INFLATION VS. LVT By KNUD THOLSTRUP (Copenhagen, Denmark)

The general concept of inflation is rising prices, and thus the falling value of money. But very few are aware that what the many lose by the falling value of the money they make by working, others (rather few people) gain without working. There is a visible connection between this loss and gain. During the last years in Denmark we have had about 10% annual price increase, so that consumers had to pay 30 billion D.Kr. ($6 billion) more for their consumption than the previous year, and in the same period land values rose annually about 30 billion Kr. Land values have risen twice as fast as incomes from work, and four times as fast as the price index. This indicates that land value increases are the start of inflation.

Inflation is a result of monopoly, the right to privately collect the community-created land rent - as high as the market will pay. The oil monopoly is of exactly the same nature. The latest price of oil is many times higher than the actual cost of pumping it up from the earth. Oil monopoly is part of land monopoly.

There would be a balance between production and purchasing power if you could make money only by contributive efforts- work. Then the value of the products would be of the same amount as wages and no surplus purchasing power to press up prices.

If we started to collect the annual interest of all land values over a period of say 20 years, inflation would stop almost from the very beginning. Most of the land speculation did stop in Denmark during the Georgist-inspired government period 1957-60. To make sure that inflation will stop, the collected land rent must replace the income tax, so that what people have to pay in the rising land value tax will be balanced by paying less in the income tax. Thus increasing land value taxation will not cause higher total expenses for consumers - all of us.