

THE PEOPLE'S ADVOCATE

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Policy: FREE LAND, FREE TRADE, and PROPORTIONAL REPRESENTATION

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First Things First

Of one thing there can be no doubt. If social justice is to be established Democracy must write upon the top of the slate Collection of the Rental Value of Land. In the list of urgent economic reforms this is the first and greatest. It can be effected without any such financial undertaking as the schemes of Socialism require. It requires no increase in the financial obligations of the State. And it must be attended to, and that promptly. Let the laboring class turn their enfranchised glance upon it. Let Democracy arise in the weight of its new-born energy and assert the claims of industry. Let it stand upon the broad ground of the justice of its cause. Equity demands that an end be put to the system by which unearned increments flourish at the expense of the earnings of toil. Let it look forward to the future, and fill its heart with a hope that cannot be defeated. Strong in the right, let it advance to the quickening of industry, to the employment of the unemployed, to the augmenting of productivity, to the increase of wages. In short, let it declare for the collection of the rental value of land which will increase the national wealth, and at the same time secure a more equitable distribution of that wealth. Here is the reform which does not attempt to benefit one section of producers at the expense of another. Here is a reform which does not attempt to bring benefit by creating an artificial scarcity of commodities like Protection. Here is a reform which does not essay the task, foredoomed to failure, of increasing wages by restricting output. Here is a reform which does not offer any impossible road to wealth by the manufacturing of money. Here is a reform which does not involve an immense outlay in the purchase of industries and natural resources. Here is a reform which requires no revolution for its adoption. It can be effected with ease, and without violent wrenching of vested interests. It is a reform which increases wages by unfettering industry; by the abolition of taxation; and which pours wealth into the lap of Labor by making land available to all on equitable terms, thus bringing about a greater abundance of commodities. Are you prepared to enrol and assist the adoption of this great ideal and sound principle?

Creation, Credit and Living

The Philosopher:

Creation of Credit! Credit for living? Perhaps we are, to mere words giving A meaning foreign, to th' accustomed term. Was any one's life a credit to the liver? Did we create that? (or wast not a gift from the giver?)

'Tis a presumption to think, much more to affirm.

The Wag:

If the credit contemplated was as real as it is stated, Notes and shakels unabated, by a wand would be created.

If the mere fact of living was the title to the sum, But of this make no mistake, you'll surely have to wait If you count on getting something out of nothing in your plate,

For the only thing that's certain, is a baliff or a damn.

Reply:

One thing's undoubted—OUR RIGHT TO THE EARTH.

To which we're indebted, from the moment of birth To our final departure. But where is that bourne? Is't to dust we return, or, what of that pre-mise Inherent in life; that at our demise We ascend to a sphere, from whence no return?

The claim to the earth, is immodest I'll confess, But why claim to live? Is not life more than this; A tribute to "owners?" (for permission say they). It may please this section, to boast of possession, Whether "nine points" or more. ('Tis but an obsession), THE EARTH'S MADE FOR ALL, not for those of a day.

These thoughts may provoke either mirth, scorn or care.

But they cannot be sheltered, either here or elsewhere. For life here is probation, at our peril we must prove That our claims must be based (on something less ephemeral, Than glitter of currency, or anything so tem-poral), ON OUR RIGHT TO THE EARTH—nothing less—it's from above.

Lipson

James Rogers.

Douglas Credit Debate

The debate on the Douglas Credit proposals took place at the Adelaide Town Hall, on August 27. There was a very big attendance, presided over by Mr. R. J. Rudall, M.P. Mr. A. L. Weller, who spoke for the Douglas Credit scheme, took up a considerable portion of the time allotted for the first speech in regretting that he had not the time to deal with the subject as fully as he wished. In his second speech he made no attempt to answer the questions submitted by Mr. E. J. Craigie, who took the negative side of the debate. As in the former debate with Mr. Blake, those who attended expecting to hear how the Douglas system was to operate were previously disappointed. At times the supporters of the Douglas theory were inclined to prevent a criticism of their proposal, and it was apparent they did not attend with open minds. They very bitterly resented any criticism of their scheme.

Obituary

It is with sincere regret we record the death of Mr. H. H. Roediger, of Tumby Bay. Our late co-worker was very highly respected by a large circle of friends in the district. For many years he has been a supporter of the principles of Henry George, and was ever ready to help the movement by any means in his power. We tender our sincere sympathy to the relatives and friends.

Henry George supporters in all parts of the world would be shocked to hear of the sudden death of Mr. Oscar H. Geiger, of New York. The late Mr. Geiger rendered excellent service to the movement in New York, and recently established the Henry George School of Social Science in New York. He had gathered round him a very fine body of young people who were anxious to understand the deeper points of the Georgian philosophy. "Land and Freedom" gives an account of the funeral ceremony, at which perhaps more than 150 were gathered. The funeral services were conducted in the school. Hon. Lawson Purdy read the Lord's Prayer and the great chapter from "Progress and Poverty," the Problem of Individual Life. He closed with Tennyson's "Crossing the Bar," and paid a fine personal tribute to the great dead. There was hardly a dry eye in the crowded rooms or the school, but it was apparent that those present mingled with their sorrow an intense determination that the cause for which our friend gave his life must not be allowed to die. His words, "The School must go on," seemed ringing in their ears even as his body was lowered in the earth. Hon. Charles O'Connor Hennessy, our International President, gave an impressive address, in which he extolled the virtues of the deceased friend and paid glowing tribute to his splendid work for mankind. We join with our co-workers in all parts of the world in extending sympathy to the widow and son (Professor George Raymond Geiger) in the hour of their sad bereavement.

HENRY GEORGE LEAGUE OF SOUTH AUSTRALIA

The monthly meeting of members of the league was held at George Parade, on Tuesday, August 28; the president (Mr. A. Chappell) presiding over a small attendance. An interesting budget of correspondence was read and received, and three anticipated resignations were accepted. The secretary reported that arrangements for the annual social were in hand. Information regarding the activities of the weekly study circle was given, and an open invitation to be present was extended to members and friends. Reference was made to a new book in stock ("The Philosophy of Henry George") by George R. Geiger, Associate Professor of Philosophy, University of North Dakota. A brief summary of a debate between the secretary and Mr. A. L. Weller (of the Douglas Credit Association) was rendered, and it was intimated that copies of the secretary's latest speech on the Address-in-Reply in the House of Assembly were available. An invitation to address a meeting at Payneham had been accepted. Mr. D. Hudson reported that Park meetings had been held with usual success. The financial statement was adopted, and accounts passed for payment. Two new members were admitted. The

question of moving the league's platform at the Botanic Park was further debated, and those actively associated with the outdoor work were given discretionary powers in the matter, and at their instance the matter was adjourned for another two months. A suggestion that a statement be prepared showing the iniquitous effects of the sales tax was not generally supported. Matters of minor interest were discussed, and the meeting was declared closed.

Next Meeting, Tuesday, September 25, at 8 p.m.

HENRY GEORGE COMMEMORATION

The annual social to commemorate the birthday of the Prophet of San Francisco, Henry George, was held at the Caledonian Hall, King William Street, Adelaide, on Wednesday, September 5. The president of the Henry George League (Mr. A. Chappell) presided over the gathering. The attendance was not as large as usual owing to the influenza epidemic and the counter attractions that night. Solos were rendered by Miss Isabell Penny, L.A.B., L.T.C.L.; Miss Gwen Coffey gave a number of humorous recitals, and Mr. Allan Sierp, L.T.C.L., contributed violin solos. All the items were well received. The Commemorative address was given by Mr. G. V. Birks, who dealt with the teachings of Henry George, particularly from the ethical standpoint, showing how their adoption would produce justice. Mr. Birks was congratulated on his fine effort. Refreshments were provided by the ladies, and dancing followed. Sincere thanks are due to Miss Penny, who kindly arranged the programme, to the ladies who assisted in connection with the refreshment committee, to Messrs. D. Hudson and W. Hocking for work in preparing the hall, and to all who by their contribution or service in any way helped to make the gathering a success. Members very much appreciate the action of Mr. and Mrs. W. Hutchens, of Kimba, who forwarded a ham again this year for use at the social.

Prejudice

The curse of all men's lives is prejudice;
By others, or by self, but oftentimes by both
Each life is ruined, more or less;
And men blame Destiny,
Or put the fault on Nature,
Blaspheming against a bountiful Providence.
Laws upon laws are ground out from
The frothy mill of what is called "Expediency,"
By surface-seeing minds and curious self-seeking;
And the people always lose the substance,
Ever vainly chasing after rainbow shades.

Thus it is the world is rent with turmoil,
And each fresh rending follows on the past.

Whose is the fault? The blame most surely lies
With those who know the Truth and will not dare
To make the Sacrifice of Self
Upon the Altar of Eternal Truth:
And thus the world wages on,
And history repeats the errors of a fatuous past;
Not "vested interests," but strongly "vested prejudice"
Is the World's Great Curse to-day.

M. Dutton.

All matter in this issue relating to the Federal elections not otherwise signed has been written by Edward John Craigie, of 8 Grant Avenue, Ross Park.

The use of money in any but the most rudimentary societies is indeed essential. It is as indispensable to the interchange of commodities as language to the interchange of ideas; but it is no more wealth than the dictionary is Shakespeare or Milton.

Let zeal for human improvement run in the right channels, and speedy deliverance awaits the laborer from his industrial burdens. The future is bright with hope. The evils of society are not irremedial, its wrongs are not beyond redress. The past has left us rich legacies of emancipating effort. Freedom has a noble ancestry; without doubt it shall have a nobler posterity.

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THE FEDERAL ELECTIONS**National Government Returned.**

The Federal elections were held on September 15, and the Lyons National Government has been returned to power. It has not a majority in the House, the figures at time of writing being: National, 33 seats, Country Party, 14; Federal Labor, 13; Lang Labor, 7; Doubtful, 4. It will thus be seen that Mr. Lyons will have to depend upon the Country Party for a working majority. The Federal and Lang Labor parties made the socialisation of credit and nationalisation of the banks the main issues of the election, and have been very plainly told that their policies are not acceptable to the people. Whilst the return of the Lyons Government will have a tendency to inspire confidence so far as a number of people are concerned, it is not likely that it will do anything of a practical nature to improve conditions for profitable production. It is strongly in the grip of the manufacturing element in Australia, and may be relied upon to continue the high tariff policy of the past. At best it suggests only palliatives for the purpose of trying to keep primary producers on the land, but it has not suggested anything which will lower the cost of production. That is the question of paramount importance. The legislation up to date has been more in the interest of the creditors than the wealth producers.

Country Party Should Insist Upon Tariff Abolition.

The Country Party will hold the balance of power in the new Parliament, and it will be interesting to see how that power will be used. Dr. Earle Page's attitude to the tariff has been most unsatisfactory. At times he makes excellent speeches in favor of free trade, but at other times he insists that a measure of protection is necessary. He has a tendency to lose his temper when he is asked questions or has to submit to criticism. Speaking with Mr. Hugh McLelland at Sea Lake during the Wimmera campaign he completely lost count of himself when Mr. J. Atkinson, Secretary of the Henry George League of Victoria, questioned him in regard to the sugar monopoly. Dr. Page asserted that the figures used by Mr. Atkinson were "lies," but when publicly challenged in the hall to debate the question refused to do so. The members of the Country Party know the unfortunate position of a big number of producers. They are aware that they cannot continue production unless their burdens are removed. The scheme for rehabilitation proposed by the Country Party does not touch the cause of the trouble, and would merely mean assisting one section of the community at the expense of the other. It is quite certain we do not need more loans floated as that will add to the already high interest burden. The Country Party has a splendid opportunity for insisting on the abolition of the tariff taxes from the tools of production and from the general necessities of life. There are a number of members in the National Party who privately favor a low tariff policy, and unless a move is made in that direction there is no bright outlook for the future.

Many Electors Unrepresented.

The election has furnished another argument for a change in the system of voting. We hear a great deal about democracy these days, but have very little of it. Under our present absurd and unjust system of voting approximately one half of the electors are left without any direct representative in Parliament. In many districts a member can only be elected by the electors being forced to record a preference for a candidate holding views contrary to their own. This method of voting ensures a monopoly of representation to the big parties, and it is only on rare occasions that an independent candidate can secure election. We intend at a later date when the votes are complete to examine them and set out the actual position in regard to the disfranchisement of a big body of electors. There can be no true democratic government until members are elected under the proportional representation system.

No Cause for Jubilation.

There is no cause for jubilation at the result of the elections. It is merely a case of the lesser of the two evil parties being re-

turned. Neither of the big parties had a policy based on sound economic principles. On fundamentals they were practically in agreement. Both stood for land and trade monopoly. The Lyons party was more sane in regard to the question of banking, hence secured a majority. It will now have an opportunity of showing the electors whether it really has the interests of the wealth producers at heart. We are living in serious times and those who enjoy special privilege of any kind should realise that the producers will not for all time largely submit to the robbery of their earnings. If they are wise they will not offer objection to proposals to remove that privilege. The facts of history show that civilizations greater than ours have gone to decay in the past because moral and economic laws have been violated, and those who can read the signs of the times know we are surely travelling the road to disaster. All who have any regard for mankind should seriously consider the problems confronting society at the present moment, drop party prejudices, and approach them from the standpoint of principle. There is only one policy in accord with economic law, and that is to restore to the people the inheritance that has been taken from them. No complicated measures are necessary for this. All that is required is that those in possession of land shall pay the annual rental value into the Treasury, and this being a fund sufficient to meet the cost of all necessary government there would then be no further taxation imposed upon the earnings of labor. One thing is certain—either this policy must be adopted or civilization will perish.

The Wimmera Campaign

The campaign in the Wimmera District in Victoria provided the focal point for all followers of Henry George during the recent elections. This was because of the fact that Mr. Gordon Anderson, a farmer at Murrayville, was contesting the district on a straight-out Georgean policy. At time of writing he has over 7,000 votes recorded in his favor, being about 1,000 below the U.A.P. candidate. Mr. Anderson conducted a very strenuous campaign throughout the district, addressing a big number of meetings and circulating thousands of copies of his manifesto, in addition to other printed matter. Three times he spoke over the air. Owing to the delay on the part of the Government in announcing the boundaries of the district, Mr. Anderson was unable to work one part of the district as fully as he wished. The vote secured was a very fine one in view of the fact that it was the first time our views had been placed before the electors. Mr. Anderson has a very fine grip of principles, is an effective speaker, and was well received. He was ably assisted throughout the campaign by Mr. J. Atkinson, secretary of the Victorian Henry George League, who worked untiringly in connection with the distribution of printed matter, and also in connection with the platform work. Mr. Atkinson is worthy of special thanks for his great effort in connection with this campaign. Mr. E. J. Craigie, M.P., also rendered assistance with the platform work, and spoke for one hour over the air from 3 S.H. Swan Hill. Although Mr. Anderson was not successful on this occasion the campaign was well worth while. The vote secured is a clear indication that the district can be won for Henry George principles. We trust our co-workers in Victoria will continue the education work during the interim between now and the next election, when we feel confident that victory will crown their effort. The country press in the Wimmera district gave good reports of Mr. Anderson's meetings, and are to be complimented on the spirit of journalistic fairplay shown. We offer our sincere congratulations to Messrs. Anderson and Atkinson on the great service they have rendered the Georgean movement, and feel sure they have sown seeds which will bring forth a harvest at the next election.

AN OVERSEAS APPRECIATION

The following paragraph appears in the Stockton "The Forum," edited by Mr. L. D. Beckwith, who is doing valuable work for the Henry George movement:

"The People's Advocate," of Adelaide, Australia, is a delight. It is an especially able and accurate exponent of the Georgist truth, clear and true. So far as observed here, its answers to questions have been 100% correct."

FOREIGN EXCHANGE

(During 1931, the Senate of the University of Brisbane, anxious to find additional markets for Queensland products, delegated Dr. A. C. V. Melbourne, an officer of the University, to proceed to the East, make enquiries, and report on the subject. Dr. Melbourne spent four months in the East making extensive investigations, and presented a voluminous report on his return. His views on the question of exchange are full of interest, particularly to those engaged in primary production, who imagine that an adverse exchange gives them higher prices for their products. We reprint sections which we know will prove of interest to our readers.)

The Stupidity of Australian Financial Methods.

"The present position is stupid in the extreme. By a protective tariff, designed to employ Australian capital and Australian labor, the cost of imports and Australian manufactured goods is raised throughout the country; that is to say, the whole community is forced to subsidise the city worker and the manufacturing industries. By the maintenance of an unreasonably high rate of exchange between Australia and London, on the other hand, the cost of importing goods is raised still further, and another general burden is imposed in order to help the primary producer. In effect, by means of the protective tariff, the country is being taxed to subsidise the cities; by means of the high rate of exchange, the cities are being taxed to subsidise the country. The elaborate system of account and contra-account is quite ridiculous, and simplification is urgently required. It is merely foolish to retain expedients which neutralise each other, especially when, as in this case, they both retard the development of Australia's Eastern trade."

The Rate of Exchange and Primary Producers.

"It must not be thought that these remarks imply hostility to the primary producer. They do not, for obviously the immediate future of Australia depends upon primary production; and, in present circumstances, Australia can develop no overseas trade apart from primary industries. Much has been written recently of the need to develop Australia's export trade. Much has been written also of the difficulties experienced by primary producers. Indeed, it has been stated frequently that, apart from the assistance given them by the continued maintenance of the high rate of exchange, they could not carry on. It may be admitted that primary producers are entitled to assistance, but the present method of giving it is absurd. In effect, it subsidises every producer, in every primary industry, in every part of Australia, by giving him a bonus of twenty-five per cent. on the value of his exported products. It gives assistance indiscriminately to all and sundry; it places all primary industries on the same footing; it helps efficient and inefficient exactly to the same extent. Obviously some industries may be in greater need than others; obviously, in the same industry, producers in certain parts of Australia may be in greater need than producers in other parts; obviously some producers may do their work efficiently while others may be idle and extravagant; in short, there should be some discrimination in the assistance granted, especially where that assistance implies a burden on the whole community and retards the expansion of Australia's foreign trade. . . . The maintenance of a high rate of exchange between Australia and London for this purpose is crude and unscientific, it is an expedient which has no merit apart from its simplicity, and it could not be imposed on any but a foolish people."

The Rate of Exchange and Prices.

"The argument that an artificial rate of exchange must be maintained between Australia and London in order to depress the value of the Australian currency, so lowering the price of products to the outside world, is equally unsound. Prices paid by foreigners for Australian commodities are competitive world prices, and these are ultimately based on gold. The exchange value of Australian currency has no bearing on these prices. At present, competitive gold prices are low throughout the world, but they are the prices which rule in international trade. The gold value of Australian exported goods may be translated into terms of sterling or Australian pounds, but the real return to the producer will remain the same. In the case of any competitive product, for which there is a genuine demand, foreign

buyers will offer more Australian notes while the rate of exchange is high; they will merely decrease the number offered as the rate of exchange is allowed to drop towards the proper level.

The value of the Australian pound is not a factor in demand, and it does not effect the real prices which foreign buyers are prepared to pay for Australian goods. If the rate of exchange between Australia and London is kept artificially high, the producer will receive for a certain quantity of goods, a greater number of Australian pounds than he would receive if the rate of exchange were allowed to drop towards a competitive level; but, in the former case, each pound would have a smaller real value. In actual fact, the real prices obtainable for Australian products must fall with other prices throughout the world; they should be neither lower nor higher than the real prices obtainable for similar products exported by other countries; and it is absurd to say that foreign countries buy Australian goods because Australian money is cheap."

A Popular Illusion.

"The actual truth is that Australia is selling cheaply, otherwise she would not sell at all; and the argument mentioned above has been advanced, successfully it would seem, for the purpose of deluding stupid people. Moreover, it has been applied in a way which has probably involved some Australian primary producers in considerable loss. By fixing the rate of exchange between Australia and London at 130 and 125, those who are responsible presume, by implication, that they are able to ascertain the difference between the cost of producing Australian commodities for world consumption and the cost of producing similar commodities in other countries for the same purpose. They presume, for instance, that, in present circumstances, the Australian wheat grower needs assistance to the extent suggested by the present rate of exchange. The Australian wheat grower gets a price which is calculated in Australian currency, and which takes into account the extent of this assistance. As a result, the wheat is sold to consumers overseas, but there is reason to believe that, in certain cases, it might have been possible to obtain a somewhat higher price."

Dr. Melbourne here presents a table of figures for a period of three years, 1929-1930-1931, showing the quantity of wheat bought by Japan from the United States, Canada and Australia, also giving the total value, and the price paid. He then goes on to state:

"These figures show that, during 1931, Australia received a lower average price for wheat than that paid either to Canada or the United States. There is no doubt that the lower price was responsible for sales. The depreciated currency, resulting from the artificial exchange between Australia and London, led Australian producers to believe that they were receiving more than they really were; but the difference between the price of Canadian and the price of Australian wheat suggests that the price of Australian wheat might have been pushed somewhat higher without leading to a loss of sales. The average price paid for Canadian wheat was 3.05 yen per 100 kin, and for Australian 2.62 yen, per 100 kin. Although various considerations must be taken into account, it is more than probable that the price issue was clouded by the manipulation of the currency, and that Australia was induced to accept for her wheat in 1931 a lower price than might actually have been obtained."

"It is evident that, at the beginning of 1932, very little cheap wheat was available in the United States, but it is also evident that Japan was forced to buy a considerable amount of wheat from Canada at a price nearly 20 per cent. higher than that paid to Australia. It is frequently alleged that the maintenance of an artificial rate of exchange between Australia and London is necessary in order to reduce Australian prices, and to make it possible to sell Australian products abroad. The figures quoted above suggest that the device is actually resulting in, or at any rate concealing, the sale of Australian products for prices smaller than those which might be obtained. Surely it cannot be necessary to offer Australian wheat at prices 20 per cent. under the price of other countries in order to effect a sale! In the case of other commodities, it is not possible to obtain statistics as complete as those set out above; but it is probable that Australian losses of this kind are not confined to wheat; there is, indeed, good reason to believe that the price of wool has been depressed by similar means."

"It is probably true that the Australian wheat grower and other primary producers need assistance, and it is certainly true that the community as a whole must bear the burden. It seems quite certain, however, that the manipulated currency is an ill-chosen and clumsy expedient which, by its hit or miss effect, is doing considerable harm; but, unfortunately, its effect is concealed and the people are bewildered by the jargon of high finance, otherwise they would not tolerate it."

It cannot be denied, however, that strong interests will be arrayed to defend the present system. There are the banks and other financial institutions, clearly profiting from the higher prices paid in Australian currency to the primary producers; there are the Governments, increasing borrowings and sinking more deeply into the mire of inflation; there are the primary producers, receiving a bonus of 25 per cent. on all exported products and slowly struggling back to solvency. Of these, only the primary producers are entitled to consideration, and they might be more reasonably assisted in other ways."

(Dr. Melbourne gives a number of examples to show the burdens imposed on Japanese goods when entering Australia. We have space only for two of the illustrations.)

BRUSSEWARE.

Factory value	..	584 0 0
Charges in Japan	..	12 1/2%
Bank Exchange	..	30 1/2%
Brisbane charges	..	10 1/2%
Duty	..	10/6 per doz.
Primeage	..	12 1/2%
Sales Tax	..	15%
Landed value	..	518 17 5
An advance of	..	18 1/2%
Retail price	..	524 5 3
An advance of	..	28 1/2%

on factory value.

GLASSWARE.

Factory value	..	413 0 0
Charges in Japan	..	15%
Bank exchange	..	30 1/2%
Brisbane charges	..	35%
Duty	..	10 1/2%
Primeage	..	12 1/2%
Sales Tax	..	17 1/2%
Landed value	..	541 6 0
An advance of	..	21 1/2%
Retail price	..	555 1 4
An advance of	..	33 1/2%

on factory value.

Dr. Melbourne states that:

"The adoption of a competitive rate of exchange between Australia and London would terminate the practice of paying an indiscriminate bonus of 25 per cent. to primary producers; but it would make imports cheaper still, and so further reduce the cost of living; it would lighten the burden of taxation by obviating the necessity to pay a premium on interest transmitted overseas; and it would increase the value of the Australian pound, thus giving it a greater purchasing power. By the manipulation of the currency, real wages and real prices throughout Australia have been depressed to an extent which cannot possibly be measured, for the operation has been concealed behind the depreciated pound. Surely the country would profit from being honest with itself; from admitting that wages and prices have been reduced; from looking facts in the face, and adjusting its economic system to the new conditions."

Wheat.

Dr. Melbourne's comment on the wheat trade is of interest:

"The Japanese make many complaints about Australian methods of handling wheat. They say, for example, that the Australian f.a.q. is applied to wheat of different qualities; and they are anxious to see the adoption of several grades, from first quality downwards, in accordance with the practice followed in Canada. They complain of dirty wheat, and the inclusion of foreign substances in bags; and they declare that consignments from the interior are inadequately inspected at coastal ports. They say that they experience inconvenience from the lack of uniformity in the weight of bags, that they suffer loss from careless loading and the large number of broken bags; and they are anxious to have wheat shipped in bulk. Japanese importers of wheat would also appreciate greater facilities for forward buying."

"The Standard"

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A. G. HUIE, Editor and Manager,
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UNEMPLOYMENT AND SHORTER HOURS

Mr. E. J. CRAIGIE'S CRITICISM

(Hansard, August 29.)

Mr. CRAIGIE (Flinders).—I am sure that we are all agreed that unemployment is one of the most serious problems troubling mankind at present, but there are big differences of opinion as to the methods which should be adopted to bring about relief. Mr. Howard travelled very extensively throughout the world to support his case in regard to the problem of shorter hours. Mr. Danks took us for an excursion to various countries, but it seems unnecessary to go outside of Australia to deal with the question, because there are certain fundamental principles involved in a motion of this kind, and we should be able to reach a conclusion without troubling much about what is going on in other parts of the world. I shall deal first with the suggestion that the problem of unemployment can be dealt with along the lines of reducing the hours of labor. This is an idea which has gained favor with a number of Labor leaders, but the remedy is so crude that the possibility of its ever receiving legislative expression is, indeed, hardly conceivable. Such an idea withdraws attention from reforms which have in them the prospect of success. The task in front of us is to clear the path of progress from the futile measures of reform that encumber it. There is much rubbish to be removed before any real advance can be made. That any body of public opinion should be found in support of such and kindred proposals among the leaders of thought in the ranks of Labor reveals an ignorance of the root principles of economics which one would scarcely have expected from intelligent men. It shows a disregard of the laws of production, which, persisted in, must lead to calamity. The fallacy can readily be exploded. Let the argument be carefully noted, for more is involved than the refutation of the particular proposition under discussion.

A fair statement of the case for the proposed reform is first required. With plausibility of superficial reasoning it is argued that if 100 men working eight hours a day can make all the boots needed by a community and there are 200 men seeking employment as boot-makers, then if the working day were contracted to four hours, employment would be found for the whole 200. It is therefore suggested that a sort of sliding scale should be adopted whereby the hours in industry might be lessened in number until the unemployed in that industry were absorbed. The mere statement of the case reveals its amazing absurdity. The least critical mind suggests innumerable interrogations for the defenders of the proposal to answer. If 200 men are required to do the work formerly done by 100, are their individual wages to be reduced or to remain the same? Doing only half the work, must not their wages be reduced by one-half if the boots are to be sold at the same price as formerly? If wages, however, remain the same, must not the price of the product be raised sufficiently to pay for the added cost of production? If the price is raised, will not the consumer have to bear the burden?

If the consumer has to pay more for his boots, will he not economise his use of them and thus lessen the demand, or will he not have less of his earnings to spend on other commodities and thus lessen the demand for those other commodities? Is it not true that if a man with fixed wages or income has to pay more for an article he has been in the habit of using, he will have less money for the purchase of other articles? If the demand for commodities is lessened, must not the demand for the labor which produces the commodities be lessened also? The demand for boots being diminished, how can our 200 men find employment even at four hours a day? Must not the hours be still further reduced? And must not that, by further enhancing price, necessitate a still further reduction of hours? And so on, until we arrive at the reductio ad absurdum—when the price is so high that the boots cannot be purchased at all, and bootmakers have no employment. But suppose the demand for boots at the high price were maintained, would not the diminished demand in other branches of industry embarrass labor and lessen employment? In short, it is impossible to pursue this policy of gradually shortening the working day without causing one or two results—either there will be a rise of prices, which, by lessening general purchasing power, will weaken the

demand for commodities in some direction and thereby contract the aggregate amount of employment; or there will be a maintenance of prices at their old level, with the purchasing power of the general consumers unabated, in which case our bootmakers must submit to a further reduction of wages commensurate with the reduction of their output.

On one horn of the dilemma Labor must be impaled. A merely artificial increase of employment in one trade cannot be effected without either a diminution of wages in that trade, or a diminution of employment in other trades. Neither result would be gratifying to the advocates of a gradual shortening of the working day until employment is found for all. That such a monstrous proposition should engage the energy of men anxious for social betterment emphasises the urgency of familiarising the general public with the elementary principles of the production and distribution of effort, which rightly directed, would have shifted the hand on the dial-plate of progress much further on. What is the leading principle governing wages, the reward of labor?

The source from which wages are drawn is the aggregate product of the factors in production—the national output. It matters not what phrase is used, so long as the meaning is clear that labor can only draw its wages from what is produced by labor. Consequently, anything that diminishes the national output lessens the fund from which labor is paid. That the effect which the reduction of the day's working hours will tend to have upon the national output may be fully appreciated, let an extreme case be taken. Suppose the working hours in all trades are reduced to four per day—a supposition not unreasonable, since such a reduction has been earnestly advocated by many Trades Union leaders—what will be the effect? It cannot be contended that a man will produce as much in four hours as in eight. True, it has been established by experience that workers will do as much in eight or nine hours as in eleven or twelve. Indeed, so far as the reduction of hours has gone, the efficiency and productiveness of labor may be said to have increased. But it is false reasoning to suggest or argue that the same tendency must manifest itself at every further reduction. There is a limit below which any shortening of the working day must lessen the productivity of labor. To lessen that is to diminish the total produce. And to diminish the total produce is to encroach upon and contract the only fund from which labor can obtain wages. If the national output were reduced very substantially it is difficult to see how labor could avoid sustaining a reduction of wages. At least, it is certain that the national output provides the only fund out of which the various factors of production can be remunerated. Land, labor and capital have to share among them this aggregate output. If it is lessened, one of them must suffer. Land will receive less rent; or labor less wages, or capital less interest. The natural effect of a diminished output would be to lessen the return to each factor. Thus landholders, laborers, and capitalists would all suffer a proportionate reduction of income. But such is not the desire of those who advocate a shortened working day. If it is to be purchased at the cost of diminished wages it is not wanted. It may be laid down, as possessing the self-evident truth of an axiom, that the average able-bodied worker would rather work eight hours a day at one shilling an hour than four hours a day at one shilling, or even one shilling and sixpence an hour. He is more solicitous for a rise in the wages of labor than a reduction of hours below eight per day.

Looking at this question from the standpoint of political economy it will be realised that any attempt to deal with the question of unemployment by shortening the hours of labor is misdirected effort, and would penalise the very section whom it is desired to benefit. I have stressed that phase of the question particularly because I believe that it is one which has been overlooked by the mover, and by those who think along the same lines as he does. With the introduction of machinery into social service the tendency under present conditions is for certain individuals to be displaced in industry. In a natural state of society the introduction of machinery should have been of benefit to mankind, by producing a greater amount of the good things of life, and enabling the individual to satisfy his desires with much less exertion than formerly. Unfortunately, up to the present, the introduction of machinery has not brought about that desired result. We have to candidly admit that, in the main, the

mass of people generally, is not so anxious about work as the results of work, and it is because people are denied the results of their labor at present that so much trouble is manifesting itself in society. The fault does not lie with the use of machines, but with the laws governing the distribution of the products of machines. We do not want less goods than we have, but what we particularly desire is a better distribution of those goods. I think I have shown clearly that to attempt to deal with the hours of labor, while allowing the laws of distribution to remain unaltered, will not produce the effect sought by Mr. Howard, although no doubt he is actuated by the best of intentions. We cannot deny that the shortening of hours of labor, and the allowing of the existing laws to remain, must inevitably reduce the fund from which the wages of labor are paid and will ultimately have the effect of bringing about a general lowering of the standard of living. Not only that, but it will also intensify, to a great extent, the problem of unemployment with which we are troubled. In introducing the motion, Mr. Howard said that he thought that it was in the adoption of Labor's policy that the ultimate solution of the problem would be found. That may be so, ultimately, but at present there is nothing in the policy of Labor which can possibly bring about a solution of the problem. On the other hand, if Labor's policy were put into practical operation, and all its planks placed upon the Statute Books of the States and the Commonwealth, I have no hesitation in saying that the problem would be more acute than it is today, and that the standard of living for all sections of the community would be reduced to a much lower level than it is. This is undoubtedly because of the fact that in the preparation of the policy no consideration appears to have been given to economic principles in any shape or form. I am definitely of the opinion that until we do give some attention to the question of economics in relation to unemployment we shall not get far on a problem of this nature. Mr. Dunks said the economic blizzard came upon the world and struck Australia very hard. We all realise that, but I am afraid the deduction the honorable member put forward will not stand logical investigation. For instance, his statement that the trade balance with America—which he said was about \$12,000,000 on the wrong side—implied that because of this we were suffering unemployment in Australia. The general consensus of opinion is that we have bought from America more than America has taken from us in return, and naturally our people have been displaced in the labor market as a result of that adverse balance. A little examination will reveal the fallacy of the contention. In the first place it must be admitted that the Americans are rather shrewd business people, and they are not prepared to give us \$12,000,000 worth of goods in a year without receiving something in return. We cannot pay for that \$12,000,000 worth of goods in gold as some people erroneously believed, and even supposing that it did leave Australia in the form of gold it would go out as a commodity produced by miners in Australia and would be included in the trade figures, and the \$12,000,000 balance would still be left over.

Seeing that the Americans are not prepared to give \$12,000,000 and that we cannot pay for it in gold, how is the balance met? We all know it is met by commodities produced by the workers of this country and, although the commodities may not be sent direct to America to pay the people there, commodities will go from this country—probably to Japan, Germany, or some other part of the world—to cancel a debt due by America to that country. In the last analysis we find, so far as international trade is concerned, that the importation of goods into a country from some other place does not displace labor and cause unemployment in the country where the goods are received. The sooner this economic fallacy is recognised the sooner we are likely to get on to sound lines in dealing with this important problem. Mr. Dunks was charitable enough to admit that the members on his side of the House would like to give the workers sufficient to buy everything they wished. I do not know that it is the function of the members on that side, or people anywhere else, to give the workers anything, but the workers are certainly not out to accept charity in the form of gifts from the honorable member for Sturt or his party. I understand that the workers require that they shall secure the full product of the wealth which their labor calls into being. If Mr. Dunks is feeling charitable he can best give effect to his aim by removing the burdens that have been placed upon

the workers and enable them to secure the product of their labor. He will then be doing something more practical than offering sympathy without any relief, as he did in his speech. He said that if only the home market were concerned it would not make any difference, that we could put prices up, and everything would be all right. I am surprised that the honorable member should make a statement of that nature, because it seems to me that if hours of labor are shortened a reduction will be made in the amount of product that is brought forth. If, on the other hand, a reduction is made in the production which is brought forth—and it is recognised that it is from production that wages are paid—it will be found that it will make a difference, even supposing you have the ability of increasing the price of commodities in your home market. The ultimate effect would be that if we followed the lines suggested by the honorable member, the standard of living for all sections of the community would go to a much lower level than it is today. Mr. Dunks seemed to be somewhat enamoured of the American scheme. Some queer things come from America. We should endeavour to strike out on sound lines for ourselves. In America they seem to have gone mad in regard to the labor problem, and appear to have the idea that by working the printing presses overtime and thus increasing the purchasing power of the workers, "everything in the garden will be lovely." One thing appealed to me strongly in regard to the American position. Mr. Howard was careful to point out that in connection with the Industrial Court—which professes to do something for the workers and which really works a confidence trick on them—that employers and employees were considered, and had a voice in connection with the Industrial Code. The employer and employee are considered in relation to the Code. It is proposed that both these people shall be made prosperous, and that provision shall be made to restrict any one from exploiting them. I would point out to Mr. Howard and Mr. Dunks that there are actually three people interested in production—not only the employer (popularly known as the capitalist) and the employee, but the landlord class. If you leave the third man out you are not likely to reach a proper distribution of wealth. President-Roosevelt and his merry men have been dealing with the capitalist and labor classes, and have carefully given the landlord class a free hand, so that any temporary prosperity which might accrue to the workers and capitalists in America will ultimately be absorbed by landlords in increased rent for permission to use the land.

That is practically the case in Australia. If we are to deal with the unemployment problem then that factor must also be taken into consideration. You cannot have any employment except upon the land. At the present time, by our economic policy, we have made it absolutely impossible for a big section of the land workers to engage in profitable production. We have practically ruined the primary industries of Australia, which constitute the backbone of our national prosperity. We cannot get away from the fact that when the primary producers in Australia are denied the purchasing power which they are rightly entitled to, the demand for commodities must fall off to a considerable extent, and people engaged in secondary production will walk the streets out of a job because there is no demand for the product of their labor. The shortening of hours of labor cannot possibly benefit the position. If we are ever going to deal with the unemployment problem in a practical manner we must make production profitable once more, and we can only make it profitable in Australia by lifting the taxation burden from production, giving the worker the full results of his labor in the wages of his labor, and thereby creating that purchasing power which is short at the present time. When we are prepared to do that, the true solution will be found, and until then we shall simply be beating the air.

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