

Letters to the Editor

LAND SPECULATION AND INFLATION

SIR,—In the November issue B.W.B., in his review of Knud Tholstrup's book *Why Put Up with Inflation?* does not agree with the author on the relationship between land speculation and inflation. The latter thinks there is a narrow connection between these two; B.W.B. does not. His idea is that inflation is a result of the way in which governments dispose of the deficits on the budgets by making more money.

I think there is a great deal of confusion on this point. For instance, B.W.B. says, "Land speculation was rife during Victorian times and up to 1914, yet sterling during this period remained as firm as the Rock of Gibraltar." That of course is right in regard to the relation between the English pound and the price of gold. But the man in the street does not change pounds into gold but into products. And as a matter of fact, in that very period prices have gone up gradually. We can call that inflation as well.

When land prices go up, the amount of money increases. When a piece of land is sold, there has to be the money to pay for it (K. Tholstrup). When the governments are short of money they will make more of it (B.W.B.). Apparently two reasonings with the same result. The question is, are these two reasonings due to the

same cause? I think they are. If governments are getting the rent of land, which is gradually becoming more and more, the reason for making more money disappears because the price does not go up and there are no longer deficits on the budgets. This looks rather easy but why shouldn't it be right?

Seen from this point of view Knud Tholstrup is right and in his way B.W.B. also. And it is an illustration, also for Georgeists, on how to see things which are the same, from two different points of view.

Yours faithfully,

S. SEVENSTER.

Bennekom, The Netherlands.

B.W.B. REPLIES

SIR, — Mr. Sevenster makes a valiant attempt to reconcile Knud Tholstrup's theory with the hard facts of inflation. He errs, however, in attributing increases in the money supply to phenomena such as rising land prices. Increased prices for land do not cause the note-printing presses to roll. They lead only to more money being spent on land and less on other things. Similar phenomena can be noted whenever the prices of wheat, potatoes, etc., rise following a bad harvest.

Nor is Mr. Sevenster's statement about inflation in the pre-1914 period

supported by other observers. George Schwartz, for instance, wrote in *The Sunday Times*, not long ago, that in the nineteenth century such a relative stability of prices was achieved that the term inflation had passed out of current usage long before 1900, and as late as 1913 had no political or social significance. He reminded us that there was a penny post in 1840 and a penny post in 1913.

All, however, can agree with Mr. Sevenster that there is a definite connection between land speculation and inflation. The connecting link is unemployment. Land speculation is its prime cause and inflation the quack medicine used by those Governments too ignorant — or too afraid — to apply the true remedy.

Yours faithfully,

B.W.B.

West Wickham, Kent.

NATURAL ADVANTAGE OF SEA TRANSPORT

SIR, — Mr. Frank Dupuis rightly states in his article that "the cost of sea transport is almost negligible."

When I was a shipowner 50 years ago, the example of cheap sea carriage usually given was that Port Said in Egypt, 3,000 miles from Cardiff, got its Welsh coal for about the same price as 150-mile-distant London, because Port Said coal was shipped whereas London coal was railed.

Mr. Dupuis's example is more striking, that the two freight charges on coal from Cardiff by train to London and by ship to Buenos Aires, 45 times further off, are always about equal.

In 1912 my ship carried 6,000 tons of general cargo, including a railway engine and sixty tons of champagne for the Russians, from Hamburg to Vladivostock, 13,000 miles (more than halfway round the world) for a penny for seven pounds weight of goods.

As the world-central, sea-trading and shipping island, our people's interest is that an ever increasing amount of goods should pass on the surface of the sea, which is free of charge because it costs nothing to make or maintain.

Yours faithfully,

GEOFFREY BOWLES

London, S.W.1.

HENRY GEORGE SCHOOL OF SOCIAL SCIENCE

Week-end School at Abbey Wood

Friday Evening to Sunday Evening

March 22 to 24

PRINCIPLES v. EXPEDIENCY

Aspects of

Social and Economic Reform

PHILOSOPHICAL — PSYCHOLOGICAL — PRACTICAL

Bed and board for whole period, 52s. 6d. Day Visitors pro rata. Write for programme and enrolment form to: Hon. Sec., Henry George School, 177 Vauxhall Bridge Road, London, S.W.1.