

TABLE 13.—*Some impacts of inflation*

	Possible beneficiaries	Possible sufferers
Consumers.....		X.
Employees:		
Fixed earnings (e.g., Government workers)		X.
Negotiated earnings.....	X	
Retired workers.....		X.
Business:		
Capital-intensive industries.....		X.
Labor-intensive industries.....	X	
Government:		
Treasury.....	X	
Procurement agencies.....		X.
Investors:		
Bonds, life insurance, and other fixed-value investments		X.
Stocks, land, and other fluctuating-value investments.....	X	

The same ambivalence may exist in the Government, where Treasury officials see tax receipts rise with price level expansion, while procurement officers find the purchasing power of their appropriated funds diminished.

Similarly, the impact of inflation on business firms is subject to a very wide variance, both among and within individual companies. For example, the marketing departments of insurance companies may be quite concerned with the adverse effects of inflation on potential buyers of insurance; however, the investment departments may find distinct benefit via higher returns on their investments and a greater spread between the resulting income and the proceeds required to meet the commitments of policyholders. Capital-intensive industries might tend to experience real capital losses, to the extent that depreciation allowances computed at historical costs do not adequately finance replacement at substantially higher price levels. More labor-intensive industries would be in a more favorable position especially to the extent they could pass on labor cost increases in relatively price-inelastic product markets.

ENCOURAGING MANPOWER TRAINING

As mentioned earlier, it has been suggested that unemployment might be further reduced, without generating substantial inflationary pressures, through programs of manpower training and retraining. Again, there is no single simple way of insuring that the requisite labor force will be trained in the proper skills at the needed time. However, there is a wide array of public policies that could encourage such training. As shown in table 14, these involve varying degrees of public sector and private sector participation.

TABLE 14.—*Methods of encouraging additional manpower training*

Governmental operation of training facilities:

1. Direct Federal operation of training facilities, including military training facilities.
2. Grants to States and local governments for their training programs.

Incentives to the private sector:

3. Expenditure subsidies for private industry training programs.
4. Tax incentives for private industry training programs.
5. Federal assistance to schools and other nonprofit institutions for specialized training.
6. Changes in regulatory programs (e.g., minimum wage legislation) to encourage on-the-job training.