

# the Henry George News

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## Unemployment or Inflation

by S. SEVENSTER

**W**E Georgists in the Netherlands think more attention should be paid to the problems of unemployment and inflation as results of the private collection of the rent of land.

We know the unemployment of the thirties was the result of the high price of land. The same may be said about today's inflation.

In our country the inflation is a very big issue just now. It has gone so far that in order to keep up the pensions of the civil servants we have got stabilized pensions. This means that their pensions are increased periodically in the same proportion as salaries. Other groups do not have such stabilized pensions and they are getting the worst of it.

The same with life insurance. About 35 years ago I took a small life insurance policy of 3000 guilders. At that time it was about equal to a year's salary. Now it is about a fifth of that. This of course is partly due to the increase in wealth as a whole. And this increase is a reality for a lot of people. They are happy with their car and television. But he who has to find a living from his devalued pension is the pack-donkey.

Something had to be done about this. Therefore every person above 65 years of age gets a state pension. It is about one-third of what an old person

needs for his living—and this pension is stabilized, too! Everybody who earns a living has to pay for it; about 40 percent of a laborer's wage is paid for social welfare.

During the vast deflation (1930) people could not buy products. The landlord got a large part of production. He could not consume that part and it seemed we had got over-production. Or, putting it another way, quite a lot of people wanted to buy more but they were short of money due to low wages and unemployment. After Keynes we made more money and so the problem went in another direction. The evil (the rent of land privately collected) remained.

With us the circumstances are very favorable for production. We don't have enough workers and we let them come in from Greece, Algeria and Spain. But we have to live with inflation. The economists are up against it, though they tell us that we need a bit of it to keep things going. Government preaches against it, but in fact it is good business for them. Their debts (and private debts too) are growing less, not in guilders but in value. For instance I build a house with a large debt on it, and as inflation continues it makes me more wealthy. But many more people do as I do and that re-

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all we have to do is change "tribe" to "community" and let our imaginations roam, we can see the great advantages inherent in land value taxation up to all economic rent, for revenue to operate community facilities and cultural activities. Of particular importance is the fact that enterprisers — users of labor and capital—care not to *whom* economic rent is paid; they *know it must be paid to the land because of the immutable workings of the laws of economics*. This fact makes a big lie of the statements that when land is not privately owned there can be no free enterprise and that community ownership of land is "invading free enterprise." In fact when economic rent to land is

used to operate community facilities, it ought to follow logically that enterprise will be freer than ever before. Labor and capital ought to be "untaxed" and be free to move ahead with fewer restrictions on wages and interest earned as their share of the economic pie. Modern economists know that land is different from other property because of the inflexible nature of its supply. The full economic rent to land could be taken as tax by a community *without causing a change in the supply*. Tax cigarettes and the price goes up; tax land and the price goes down.

The Indians are teaching us some forceful lessons. Are we going to learn?

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sults in high prices for land. High prices for land mean more money. Our state bank is not allowed to lend money for investment in land, but other banks do. This is the real inflation.

I understand that in the United States inflation is not severe, but still there is unemployment. We as Georgists can explain this. Things will go in a wrong direction as long as the rent of land does not belong to the community. Either labor or savings have to bear the load. That means that some

people are out of work and others do not get back the value of the money they put in the banks.

Recently I read of bishops in France who called unemployment a scandal, and criticized the government policy of representing low unemployment figures as the remedy for inflation. With the same naivete governments regard a little inflation as a remedy for unemployment. To sound a note of warning—economic conditions in France look like those we see building up in America.

#### CLARENCE E. TODD

West Coast Georgists are saddened by the loss of Clarence E. Todd, a lawyer and "old time stalwart," at the age of 86. He and his wife Madge joined in campaigns for Home Rule in California in 1913-15-17. He was a distinguished member of the Commonwealth Club in San Francisco and was a member of the first board of directors of the Northern Extension of the HGS and drafted its bylaws.

#### CLAYTON J. EWING

Clayton J. Ewing of Mobile, Alabama and Mayfield, Illinois was the author of many helpful booklets on economics, including four on biblical subjects, in which he revealed his keen understanding of bible history and "Christian Economics."

Survived by Mrs. Ewing and greatly missed by many friends, Mr. Ewing died at his Illinois home early in April.