

Inflation: Will It Bury Us?

OUR economy is supersaturated with non-wealth values—values from obligation, not production. To try to wring out the water in this super-saturation forcibly would be regressive. To disguise it with inflation, simply defined as too much purchasing media, systematically robs the people via legalized coercion, writes **W. E. Pereira** of Los Angeles.

To absorb it via the massive sponge of production and importation of goods, while preventing more non-wealth values from being created, would be the soundest adjustment to make. Our trade (since currently it is being violated by the balance of payments problem) ought to be commodity for commodity until a time when foreign buyers will want our goods in exchange for their currency, instead of draining our gold.

Since the most massive non-wealth values are government-created, examples must be demanded of, and established at, government levels. Non-wealth values in private-sector financial systems must be controlled by that system until the absorbing power of massive goods-and-services availability assimilates the excess non-wealth values. Only then can values based on production (wealth) instead of values based on obligations (non-wealth) be the foundation for future building.

This can occur only in an economy which will penalize those who prosper while not producing or not at least partially contributing to the process. By changes in the tax laws these types can be shifted to the production scene.

The pull of political expediency and the power of vested non-producing privileged groups *must* be overcome at all levels of our economy. A natural source of tax revenue for the government ought to be derived from sources interfering least with production proc-

esses, and invading areas interfering with the processes to a minimum degree, if at all. Such a structure would prove to be a wholesome shrinking technique for reducing the Gargantuan government forces.

Unless the proper tax principle is discovered and acted on soon our bloated, inflated, quasi-prosperity will suffer its deserved demise.

The only effective way to combat inflation is to go to the source of inflation, wrote **Woodrow W. Williams** in a letter published in the *Dayton Daily News*. Our whole economic system is necessarily based on land. This is where all production, of goods (wealth) or services must start. And this is where inflation starts. . .

"Our tax system favors inflation of land values, because it is kind to land speculators. Almost all our taxes are income-like taxes—that is, they tax producers as they produce, even to the extent of taxing the more able producers at a higher rate. But the non-producing, hold-out speculator is not taxed until he sells—then gets away with low capital gains treatment.

"Local taxing authorities could immediately strike a blow at inflation by scrutinizing and correcting assessing of land according to its potential value, thus puncturing inflated land prices, and relieving other property of the burden it carries to make up for the gift to speculators.

"The federal government could help by conditioning grants and/or matching funds upon local government making reforms in assessment practices.

"The state government could do the same thing—or even eliminate state aid to any unit which has any land assessed at less than 50 percent of a fair market value. And this would include plenty of holdings."