

# The New Economics

(From the New Jersey HGS Gargoyle)

IT IS absurd to assume that an economy can be helped by raising taxes at one time and lowering them at another. The excuse for raising taxes is to siphon off excess income so as to prevent rising prices. Actually the rising prices are caused today primarily by the increase of our so-called paper money. Through the medium of the Federal Reserve System billions of dollars of credit (paper money) has been poured into the economy at an increasing rate. It was only toward the latter part of last year and during the early part of this year that the Federal Reserve Board awoke to the danger of too much paper money and started to restrain the amount it issued.

The consequence was a slowing down of certain businesses, as building, at first, and now autos and steel. Since our economy has been built up on credit with almost everyone in debt, when restrictions are placed on credit something has to give, and that is production.

No one, of course, knows what will happen this year. Our nation is in the position of a man who is sick and has been sustained by one narcotic after another. Whenever it is decided to slow down the use of the narcotics, naturally he feels the effect of withdrawal and the doctor is up against the problem of whether to administer another shot or let the patient go through the necessary withdrawal pains.

Our economic doctors don't know what to do and with the division existing among them, it is quite certain that politics will determine what will be done. If the politicians feel it wise to raise taxes a little this year and then reduce them next (election) year, they will do that. If they sense disfavor they may not. Most people will sit tight to see which way the wind blows.

You can be sure of one thing. No fundamental economic reform will be attempted, such as taxing land values.

— OSCAR B. JOHANNSEN

## Foxhall A. Parker

When Judge Fuchs came to the international conference of the Henry George School in 1964 he was accompanied by Foxhall A. Parker, a friend who lived in Weimar, Texas. Mr. Parker, we hear with sadness, died suddenly of a heart ailment in late May. He has been a loyal reader of and contributor to HGN through many years.

We recall his comments now and then in small conference groups about what he called the "gold standard fetish." He tried hard to lead others through the maze of money history as he had come to understand it after long study.

It was perhaps significantly prophetic that in February, 1965, he wrote, "the U.S. will soon remove the 25 percent gold reserves from behind the Federal Reserve notes and the silver certificates are being replaced by Federal Reserve notes. Rest assured that the time will come in the not too distant future when gold will also be removed from behind the settlement of trade balances between nations, as a matter of necessity. Nations will be told, as have our citizens, that the Federal Reserve notes are backed by U.S. government bonds and are just as good as gold, and if they want to trade with us they will have to accept them (and they will be good for a while). Therefore it is plain that the advocates of "sound money" are really not opposed to paper money, they are just opposed to any that does not pay interest to the monetary interests."

Mr. Parker's letters will be missed.