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COMMENT INFLATION

Inflation is a topic on which there are numerous viewpoints and disagreements - not only amongst economists and the public, but amongst Georgists too. The views of these latter range from regarding it as strictly a monetary phenomenon to a condition arising from land speculation, with many shades in between.

Inflation obviously has something to do with money; and the classical statement of inflation as "too much money chasing too few goods" may become true when we have to carry bushels of money; but as of now, I see plenty of goods and their purveyors all want my money. In my case, too many goods are chasing too little money. Also, not a week passes that I do not get in the mail a circular from some expert telling me how I can escape the ravages of the falling dollar by subscribing to their service - but all they want from me are these self-same dollars. The day has not yet arrived that people ask me if I have some valuable goods to chase after with their abundant and unvaluable money.

One of the problems is that too many people are what Joe Zashin calls "dollar-holics." And this goes back to the pervasive notion that money is wealth - not just on the part of government but nearly everybody. Whatever problem arises, the cry is heard, "More money is needed!" We need to go back to economic fundamentals - to Henry George who concentrated on the production and distribution of real wealth - and even further back, to Adam Smith who taught that the real wealth of nations is in the goods they produce, not merely in money or even gold.

Instead, we keep watching the stock market, the price of gold, the dollar and the yen and the mark, looking for a Sign - but they just mirror back to us our own fears and follies; their erratic fluctuations tell us little of what is going on in the world of real wealth. Behind money lie more basic economic problems.

One looming fact today is the increase by the OPEC countries in the price of oil, and we are all going to feel that. Whatever way inflation is defined, the problem as perceived and experienced by most people is that they are falling behind, that prices are rising faster than their income can keep up with. If returns moved more-or-less in unison, "inflation" might be an inconvenience but not a disaster. Thus it is relevant to ask what is happening, during inflation, to the production and distribution of real wealth, who gets more and who gets less.

In this issue are articles on inflation - all deserve consideration. Perhaps the various authors are validly observing different aspects of this complex problem.

- R.C.