

# PROGRESS

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

POLICY: 1. APPROPRIATION 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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## CURRENT COMMENTS

### PROPOSED DANISH LEGISLATION

Word has been received from Dr. Viggo Starcke, head of the Danish Justice (Georgist) Party, and Minister without Portfolio, in the new land-value-tax coalition government, regarding the government policy toward greater implementation of land value taxation.

Dr. Starcke states, "It is the common interest of the three government parties (in the coalition, composed of Social Democrats, Radical Liberals, and Justice Party Members) in bringing about a solution of the land question that has brought them together. The solution of the land problem is drawing close. The ground is giving way under the monopolies . . .

"The government proclamation promises that it will change over the taxes on buildings to a tax on the land they are built on, which will stimulate building activity . . . to put into effect, within the first parliamentary session, a law taxing increments in land values, which will destroy land speculation and remove one of the causes of inflation. Finally, the government will work out a bill about change over from private mortgaging of land values to land value taxation, which will open the way to a new production and tax-cuts."

Denmark already collects about 50% of the ground rent, has low taxes on buildings, and extremely low tariffs.

—From "Henry George Herald," Los Angeles, California.

### MOVING BACKWARD

Trade Unions have been disturbed by rising cost of living. Scullin "sales-tax" jacks up the C.O.L. by £125 million collected this year.

This tax spiral adds another £50 million to cost of goods which is paid by the people but absorbed in the steps from manufacture to customer. In Australia these "mark-ups" for sales tax keep, probably, 10,000 clerks, typists, and other staff making the calculations for the five different rates of tax, allotting the exemptions, gathering the many items of money from millions of dockets, and remitting this to the Canberra treasury. So cutting down the Scullin sales tax would reduce the cost of living. Unhappily the union leaders do not understand business.

### Arbitration Court

Unions have appealed to this Court for more paper money to help members meet the increased cost of living and have been granted 5/- a week increase. Certainly this will help the workers to pay the Scullin sales tax tucked away in the cost of their grocery and drapery needs.

### Secondary Effects

But 5/- rise on the basic wage will do other things. It will increase the tax money needed to build the Snowy Mountains Project and all Post Office painting and building jobs. All suppliers of commodities to Government departments will put up their charges. Dozens of buildings going up in Canberra will cost more. So finance gets tight. Building houses is made more expensive and workers will find their debt burden heavier. Since the paper money content of the pay envelope will be larger, deductions for income tax "contributions" will be heavier. So the workers (manual and white-collar types) will lose some of the £25 yearly rise by income tax and lose more by rise in price of goods and services. Taking things together the gain in "real" wages (that is, purchasing power) will be slight. But, export of factory products will be more difficult. The Australian economy is moving — backward.

## TREASURER BOLTE BLUNDERS

Mr. Bolte has announced his intention to arrange further exemptions (beyond £1000 on U.C.V.) from collection of State Land Tax. This means that less benefit is to be gained from Federal deductions allowed on Income Tax and, consequently, that Victorian citizens are to pay more Income Tax into Federal pool. By the same action the Victorian Treasury will receive less revenue from its own sources and yet no greater re-imbursement from Canberra.

It is an observed fact that vacant blocks of land are more rapidly developed in those municipal areas whose Councils levy rates on the unimproved capital value. Mr. Bolte may not be aware of this. Yet Victorian Land Tax operates in the same way to promote development of neglected blocks of land. Since the Land Tax cannot be passed on, the demand notice comes as an annual reminder to the holder that his

usage of that vacant block would be a desirable development. Where water and sewer mains are already laid down such development is most desirable but Mr. Bolte proposes further omissions from the developmental stimulus provided by a State Land Tax. Mr. Bolte probably, is not aware that his proposed omission will assist speculators in vacant blocks to hold up development while they wait for a "capital gain" or "unearned increment." His proposed exemption reduces the cost of holding valuable blocks still idle, forces citizens to "sprawl" over outer areas, and so brings more demands for schools, roads, trams, sewers, and other services of high capital cost, making further needs for loan funds which Canberra does not grant.

#### Housing

Young married citizens find the cost of their housing is getting out of hand. To begin with, a block of land, 50 ft. frontage at £16 a ft., costs £800. Whereas private enterprise in providing their own homes is ideal, high costs lead more citizens to look to the Housing Commission to solve the difficulty. State Land Tax levied on that £800 tends to keep the price from rising and may even reduce it. But Mr. Bolte's proposed omission of the reducing agency opens the door for price rises of building sites and so means further demands on the Housing Commission (already struggling with arrears) which require further loan monies.

Surely it was wisdom, on part of the Treasurer to cancel the present exemption up to £780 and put this back where it used to be, viz. £250. The Treasury will receive more revenue (partly at the expense of Canberra), but much more important will be the greater activity and freedom for the market in building blocks of land.

Since a vacant block brings in no revenue its holder responds quickly to a Land Tax even of a small amount.

Thus a block of 60 ft. frontage at £10 a ft. paying £4/7/0 a year State Land Tax would not be a good holding proposition unless the owner had a genuine intention to build. The stimulus to sell would mean that vacant land prices would be stabilised, even reduced, instead of present rising trend. Mr. Bolte may not be aware of this fact.

With vacant blocks easier to obtain many young couples could save and buy one. Then house building could, in many cases, be financed by private loans on mortgage arranged by solicitors. This in turn would relieve the pressure on the Housing Commission. The essential first step is to include those small blocks, without Bolte's favoritism, under the Act for just payment of Land Duty.

#### Simple Arithmetic

When a house and its land have a rental value of £4 a week this may be: capital for use of house £3 a week, and for use of land £1 a week = £52 a year. When rate of interest on loans is 5% then capital sum (£100) =  $5 \times 20$  (years purchase). Hence the unimproved capital value of the block of land above is  $£52 \times 100/5 = £1040$ . ( $£52 \times 20$ ).

Conversely, such a block being vacant and sold at auction for £1040 is known to have an annual rental value of 5% of £1040, viz. £52 p.a., i.e.  $5/100$  or  $1/20$  of £1040 = £52 a year.

This illustrates the relation between yearly income from a property and capital sale value.

As a piece of favoritism, Mr. Bolte proposes an omission of just payment to State Treasury up to £1000 U.C.V., that is of rental value of bare land up to £50 a year.

He proposes that Land Tax now being collected should be omitted in whole or major part to the effect that nett income rises (i.e. gross income minus expenses equals nett income). Hence capital sale value would rise and a present owner acquire a capital gain, which is about 20 times the annual gain. When he sells he receives, as vendor, the capital gain in cash and departs. Consequently the incoming landholder has paid an added capital sum for the property. Perhaps Mr. Bolte does not mean to boost land values and so make it harder for newcomers to acquire property, yet such is the inevitable result of his proposal to make further exemption from Land Tax.

### LAND-VALUE TAXES FOR JAMAICA

#### Australian Rating Expert Appointed

According to an article in the "Sydney Morning Herald" (17/3/58) received from our N.S.W. colleagues, Jamaica is in process of adopting the site-value rating system.

Three years ago Jamaica appealed to U.N.O. for the services of an adviser under the Technical Assistance programme to report on the feasibility of introducing land taxation on the basis of unimproved land value. The sort of thing they had in mind, they said, was a system like those in Denmark, New Zealand and Australia.

Australia was requested to help, and after a report by Dr. J. Murray, Chairman of the Valuation Board, Mr. John Copes, a public servant, was appointed to go to Jamaica and introduce the new system.

To the Jamaican smallholder, taxation on unimproved value provides an incentive to develop his land in the knowledge that his work will not mean higher taxes.

For several reasons it is not easy to determine unimproved values on an island like Jamaica where development has been very mixed. There are towns both large and small, mineral extraction areas (especially since bauxite was discovered), large estates and plantations; but at the same time there are countless small holdings marked only by invisible lines running between trees and established by custom ever since the time when freed slaves left the plantations on the plains and squatted on land in the hills. Primarily Mr. Copes had to make a careful analysis of Jamaica's economy. In the field he and his assistants have to compile the first-ever maps of small holdings.

It is sometimes difficult enough to explain the nature of site-value rating, what constitutes unimproved value, etc., in Australia, but in Jamaica it has been even worse. So the Jamaican Government with the assistance of Mr. Copes is carrying on a programme of education by means of colourful brochures, films, and broadcasts, to show the people how they will benefit by the new system.

It is expected that the work will be completed in another three years.

## GEORGIST'S ELECTION POLICY BROADCAST

The following is a broadcast election talk by Mr. L. J. Hutchinson, who stood as an Independent advocating Georgist principles for Moonee Ponds at the recent State elections.

Good afternoon, listeners. I am contesting the State Legislative Assembly Electorate of Moonee Ponds at the forthcoming election on the 31st May. I believe that prosperity without inflation can be achieved by a revision of our taxation practices in accordance with principles of Justice applied on a State level as distinct from the Federal level.

Whatever the Federal Government may do in mis-handling public money or the nation's affairs, the consequences apply with equal force to all States.

The inflationary pressures and dislocations due to the obstruction of trade by tariffs and import quotas, the impediments to internal trade and the effects on the cost structure due to Sales Tax and Income Tax demand strong action by forthright independent thinking men in the Federal sphere. None the less, the prosperity of Victoria lies in the hands of Victorians operating through State Parliament.

If we, in this State, make land readily available at low prices for homes, factories and agriculture, we would open up avenues for the creation of great wealth and by this means alone increase prosperity.

But, if at the same time, we reduce the basic costs of power and transport we will create conditions for the creation of wealth in this State which would place us at an unique advantage relative to the other States of the Commonwealth, not only as to our internal economy but relative to competitive prices for export markets.

These conditions of deflated land prices, cheaper power, and cheaper transport can be achieved simply and effectively by resorting to basic Justice in our approach to taxation.

We must get clear in our minds what rightly belongs to the State and what belongs to the citizen.

Land values are created by the presence of the community and are greatly enhanced by the presence of all those services which the community calls into existence at considerable cost. Railways, roadways, electricity, gas, water, sewerage, schools, hospitals and the police force, to name a few, such services all have the effect of enhancing the value of land. Is anything more obvious than that the more centrally located a piece of land is in relation to these services the greater will be its desirability and hence its value or price?

Then from this it becomes obvious that for the State to place a charge or tax on this value is to charge the receiver of value in proportion to the value he receives. This is both fair and economically simple. The only thing against it is that the owner may be wealthy and influential — and object.

From all considerations of justice and equity the State should have first claim on these land values and is shirking its responsibility and doing an injustice if it does not use them for public purposes. The position arises in Victoria that because of our government turning its back on the legitimate source of revenue — and allowing land jobbers and speculators to withhold the reservoirs of wealth virtually tax free—that we are

beset by one of the greatest speculative land booms in the history of this State. Home sites with the bare essentials of light and water, no sewer, no road, reach £1000 a site, seven miles from the G.P.O. When land prices reach these limits home building can only start after the site buyer has been robbed. This unhealthy, evil condition is heading for stagnation of building and chaos. The government, having turned a blind eye to the private rake-off of public sources of revenue, must needs resort to other means to finance the State. Last year your State Government robbed the estates of 12,848 people who had died of a total of £7,800,000. Desecraters of graves are regarded with horror but to plunder the widow and orphan is not too low a pastime for governments, both Labor and Liberal, who neglect their clear-cut duty and resort to legalised pillage to fill the Treasury. The disgraceful condition arises that the politicians who allow private individuals possessing land titles to reap the lion's share of the value of State works, all but tax free, do not hesitate to foster a State lottery to squeeze a corrupt £2,950,000 to eke things along for the State they beggar by private patronage and neglect.

I stand for one single tax on the unimproved value of the land of the State of Victoria to be used to finance the capital costs of State works and in return the members of the State shall enjoy repeal of taxation of their earnings by the State, repeal of robbery of their estates when they die, and repeal of lotteries as a means of financing the State. And as to charges to the customers of State services, these shall be charged lower fares, freight rates, power and gas charges, and substantially reduced motor registration fees. This decrease in production costs combined with the release of speculative land holdings to the land hungry at economic prices will create prosperity without inflation.

It will foster industry and give to labor its full reward.

### TAXATION AND ITS EFFECTS

Under our present system of taxation we place penalties on useful effort.

Tax manufacturers and you check production.

Tax buildings and improvements and you stop development.

Tax commerce and you hinder or prevent exchange.

Tax capital and you raise the cost of production.

But you will take the whole value of land in taxation and the land will not diminish nor be any less productive. On the contrary, land value taxation will make more land available, will stimulate trade and will open up new opportunities to labour and capital for the production of wealth.

H.G. School Magazine, London.

**Basic Problem.**—"Generations of experience have led to the belief, often justified, that any extra work the farmer does is lining, not his own pockets, or even his stomach, but those of a landlord he has never seen, whose very name he may not know."—From the booklet "Millions Still Go Hungry." (Food and Agriculture Organisation, United Nations, Rome, 1957).

(Ed's Note.—The urgent need of today is that land rents, urban as well as rural, should go to the community instead of to privileged individuals.)

## A GIANT STEP URGED

The following outstanding Editorial appeared in "Life," November 11th, 1957.

On the 49th anniversary of the Bolshevik Revolution the free world was treated to the spectacle of the two most powerful men in the world boasting at each other. Khrushchev brandished his Sputnicks, his threats of death to capitalism. President Eisenhower replied with a recital of U.S. might and some encouraging news of his resolve to recapture technological leadership. Since there may be a war, Americans will back every step the President has proposed to mobilize full U.S. might, and demand more.

But there may not be a war. Khrushchev says he would rather "compete" with capitalism. If so, the bloodless struggle with Communism will prove the decisive one.

The conqueror of outer space now tells his ragged subjects that their terrestrial standard of living will also surpass that of the U.S. in 15 years. The Sputnicks give this old Communist swindle a new lease of plausibility.

President Eisenhower challenged Khrushchev to match his leap into space with a "giant step toward peace." But can the U.S., while maintaining its military preparedness, take a giant step toward victory in the bloodless struggle? Congress will soon be voting all the money needed for missiles, research and other forms of security. The presidential leadership everyone is clamoring for can have an easy triumph on that front. But the kind of leadership the bloodless contest calls for is not that simple.

This more difficult form of leadership is needed in a number of areas, for example in the settlement of cancerous disputes such as the Arab-Israeli conflict, through the development of international law. And it is needed in the broad field of economics. The American contribution to world economic development can only be in terms of the institution Americans know best: i.e., the free enterprise system. We suggest that this system, which some regard as a golden goose in the American barnyard, is instead a first-class political weapon of intercontinental range. We propose that this weapon be employed in the following drastic manner: that the U.S. declare its traditional protectionism at an end, open its shores to the free-enterprisers of all nations and embark on a new policy of free trade. The purpose of this dramatic move would be to strengthen alliances and set new standards of world prosperity to which Communism can never aspire.

When the Eisenhower administration came to office, it faced an extraordinary opportunity. This was to combine, in a new foreign economic policy, the long-frustrated Republican faith in free enterprise with the rusting Democratic machinery of internationalism. The time was ripe:

- World trade was shackled by war-born nationalist controls which only the U.S. was powerful enough to loosen.
- The U.S. economy, cradled in a century of protectionism, had become so huge and strong that it must now look to an expanding world market for its own continued expansion.
- U.S. strategy had become one of alliances in which the economic health of its allies was a condition of their reliability.
- The underdeveloped countries, all of whom were hell-bent on rapid industrialization, needed not only capital and brains but links with a sound world-trading system to reduce the appeal of the Communist short cut. A world market for free enterprise was needed more than ever before.

But instead of underwriting this need and market with a bold new policy, the Eisenhower administration adopted delaying tactics. It took up the old Reciprocal Trade Agreements programme and copied the Roosevelt-Truman policy of keeping Congress satisfied by ample loopholes for anyone seriously affected.

This venerable act has the important merit of relieving Congress of the fatal power of setting particular tariff rates. It thus serves U.S. interest in the same sense that a closing hour limits drunkenness in saloons. But each year the closing hour has been getting later. And when RTA comes up for renewal again next year, the congressional fight for more crippling amendments will be the bitterest yet.

Last year Iceland almost kicked out a NATO base because the U.S. would not buy its groundfish; had the President not overruled the Tariff Commission, Iceland would now be dependent on Russia for practically all its fish exports instead of only 28% (it used to be zero). Uruguay can't sell the U.S. more wool tops than American sheepmen want her to; as a result, Uruguay now does 10 per cent. or 12 per cent. of her trade with Communists, and the

Soviet embassy in Montevideo is one of the most active in the Western Hemisphere. The President recently had to decide whether to overrule, in the national interest, a Tariff Commission finding that imports of wooden clothespins (mainly from Japan, Denmark and Sweden) should be limited by a quota. He did overrule the Commission but then hedged by raising the import duty 10 cents a gross.

These are the sort of petty grabs and hairbreadth escapes on which U.S. foreign economic policy rests. Small wonder so many businessmen in Europe and Asia mistrust it. The White House has tried, within the limits of friendly Republican compromise, to keep U.S. trade policy pointed in a liberal direction. Unfortunately its fight now is 100 per cent. defensive.

The allies, in despair of U.S. leadership, are taking the future of free enterprise into their own hands. The Common Market and Free Trade Area agreed on in this year's Rome treaties can make Europe as prosperous as the U.S. But only if the U.S. holds its own trade policies in a broadly liberal direction can Europe's be kept on the same track, and assured a benign outcome of this hopeful experiment.

Fortunately the free world has been enjoying a long boom, sparked largely by free enterprise. But this boom now threatens to dwindle before it has even begun to satisfy the world's unfilled need for trade and investment. Nor has the U.S., the supposed headquarters of free enterprise, done nearly what it should to stimulate this boom toward its incredibly greater potential. A protectionist U.S. trade policy represents a failure of leadership. The challenge to the U.S. now is to take a giant step and put its trade policy on the offensive. For that, the time is riper than ever.

This step is to adopt the policy of complete free trade. The U.S. should declare it toward all countries willing to accept certain minimum standards under which free enterprise can work. The gains to America from such a deal would be immense, the costs small.

Defense? Let the armed forces name the items they cannot trust to free trade and subsidize their domestic production openly instead of by tariff. Readjustment? Not more than 100,000 U.S. job-holders are vitally dependent on tariff protection; they could easily be assisted in their transition to new ones. Sentiment?

Americanism? We are here proposing a new sentiment, a new Americanism, which sees its interest as identical with that of all free people who want the enormously higher living standards that will accompany a fuller international division of labour under free trade.

### JAMESTOWN (S.A.) RATING POLL

We learn that the South Australian municipality of Jamestown has carried a poll in favour of site value rating by 191 votes to 46. Voting at the respective centres was as follows:

	For	Against
Jamestown .....	85	22
Caltowie .....	33	18
Parcowie .....	40	5
Nannanarie .....	23	—
Postal .....	5	1
	191	46

Jamestown is a very old town and relatively stagnant. On a recent check it was found to contain no cantilever-type verandah shops and more than half its total were obsolete. The few shops in Caltowie were all obsolete. This municipality greatly needed site value rating.

## PERSONALITIES IN OUR MOVEMENT

### No. 4 — Mr. J. A. McMurtrie

One of the most stalwart supporters of our principles is Mr. J. A. McMurtrie, although as his field of operation is remote from the city most of our friends will not be personally acquainted with him.

Over 64 years ago, after reading "Progress and Poverty," he realised that governments, having a fund of their own in the public value given to sites by our roads, streets, railways and other public services, had no moral right nor need to raise revenue by taxing the private values produced by the citizens themselves.

Soon afterwards, the late Mr. Harry Bonfield, editor and owner of the "Ararat Advertiser," induced him to join the Country Party. With his very able support a motion was placed on the agenda for the St. Arnaud Conference, dealing with "Site Rent for Revenue."

The result was that a Committee of six members was appointed by the Central Council following the 1933 Conference "to inquire into the Single Tax proposition, or any other method which will relieve our economic and financial difficulties."

The members of this Committee included: Messrs. J. A. McMurtrie (Stawell), W. E. Kelly (Briagolong), Cyril James (Bendigo), S. Allan Johnson (Woodend), and E. Reseigh (Birchip). With the exception of Cyril James all were farmers.

Through "The Countryman" the Committee invited anyone to give evidence for or against the "Single Tax" or make any economic proposition to relieve our economic and financial difficulties. Written statements were presented by 10 persons (five for and five against) and followed by verbal discussions before the Committee.

### THE WORKS PROGRAM

Public works in six States receive financial assistance from Canberra which raises some of the capital sums by public loans and some by excessive taxation. There is also phantom finance, called Treasury "bills." These Micawber-type I.O.U. notes are foisted on the trading banks for holding while their liquid funds are appropriated by the Canberra Treasury.

Treasury I.O.U. "bills" pay interest at only 15 shillings per £100 and extensive use of this phantom finance has been recommended by Prof. Douglas Boomer Copland. For nine months of the present financial year Canberra has appropriated £91 millions which is then loaned to the States at full interest rate.

State public works raise land values and could be greatly assisted by a "development rate" on unimproved capital value of all blocks of land. This basic collection would be genuine finance — not phantom. All such payments to State are full deductions for Canberra income tax returns. Hence less of the citizens' earnings would go to Canberra which is already "overfull." The present State Land Tax needs to be brought into line with sound principle by abolition of exemptions and graduations. Then charges for public works such as railways could be reduced while deficits are removed. This plan has wide application and citizens should press its principle on the notice of members of Parliament.

The salient points in these various cases were printed in a 36-page Interim Report for circulation to all members of the Country Party. Final report of the Committee was: "It is economically sound and would be of benefit to all primary producers."

As Secretary of the local branch of the Country Party, and with the able assistance of the President (the late Mr. Hughe Monaghan), they were able to have a motion placed on every agenda, dealing mostly with having the difference between Public (site) and Private Value explained in all schools. Some were carried and some lost, but the final decision was against them.

Now, getting on in years, he still devotes his time to seeking to educate people to the natural fund of land values which is the legitimate source of public revenue in lieu of confiscating the results of the citizens' efforts to which government has no moral claim.

He has published and distributed many pamphlets in which Georgist principles are concisely and strikingly expressed. He would like to see the term Public Value used instead of Land Value as he thinks that even children would then realise to whom this value rightly belongs. He feels that until it is universally recognized that it justly belongs to the people, and that it is the one and only just source of revenue, other reforms simply prolong the injustices that cause war, penury, and poverty in a world of plenty.

### TOLSTOY ON LAND REFORM

"1. No one will be deprived of the possibility of using land.

2. Idle men, possessing land, and forcing others to work for them in return for the use of the land, will cease to exist.

3. The land will be in the hands of those who work it and not of those who do not.

4. People will cease to enslave themselves as labourers in factories and will disperse themselves about the country.

5. There will no longer be any overseers and tax collectors in factories, stores, and customs houses, but only collectors of payment for the land.

6. Those who do not labour will be freed from the sin of profiting by the labour of others."

This letter to a Siberian peasant, quoted in "Review of Reviews," January, 1898, p.74, from Leo Tolstoy, illustrates the great Russian thinker's grasp of George's proposals, concerning which he said: "People do not argue with Henry George's teachings; they simply do not know them."

St. Kilda supermarket area, property at 161 Fitzroy Street, one of last developmental sites being land 90 ft. frontage with house for demolition sold at £27,500 or over £305 ft. Investment Co. will erect modern show-room and offices.—"Age," 13/12/57.

(Ed. Note.—Metro. Board for water and sewerage will charge greatly enhanced rates on the new building since their policy is penalty on progress always.)



## THE BURDEN OF GOVERNMENT

To hand is a condensation of the findings of the Hoover Commission which have been sent to Congress. A series of 18 reports is summarised from the originals of 2,000,000 words and has been issued by the Department of Governmental Affairs, Chamber of Commerce of the United States.

The cover bears the inscription "Chaos in the Government — and what to do about it." A perusal indicates that the first word of the inscription is fully justified. In U.S.A. the functions of government have assumed gigantic proportions and the relative figures are astronomical. Apart from what are usually regarded as matters for Government handling and control, the Government has fingers in many other pies. The impression gained from the summary is that the situation, generally, is out of hand, both as to normal departments and the "pies."

From the summarised findings we learn: Salaries of Federal jobholders cost 5,650,000,000 dollars in 1948 (to be greatly increased in 1949). Supervisors are rated and paid according to the number of workers under them; thus they are encouraged to build up their work forces recklessly. The paper work done on every government purchase transaction costs more than 10 dollars in labor and materials. Yet, approximately half the several million purchase orders in each year are for less than 10 dollars. So the overhead is more than the cost of the goods. Government records fill 18,000,000 square feet of floor space. The space costs 20,000,000 dollars and the filing and equipment needed to handle the records is worth 154,000,000 dollars. The Post Office Department, operating under a "maze of outmoded laws," had revenues of 1,300,000,000 dollars in 1948 with a deficit of 310,000,000 dollars, or 22 per cent. of revenues.

The Veterans' Administration has 15,432 persons at work handling 7,000,000 insurance policies. The average work load of 450 policies per employee compares with a work load of 1,762 policies per employee in private industry. In June, 1948, Government hospitals had room for 255,000 patients but only 155,000 patients on hand. At the same time, the Veterans' Administration was demanding 38,000 more beds at an additional cost of 280,000,000 dollars. (The President ordered a 16,000-bed cutback on the V.A. programme but the House overrode him and voted funds to continue the hospital building programme at full blast). The overall picture of Government business operations is one of utter confusion. Some agencies charge less interest on their loans than the Treasury must pay for the money which it borrows. Some invest their surplus in Government securities, thus compelling the Government to pay interest on its own investments. Some have accumulated surpluses.

In the Department of Agriculture, the Commission estimated that 80,000,000 dollars could be saved by overhauling the Department. As an example of overlapping the report noted that 47 employees attached to seven separate field services of the Department have been working with 1,500 farmers in one county of Georgia. "In one Missouri county, a farmer recently received from five different agencies, varying advice on the application of fertilisers on his farm." The report added — "Farmers are confused and irritated." The foregoing are but part of the depressing picture revealed in the summary.

The Commission made numerous recommendations to meet the various situations as they found them but were not always unanimous, (Georgists are not surprised at this diversity of viewpoint). Only one proposal savoured of a radical nature — "The Government should get out of the business of direct lending to persons or enterprises . . ."

As a whole the general summary discloses a gigantic problem — the gross overgrowth of governmental activities — as to degree and nature. So great is the problem that a complete review is called for what a government may and should not do.

We in Australia are in no state to point the finger of scorn for we are heading in the same direction. Our Federal Budget exceeds £1,000,000,000 and grows and grows. We have a top-heavy social structure which calls for drastic treatment. Direct taxation is a burden of dead weight, to say nothing of the greater one imposed by indirect taxation. The present state of prosperous U.S.A. should be a sharp warning to Australian electors and a call for action.

—W.A.C.

## TAXES ON HOLES IN U.K.!

A British firm sells three models of portable lighting units used by amateur cine photographers. If a hole for a certain screw is drilled before the unit is sold, purchase tax of £1/13/7, £2/10/6 or £3/15/8 is payable, according to the particular model, yet the hole —  $\frac{1}{4}$  inch in diameter — is the same in each case.

The firm therefore sells the unit without the hole. When the purchase has been completed, the shop assistant then drills the hole for the customer at the counter.

If a test case of this tax were made in court, the part subject to tax would have to be produced in court. How could a  $\frac{1}{4}$  inch hole be produced in court?

And to what lengths of absurdity can the crazy policy of taxing the products of man's labour go?

—Data from "Age," 25/3/58.

## MONTHLY FORUM

The theme of the Henry George Forum on May 9, at 8 p.m. was the State Elections. Mr. L. J. Hutchinson, who is contesting the Moonee Ponds seat as an Independent, outlined his policy. One of his broadcast talks is included elsewhere in this issue. Strenuous efforts to induce other candidates to address the forum were unsuccessful.

In the interesting discussion which followed Mr. Hutchinson's address, attention was given to the relative importance of (a) advocating principles, if only for educational purposes, and (b) pursuing suitable tactics in the light of the difficulties facing Independents.

Readers are urged to make the effort to attend these interesting meetings. The next forum, on June 14, will be concerned with Electoral Counting Methods, with Mr. Dodds, of the Cosmopolitan Debating Society, and Mr. Harcourt Bell, from the Proportional Representation Society.

At a forum in the near future, probably on July 11, Pastor Doug. Nicholls is expected to speak and show coloured slides. Watch next issue for confirmation.

## ENLIGHTENING TRUTHS

The following are some extracts from lecture notes used by Dr. H. G. Pearce for classes in Sydney:—

The notion of the common good is sometimes called the "socialism of the poor" or better called State Pauperism. The poor are encouraged to regard the State as a mere means to their private good. But besides this "social welfare" notion there is another false notion of the common good which is sometimes called the "socialism of the rich," which regards the State as a means to private industries and as a means to the protection of private profits . . . When private businesses try to secure privileges from the State, or even alliances with the State, in what is properly the field of private enterprise [society is deteriorating].

Economic science has certain moral implications regarding men's incomes and governmental policies, and here, where truth puts a bond on the will, the acquisition of evil habits and passions, the forces of pride, prejudice, anger, greed, respectability, and timidity can inhibit men from wanting to see the truth . . . As soon as some proposition carries any threat to their position, their pride, their prospects, or their prejudices, they seem to sense the implications almost instinctively and desire to hear no more about it.

In a like manner intellectual pride can hinder (the admission) that any or all of (the) intellectual lumber . . . which is (a man's) chief title to public distinction, can be called in question . . . Leaders of fashion (in thought) glory in the opinions of all who follow in the fashion rather than in the manifestation of creative wisdom in the universe.

The question — What is Wealth? — is ticklish. A lot of what commonly passes as wealth is but legalised robbery, and to those who enjoy the proceeds of robbery, nothing is more offensive than to diagnose its nature and call it by its proper name.

No child ever imagined that the more he gave in exchange and the less he got, the better off he would be. And no primitive people could ever see that they could increase their wealth by taxing themselves. [Such ideas are] due to the growth of special interests in political restrictions on trade as a means of increasing individual wealth at the expense of the general wealth of society. And this power of a special interest, harmful to the general interest, to influence thought in such a way as to make fallacies pass for truths, is a great fact without which it is impossible to understand political history. A small number of individuals who are united in thought and action may exert an influence out of all proportion to their numbers, especially where political life is corrupt.

Economic progress tends to squeeze the price out of wealth. Confusion of wealth with price (value) has landed us in the Utopia of the Socialists, who so glorify prices and toil that they are ever-ready to restrict production and exchange, to tax everything that is good, to inflate currencies, and to invent useless occupations so that we may have the pleasure of "full" misemployment. Then to add insult to in-

jury they call these measures "economic" planning and "scientific" socialism.

Housing officials point to all the houses built by the Housing Commission, but it is not easy for their critics to point to all the houses not built as a result of Governmental invasions into the field of private initiative. Likewise the advocates of protected industries can easily point to the increased factory production since the introduction of some legislative privilege, but it is not easy for their critics to point out all the production stopped as a result of such anti-social favouritism. It is easy to collect statistics of what has been produced, it is impossible to give statistics of productive efforts frustrated.

One must distinguish natural value-from-production and legal value-from-obligation. An increase in things having value from production is an increase in the common wealth of the people; value from obligation has nothing to do with the production of wealth but the distribution of wealth.

The War could have been carried on without a penny of national debt if the Government which exercised the power of life and death over the people by conscription had exercised a similar power over the riches of the rich.

## THE AMERICAN WAY

### HURT PEOPLE—HELP PEOPLE

"Last summer, Rep. Stewart L. Udall (Dem., Ariz.) revealed to Congress that individual payments—ranging from 56,000 dollars to 209,701 dollars — had been made to 11 Arizona cotton farmers, all for not growing cotton. The largest check went to Jack A. Harris for not growing cotton on 1,666 acres in Pima County. Harris then leased 4,500 acres in another county, trucked his gear to the new site and planted cotton—thereby tripling production.

"In a South Dakota county, where the wheat crop was almost a total failure, land prices nevertheless soared. Speculators were buying land in hopes of putting tenants off the farms and collecting government money for not growing grain." (Then the displaced tenants could seek tax-support as a way of life and be on the receiving end of "from each according to ability to each according to need.")

This, from the October 1st issue of Look Magazine, is suggestive of some mighty good reading for Georgists. It is not a question, as Look suggests, of "What's wrong with the giant farm program?" It is as ever: What's wrong with economic education in American colleges and universities?

Henry George News—Oct., '57.

The Veteran A. G. Huie, since his retirement four years ago, has had 534 letters published in a great variety of newspapers. The clippings occupy 132 large pages of a scrap book.

Hastings.—This pleasant fishing township has been blotted by vacant allotments. But citizens changed rating system to site-value basis which charges vacant blocks with a fair share of municipal costs. Speculators are then "found out." Some of these have allowed unpaid rates due to overtop the maximum debt allowed by the L.G. Act, 1946. Hence Council has submitted to auction for rates due and interest thereon six home sites, frontages 50-57 ft. situated in Church, Queen, King, James and Government Roads. Genuine builders and home makers will then be able to settle in the township. This reduces the ribbon-sprawl.

## Notes from Various Sources

Mr. Clyde Cameron, M.H.R. for Hindmarsh (S.A.) speaking on the Adelaide radio 5KA, gave a first-class address on the Single Tax matter.

(Ed. Note.—His material may be read in the recent booklet, Sales Tax v. Land Tax — two copies posted for 1/- from this office.)

Astray.—“(New Zealand's) prosperity is determined largely by the volume of its external trade which, in 1954, at £213 sterling per capita (export £116, import £102) was the second highest in the world on a per capita basis.”—Statement in a scientific report.

Ed's. Note.—A glaring example of current loose thinking on economics. If you bought £10 worth of goods and sold £12 worth last week, is even your turnover, let alone your earnings, £22? The inability to grasp that imports are the real payment for exports is very widespread.

Pungent Comment.—Governments everywhere have developed flawless efficiency in picking industrious and gifted men's pockets. They smile paternally on the bloke who wins anything from £10,000 upwards in a lottery or some other game of pure chance, but go baying like bloodhounds after anyone who makes some money by working for it.—John Hetherington, “The Age” columnist, 26/2/53.

(Ed's. Note.—This bad state of affairs will continue until the right of individuals to the product of their exertion and the right of the community to community created site rents are recognised as a moral issue.)

Party Politics.—If “dissatisfied with one thing more than another it is . . . ‘party’ government, which has assumed . . . the position of mere frantic struggles of conflicting factions.”—Geo. Higinbotham, on retirement, 1876.

(Ed. Note.—Statue of this democrat stands beside the Old Treasury building, the scene of his great work. P.R. is the solution to the lack of satisfaction which many feel regarding a Parliament elected from one member electorates and Higinbotham wanted a multi-member electorate.)

Principle.—It must be accepted that: A charge on land reduces its selling value — such selling value being based on the net return which can be obtained from land after all charges have been paid. This means that, given stability in prices and costs of production, a reduction in land tax is a gift to the immediate land-owner. Conversely, an increase in the tax must be met by the immediate owner.—Hon. Walter Nash, Prime Minister, New Zealand.

Hobart (Tas.)—Heathorn's Hotel, Liverpool Street, has been sold to Hobart Corporation for £48,000. Building will be torn down and bare land used as a bus terminal. Site was granted by the Crown, in 1824 to Mr. Russell Young, solicitor. Demolition of buildings means that price paid is bare land value.

(Ed. Note.—Buying back our own is an apt description of this transaction.)

West German Recovery.—Ludwig Erhard, Finance Minister said: “The more we bought abroad the more we could sell abroad. Freer trade meant more goods in our shops, it strengthened our currency, showed the people what they could buy with their money. Import controls were relaxed, foreign goods appeared in our markets and became a spur to German manufacturers.”

(Ed. Note.—And so West Germany is returning to its traditional markets with an export trade.)

Requiem for the Dead Half of the American Dollar is the title of a recent booklet by the noted economist, Dr. Franz Pick. He shows that currency debasement in U.S.A. each year wipes out 42,600 million dollars of purchasing power from the former value of existing public and private debentures. A survey of the 17 years since 1940 shows that bank deposits on a per capita basis, measured in dollars of 1940 purchasing power have risen only 0.8%.

Wars of the World have been from the beginning, wars for the control of natural resources. In order to avoid wars in the future — foods and raw materials must be available to all the nations of the world — this is essential as a foundation for other efforts and, without this, the other efforts, in my judgment, are futile.—Prof. Richard T. Ely, C.S.M., 20/5/36.

(Ed. Note.—At other times Prof. Ely has been eloquent in his pleas to maintain the privileges of monopolists in natural resources. Perhaps some of these subscribed to his Institute for Economic Research.)

## “LAND AND LIBERTY”

Our English contemporary “Land and Liberty” continues to maintain its improved standard with good-quality cover and well set out articles. This monthly journal, devoted to advocacy of land value taxation and free trade, with its 16 pages, is able to give a wide coverage to world-wide developments in line with these principles.

We recommend it to our readers as well worth the subscription (7/6 sterling or 10/- Australian). We will be pleased to send sample copies to any interested inquirers on request and remit any subscriptions received through our office.

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## HENRY GEORGE LEAGUE

18 George Parade, (off 113 Collins Street, near Russell Street), Melbourne, C.I. Telephone: MF 4635. Office Supervisor, Mrs. Kerferd; Hon. Sec., Mrs. M. A. Hutchinson.

The Henry George League is a non-political educational body of men and women advocating that public revenues be drawn from public charges upon the site-value of land and 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 £1 which includes cost of the Journal “Progress” posted.

Subscription for “Progress” alone is 2/- per annum posted (for which stamps will be acceptable). This is nominal only to extend our message to new contacts who we hope will later become members. If you appreciate the journal you are invited to obtain new subscribers.

### MEETINGS

Held at 18 George Parade, (off 113 Collins St.)

#### EXECUTIVE:

Friday, 6th June, 1958, at 6.45 p.m.

#### MEMBERS' EVENING:

Tuesday, 17th June, 1958, at 8.00 p.m.

#### PUBLIC FORUM:

Friday, 13th June, 1958, at 8 p.m.

Subject: “Electoral Counting Methods.”

INVITE YOUR FRIENDS