

The Joy of Wasting Money

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IT WAS stated by Walter W. Heller, Chairman of the Council of Economic Advisers, that unemployment would rise to 7 per cent by 1964 if the tax cut proposed by the President was not forthcoming. The Secretary of Labor expressed this tax cut as the "release" of ten billion dollars in purchasing power so that goods would continue to be bought and unemployment would not increase.

Purchasing power, however, is not a side of beef waiting to be released from a hook in the butcher shop, so that the public can consume it. If the government spends as much as before, it must receive as much as before, and when government expenditures exceed acknowledged taxation the difference must be made up in the unacknowledged tax inflation, which appropriates wealth more or less in proportion to one's current assets. The idea must therefore be for the government to seize purchasing power, through inflation, from the well-to-do, who are not using all theirs, and, through slight tax reduction, leave a little more to those with low and moderate incomes than it takes away by the same inflation. By printing bonds and forcing banks to buy and use them as a basis for extending credit, the government creates "printing press money," as there are no additional goods in the market place to back up this money.

The reason for this is that the cost of goods, and therefore the selling price of goods, is made up of the money paid out in their production. Unless all the money paid out is used to purchase this production all the goods cannot be sold, and unemployment will follow.

As the concentration of income in the hands of a few is fantastic, and

will not be spent for consumer goods or charity, nor can it always be invested to advantage, it is apparent that we shall have periodic depressions. The Ford Foundation alone has 100 men working five days a week, trying to spend constructively half a million dollars a day. Even with the best of intentions and considerable effort, the whole idea of receiving and disposing of vast sums of unearned income is unwholesome and unworkable, as is further apparent in the endless stream of nonsensical government projects, such as a study of "Prehispanic Settlement Patterns of Teotihuacan" and the sex life of male rats.

If we try to compensate for idle private funds by government spending, the procedure must continue until money has been inflated into worthlessness, or government debt is simply cancelled. A depression continues until land owners can no longer sell or lease their land at inflated prices or rentals, and thus land is offered at its true rental value, whereupon people can again use land—both urban and rural—for any type of business, or for residence. This, combined with a great reduction in unearned income, so that it will all be spent on consumer goods and charity, or can again be invested to advantage, restores employment.

If we do not wish these periodic depressions we must assess the full annual ground rent for the following reason: by eliminating the principal source of unearned income, the rent of land (through public collection), we should greatly reduce the enormous supply of funds concentrated in relatively few hands. This would result in great fluctuations in their use and thus would help to stabilize the economy.