

May I ask Messrs. Pensack, Grigg and Tholstrup (GJ Spring 1979) to reconsider their ideas on inflation?

Mr. Pensack's closure suggests that, in the presence of inflation, the landed folk revise their demands upwards. I ask that he take a look at the Georgist teaching that shows site rentals and land prices as set not by the title holder (other than under a condition of absolute monopoly) but by what occupiers are willing to proffer in the competition for the advantage of the site.

Dr. Grigg's central paragraph suggests that the release of credit against land price is where inflation has its roots. I ask that he, too, reconsider and he will see that he has put the cart before the horse. His wording requires that it be not a lending from some existing credit, but from an issuance of additional notes that then constitute the lending source. Since that issuance would precede the speculation and not, as he declares, follow it, his land-price explanation is topsy-turvy.

Mr. Tholstrup says that when there was a cessation of land speculation in Denmark, there was a drop in inflation there, and similarly, so he claims, in Switzerland and W. Germany. But he does not tell whether, when those land prices fell, consumer prices also fell. I doubt that they did, and hence I must doubt his theorizing.

Mr. Johamsen is correct. Governments indulge in deficit budgeting because of their fear of depression and the revolutions which that might spawn. But they are forced to the decision only by their blindness to the fact that socialization of the site rent would provide all the necessary revenue, would release a tremendous volume of manpower for the public amenity and would restore Labour to proper parity with Land and Capital.