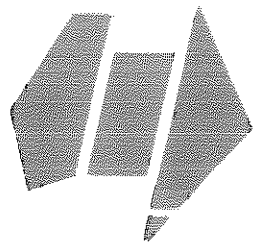


See pages 5 & 6 for "Mankind" letter.

THE JOURNAL OF TAX REFORM AUSTRALIA II

(FORMERLY HENRY GEORGE LEAGUE — VICTORIA)



Progress

First published May 1904

No. 977

OCTOBER 1991

PRICE \$1 SUBSCRIPTION \$10 PA

Registered by Australia Post Pub. No. VBH 1433
ISSN 1035-1396

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POSTED WITHIN AUSTRALIA
(For overseas rates see last page)

OUR PHILOSOPHY

We believe that the Earth is the birthright of ALL MANKIND.

We recognise that for many purposes it is essential for individuals to have exclusive possession and security of tenure of land AS GIVEN BY THE EXISTING FREEHOLD SYSTEM OF LAND TENURE.

We believe that those who have exclusive possession of land should COMPENSATE SOCIETY for being excluded therefrom.

We believe that such compensation paid annually would meet the costs of Government and permit Society to abolish all taxes on LABOUR and on goods produced by labour.

"A NEW DAWN OF LIBERTY"

Address to Henry George Commemoration Dinner, Monday 2 September 1991,
by Dr. Terry Dwyer.

Tonight we celebrate the life of one of the nineteenth century's greatest men. It is fitting that we do so, for we stand now as witnesses to the end of the twentieth century. Our century has witnessed the struggle between capitalism and socialism. Now socialism, the philosophy which held half a world in thrall, lies in its death throes; the wasted years, dreams and lives since the Bolshevik Revolution of 1917 its only testimony. Well may the people of Moscow write below the statue of Karl Marx "Workers of the world, forgive me".

The last two weeks will divide our lives as no event we are likely to experience. The years seem to roll back before our eyes; the picture of Czar Nicholas is seen by us in the streets of Moscow; the city of Peter the Great honours again the saint whose faith triumphed over his failings; and Frederick the Great sleeps again in the Palace of the Hohenzollerns.

In 1891, the world faced a choice of three philosophies; unbridled capitalism, socialism and natural rights, of which Henry George was so strong an exponent. The place of private property is at the heart of the struggle between these competing economic ideologies: capitalism demands that everything be seen as private property; socialism sees everything as common property; while the natural rights theorists would say that what men make is private property but what God gives them is common property.

The natural rights theories of property and taxation have been lost sight of in the struggle between capitalism and socialism. Some are interpreting the collapse of socialism as a victory for capitalism. It is not. We cannot call our present social arrangements successful where one man in ten is thrown on the scrap heap of unemployment, where the value of the currency is still being debauched and where the average wage will not support a family at a decent standard.

Property and Taxation

Capitalism has yet to face up to the problem of property and taxation. You cannot simply say that everything should be private property.

As John Stuart Mill realized: "Nor is the function of the law in defining property itself, so simple a thing as may be supposed. It may be imagined that the law has only to declare and protect the right of everyone to what he has himself produced, or acquired by the voluntary consent, fairly obtained, of those who produced it. Is there nothing recognized as property except what has been produced? Is there not the earth itself, its forests and waters, and all other natural riches, above and below the surface? These are the inheritance of the human race, and there must be regulations for the common enjoyment of it. No function of government is less optional than the regulation of these things."

If a libertarian capitalist were to take the view that property rights are sacred and all taxation is theft, why should he argue that it should be uniform and at a flat rate? Is theft more palatable if we are equally mulcted by the state? Why should we tolerate taxation at all?

Such was the view of our forefathers who insisted that the Crown should live off its customary feudal rents, and not encroach upon the liberty of the subject through penal legislation imposing taxation. Our modern libertarian capitalists are not quite so libertarian and tend to content themselves with arguing that taxation should be at a flat, low rate. We now see in this country, carried on a tide of resentment against oppressive income taxation, a swell of support for a consumption tax — a simple tax, a tax which will cut tax rates, a tax which will restore incentive, a tax which will make us internationally competitive.

Yet a pure flat rate tax means no regard to the ability of the taxpayer to

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pay; it means that there should be no threshold, no allowances for the sick, the poor, for those supporting dependants or setting aside income for old age. Is such a tax equal? John Stuart Mill thought not and declared: "The principle . . . of equality in taxation . . . requires that a person who has no means of providing for old age, or for those in whom he is interested, except by saving from income, should have the tax remitted on all that part of his income which is really . . . applied to that purpose."²

I like simple taxes and tend to the view that the simplest tax is no tax. Perhaps Henry George made a mistake in describing himself as a Single Tax man, for his proposal to tax land values only amounts to tax abolitionism, through the reversion of land rent back through the Crown to its rightful owner, the people. Henry George was not alone in that view. John Stuart Mill and Sir John Quick shared no small part of that vision. If this state had followed Sir John Quick's suggestions for reserving land rents to the Crown, it would not now be the sick man of the Australian Commonwealth he did so much to establish. Its fortunes might be more similar to those of Hong Kong, where an early Governor followed John Stuart Mill's advice, so that even today nearly a third of the colony's revenues come from land rents helping to keep its income tax rates around 15%.

If the consumption tax is so fine a tax why are its advocates not single tax men? Why are they not advocating repeal of income tax, payroll tax, sales tax, excises, etc. in toto and their replacement by a single sovereign remedy of a consumption tax?

Consumption Tax Not Simple

I put it to you that they do not do so because they know that a consumption tax is not a simple tax, they know that it will not necessarily restore incentives and that it will not be a panacea for our social ills. More realistic advocates concede that it is no panacea and present it simply as cleaning up the indirect tax system.

So what is wrong with a consumption tax?

It has been tried and found wanting. In the eighteenth century Dr. Samuel Johnson described the consumption tax of his day, the excise, as "a hateful tax levied upon commodities". Adam Smith, the father of modern economics and a man admired by economists today, also denounced the imposition of a consumption tax upon the necessities of life. He reserved for a consump-

tion tax some of his most withering criticism, commenting "there is nothing so absurd, says Cicero, which has not sometimes been . . . asserted by some philosophers . . . the middling and superior ranks of people, if they understood their own interest, ought always to oppose all taxes upon the necessities of life, as well as all direct taxes upon the wages of labour".³

Adam Smith realized that a consumption tax is a tax on families, a tax on having children. Like John Stuart Mill he saw that, if an economic system is to continue, there was a need for a tax-free threshold so that a worker could stay alive and reproduce. He realized the degradation of the labouring classes through taxation was in no one's interests. If the labouring classes were taxed on what it cost to live and reproduce, society was headed for decay, much as the later Roman Empire. Of that empire's decline Edward Gibbon's remark that "The horrid practice, so familiar to the ancients, of exposing or murdering their new-born infants, was becoming every day more frequent in the provinces, and especially in Italy. It was the effect of distress; and the distress was principally occasioned by the intolerable burden of taxes".⁴ Today we are not so primitive and the depopulation of western societies is a fact being accomplished as efficiently as it is unremarked.

If the purpose of a consumption tax is to encourage investment, what about investment in human capital? Families raising children are investing in the nation's workforce. Why encourage the building of factories if there are not going to be consumers to buy the product or workers to run the machines? Just as physical capital has to be repaired and replaced, so a society which wants to remain productive has to invest in its existing and future workers.

It is a dubious answer to say that families can be compensated for a consumption tax by social security increases. How is incentive encouraged by telling a worker to look to the state rather than the sweat of his own brow to support his family? Should not a nation try to avoid taxing people into poverty rather than letting them support themselves? Let us not forget that William Pitt introduced the income tax in 1799 in Great Britain to escape the 18th century consumption taxes which so ground down labouring families that they became claimants for relief under the old poor law; that statesmen saw clearly the folly of taxing masses of the population into poverty.

Another argument for a consumption tax is that Australians save too little and a consumption tax is necessary to curb our consumption, especially of imported goods.

This is false. All income is either saved or spent. The coin you pay to the shopkeeper today was your wage the day before. Taxing consumption is only taxing income but with an exemption for savings, so why not exempt savings directly? You don't need a consumption tax to exempt savings from income tax! Indeed, before 1974 this country used to exempt much long-term saving, which could be invested tax-deductibly through private superannuation or life insurance policies.

Some people say that a shift from income tax to consumption tax will cut tax rates and encourage work.

Why should it? People work not for money, but for the things money can buy. Consumption is the end and purpose of production. Incentives to work depend on the net effect of all taxes and income tests, not just income tax. It matters not whether the fisc calls an exaction an income tax, a Medicare levy, a sales tax, a value added tax, a goods and services tax or any other name. It is equally a disincentive to lose another 15% of your pay packet whether you lose it before it goes into the wallet or before it goes out of your pocket later, so income tax cuts financed by a consumption tax are essentially illusory and do nothing for work incentives.

A consumption tax amounts to taxing the tax threshold, which is supposed to exempt a subsistence income. If we wish to cut higher income tax rates, we could simply put a 15% tax on the tax threshold and use the money to cut top marginal rates of tax. Why do this in a roundabout way via a consumption tax?

Some people claim that Australia relies too little on indirect consumption taxes.

Current Indirect Taxes

We already have substantial indirect taxes, both state and federal. The tariff adds enormously to the cost of cars, clothing and footwear. Sales tax collections have soared since 1980. The petrol tax denies us the benefit of cheaper transport costs. State indirect taxes have also burgeoned – look at business franchise fees, stamp duties, payroll tax etc. Yet increases in these tax revenues have not led to reduced income tax burdens. The federal sales tax is less than a third of total indirect taxes! A 28% plus consumption tax would be necessary just to replace existing indirect taxes.

Consider some groups likely to suffer from a consumption tax. Can they be compensated? Proposals for compensation have focussed essentially on social security recipients. What of the implications of taxing schools, hospitals, churches, welfare agencies, childcare, legal aid, etc.?

The big losers are going to be the poor, families, the low-income self-employed (including many farmers), the aged, charities and other non-profit organizations. These groups have high ratios of expenditure to income or they spend mainly on goods such as food and shelter (currently exempt from sales tax). Charities can't pass on the tax to the "consumer" (imagine the Salvation Army or St. Vincent De Paul trying to recover consumption tax from the patrons of a soup kitchen). What social purpose is achieved when we tax the good samaritan who buys a cloak for the beggar? Do we really want to discourage people from caring for others?

No one proposes compensation for the intergenerational inequities of a shift to a consumption tax. Are young married couples to pay a 15% tax on their new homes? Doesn't that give a windfall to those who already own their homes?

What about the impact of a consumption tax on accumulated savings? Many retired persons have acquired their life savings out of heavily taxed incomes. To tax them now when spending those previously taxed savings amounts to retrospective double taxation. A 15% consumption tax would wipe billions off the value of savings now sitting in banks, life offices and superannuation funds. It is indeed strange that banks and life offices established for the safe custody and protection of the savings of ordinary people should appear so prominently among the supporters of a consumption tax. How many families would be rendered insolvent if their living expenses rose some 10 or 15%?

Some people argue that a consumption tax will create a "level playing field", by removing the distortions of the existing sales tax.

Worsening Distortions

It won't. Replacing the sales tax by a consumption tax doesn't remove the distortions in other taxes. It can worsen them. Does taxing food help farmers cope with unfair competition they face from subsidized E.C. food imports? Is it encouraging efficiency to add another 15% to the massive tariff on clothing and footwear? Is it a level playing field when the non-government news media will have to cope with trying to recover

a 15% tax from their advertisers while the A.B.C. and S.B.S. operate on untaxed government grants?

An argument for a consumption tax is that it will stop the black economy. What is the black economy? Is it a good thing to catch some fellow dodging tax while driving a taxi late at night so that he can feed his family? Suppose we catch these people — what are the consequences? Will our taxis be as available or as cheap? Will we see more families unable to pay bills? What will it cost the community to look after them? A British Professor once remarked that "A tax system breathes through its loopholes". To pursue taxes to the last dollar may well be socially and economically counter-productive.

Supposing we are determined to exterminate the black economy. Will a consumption tax do it? At first blush many are impressed by the argument that anyone evading income tax will have to pay consumption tax. Is it that simple? If you were facing a tax you could not avoid, would you not think of evading more of the tax you could? What is to stop evasion of the consumption tax? Suppliers of services are given an incentive to offer a tax-free service for cash: both parties to a transaction are given a psychological incentive to raise the question. The supplier evades income tax, the purchaser evades consumption tax. Will those income tax cuts given to P.A.Y.E. earners be recouped by the Tax Office at the cash register or will we see a massive democratization of tax evasion? How many people in this country are aware of the frank confession of Sir William Pile, the former Chairman of the Board of Inland Revenue, to a Parliamentary Committee that he could not persuade anyone to do work on his home other than for cash? We all know that income tax, capital gains tax, and the new tax on foreign income can be evaded or avoided. Why should we think the ingenuity of taxpayers is not equal to the task of avoiding or evading a "new tax"? Can the Tax Office be expected to work out if a litre of petrol was exempt because it was purchased for farm use or taxable because it was used in the family car?

I do not say that a consumption tax is the worst of all taxes, I do not say that income tax is a good tax. What I do say is that we would be foolish to embrace a new tax without thinking through the consequences. There is every reason to fear that a new consumption tax will lead to expansion in the total tax burden, just as happened with value added tax in Europe.

Criteria for Testing

We should test any proposal for a consumption tax against the criteria laid down by Henry George on 11 September 1891 in his essay on *The Condition of Labour*: "The right way of raising public revenue must accord with the moral law . . . it must not take from individuals what rightfully belongs to individuals; . . . it must not lead men into temptation, by requiring trivial oaths, by making it profitable to lie, to swear falsely, to bribe or to take bribes; it must not confuse the distinctions of right and wrong . . . by creating crimes that are not sins . . ." I would but add that it should not lay a fiscal curse upon the men and women who struggle to raise a family, thereby rendering the advent of a child an occasion of fear rather than rejoicing. This is a large country but sparsely inhabited. We should remember the motivations which led William Pitt to reject the consumption taxes of his day and to seek to exempt from income tax those who endowed their country with its future citizens. We have escaped, it seems, from the errors of the twentieth century. Can we not avoid returning to those of the eighteenth? Now is the time to return to the debates of 1891, with fresh eyes and minds enlightened by a hundred years in the hard school of experience.

1. John Stuart Mill *Principles of Political Economy* (Toronto ed 1965) Bk V Ch i #2, p 801.
2. John Stuart Mill op. cit. Bk V Ch ii #4, p 815.
3. Adam Smith *Wealth of Nations* (Glasgow ed, 1976) vol 2 pp 876, 873.
4. Edward Gibbon *Decline and Fall of the Roman Empire* (Everyman ed 1910) vol 1 p 421.

FOOD FOR THOUGHT

All capital is wealth but all wealth is not capital.
(*Progress & Poverty* Bk.1 ch.2).

Capital is only a part of wealth — that part which is devoted to the aid of production.
(*Progress & Poverty* Bk.1 ch.2).

Capital is wealth used in the production of further wealth. As all wealth is produced by LABOUR is it not strange that Labor retains so little CAPITAL?

Nothing can be capital that is not wealth.
(*Progress & Poverty* Bk.3 ch.4).

PRESS LETTERS

'A SOURCE OF JOY TO ME'

The letter from Jenny Gibson (CL 12/5/91) was a source of joy to me and many others. Seldom do we publicly acknowledge, in a widely read paper, the fact that earth is not our own property or wealth. It can be ours to use and preserve, with secure tenure, on condition we pay an annual fee to the Treasury (people) for our exclusive use.

The great error made by our Constitution is approving wage, salary and other earnings being taxed to fund government. Revenue should be derived only from fees paid for our God-given natural resources, put here for everyone, by those having exclusive use.

The fee should be calculated on the value, excluding all improvements. They are the property (wealth) of whoever put them there.

Today's disastrous form of government must be reformed, as above, and the environment must be preserved while yet there is time. Exploitation of people and nature is the way of tragedy. May the bishops and people combine to work for God's will of justice and peace for all.

Party politics, as we know it today, has nothing to offer, which is why a long-suffering public looks to Independents to bring integrity to land management and laws, and dignity and peace to society.

J. M. Smith,
Mt. Gambier, S.A.
Qld. "Catholic Leader", 23/6/91.

TAXATION DISASTER

Recent headlines and your apt editorial "The farce of our politics" prompts this letter.

The cause of all economic ills is taxation as we know it, to our very devastation.

The remedy is revenue raising from an annual levy on all occupied land, excluding improvements, using bare land valuation.

That fee is one any occupier, with secure tenure, would be privileged and pleased to pay to society for exclusive use of what was provided by the All-wise Creator for His children.

It is also a just fee, which could not be deliberately evaded, as happens today.

Of course the five to 10 per cent of the ultra wealthy who own 85 per cent

of Australia's wealth, buy tax and contractual concessions from our craven governments, so other forms of evasion of civic contributions need not occupy them.

Much of their profit is taken off-shore, to further exploit our country, and benefit themselves excessively.

The government of whatever persuasion is made up of members unaware of or obscuring, the "land for revenue" policy.

Until they acknowledge the justice and value of this, billions of our dollars will be spent on band-aid plans, new gaols and soup kitchens, and an army of underworked, overpaid bureaucrats to police these futile schemes.

While Parliament fiddles, society burns (with anger and outrage).

"When the State does not assume its proper function as a landlord, it will more and more assume its improper function as an industrialist."

— Sir Daniel Hall, in 'A Basic Income'.

J. M. Smith,
Mount Gambier.
"Border Watch", 28/6/91.

STICK TO THE PRINCIPLE

Trying to have our councillors press for legislation that would promote the trade, prosperity and general loveliness of the locality, I find they still don't see the principle that requires site rentals to be taken for public revenue.

They seem entirely to ignore the views expressed at polls on the subject.

Site rentals have an essential fairness that directly and indirectly influence people to build, maintain and extend their properties. From values that are public knowledge and that reflect the value of public facilities, it provides money for public spending. It got an overwhelming vote at a referendum demanded by ratepayers in 1952 and at another in 1986. So, why do councillors seemingly object to it? Why do they try, through the municipal association, to remove the possibility of polls on the matter?

Their objection seems to be that allotments with multiple occupancy get charged the same as the single dwellings nearby. But is that not a matter for the valuer?

The building permit necessary for multiple occupancy converts the site from a long narrow allotment into one that mostly is "frontage" land. On the

site rating basis, the greater value then should bring a larger rate bill. If some legislative quirk prevents that, the valuer should report on it. Then, through the municipal association, the council could press for appropriate amendment.

Use of the site rating principle should not be narrowed or eliminated. It should be extended to the Board of Works and to other levels of government, thus maximising development and beautification while widening employment opportunities and promoting prosperity.

W. H. Pitt.
"Nunawading Gazette",
4/9/91.

WISHFUL THINKING

There is a lot of wishful thinking and self deceit in the letter from Peter McGauran MP (West Coast Sentinel 14/8/91).

The statement that GST is "designed to be of both direct and indirect benefit to rural communities and farmers" is a case in point.

The people pushing for more consumption tax are mostly the filthy rich.

In fact the Adelaide Advertiser recently published the names of a group of "Australian business leaders" who had "advised the government to introduce a consumption tax and cut income tax".

Two of those businessmen are known to be \$1 million a year men and that's only salary.

Reducing income tax from 50 cents in the dollar to 40 cents will increase their after-tax income by \$100,000 per annum.

In the year '89/'90 250 taxpayers declared a taxable income of \$2 million.

The combined tax bill would be \$250 million at 50 cents.

Just reducing that by one-fifth will mean another \$50 million to be made up with extra consumption tax.

It is important to get the point of that paragraph.

None of that \$50 million will come back to the Treasury as consumption tax.

It will all be invested to earn even more money.

The average salary in the public service is \$80,000 p.a. less \$28,000 tax.

The taxpayers earning more than that average can expect to gain more from a reduction in income tax than they will

lose to consumption tax.

If some gain, then some must lose, and the losers can only be those who earn less than \$80,000 p.a. And isn't that most of us?

And people not earning a taxable income have absolutely nothing to gain from a reduced income tax and will be further impoverished by an increased consumption tax.

That applies to the farmers and the rural community with greater force than any other class.

It is easy for an economist to prove that income tax, payroll tax and fringe benefits tax are all consumption taxes (i.e. paid by the consumer) and the Liberal Party has yet to show how swapping one consumption tax for another can be of any material benefit.

John Fry, Whyalla.
"West Coast Sentinel",
4/9/91.

BRIDGE OF ASSES

The discipline of economics does not deserve the scorn and contempt which it receives about the parlous state of most if not all world economies, however appropriate that may be for so many of its contemporary practitioners.

George Bernard Shaw called the economic law of rent the "pons asinorum" of economics - its bridge of asses. Students failing to negotiate this simple yet profound bridge remain economic asses.

Just listen nowadays to all the braying!

Bill Mason,
Pearce, A.C.T.
(sent to "Canberra Times".)

LETTER TO THE PREMIER OF WESTERN AUSTRALIA

You must be concerned because of the disclosure of unemployment figures of 11% in Western Australia which includes 27% of young people.

Involuntary unemployment is a crime for which legislators who frame political policies are responsible.

Your government appears to be at a serious disadvantage because of the dissipation of almost two billion dollars of taxpayers' money by W.A. Inc., and to mates, by Mr. Burke and his associates.

Prosperity does not depend on the magnitude of public spending, but on the provision of equality of opportunity

for all people to apply their labour, directly or indirectly, to God-given, freely provided natural resources - the land of their country.

When land prices during boom periods reach a peak which effectively discourages industrial and residential development, the inevitable depression always follows. High taxation, public debt and inflation are related effects which make matters worse.

Recovery depends upon the diversion of socially generated "economic rent" to the government on behalf of the people. This has an incentive effect on production because landholders then contribute to public revenue according to the locational advantages which the pressure of population and public expenditure necessary to provide urban and regional settlement, have created.

Under such conditions it is not profitable to hold land idle or underdeveloped. Land must be put to use to earn the rent - land is valued on its use potential. Land can only be put to use by employing labour and using capital.

Land speculation and monopoly would not pay but land use would be stimulated to the extent that unemployment would no longer be a crime against society.

By comparison, taxes imposed on production exchange and consumption, together with interest payments on the public debt and inflation, effectively discourage production and employment.

The Georgist policy proposed at one time featured in the Labor Party platform, but Clyde Cameron has exposed that this was removed by an unknown person who had access to Party documents, without reference to a conference or a Policy committee.

Labor Governments are likely to be returned at forthcoming elections because of mounting exposure of the consumption tax and Dr. Hewson's failure to explain its operation which would have a harsh effect on people without income from earnings and upon production. It would require increasing means-tested handouts and extensive productive exemptions, and moreover would be more costly than the sales tax to collect because of the more numerous retail operations (honorary tax collectors).

Because you are likely to continue as Premier of this State, it is important that you gain a knowledge of the Science of Political Economy which is not taught in our Universities. Empirical economics consistent with Marxist and Keynesian dogma is largely substituted.

For your information former State Premiers Frank Wise and John Tonkin have attended Georgist meetings in the past. Former Prime Ministers Sir George Reed, Alfred Deakin and Andrew Fisher were responsible for legislation consistent with Georgist ideology.

The Georgist Education Association is available for assistance subject to request.

Graham Hart,
Hon. Secretary,
Georgist Education Association (W.A.)

I SEE A CITY

By Drew L. Harris

As I walk and wander among my
neighbours,
What I see could bring despair.
The poor, the hungry, the homeless,
The many struggling simply to survive.
Children without playgrounds, young
in beleaguered schools.
Willing workers without work;
Their wages stolen when they do.
Industry hamstrung, crippled, ill,
Not by competition but from taxes,
From laws and from themselves,
As they get within the rules of a game
gone mad, awry.
Dirty air, dirty water, dirty streets,
Crime and fear and loathing, bigotry,
hatred and shame.
Oh God, how could there be such a
world?
How easy to fall into despair.
But then I squint my eyes
And through a dream-like veil of justice
and hope,
I see another world.
I see a city of wonder and joy,
A city full of jobs and homes and art.
A beacon among the cities of the world.
Drawing to it the best, the brightest, yet
the common man, too.
I see a city where people are free,
Where they can choose to play or choose
to work,
Because wages are high and
opportunities abound.
I see a city with little crime, with little
fear,
Where bigotry is tempered by equality,
Where the acts of despair give way to
the joys of opportunity -
A city with justice that all do see.
I see a city of magic,
Full of great buildings and institutions.
I see a beacon to the world,
I see a city where civilization grows.
I see a city.

WHERE TO FROM HERE?

The following address was given by Mr. Bob Keall, New Zealand Crown Leasehold Association, at Melbourne on July 11, 1991.

Georgists around the world have cause to be dismayed, despondent and exasperated at the lack of progress we have made after more than 100 years; the difficulty of selling our cause to a world that cries out for it; the slowness with which we make any gains and the speed with which the gains we do make are taken from us.

In New Zealand in recent years we have had a Labour Minister of Finance in Roger Douglas who, until 1968 was a member of our Association, as was his father, a past President of the Labour Party. You would expect that, with that background, some crumb of encouragement would be cast our way. There was talk of a Resource Tax but no steps were ever taken toward it – not even an increase in the Land Tax. As an accountant he confused Land with Capital believing that capital invested in Queen Street generated jobs. Under A.R.V. Rating it doesn't – the reverse in fact.

You would expect that Michael Bassett, a Labour Minister for Local Government about to re-structure it on a regional basis, would recognise the relevance of a rating system adopted by poll in 81% of all local authorities and in 90% of municipalities, i.e. where the people are not the goats and the Wapiti. But no, he first contrived a reversion to Capital Value Rating in Christchurch, Dunedin and in Wellington. He then abolished the right to a poll and appointed a Local Government Commission to implement the restructuring which, wherever possible, imposed Capital Value Rating. Finally he proposed that Capital Value Rating then in place or adopted later (by any council now) would be irreversible. A century of progress, democratically achieved, mindlessly jeopardised and undone.

You would expect that as a Professor of History he would understand the philosophical evolution occurring, from the laissez-faire of last century to the communism of this, and the reconciliation of the two. But no. Even the prospect of electoral defeat due to rising unemployment seemed only to quicken their suicidal frenzy and their opposition to the key factor that would justify or at least accommodate all else.

Douglas' successor Caygill, after first in 1989 lowering the rate of Land Tax but widening the base in 1990, in a bid to pre-empt National Party policy,

abolished the tax in two steps, the last step this year. In so doing he did for the Tories what not even they had ever done themselves in 100 years. He has since asked to be relieved of the Finance spokespersonship in Opposition. What is there to oppose?

The combination of ignorance, inertia and intrigue, of cupidity and stupidity, baffles the best of us. Where to from here?

THE PROPOSAL

That the Georgist movement around the world concentrate its resources on a constitutional court action requiring the Crown to collect the rent of land for revenue. It is a constitutional issue and must be mounted as such.

Preferably this should be done in New Zealand because of the clinical conditions there. All the global issues of history and this day are being hammered out there at increasing speed and under increasing pressure. There is good evidential history in New Zealand and the jurisprudence of British Law still applies.

THE CASE

1. The "estate in fee simple" title granted by the Crown, under which land is held not owned, by definition implies an obligation.

Fee is a derivative of fief or trust originally granted by the King to certain Barons in return for services to be rendered in time of battle and/or on state occasions – an acknowledgement of the trust.

About the time of Runnymede (1215) the Barons not only curtailed the King's tyrannical rule without trial but at the same time entrenched their privilege by satisfying their obligations in other ways e.g. a beer tax, other levies on the poor and then the enclosure of the Commons.

This privilege the Barons arrogated to themselves has become fragmented till today it is bought and sold as a freehold title i.e. the right to claim the economic rent, with income and other taxes in lieu.

2. So the "estate in fee simple" is essentially a lease on trust, without specified obligations, conditions or term i.e. an open-ended lease.

This basic status readily admits the inclusion of more stringent terms

such as Town Planning ordinances, environmental regulations and the like, as terms of the lease which recognises and gives effect to a fundamental social relationship – the Crown and subject; the community and the individual; landlord and life-tenant.

THE EVIDENCE

The empirical evidence is too vast to recite here and would have to be topical at the time of the case. It might include the recent graphic evidence in Australia, New Zealand and elsewhere showing staggering increases in land prices causing zero increases in wages, thereby eventually bursting the bubble of unsupportable speculation in natural resources rather than their use which generates full employment and prosperity.

As a matter of demonstrable practicability the evidence would have to include the extent of Land Value Rating and Land Tax in Australia and New Zealand, the Crown Leases of Hong Kong, Australia and New Zealand, and similar experience in Denmark, U.S.A. and elsewhere.

THE POLITICS

The case could readily postulate the resolution of basic political issues; the reconciliation of left and right; the similarity between native lore and the jurisprudence of British law; the means of implementing Green policies and so on.

THE METHOD

Assuming judgement in our favour we would be expected to propose the method of implementing it which is not the main purpose of this paper. In general however whether as interim or permanent measures –

1. All Land Value charges – Rates, Taxes or Leasehold rentals etc. should be Taxation Credits to be set against any other taxes payable.

GEORGIST BROADCASTS

On 3INR, 96.5 band (FM), Mondays, 4.30-5.00 p.m.

Fairly wide range of reception in northern and eastern suburbs.

2. Crown and Public Body Leases should be updated and reviewed annually. In New Zealand, Regional Government is the obvious administrative unit.
3. A moratorium on present titles should be set at say 50 years hence, as proposed by Justice Else-Mitchell.
4. Such other mechanics as Georgists, professional lawyers, valuers or administrators might recommend to apply the principle appropriately to broad acres, city sites, minerals, water, radio/TV channels or whatever else.

If native races can collectively lay claim to what they regard as theirs in order to secure some measure of individual rights, surely we can successfully propose a range of western techniques (tax, lease, licence, royalty, fee) that will satisfy both collective and individual rights for the rest of us if not in fact for all of us.

CONCLUSION

The publicity of such a case would command the attention of all at no cost. The issue, the evidence and the consequences would be projected into centre stage for all to examine, support or to contest if they dared. Even if the case failed legally the publicity would make it imperative politically.

For over 100 years, hundreds of years, this enormous social rot has gone uncontested, contrary to the fundamentals of British jurisprudence and the commands of Scripture: "Your land must not be sold on a permanent basis because you do not own it." (Lev. 25:23).

This is not a mere political, fiscal or economic measure. It is a constitutional issue and must be addressed as such. If a constitutional lawyer can conjure up a Bill of Human Rights impossible of implementation without our case and unnecessary with it, surely we can construct a case based on all the specifics we have available to us. We must make a constitutional issue of it and require the Crown to enforce the obligations legally due to it.

AN APPEAL

To Henry George followers all over the world.

We must make an effort for world peace. Now!

Soviet Russia and the countries in East-Europe are on their way – but which way? They do not know themselves. All they know is that neither communism nor the so-called non-socialist system are the solution.

The Henry George movement in Denmark wants to help eastern Europe to understand freedom and to avoid monopolism. Eastern Europe has a great advantage over the capitalistic states, but their understanding of freedom as well as right of property must be re-examined. For this purpose the Henry George movements all over the world will establish "a land and liberty institution" in Poland.

The expenses are estimated to be nearly half-a-million U.S. dollars, which you can give (in parts) as a loan without rate of interest and repayment for five or ten years. We in Denmark already have 100,000 U.S. dollars at our disposal for this purpose. We would like to hear from you immediately. Please write or send your money to us, and inform all Georgists about our action in your newspapers, periodicals etc.

The Henry George movement in Denmark, Lyngbyvej 56-A, 2100 Copenhagen, Denmark.

NATIONAL APPEAL FOR CAMPAIGN FUNDS FOR A.C.T. ADVISORY POLL

The Commonwealth Parliament has enacted the *Australian Capital Territory (Electoral) Amendment Act 1991*, which requires that an advisory poll of A.C.T. electors, on the electoral system to be instituted for A.C.T. House of Assembly elections, be conducted in conjunction with the general election for the A.C.T. Assembly scheduled for February 1992. The Act uses the term "referendum", but, as the outcome will

be merely advisory and not binding, that term is misleading. The term "advisory poll" should have been used.

The ballot-paper is historic in that it is probably the first time in the world that Robson Rotation has been used in a government poll other than an election. The Act requires that the ballot-papers are to be in two alternative formats, one with one option appearing first, and the other with the other option appearing first. So far as is practicable, ballot-papers are to be issued to voters so that no two consecutive voters at a polling booth will receive ballot-papers of the same format.

The choice is between a single-member system or a P.R. (Hare Clark) system.

Such a plebiscite of the whole body politic involved, on the question of the electoral system it is to use, is unprecedented in Australia, and provides a marvellous example of democratic procedure, although it would have been better if the exercise was correctly called an advisory poll, or even better still if it really was a referendum, where the fine print was tabled before the poll, and not created afterwards.

This poll will be a major event in the electoral history of Australia, and it is an extremely significant challenge to the energy and resourcefulness of the Proportional Representation Society of Australia. The result of the poll, for better or worse, will be used as a talisman of the public's feeling on the question of what is seen as a fairer and better electoral system for a long time to come.

The P.R.S.A. has therefore initiated a National Appeal for Campaign Funds for the February 1992 A.C.T. Advisory Poll. All P.R.S.A. members and every Branch is asked to begin donating to the Appeal. Funds raised will be paid to an A.C.T. Branch Campaign Fund, but any funds that may be surplus to the Campaign's requirements will be paid into P.R.S.A. general funds.

Donations to: The Treasurer, P.R.S.A., 3 Bohin Place, Moana, S.A. 5169.

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TAX FOLLY

In northern Queensland, established sugar cane growers can be quite affluent (i.e. those not burdened by mortgage payments occasioned by the buying of their property). There is in certain places a gentlemen's agreement whereby harvesting, which involves expensive heavy equipment, is done by arrangement with specific contractors. But the growers' income takes them into high tax brackets. The question arises, how to minimise tax? One way is to buy expensive harvesting equipment which can become a deduction for tax purposes, but which of course is not used, for the reason given above, and which remains idle.

Until community created site values are used for the main source of revenue, such folly will continue.

INTERNAL TARIFFS?

Widespread bans are looming on sales of Melbourne-baked bread in country Victoria. (Weekly Times, 7/8/91). A decision by the Bairnsdale City Council last week to impose a \$1 a loaf penalty on bread baked outside a 48.3km radius of Bairnsdale could spark similar moves by other rural municipalities.

The Municipal Association of Victoria said Bairnsdale was within its legal rights in imposing the penalty.

"Under changes to the Local Government Act in 1990, Municipal bodies do have the power to enact local laws differing from by-laws," spokeswoman Jo Capp said.

"So long as they have community support, have received a legal overview and do not infringe on existing state or federal laws, local governments are empowered to take actions similar to those put forward in Bairnsdale."

Victorian development manager for Tip Top bakeries Barry Fisher deplored the council decision as foolish, saying his company had no intention to enter the East Gippsland market.

"Bairnsdale council is doing a great disservice to their community by introducing a set of local import tariffs of dubious legality," Mr. Fisher said.

"In these days of tight family budgets it is more important than ever to allow consumer choice in the market."

DATES FOR YOUR DIARY

DEADLINE FOR PROGRESS:

Noon on 12th of previous month.

- Lunch-hour videos, Series, 12.30 p.m. 1st Monday of month.
- Executive Meeting: 7.30 p.m., Thursday, November 14.
- Working Bee on Consumption Tax Campaign at 31 Hardware Street. All helpers welcome, 7.30 p.m. Thursday November 7.
- Melbourne School of Economics – 10.30 a.m. Tuesdays.
- End of year Social Tuesday December 17, 6.00 p.m.
- Georgist Council Meeting Friday November 29, 7.30 p.m.

The views expressed in articles are those of the writers and not necessarily of Tax Reform Australia Inc.

AUSTRALIA AND NEW ZEALAND

VICTORIA — TAX REFORM AUSTRALIA INC.

31 Hardware Street, Melbourne 3000

NEW SOUTH WALES — ASSOCIATION FOR GOOD GOVERNMENT

143 Lawson Street, Redfern 2016

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The Crown Leasehold Association,

P.O. Box 6038, Auckland, N.Z.

The New Zealand Land Value Rating Association,

P.O. Box 6038, Auckland, N.Z.

INCENTIVE TAXATION

Monthly bulletin from the Centre for the Study of Economics, 2000 Century Plaza, Suite 238, Columbia, MD 21044, U.S.A.

Subscription \$US8 p.a.

Editor: Steven B. Cord.

Published by G. A. Forster, 31 Hardware Street, Melbourne, 3000, and printed by The Print Press, 452 Neerim Rd., Murrumbidgee, 3163.

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