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LVI VS. INFLATION

By KNUD THOLSTRUP (Copenhagen, Denmark)

This is in reply to a question asked by W.H. Pitt in the Georgist Journal, Winter 1979-80. His question refers to my letter in GJ Spring 1979, in which I said that introducing land value taxation in Denmark in 1957 had the effect that all land speculation stopped and so did the rise of land value (not that prices fell, as stated by Mr. Pitt).

I wrote that inflation also stopped, which was also the case in Switzerland when building activity was reduced considerably because immigration stopped as an effect of the oil embargo of 1973. The inflation in Switzerland fell from 11.9% down to only 1.3% per annum.

Now Mr. Pitt asks me if consumer prices also fell; if not, he must doubt my theory about the cause of inflation. I don't know any other way of measuring the inflation than referring to the consumer price index. So when I talk about less than 1% inflation annually in Denmark in the period 1957-60, it means that the consumer price index rose less than 1% annually. I hope therefore that Mr. Pitt can now accept my theory, which is in full accordance with Henry George's writings and as I explained it at the Henry George Centennial Conference.