

STATE FORGERY

By STEPHEN MARTIN (Fordingbridge, Hants., England)

The primary cause of inflation is, and always has been, an excessive issue of unbacked paper money for which governments are solely responsible. Therefore, Julian Hickok, in his letter to the Philadelphia Bulletin (quoted in the Winter Georgist Journal), is in error when he claims that "the ever-increasing price of land is the primary cause."

Furthermore, higher prices and higher wages, over and above those obtainable by free market operations cannot be other than the result of this monetary inflation. A simple illustration will suffice. Today I have to spend £2 paper notes to purchase the same amount of food and goods that I could have bought for a £1 note a year ago.

The fundamental case against the private appropriation of the economic rent is not solely that it encourages speculation in land values, but that it is the primary cause of the maldistribution of wealth, resulting inevitably in economic slump conditions. In fact, resort by governments to currency debasement as a palliative is indisputable evidence that despite the progress achieved in the production of wealth, poverty still bedevils the well being of society.

Oddly enough, most people seem to understand that if the crime of forgery goes on undetected it will seriously undermine the purchasing power of their money. Yet when governments do it, apparently it is no longer a crime.

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