Writes About It, Too

Lawyer Has Theory on Inflation

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A THING that began as curiosity and turned into something of a crusading Odyssey finally led to the creation of an economic theory and turned a corporation lawyer into an author.

Ronald H. Marcks, who moved out of a Boston law firm two years ago and into a top spot in the Norton Co. legal department, began wondering about inflation in the middle 1960s.

He wondered how a growing economy could be fueled by an expanding money supply without adverse side effects like runaway inflation. Corporate law is largely involved with finance, so the curiosity came naturally, Marcks said.

"I sort of worked my way backward through economic theory," he said. The end result was a book called "Dying of Money" that compares the inflationary period in Germany in the early 1920s to inflation in this country during the past few years.

The book isn't on any best seller list, but has sold about 2,000 copies and paid back the cost of having it printed after more than 20 publishers showed no interest in the work. It was written under a pen name, Jens O. Parsson.

Marcks says his economic theory combines conservative and liberal approaches to controlling the economy in a novel fashion. Among other steps, he would limit the growth of the nation's money supply to control inflation and would

Ronald H. Marcks

substitute a system of guaranteed employment or cash grants for welfare and unemployment compensation as a means of keeping the economy active.

Marcks says inflation rates closely parallel the growth of money supply. When governments increase the rate of growth of the money supply to stimulate economic activity, inflation is sure to follow.

Inflation is a tax that diverts value from holders of capital and hands it over to buyers, he believes. By creating inflation, governments "pilfer values from people's pockets without their realizing it," Marcks says.

Continuing to use the money supply as a way of heating up or cooling down the economy can only lead to bigger boom and bust periods, Marcks says.

To avoid this, economic analysts must realize that inflation is a most dangerous phenomenon. Inflation can be controlled by pegging the growth of the money supply at the present five per cent level, he says.

In addition, to keep the economy active, other steps should be taken. With inflation under control, a tax on capital could replace the unnamed inflation tax and a system of guaranteed employment or cash grants could replace current "transfer" programs like welfare and unemployment compensation.

Jobs that are going begging could become attractive at salaries companies could afford to pay with a government income supplement program, Marcks says. But he is firm on one point: that current subsidies for people and industries should be scrapped, that new programs cannot just be added to existing ones.

He expects an inevitable reaction from most on these points but he says they make sense. On the conservative side, coupled with a stable inflation rate and the other parts of his plan, he would stop inflationary deficit spending, run the country on a balanced budget and improve business profit potential.

"The net effect of all the expert opinions," Marcks says, "is to make it seem to understand what is wrong with the economy. I claim I can understand what is wrong and as a test, predict what the economy is going to do." He says the current recovery from recession will be much shorter than most are predicting.

Marcks said the book he wrote has been reviewed in four or five daily newspapers. The best results, however, came from a review of the book in the Library Journal. Many libraries have ordered the book since that review, he says.

But, he says he has not yet been able to interest any national publications in the book. "The effect of not reviewing the book is to suppress it. That worries me."

More than anything, Marcks says, he wants to "open the debate" on his theories.

To date, he hasn't been able to do that on any wide scale.