

PROGRESS

An Australian Journal to Advocate the Rights of the People in the Land

- POLICY
1. COLLECTION OF LAND VALUES OR GROUND RENT AS PUBLIC REVENUE.
 2. THE ABOLITION OF TAXES NOW IMPOSED UPON LABOR AND LABOR PRODUCTS.
 3. PROPORTIONAL REPRESENTATION FOR ALL ELECTIONS.

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THE FOUNDATION OF SOCIAL JUSTICE

By PATRICK EDWARD DOVE

The following is taken from Patrick Edward Dove's book *The Theory of Human Progression* (1850). The life sketch of him in the *Dictionary of National Biography* says of it: "The main principle is that all progress is conditioned by the development of true knowledge; it maintains the doctrines of liberty and equality and argues that rent ought to belong to the nation. It thus anticipates Mr. George who praised it at a public meeting at Glasgow (*British Daily Mail*, 19th December 1884).

Patrick Edward Dove was born at Lasswade, near Edinburgh, in 1815. As a young man he travelled widely, and lived for a time in Paris and London. About 1840 he came into the family property in Ayrshire, and lived there until 1848, when an unfortunate investment deprived him of most of his fortune. Shortly after this he married and went to live at Darmstadt, in Germany, where he studied, wrote, and lectured. In 1850, the same year in which Herbert Spencer's *Social Statics* appeared, enunciating similar conclusions, Dove published his *Theory of Human Progression and Natural Probability of a Reign of Justice*. It was the first part of a work entitled *The Science of Politics*, of which the second part, *The Elements of Political Science*, appeared in 1854. The first part was acclaimed by Thomas Carlyle, Sir William Hamilton, Professor Blackie, and Senator Charles Sumner who circulated many copies in the United States, but it never secured general public attention. A second edition, edited by Mr. Alexander Harvey, was published in New York in 1895, and subsequently an excellent abridgment by Miss Julia Kellogg was published by Isaac H. Blanchard & Co., New York and reprinted by the Robert Schalkenback Foundation, New York. The second part had even less attention, and is now exceedingly scarce. After publishing his book Dove lived for a time in Edinburgh, and later in Glasgow. He wrote extensively on economic, religious and philosophic subjects, and interested himself in military science. In 1860 he was stricken with paralysis and went to Natal in a vain search for health. Returning to Scotland, he died in 1873 and was buried in the Grange

Cemetery in Edinburgh.

PATRICK EDWARD DOVE'S HISTORIC STATEMENT

The question is upon what terms, or according to what system, must the earth be possessed by the successive generations that succeed each other on the surface of the globe? The conditions given are— *First*, That the earth is the common property of the race; *Second*, That whatever an individual produces by his own labor (whether it be a new object, made out of many materials, or a new value given by labor to an object whose form, locality, etc., may be changed) is the private property of that individual, and he may dispose of it as he pleases, provided he does not interfere with his fellows; *Third*, The earth is the *perpetual* common property of the race, and each succeeding generation has a full title to a free earth. One generation cannot encumber a succeeding generation.

And the condition required is, such a system as shall secure to the successive individuals of the race their share of the common property, and the opportunity without interference of making as much private property as their skill, industry, and enterprise would enable them to make.

DIVISION OF THE SOIL

The scheme that appears to present itself most naturally is the general division of the soil, portioning it out to the inhabitants according to their number. Such appears to be the only system that suggests itself to most minds, if we may judge from the objections brought forward against an equalization of property. . . .

Men must go forward, never backward. To speak of a division of lands in England is absurd. Such a division would be as useless as it is improbable. But it is more than useless—it is unjust; and unjust, not to the present so-called proprietors, but to the human being who are continually being born into the world, and who have exactly the same natural right to a portion that their predecessors have.

The actual division of the soil need never be anticipated, nor would such a division be just, if the divided portions were made the property (legally, for they could never be so morally) of individuals.

If, then, successive generations of men cannot have their fractional share of the actual soil (including mines, etc.), how can the division of the advantages of the natural earth be effected?

DIVISION OF RENT

By the division of its annual value or rent; that is, by making the rent of the soil the common property of the nation. That is (as the taxation is the common property of the State), by taking the whole of the taxes out of the rents of the soil, and thereby abolishing all other kinds of taxation whatever. And thus all industry would be absolutely emancipated from every burden, and every man would reap such natural reward as his skill, industry, or enterprise rendered legitimately his, according to the natural law of free competition.* This we maintain to be the only theory that will satisfy the requirements of the problem of natural property. And the question now is; how can the division of the rent be effected? An actual division of the rent—that is, the payment of so much money to each individual—would be attended with, perhaps insuperable inconveniences; neither is such an actual division requisite, every requirement being capable of fulfilment without it.

We now apply this solution to England. England forms a State; that is, a community acting through public servants for the administration of justice, etc. In the actual condition of England, many things are at present unjust; and the right of the Government to tax and make laws for those who are excluded from representation is at all events questionable. However, we shall make a few remarks on England as she is, and on England as she ought to be; that is, as she would be were the rules of equity reduced to practical operation.

1st. The State has alienated the lands to private individuals called proprietors, and the vast majority of Englishmen are born to their labor, minus their share of the taxation.

2nd. This taxation of labor has introduced vast systems of restriction on trades and industry. Instead of a perfectly free trade with all the world, England has adopted a revenue system that most materially diminishes both the amount of trade and its profit. And, instead of a perfectly free internal industry, England has adopted an excise that is as vexatious in its operation as can well be conceived. Both the customs and excise laws, and every other tax on industry, have arisen from the alienation of the soil from the state; and had the soil not been alienated, no tax whatever would have been requisite; and were the soil resumed as it undoubtedly ought to be, every tax of every kind and character, save the common rent of the soil, might at once be abolished, with the whole army of collectors, revenue-officers, cruisers, coast-guards, excisemen, etc., etc.

3rd. Taxation can only be on land or labor. (By land we mean the natural earth, not merely the agricultural soil.) These are the two radical elements that can be subjected to

taxation, capital being originally derived from one or the other. Capital is only hoarded labor or hoarded rent; and as all capital must be derived from the one source or the other, all taxation of capital is only taxation of land or of labor. Consequently all taxation of whatever kind is; first, taxation of labor—that is, a deduction from the natural remuneration which God intended the laborer to derive from his exertions; or second, taxation of land—that is, the appropriation of the current value of the natural earth to the expenses of the State.

Now, labor is essentially private property, and land is not essentially private property, but, on the contrary, is the common inheritance of every generation of mankind. Where the land is taxed no man is taxed, nor does the taxation of land interfere in any way whatever with the progress of human industry. On the contrary, the taxation of land, rightly directed, might be made to advance the condition of the country to a high degree of prosperity.

4th. For the expenses of a State there must be a revenue, and this revenue must be derived from the taxation of labor, or from the rent of the lands. There is no other alternative; either the rents of the soil must be devoted to the common expenses of the State, or the labor of individuals must be interfered with; and restrictions, supervisions, prohibitions, etc., must be called into existence, to facilitate the collection of the revenue

HISTORY OF LANDED PROPERTY

The political history of landed property in England appears to have been as follows:—

1st. The lands were accorded by the king to persons who were to undertake the military service of the kingdom.

2nd. The performance of this military service was the condition on which individuals held the national land.

3rd. The lands were at first held for life, and afterwards were made hereditary.

4th. The military service was abolished by the law, and a standing army introduced.

5th. This standing army was paid by the king.

6th. The king, having abolished the military services of the individuals who held the national land, resorted to the taxation of articles of consumption for the payment of the army.

The lands of England, therefore, instead of being held on condition of performing the military service of the kingdom, became the property of the individuals who held them, and thus the State of England lost the lands of England. And the military service of the kingdom, instead of being performed by those individuals who held the national land, was hanceforth (after the reign of Charles II) to be paid for by the general taxation of the inhabitants of the country.

Therefore the present system of taxation, and the national debt, the interest of which is procured by the forcible taxation of the general inhabitants of England, are both due to the alienation of the lands from the State, inasmuch as the national debt (incurred for war expenses) would have been a debt upon the lands, and not a debt upon the people of England. If, therefore, the legislature had a right to abolish the military services of those who held the national land, and thereby to impose on the general community all the liabilities of the military service of the kingdom, the legislature has the same right to abolish the general taxation of the community, and to allocate to those who

*We have no hesitation whatever in predicting that all civilized communities must ultimately abolish all revenue restrictions on industry, and draw the whole taxation from the rents of the soil. And this because the rents of the soil are the common produce of the whole labor of a community.

hold the land all the expenses that have been incurred, and that are still being incurred, for the war charges of the kingdom.

The alienation of the land from the State, and its conversion into private property, was the first grand step that laid the foundation of the modern system of society in England—a system that presents enormous wealth in the hands of a few aristocrats, who neither labor nor even pay taxes in proportion to those who do labor; and a vast population laboring for a bare subsistence, or reduced sometimes by millions to the condition of pauperism.

So long as this system is allowed to continue it appears (from the constitution of the earth, and of man's power to extract from it a maintenance) an absolute impossibility that pauperism should be obliterated; inasmuch as the burden of taxation necessarily falls on labor, and more especially as the value of labor is necessarily diminished wherever there is a soil allocated to an aristocracy*

THE EVOLUTION COMPLETE

The abolition of the military tenures, however, did not complete the great evolution by which the lands of England have been transformed into the property of a few thousand aristocrats. That evolution consisted of three great facts.

1st. The allocation of the church lands to individual proprietors.

2nd. The abolition of military tenure, and the substitution of the taxation of articles of consumption, in other words, of the taxation of labor.

3rd. The enclosure of the common lands, whereby vast numbers of the peasantry were ruined, deprived of their legal rights, which were quite valid as the entails of the aristocracy, and, being separated from the land, were sent to propagate pauperism in the towns and villages And though the manufactures of England, taking an expansion altogether unprecedented in the history of the world, were able to cosume the redundant population, the time must come when the rate of increase will diminish, when the population shall find no maintenance either in the towns or in the country, and social changes attended with a more equitable distribution of the sources of wealth will result in spite of all that men can do to prevent them. . . .

No truth appears to be more satisfactorily and more generally borne out by the history of modern Europe than that the progression of men in the matter of liberty "is from a diversity of privileges towards an equality of rights"; that is, that the past progress has been all in this direction since the maximum of diversity prevailed in the aspect of individual lord and individual serf. And if this be the case, it cannot be an unreasonable conclusion that if sufficient time

*Political economists have insisted much on the small matters that affect the value of labor. By far the most important is the mode in which the soil is distributed. Wherever there is free soil labor maintains its value. Wherever the soil is in the hands of a few proprietors . . . labor necessarily undergoes depreciation. In fact, it is the disposition of the land that determines the value of labor. If men could get the land to labor on they would manufacture only for a remuneration that afforded more profit than God has attached to the cultivation of the earth. Where they cannot get the land to labor on they are starved into working for a bare subsistence. There is only one reason why the labor of England, Ireland and Scotland is of so little marketable value, and that reason is the present disposition of the soil. Were the soil disposed of according to the laws of equity there cannot be the least doubt that the labor of the laboring classes would at once rise to at least double its present value.

be allowed for the evolution, the progress of change will continue to go on till some ultimate condition is evolved. And that ultimate condition can only be at the point where diversity of privilege disappears and every individual in the State is legally entitled to identically the same political functions. Diversities of office there may be, and there must be, but diversity of rights there cannot be without injustice.

Such, then, is the theoretic ultimatum that satisfies the reason with regard to its equity from the past history of ultimatum that the reason infers from the past history of mankind. Such, then, is the point towards which societies are progressing; and when that point is reached the ultimatum of equity is achieved and the present course of historical evolution is complete.

IGNORING THE EARTH

There's a story about a passenger ship where an illusionist was entertaining passengers in the salon. At the end of his act he said, "Now I'm going to make this whole ship disappear." At that moment, unbeknownst to him and the passengers, there was a terrific explosion in the boiler room, blowing the ship to pieces. Survivors floundered in the sea. One passenger, clinging to a bit of wreckage, saw the illusionist clinging to another, and accosted him; "What are you, some kind of nut?"

Well, even if that illusionist could be blamed for the mishap, that's nothing compared to what modern economists have done. They have made the whole earth disappear!

As you listen to them or read their lucubrations on the economic situation, you will find a lot about capital and labor but little or nothing about land. There are endless discourses on interest and interest rates, but little or nothing on the rent of land. Much about taxes and tax rates but sparse mention of land value taxation. Charts and statistics about national income but nothing on the unearned income from land. Recessions and depressions are explained in terms of adjusting tax and interest rates, but nothing is said about the influence of land speculation. Unemployment is referred to as the stringent remedy for inflation, but no word is said about restricted opportunities for labor by holding land out of use. Capital and technology are recommended for poor countries, but without disturbing the land monopoly causing the trouble.

Land was once held in high esteem by the classical economists as a basic component of economic analysis. But somehow it has disappeared today into capital. That's some illusionism!

How can the whole earth with all its natural resources be so blithely waved away? It can't. And the results of ignoring land and the land problem are the periodical explosions we experience, leaving us clinging to wreckage.

The bad repute into which economists have fallen — and their failure to deliver us from our economic woes — is definitely linked to this denial. And as long as it persists, we'll have to call such economists "some kind of nut".

Robert Clancy, in "The Georgist Journal", Winter 1981-82.

FUTURE MEETINGS

July 22. Lunch-hour forum. 'Taxation'. Leader, L. Brown, 1-2 p.m.

July 28. Members' Discussion Night, 7.30 p.m.

Aug. 25. Members' Discussion Night, 7.30 p.m.

Sept. 23. Lunch-hour forum. 'Ecology'. Leader, Mrs M. Hutchinsen

WHY I AM A SINGLE-TAXER

BY MARK A. SULLIVAN

My philosophy has always supported equal access to the earth and equal participation in all affairs that directly affect the community. "Self-government" accurately describes this position. As I see it, every person should have an equal share in the ownership of society (of its land and of its collective services) and an equal voice in any necessary social decisions. It is axiomatic that this involves equal liberty and respect for everyone's desire to be free to control his or her private affairs. It can all be summed up thus: absolute individual sovereignty over personal affairs and equal individual sovereignty over collective affairs.

One collective affair is the matter of land tenure. Since your occupation of land prohibits my occupation of the same location, and since we all need to occupy land in order to live, the equalisation of land possession is a social affair. Compensation from those who "own" the better lands to those who "own" worse lands, or no land at all, accomplishes this. And this is the idea, as I understand it, of 100 per cent land-value taxation.

Those services which benefit community members *whether or not* they use them (such as roads, sewers, pollution control and territorial defense) are also collective affairs. These services are natural monopolies and are involved with the larger question of land ownership. The paying of these services and the social environment in general) to finance these services ensures that those who benefit the most pay the most. Thus, no one carries more than his share or benefits at the expense of others.

Whole control of the land-value fund should be democratic, with each community member having an equal voice. I personally would prefer that it be used to support only genuine public services with the surplus redistributed equally to all. For this main reason I am a strong advocate of the ST. I do not think land-value taxation even at 100 per cent is enough and I happily note that Henry George seems to agree with me on this point:

"The *abolition* of all taxes that restrain production or hamper exchange, the doing away with all monopolies and special privileges that enable one citizen to levy toll upon the industries of other citizens, is an integral part of our program. To merely take land values in taxation for public purposes would not of itself suffice. If the proceeds were spent in maintaining useless parasites or standing armies, labor might still be oppressed and harried by taxes and special privileges. We might still have poverty; and people might still beg for alms or die of starvation."

I regard the ST as an instrument of self-government. To use the ST to support repressive state functions would constitute, in my mind, a betrayal of its purpose.

The advantage of a ST is that it *limits* the amount of public revenue to the total of all land values which, as I see it, is the total of all benefit, public and otherwise. If the government wants more revenue, it has first to do a better job in order to raise land values. Thus, the ST subjects government to the market, and keeps it in its place as the servant, not the master, of society.

If the ST tax does not produce all the revenue government wants, that is an indication that it needs to reduce or simplify its functions, or be more productive (instead of inefficient or destructive). One obvious way in which it

could economise would be to get out of the business of managing and regulating money and exchange, controlling commerce and industry and meddling in our personal lives. Government would certainly be simplified, less oppressive and costly, if it were relieved of the burden of manufacturing and enforcing statutes that make criminals out of persons who are living their own lives harming no one, except, perhaps, themselves. If private organisations and persons must make ends meet with what they can produce, or *earn*, so must government.

I accept that national defence is an expensive business but I do not think we will ever need more national defence than we can afford. National defence should *not* mean defence of multi-national corporate investments outside our own borders, or of petty dictators who oppress their subject populations, or of other industrialised societies, who can well afford to defend themselves.

Finally, if government is the employee of the people, as it should be, all public services should be contracted-out on a competitive-bid basis. This is not usually done, especially in the area of defence contracts. A ST and competitive bidding allow people to say to government: "This is your budget, spend it wisely, for you will get no more. And if you don't like it, we'll hire somebody else!"

— from *Land & Liberty*.

LETTER TO MAYOR AND COUNCILLORS OF COBURG

I was surprised to read in the local paper that you were prepared to abolish MUNICIPAL RATES and place the Municipal costs on general taxation.

Respectfully, I point out the Council rates and M.M.B.W. rates are not *taxes* in the classical sense but the cost of providing services to property; this in turn adds to value of the subject property. The truly natural method is to rate on land values only and not on improvement value. I say this because apart from inflation influences, the increase in value of property is really on the land.

I can see no reason why such costs should be levied on all people per means of monies from general taxation.

It must be recognised that tenants of property pay rates per medium of rent.

I recognise that Councils do provide some services to persons but the cost of these are met by grants from State Government.

It sounds attractive to state "abolish rates", but after all the cost of such services must be paid for by somebody, and the best and fairest way is by land owner whose property value is maintained or increased by the services offered.

Another factor of the proposal is the virtual destruction of the power of the people to have close control of such expense by the control of election of Councillors.

J. H. Morris.

P.R. PUBLICITY

In "The Australian" on 7 October, 1981, the "Opinion" column was written by Mr. Jack Wright on "Fair and Practicable Ballots".

SURVIVAL LIFESTYLE AND THE WELFARE STATE

By David Spain

A complaint often visited against those unemployed who seek to set themselves up in a land co-operative, with basic agricultural self-sufficiency, is that they usually rely on the dole, or on supporting mother's pensions, to do so.

In this essay I wish to reaffirm the right of unemployed etc. to benefits of the welfare state, to affirm that survival lifestylers are especially entitled to these benefits, and to offer both hope and advice whereby this drain on the public purse may be seen as but temporary.

Whether one be a religious person endorsing the commandment to love one's neighbour, or simply a normally expedient individual, it is clear that the quality and security of any civilization can only be lowered by allowing a significant pool of economically unfortunate individuals to form and suffer from shortages of food and shelter grossly in contrast to the abundance in which others dwell. The anger and bitterness such a situation engenders provides a prime reservoir for violent rebellion, nihilistic destructiveness and growth of exploitative perversities. It also necessitates maintenance of a large and violent authoritarian police force if acts of dissent and theft are to be kept in check.

What Can They Do?

There are those who advocate that all or some unemployed be refused the basic sustenance presently provided by the dole. What are they expected to do then? Live in rags on scraps in camps of shame and sorrow beside the public roads, as John Steinbeck so vividly describes of the American depression in "Grapes of Wrath"? Or be liquidated as the Nazis attempted with the Jews — a solution analysed as possible recently by academics investigating ASIO connections? (1).

Any government, as representative of the whole society must accept responsibility and use its power for the benefit of every element within that society. The rights and existence of minorities must be accorded respect. Not infrequently rights and truths at present existent in a minority will eventually come to dominate. If the economic practice of a society is failing to provide normal opportunities for some members, then it is the economic practice, not the outcast individuals, which must be presumed faulty.

There are some who maintain the unemployed folk could find normal employment if they looked hard enough. Yet it is manifest this is not so. Any number of stories are available from unemployed who have looked endlessly for jobs. There are dozens of applications for advertised positions. Government Departments such as the CES and Dept. of Social Security are engaged full-time in actually trying to locate jobs for recipients of the dole.

The Cause

The cause of unemployment does not lie with the motivation of the jobless. It lies with economic practice, and the remedy therefor lies in a fresh appraisal of the role production and employment should play in modern society.

At present some 500,000 Australians (10% of the work force) are registered (or haven't bothered getting registered) as unemployed. For a decade this number has been

steadily growing, despite stringent monetarist measures designed to stimulate private sector demand, productivity and jobs. There is every indication this growth will continue.

A prime reason for the trend is that machines, especially electronic appliances based on the silicon chip, are replacing human labour in many spheres of work, both blue-and-white-collar. There are some who maintain that machines should never be allowed to replace human jobs. I do not believe this is so. Humankind was made for higher things than working, though we may have to work to establish (or re-establish) that state (2). What is needed is not so much fear of unemployment as a desire for disemployment, simply because the economy and society can sustain itself and grow with minimum labor.

Maldistribution of Wealth

Another prime reason for unemployment is that, mostly due to government failure to collect its revenue from siting of land occupied, inflation and parasitism have concentrated 90% of the wealth in 10% of the hands (3). Consequently both the demands and initiative of many for productivity are lessened.

Such a lessening of demand for manufactured products and for services must not be viewed with regret. To certain extent such a lessening is inevitable once people obtain basic material necessities — they don't want more. To this end the production of high-quality items must be encouraged. There are but limited raw resources on Earth. Already most of our native forests, and easily recoverable mineral reserves, have been exploited, and not replaced, mostly for the lasting benefit of a few. It is crazy to base economic health, as our major political parties still do, on continued economic growth (4).

A withering-away of the exploitative and cash-based economy, as now we know it, is more in order. Those who are presently sustained by this system are being so at the expense of the environment, of future generations (and the resources available to them), of the economically depressed classes, and even of themselves, who spend an inordinate time doing work that is ultimately unnecessary. When the ideal state which permits of complete disemployment is achieved, then there will be no ill-health, no governmental complexity, no legalism and little need for industrial or technological benefits — yet the quality of life will be far higher than now. Instead of humankind being a mere mindless appendix of his own monstrous economic system, it should rather grasp the destructiveness, cost and achievements of this system in view of an ultimate goal, and thus come to truly economize.

Pioneering Answers

Amongst the multitude of Australian unemployed there is one group which, in various extents of consciousness and achievement, is pioneering answers to these problems of unemployment, resource consumption and wasteful societal complexity. These are the survival-lifestyles. By grouping together into co-operatives and buying their own land, it is possible for such folk to build their own homes out of local materials and to plant self-sustaining agricultural perma-

culture. This process is not easy, since the price of land is high and it takes many years to produce a home and orchard when the only capital available is the pittance of the dole.

However, is not pursuit of this creative process preferable to becoming embittered, feeling useless, adopting hard drugs and endorsing vandalism or violence in some frustrating dead-end of the big cities? Forming caring and co-operative communities in the countryside is far better socially than isolation and alienation as failures in a materialistic culture. There need be no loss of cultural quality, indeed the best of both urban arts and awareness, and of rural tranquility can become wedded in a land co-operative.

Self-Sufficiency

Not only are the individuals happier, but their chances of becoming economically self-sufficient are enhanced. It might take 7 or 10 years for a person on the dole to build a home and permaculture, but eventually such one start earning enough income (from sales of produce or of crafts etc.) to cater for their diminished needs. \$20,000 is usually accepted as a minimum investment for setting up one paid job. If any government or entrepreneur was prepared to invest such a sum per person into a land co-op, then I have no doubt folk therein could get off the dole. Failing such investment, let governments and taxpayers look at the positive benefits of land co-ops and of permaculture — happy people, stable families, beautification of exploited landscape, and a slow growth in economic viability — and desist from criticizing unemployed folk with enough initiative and hard-working ability to enter this path, because they are happy or because they take some time to become independent of the dole.

I agree with criticism of paying pensions to unmarried mothers on the ground that it encourages irresponsibility and immorality. There can be little doubt but that stable pair-marriage affords optimum conditions for growth in the partners and children. But failure to inculcate and provide this ideal is a failure of society, more than of the individual. The remedy is educative, rather than by penalizing mothers and children who find themselves in this unfortunate condition.

Encouragement Needed

Thus, there is no way that the benefits of the welfare state should be denied to the unemployed, especially those who have enough initiative to search for their personal fulfillment, and to pioneer more viable forms of community and economy, within the survival lifestyle ventures. Quite the contrary. The entry of unemployed into such ventures should be positively encouraged as a most positive way of solving economic and social problems new besetting Mainstream civilization. And even for these ones, failing appropriate capital investment or the basing (by governmental collection of site-rents), the entitlement of survival lifestyle to collect social security welfare benefits must be expected to continue for many years.

References

- (1) See 'Big Brother Democracy'. (Ed. Pat Flanagan). Dept. of Continuing Educ. Adelaide publication; 1979 pp. 72-75 incl.
- (2) See Matthew 6; vv. 25-34.
- (3) See "Australia Ripped Off", AMWSU publication, 1979 for figures.
- (4) See E. F. Schumacher, "Small is Beautiful".

LETTERS TO EDITOR

RENT, ITEM OF COST

Mr. J. J. Pot in the May 1982 issue of Progress says that "rent is NOT an item of cost and must NOT be paid from production".

It is true that the cost of production is fixed by what the same application of labour and capital can secure from the least productive land in use, but this is not to say that rent is not an item of cost where production takes place on better land above the margin of production.

I wonder how many accountants could be recruited to the Georgist movement by making such a claim.

One might as well say that the extra finance invested in a more efficient machine is not a cost factor because it increases the rate of production or improves quality or the extra wages paid for more highly skilled labour are not an item of cost because productivity is correspondingly increased.

To use the most suitable land available and pay the cost involved is with the object of reducing other costs in order to produce a product or render a service that will sell competitively in the market and show the greatest return to entrepreneurs.

It therefore is good business to pay rent appropriate to the kind of production or service required which must be accounted for in the cost structure.

Henry George stated that there were three factors in production, land, labour and capital the returns for which are rent, wages and interest.

The final returns to rent, wages and interest are fixed in the market according to what consumers are prepared to pay; this in turn influences supply by the producer who restricts productions if returns are inadequate and so the market is kept in equilibrium reacting to supply and demand.

All three factors are subject to monopoly under present conditions which distorts the free market and discourages production. Such monopolies would be absent from a Georgist economy. The advantage of using rent bearing land is to aid production by reducing the cost of wages and or interest as a proportion of the product or what amounts to the same thing — securing a greater output from the same application of labour and capital.

It must be very confusing to those we seek to recruit to our ranks to see Georgists engaged in such obscure arguments when there is so much to be done that will advance our cause and such dire consequences facing the future of civilisation if we fail in our task before orderly government is destroyed by the forces of blind reaction to injustice.

Graham Hart, Wembley, W.A.

Tax Racket. An article in the "National Times" by A.N.U. economist Craig Emerson estimates that \$5000 million is lost in tax avoided and/or evaded, and that ordinary wage and salary earners are carrying the real burden.

Which provides, of course, a further agreement for the Georgist reform.

Taxes. Net P.A.Y.E. income tax was 33% of total tax revenue in 1969-70, 41% in 1975-76, and 46% in 1981-82. "Age", 18-2-82.

'GROWTH AND GREED'

BEING A REVIEW

'LAND REFORM OR RED REVOLUTION'

(Economic Surplus and the Dynamics of Political Violence) by Fred Harrison, M.A.

Centenary Essays No. 1 ESSRA, London 1980, 38 pages, £2.50 (inc. p. & p.).

"Idle Land Means Idle Men".

— Slogan of the British Progressive Party 1880.

Idle land indeed means idle men but the present day question on the political agenda is what causes the land to be idle and thus men to be unemployed?

The London based Economic and Social Science Research Association (ESSRA) in commissioning a series of centenary essays to commemorate the 100th anniversary of the publication of Henry George's "Progress and Poverty", has undertaken the value task of disseminating the theory of the single tax on land values at a crucial historical period in world land/use development.

As the global economic crisis deepens, the world wide political realisation is rapidly dawning in the progressive camp that neither western "free enterprise" nor soviet "socialist reality" have between them the right answers to the vital problems of the rapidly augmenting landless, homeless, jobless, helpless, masses of unemployed and marginalised humanity throughout the earth.

What is to be done?

Fred Harrison, a graduate of Ruskin College, Oxford and Burbeck College University of London is the editor of "Land & Liberty" the official organ and journal of the United Committee for the taxation of land values, the United Kingdom organisation keeping the Henry George ethic alive.

In his centenary essay Mr. Harrison contrasts the four alternative forms now available for politically meeting the land use crisis in a spectrum ranging from institutional reform through violent reform and from institutionalised revolutions through to violent revolution. He gives as one to one examples of each form of political agitation in the Ulster civil rights marches, the Watts riots, the Allende experiment and the Sandinista Nicaraguan revolution.

While trying to set up a twin dichotomy between reform/revolution and institutionalism/violence, Mr. Harrison does not need to stress what is perhaps self evident: the political truism that in critical mass situations no matter how gradualist a civil rights Ulster reform is mooted or how bloodless a 'legal' Allendist revolution is attempted, a chain reaction leading to a nuclear explosion into erroristic violence of either right or left is almost inevitable when the burden of global social injustice in planetary land/use terms exceeds the resilience of the political structures to carry the mass/stress force/weight ratios.

After a majestic world survey of the political and economic global situation which ranges comprehensively over the attempts at redistribution of world income and the inception of the welfare state from the poor laws and charitable ethos of the 19th Century on to a review of the peasant based revolts in Europe commencing with France, Russia, Ireland and on to the third world ferment in Korea, Vietnam, Cuba, Bolivia, Zimbabwe, Chile, and now El Salvador and concluding with the parlous and scandalous state of abject poverty of the British farm workers who even to this day cannot afford to eat the food they grow for the rest of

the community, the oversight of events ends with an analysis of the two alternative penances presented by private monopoly land use under "capitalism" and the enforced collectivism practiced under "communism", both of which Mr. Harrison conclusively demonstrates, have failed in their goals of social justice and right distribution of wealth.

Mr. Harrison presents a clue to the final solution of the quadrilemma of the gradualist/violent/reform/revolution syndrome in the title of his penultimate chapter.

"Conclusion — Land the Key".

In his closing argument the author clearly states —

"Without a lasting solution to the land issue there can be no long run stability in the industrialised economies . . . Political conflicts over possession of the land . . . can be resolved only by the right land reform".

As students of Henry George have good reason and logical argument to know, the only "right land reform" is the universal institutionalising by legal force of government of the single tax on the site value of all land: — not through variable agrarian reforms, not through false sales, not through nationalisation nor collective farming, not through socialist enforced co-operatives, nor state planning and centralised purchasing, not through limited re-distribution of large haciendas and latifundias into tight kulak and small peasant land holdings, not through the enforced eviction of large land owners and enforced resettlement of small landless peasants will the world solve its global land problem.

Only by the single tax being universally implemented will the perhaps unpalatable, but only quick, just, universal, equal, and right radical land reform be achieved.

As Mr. Harrison explains only the single tax will achieve the fundamental pre-requisite for economic stability which is the basic structure for the unlimited growth of real wealth of nations and its unprejudiced distribution among the peoples of the earth.

The coming struggle for this right, this mighty reform, the imposition of the single tax, is about to become the over-riding global issue in the forefront of world events.

All the signs are there that this climactic struggle is about to commence.

As the final conflict inexorably advances all Georgians realise that they have only just begun the good fight: — the last great battle with the last great robber, the landlord, is now at hand.

The only obstacle to our dreams of unlimited growth on the broad uplands of tomorrow is the unconscionable greed of the landlords of today.

If Mr. Harrison's centenary essay has moved the world a little further on the bright path to the single tax goal, it will have fulfilled its historical and ethically Georgian purpose.

We welcome this essay whole-heartedly and urge the reader to use it as a primer to the further and deeper understanding of the last great remaining political question before the general assembly of mankind — the land question — the final answer to which will determine the future ground plan for humanity: — be it utopia or oblivion.

REAGANOMICS: DREAM OR NIGHTMARE?

By OSCAR B. JOHANNSEN

To put it mildly, the reception which Reaganomics has received, as evidenced by the stock market, has been distinctly negative. This has confounded the "supply-side" economist whose theories have been the mainstay of Reagan's program. Those opposed have been quick to criticize. They have proclaimed that it was a failure and have urged the President to turn about face and reinstate the program which kept the New Dealers in power for so many years of: tax, tax to spend, spend to elect, elect.

But the assumption that the program had failed even before it had a chance to get off the ground has been a bit premature. Probably the reason the criticism gained some headway was the fault of the more zealous "supply-siders." They had implied that once a bill incorporating their theories was enacted, expectations would cause expanded business and a boom even before the program officially began.

The rationale of "supply-side" economics resolves around increasing the supply of goods by providing incentives, as well as by granting to business as much freedom as possible, to produce.

Under Keynesian economics, as practiced, the emphasis has been on increasing demand on the assumption that it would automatically cause production to increase. But the means adopted were faulty. To stimulate demand, the Keynesians relied on gigantic spending by the government regardless of what deficits were incurred. The money required came from increased taxes on business, and by what amounted to printing ever greater quantities of money. At the same time, regulations ad nauseam were levied on productions on the specious plea of attaining such desirable social goals as better safety, health, and a finer environment. The consequence was that production decreased while prices kept rising. Even the average individual became aware that something was radically wrong, so in the last election, control over the Presidency and the Senate changed hands.

The "supply-siders" advanced the obvious antidote. Increase production by giving both business and consumers incentives in the form of tax cuts and by the elimination of onerous regulations. By lowering individual tax rates across the board, individuals and corporations would have more money not only to spend but to invest. Increased investment would mean more capital, i.e. more tools, and with less inhibiting regulations, production would increase. The enhanced production would tend to decrease prices. This would be helped by the reinstitution of the gold standard. It would force the government to stop increasing the money supply to pay for any Federal deficits. To eliminate deficits and to establish a balanced budget, many of the social and welfare programs were to be reduced or eliminated.

While Wall Street is enthusiastic over Reagan, it did not buy the program. It was not that it disapproved. Rather, it feared the program would not work out as planned for a number of reasons. It was patent that the budget cuts planned had met with such great resistance from powerful special interests that the actual reductions were not large enough. Also, Reagan did not cut the defense budget. Instead, he advocated increasing it, whereas a balanced budget requires decreasing defense. In addition, the President had been forced to compromise on the tax reductions so they were not as substantial as had been planned. Social Security taxes would keep on increasing and bracket creep would still exist

until 1985. Bracket creep arises from inflated prices which cause incomes to rise. This put almost everyone into higher tax brackets so more taxes must be paid. Thus real incomes do not increase. Instead they may fall. The tax cuts amounted to but a levelling off of the constantly increasing tax burden.

The budget cuts were obviously insufficient, especially inasmuch as defense was a sacred cow. In addition, the tax cuts, while not really substantial, still means reduced revenue for the government. The result could only mean huge deficits. Despite the affection of the "supply-siders" for the gold standard, Congress was hardly likely to reinstitute it. Thus, the deficits would almost certainly be monetized, that is, paid for by the simple expedient of, in effect, printing more money. This inflation of the money supply could only mean rising prices, including higher interest rates, the very things the Reagan program was supposed to reverse.

While Wall Street may be sceptical, nonetheless as the tax cuts go into effect, and as budget and regulatory cuts materialise, it could well be that these will have a stimulating effect on production, with business expanding and profits increasing.

However, if this does happen, sooner or later, the usual cyclic slowdown will occur. After all, as business conditions improve, as new plants and equipment are constructed, the demand for land will zoom. This will mean increased rents and land prices which will rise to a point where it does not pay business to rent or buy land. At that time, the fall off in production will begin. It may be precipitated by the bankruptcy of some important company, or it may be gradual. But the result will be the same — depression, unemployment, and bad times. This will bring on insistent demands for the Federal government to do something! For far too long all of us have been taught to look to the government, as though it were God, to solve our problems.

Reaganomics, thus, may work, but if it does, its success can only be temporary. In the long run, the benefits will ensue to the landowners, with rents and land prices soaring into the stratosphere, which will tend to bring on a depression, unless heroic actions are taken to prevent it.

Paradoxically, while Reaganomics is an attempt to get government off our backs, and to permit greater freedom for the individual, it may well be that eventually the consequence may be the opposite. If it fails, the liberals and socialists will proclaim to the world that the free market economy had been tried and found wanting, for it did not ensure steady employment and prosperity. Instead, it will be argued that it is obvious that planning is necessary with much of industry nationalised and the government directing the economy, as is going on in France at the present time. A "benign" dictator in the style of DeGaulle may even arise who will promise to take us to the heaven of plenty but instead will lead us to the hell of socialism.

Until such time as people once again learn to look to themselves to solve their problems and to insist on as little government as possible, with a just system of land tenure, the end result of all these new economic fads will merely be to hold out impossible dreams which turn into nightmares!

THOUGHTS ON THE PROPERTY TAX

By C. LOWELL HARRISS

What is a property tax? It is a tax on land and its buildings, plus machinery, equipment, and inventories of business. In the United States, it yields close to \$70 billion a year. It is a tax designed to permit the residents of a community to finance services for themselves. It has its "merits" and its "demerits."

One of the demerits is that the tax, falling on man-made products, invariably discourages production. Another point, rarely noted, is that the tax, as a cost of occupancy and construction, tends to induce smaller-size rooms. It results in the loss of potential benefits from the "law of the cube." Human well-being can generally be served better by the construction of rooms, houses, and buildings of larger, as opposed to smaller, size.

Still another flaw in the tax is that well-constructed, highquality buildings are now taxed more heavily per unit of space than are slums and "junk." In many areas, new machines are taxed more heavily than old. Is it not stupid to decree that if a family or a company supplies more and better capital facilities, it must also pay more toward the costs of government?

The tax on buildings discourages maintenance and modernization. Cities which need to replace obsolete, decayed, destroyed buildings, nevertheless put tax impediments in the way of progress. Is this not both irrational and self-defeating?

One of the merits of the property tax, on the other hand, is that it also falls on land values, thus compelling, rather than discouraging, the use of land. Therefore, a change in the structure of property taxation which would cause only land, rather than improvements, to be taxed, would spur production in two ways. Land, which is often held idle for speculation, would have to be employed or given up. At the same time, the removal of taxation on improvements would create the incentive to produce all materials needed to satisfy the demands of the community.

Raising taxes on the value of land would temporarily work against the owners of land, but, in the long run, would benefit everybody. Many land-owners have unrealized capital gain accrued since the land was purchased; and some land, especially that which is largely vacant or under-utilized, is relatively under-assessed. Five years of transition would permit gradual adjustment; and all people, including landowners would gain by the change. The community would capture in taxes some of the value which it has created, and spend it on schools, streets, and other facilities.

If the full tax on land value were collected, the tax would be almost burdensomeless (except that the owners of land and their heirs would lose their "unearned increment"). The necessity of paying tax on the full market value of land would intensify the pressure to get the best income possible, and thus cause the owners to make more effective use of land. The "speculators" would practically disappear.

Today, keeping urban and suburban land idle, or nearly so, while waiting for prices to go up, may cost the owners rather little. Their ability to deduct property tax in computing taxable income reduces the net cost to them (but not to society) of holding land largely idle while waiting for the price to rise. If land value taxation were adopted, the land-owners would be unable to continue their current practices.

Predictions of some tendencies seem rather safe. The

new tax would weaken the power of some landowners to "force" people in a growing community to settle farther out than otherwise. The effective supply of land would rise, especially where market prices are high. New possibilities of, and incentives for compactness would appear in urban areas. More intensive use of the higher-priced, central areas of cities, of "close in" rather than "farther out" sections, would result. The filling in of the idle spots would be accompanied by more vertical development, which would, in turn, result in the saving of transportation costs. Horizontal expansion would be somewhat less attractive compared with the more intensive (vertical use of land).

As a concluding thought, the following words, penned a century ago by a famous economist, seem to be pertinent in guiding our thinking on taxes today:

"The present method of taxation . . . operates upon energy, and industry, and skill, and thrift, like a fine upon these qualities. If I have worked harder and built myself a good house while you have been contented to live in a hovel, the tax-gatherer now comes annually to make me pay a penalty for my energy and industry, by taxing me more than you. If I have saved while you wasted, I am mulct, while you are exempt. . . . We punish with a tax the man who covers barren fields with ripening grain; we fine him who puts up machinery, and him who drains a swamp."

The economist who wrote these words was Henry George.

DUTCH STUDY ON URBAN LAND VALUES

We have received from Holland a publication entitled "Gemeenten und Grondpolitiek," containing a considerable amount of tabular material, with maps. A sympathizer fluent in Dutch has provided the following notes:

Land increases in value to astronomical heights, particularly in city centres.

However, there are great costs for the community to provide the infra-structure of roads etc.

Private owners cash in on the extra value paid for by rates and taxes.

This discussion limits itself to these points, and does not consider other benefits to the community.

Forests don't give owners much benefit; hence these are controlled and owned by the community.

Council suburban development policy is to charge only purchase and development cost to private owners, a secret subsidy.

In new suburbs the private owner pays part of the community facilities as the council charges for these via land price.

However, in old suburbs this is no longer possible; new facilities are paid through taxes and rates, but land values increase.

In fact the owners in new suburbs are partly paying for better facilities in old suburbs. Therefore it is fairer if private ownership of land is replaced by public ownership or collective ownership.

History teaches that collective ownership was more prevalent in former times than it is now. We should now aim at bringing land into collective community ownership.

Rules for the use of land.

All titles of land to be valued publicly (subject to right of appeal); maps to be published. Rent for use of land to be based on these values. Valuation to be periodical, preferably yearly.

Why Rent for Land?

- 1) Because the earth belong to all people equally as a birthright. The rent owed to the community by the user of the land is an expression of this birthright.
- 2) Rent paid to private owners is tantamount to disinheriting the community.
- 3) The value of land is not determined by efforts of the owner, but by the socio-economic development of society.
- 4) Rent is determined by the land value in a free supply and demand situation: it is not relevant to purchasing power, produce, profit, possession or income.
- 5) Sales of land are no longer possible (and thus price increases).
- 6) Hence the rent system is not inflationary, like speculative profits.
- 7) Rent stimulates economic activity in order to pay the rent.
- 8) Slums will be rehabilitated by the private rent paying users.
- 9) Rent cannot be passed off on others.
- 10) Rent cannot be dodged.
- 11) Rent is easy and cheap to collect.
- 12) Rent is public.
- 13) The rent fund grows as the society develops.
- 14) Freedom is only possible when the oppression of private ownership of rent has been abolished.

DATES FOR 1982

Lunch-hour forums: Oct. 7 Nov. 25, (Graham Hart's books of essays, "Taxation the Power to Destroy" is the basis).

Members' Discussion Nights, at 7.30 p.m.: Aug. 25, Oct. 28.

Commemoration Dinner: September 30.

End-of-Year Social: Dec. 20.

THE HENRY GEORGE LEAGUE

31 Hardware Street, between Elizabeth and Queen Streets Melbourne, 3000. Telephone: 67-2754. Hon. Secretary: Mr. G. Forster. Office Supervisors: Mrs. M. Rosenthal, Mrs. L. Sutton, Mrs. J. Wigley.

The Henry George League is a non-party educational body advocating that public revenues be drawn from public charges upon the site-value of land and that taxes upon labor and capital be correspondingly abolished.

If your view accords with this you are invited to join. Annual Membership Fee is a minimum of \$10 which includes cost of the newspaper "Progress" posted.

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Subscription rates for "Progress" posted to overseas countries are £2 (stg.) to Commonwealth countries, and \$4 for other countries.

MEETINGS

Held at 31 Hardware Street.

EXECUTIVE:

Thursday, 12th August, at 7.30 p.m.

LUNCH-HOUR FORUM:

Thursday, 2nd October, at 1 p.m.
(Topic: The Mass Media).

MEMBERS DISCUSSION NIGHT:

Thursday, August 25, at 7.30 p.m.

**MEETINGS OF OTHER BODIES FOR WHICH
"PROGRESS" IS THE OFFICIAL ORGAN**

The following meetings will take place at Henry George League Rooms, 31 Hardware Street, Melbourne:

Combined Work Nights on special projects for the Land Values Research Group and General Council for Rating Reform:

Thursday, 19th August, 1982 at 7.30 p.m.

These are working meetings. New workers or enquirers are invited to come.

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