resorting to a devastating depression. (14) Inform and enlist the support of fellow value analysts and engineers in other countries so that we can benefit them and they can benefit us. In conclusion our inflation plague has already completed its stages of creeping, walking and running, its rate of increase is normal and it is accelerating monthly. It is used to destroy the value of our national economy and our lives, it will do it very soon. Its weapon is more dollars for the same function. Every procedure, every technique in the enormously effective system is directly on target; the same or more function for each dollar. Now is the time to use it. I would be now happy to entertain, some questions or comments.

((the background noise distorted the questions rather severely, making interpretation very difficult- some of them sounded good - sorry to have to miss them)) Ed. trans.

Marjorie

L. D. MILES
SEDFIELD R 5 B 840
EASTON, MD. 21601

Society of American Value Engineers
Washington DC Chapter

Sept. 18, 1974
Larry Miles

Near the close of my Discussion of V&E Inf.
27 years 8 months ago *I will make up suggested actions*

Dedicated to the proposition
What all people want - When they spend money
IS SOME FUNCTION ACCOMPLISHED

A stamp
Shoes
Dress
Golf Clubs
Gasoline
Ear Rings

EXCHANGE THEIR MONEY FOR USE AND AESTHETIC FUNCTIONS

Extensive and unique technique for
GETTING THE SAME, OR MORE FUNCTION FOR EACH DOLLAR

Are AVAILABLE

USA IS IN PERIL TODAY from an exactly opposite drive
INFLATION - TAKE MORE DOLLARS FOR EACH FUNCTION

At this moment, it is uncontrolled. It has not met its master, its
counter-force.

At this moment it is destroying values like a consuming fire, and
increasing every second

Savings, Life Insurance, Pensions are going - faster and faster each week.

Where is VAVE, its counter measure.

Inflation is TAKE MORE DOLLARS FOR EVERY FUNCTION

VAVE IS THE SAME OR MORE FUNCTION FOR EVERY DOLLAR

History shows that when a destructive force is great enough - counter-
measures come forth or disaster results.

Will the antagonist of INFLATION, VALUE ENGINEERING, come forth to stop it?
help

I hope so.

FIRST STEP IN VA JOB PLAN IS GATHERING INFORMATION -
WHAT IS INFLATION - REALLY?

1. Each getting money without earning it.
2. Each has hand in others pocket.
3. Each has developed 2 attitudes:
 - a. I'll let other hands take some \$ from my pocket.
 - b. While I'm basically against taking, ie getting the \$ of others without earning them - stealing -, others are doing it so I'll adjust my conscience and take some without earning it to "CATCH-UP"
4. ALL "TAKING" is called by, and felt by each person and group as "CATCHING-UP". ALL ACTS OF \$ DESTRUCTION ARE CALLED "CATCHING-UP".
5. Like taking a spare tire.
6. The rate accelerates, as a fire spreads - and the TAKING becomes the rule, not the exception.
7. As it becomes easier to TAKE from the neighbors without working, PRODUCTIVITY FALLS - Shortages show up everywhere.
Tractor Story
PAPER HEADLINE. JOBS ARE LOST BUSINESSERS FAIL

But - ISNT INFLATION CAUSED BY AN EXCESS OF MONEY SUPPLY, and
WONT IT STOP WHEN THE EXCESS IS ENDED?

The answer is NO. It has now become a psychology situation. Its a PEOPLE
problem

What about the thought we often read, "It will taper off"?

inflation
DONT YOU BELIEVE IT. A fire doesnt stop untill destruction is complete. It must be stopped by a counter-force, if value is to remain.

EACH PERSON OR GROUP feeding inflation by "CATCHINGUP" causes more than their number to feel they should "Catch Up". Hence, an expanding, growing, exploding reaction.

Lets take history, and compare it to ourselves

Costs in Germany, 1914 as a base
 By 1919 - up 8 times up 700% in 5 years
 1920 14 slightly less than doubled
 21 35 more than doubled
 22 1500 up 40 times
 23 over a billion and total collapse

Costs in Japan in 1947 had risen 3 to 6 times. Disaster threatened. McArthur brought over Joseph Dodge, Pres. Bank of Detroit. He drastically cut down the money and credit supply. Severe depression started. Bankruptcies skyrocketed. Inflation abated.

Other examples abound. INFLATION DOES NOT END, IT HAS TO BE STOPPED

How is it stopped

Depression
 Hard Law
 People action

The Value Analysis System would stop it by PEOPLE ACTION

How are the millions of people - hard working frugal people, conditioned to "Feel Right" about MASS RIPOFF from their fellow people?

How are they conditioned to allow, others hands in their pockets, without a fight?

A Self Destruct type of communication which fills the papers causes it. Sometimes its innocently placed, other times its intentional conditioning.

Here are some examples; - headlines from daily reading:

Bread may be \$1.00 a loaf
 Food prices will go up another 16%
 From the postal service "-- UP FROM 8 to 10¢ AND MORE COMING"
 Hospitals may cost \$1000 per day.

All say "GIVE UP MORE OF YOUR EARNINGS FOR THE SAME FUNCTIONS WITHOUT RESISTANCE."

Let other hands into your pocket to get some of your money. Expect your neighbor to take your spare tire, or your battery, he's just Catching Up, someone has taken his.

So, What are some things we can do?

1. Start an enormous function definition and evaluation activity. Fund large studies in Research Organizations and in Government groups. Describe all functions and attach their dollar value. Recognize that all purchases of goods and services are purchases of functions. Work toward the day when a quality function and sound appropriate dollar cost will become a viable basis for ending future economic disaster.

It well could, (and should) become a crime to destroy the value of American dollars, by charging more than the function value, the same as by arson, or by stealing at gunpoint.

The system is so sound that it could become the basis of international stabilization, and bring un-dreamed-of benefits to a world struggling for better answers, to the problem of periodic economic crises.

2. Plan a real program, including among other things the suggestions here listed. Kick it off in all SAVE Chapter cities simultaneously. Since it is a people problem, it will not be solved by a few scattered people, but will respond to massive actions, in wide areas of the country. People feel like suckers, if they are the only ones "Not Catching Up", but with the consideration of "Other Millions of people Doing as they Do, will return to the "Something for Something" Ethic, and resist individual actions that take away their property.
3. Inform and enlist the help of others in the movement. Provide useful communications to them. Groups in: Management, Manufacturing, Purchasing, Engineering, Consumer Services, Retired Persons, Economists etc.
4. Get out communications to help every SAVE member to make presentations to Lyons clubs, Rotary Clubs, chambers of Commerce Civic groups, Social groups, Church groups, Political groups.
5. Grow Support in the Media.
6. Generate and get into the press thruout the country, 1000 statements which are the exact opposite of the "Attitude Generators" we read today. They can be emotional, they can, with our present attitude, sound ridiculous. Create credibility by including some economically sound statements. Examples might read as follows:

NEW TECHNIQUES WILL BRING NEW HOMES AT \$10. PER SQ FT
 \$100. REFRIGERATORS ARE FORCAST IN THE FUTURE AGAIN
 HOSPITAL COSTS HAVE PASSED THE ZENITH AND WILL DROP ABOUT 10%
 PER YEAR FOR THE NEXT 5 YEARS

NEW TECHNIQUES OF MANUFACTURE, DESIGN AND DISTRIBUTION WILL BRING
 THE COST OF CLOTHING DOWN TO HALF

AS NEW EQUIPMENT IS INSTALLED, AND EFFICIENCY GROWS, THE COST OF
 POSTAGE IS EXPECTED TO DECREASE DRAMATICALLY DURING THE NEXT 5 YEARS

-- And dont anyone believe it wont happen! Only in an Inflation fling does everyone become conditioned to believe all is goin up - always! If a depression is required to stop it, prices will come down so fast and so far, it will seem that there is no BOTTOM.

7. Openly fight against lowering of productivity:
As a human duty
As a patriotic duty
8. Recognize higher prices without more function, for what they are -
DOLLAR DESTROYERS - DESTROYERS OF OUR DEMOCRATIC WAY OF PRUDENT LIVING.
9. Start right at the "Kick-off" and criticize every rip-off.
10. In all areas, promote the stance, "I will not pay more today than yesterday." "I'll go without it, or I'll buy less"
11. In all areas, promote the stance, "I won't charge more today than I did yesterday."
12. All chapters of the Society of American Value Engineers have their own creativity, pick their own additional actions.
13. Thoroughly inform our law-makers, enlist their active help in ending violent destruction of our substance without a devastating depression.
14. Inform and enlist the support of fellow Value Analysts and Engineers in other countries, so that we can benefit them, and they can benefit us

IN CONCLUSION

Our inflation has already completed the beginning stages of "Creeping - Walking and running". Its rate of increase is accelerating monthly. It is fuesed to destroy the values in our national economy and lives, and to do it very soon.

Its weapon is "More dollars for the same function".

Every proceedure and technique in the enormously effective system of VA/VE is directly on target of "The Same or More function for each Dollar'

Now is the time to use it!