

## Shedding Light on the Inflation Scene

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THE British (and a large part of the world) population have become accustomed to awakening each morning to read in their newspapers about the latest batch of price increases and the trend in annual inflation.

Literature upon the phenomenon of inflation abounds, much of it highly specialised and largely incomprehensible to the layman. The subject has become highly complex and "the man in the street" may be forgiven for calling it a day and leaving it all to the "experts" to sort out.

Now, an admirably slim new volume from Pelican\* sets out to explain the various theories of inflation and proposed remedies. Dr. Trevithick tackles the classical theories of wages and (un)employment and the quantity theory of money; Keynes's treatment of effective demand, fiscal policy as a tool for demand management, trades unions and the downward rigidity of real wages; the Phillips curve and Friedman's repudiation of it.

The author succinctly outlines the differences (and agreements) between the monetarists and the Keynesians, and then examines the position of the out-on-a-limb cost-push theorists. (The latter school finds great support among politicians, of course, but considerably less among economists). Incredibly, in such a small book, he also considers inflation's effects upon international trade and rates of exchange.

Though the book is intended to be objective and is largely successful in this it is, like most economic works today, written on the assumption that the economy generally, and demand in particular, should be "managed." It does not recognise the alternative proposition that in a free economy (if that is what we are after) the government should desist from tinkering with the means of exchange and allow the money supply to stabilise. Painful experience has taught us that, contrary to the implications of the Phillips

curve, the answer to unemployment does not lie in "controlled inflation."

Dr. Trevithick's own proposed remedy for inflation—monetary restraint backed by an incomes policy—is today remarkable only for its orthodoxy, but in writing his book, he has made a contribution towards the clarification of the state of play between the various opposing factions.

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## Letter to the Editor

### DISEASE OF CIVILISATION

SIR, — Fred Harrison in his "Land Rights Fraud in Peru", in your March-April issue had: "the Indian population was severely decimated by European diseases."

Would they have been decimated if they had been permitted to keep what they earned as had been their custom before the arrival of the Spaniards?

The natives of Africa referred to the fencing in of land as "the white man's disease." Harrison only helped to spread a "big lie."

Many people will die from a disease to which they are not immune; but others will live and pass on the immunity. Examples can be taken from the insect world—when DDT was distributed insects that touched died almost immediately. Today, many of them are not even affected by it and their population growth continues.

The population in Hawaii was decimated by disease too; but read Michener's *Hawaii* and see how they were really destroyed: they

### ANOTHER WAY?

**TAKING a man off his land has never been put forward by us as a proposal . . . can you have some other way of registering the fact that you can only hold the land in trust? But that takes you into a political problem —Anthony Wedgwood Benn, in a recent article in the New Internationalist.**

### WASTED ACRES

AT the last count, there were 270,000 acres of wasteland and scrub near, or within, urban areas, with a further 100,000 acres lying derelict, including 20,000 held by British Rail.

—The Guardian, April 14

had no place to live. See pages 260-261 Fawcett Crest paperback. Also pages 344-345. Page 400 has: "In former days we followed our own gods, and our valleys were filled with people. We have tried following yours, and our islands are sunk in despair." Michener: "they sold the islands for a book."

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### THE SIMES COMMITTEE RESURRECTED AGAIN

MANY comments have been made on the findings of the Layfield Committee of Enquiry into Local Government Finance though very little has been said about its rejection of site-value rating as an alternative to the present system.

Philip Bean, writing in the April issue of *Rating and Valuation*, recognises that the two main contenders to replace the existing rating system have been site-value rating and a local income tax. Unfortunately Mr. Bean follows the precedents set by many other writers whenever SVR comes under consideration by dismissing the proposal in just two sentences:

"So far as the former (SVR) is concerned, a number of government committees have considered the proposal in the past. On each occasion it has been rejected as on the last occasion by the Erskine Simes Committee in 1952."

This cavalier treatment of a serious proposal to reform rating persists in spite of the fact that its supporters have carefully answered all objections raised by the various committees. (*The United Committee's reply to Layfield is available from LAND & LIBERTY, price 10p plus 6½p postage.*)

\*Inflation, a Guide to the Crisis in Economics, J. A. Trevithick, 127pp., 70p.