

PAPERS PRESENTED
IN
COMMEMORATION OF THE CENTENARY
OF PUBLICATION OF
'PROGRESS AND POVERTY' BY HENRY GEORGE

at the
Department of Economics
University of Sydney
27th June 1979

"PROGRESS AND POVERTY" IN HISTORICAL PERSPECTIVE.
by

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and:-
SINGLE TAX, FREE TRADE AND LAND VALUES TAXATION;
HENRY GEORGE AND THE SYDNEY SINGLE TAX LEAGUE.
by

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THE GEORGIST MOVEMENT IN AUSTRALIA AND NEW ZEALAND

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CENTENARY COMMEMORATION 1879-1979 PUBLICATION OF 'PROGRESS AND POVERTY'

INTRODUCTION

THE MESSAGE OF HENRY GEORGE

The year 1979 was the centenary year of the publication of one of the world's most exciting and important books on economics, *Progress and Poverty* by Henry George.

To celebrate the centenary, the Head of the Economics Department at the University of Sydney, Professor P.D. Groenwegen, and the Senior Lecturer in Economic History at the University of NSW, Dr. D.L. Clark, agreed to speak at a meeting at the University on 27th June, 1979.

This pamphlet contains the two addresses given at the meeting, which was sponsored by the Australian School of Social Science.

GEORGE'S TEACHING

Although George's ideas were not really new, they were presented with great clarity and in very readable English. The message was intellectual but readily understandable. His message was not just one of hope, or of apology, but was a clear indication of how a sensible community could organise in a practical way to obtain a much better standard of living and a just society. But there is also a large element of careful observation, and logical economic analysis, which advanced the study of economics considerably.

'THOU SHALT NOT STEAL'

The fundamental basis of George's teaching is that stealing is an uneconomic transaction, no matter who does it, or whether it is 'legitimised' by government. Stealing reduces the standard of living because it is a waste of effort which produces nothing new, and because always in the long run, and nearly always in the short run, it causes more distress than benefit among all the parties affected. This is of course recognized in most codes of human conduct; and many laws seek to prevent individuals from robbing each other directly. But that is not enough; good government must not use its powers to rob, nor must it issue privileges or licenses permitting some people to take tribute from others.

LEGALISED STEALING TO CEASE

Government should rescind all laws which give economic advantage to any able bodied people at the expense of the remainder. There should be no licenses for some to have economic opportunities which are denied to others (i.e. licenses, registrations, quotas, tariffs, zonings, subsidies, demarcations, restrictions, limitations etc). Nor should government obtain revenue by threat of force merely because money is seen to be changing hands (income tax, sales tax etc).

THE PRIVILEGE OF LAND OWNING

George pointed out that by far the greatest privileges granted by government are the continuing licenses ('titles') to hold particular parts of the country for ever to the exclusion of the remainder of the population. This is clearly the maintaining by force of an advantage for some able bodied people at the expense of disadvantage to others, particularly when all land has been 'taken up'. The land means all sites, city, suburbs, industrial etc, as well as agricultural—the greatest values being in cities, where the community provides the greatest benefits to siteholders.

MAIN CAUSE OF POVERTY

George demonstrated that the main cause of poverty and unemployment is the maldistribution of opportunity to use sites and resources.

LAND TO BE HELD IN COMMON

George advocated that the only way to give equal opportunity and justice is for land to be shared equally. This does not mean that everyone has to hold a definite piece of ground, any more than a share in a company means owning a certain part of the equipment. George called for all land to be 'in effect' owned by the community, and the site rent collected for revenue. Then none would have economic advantage, or be able to charge (and retain) a fee from others for permission to live on the earth.

SITE VALUE TAXATION

George pointed out that the easiest way to apply his reform was to apply a uniform tax on the site values, and to steadily intensify this tax till close to the whole site rent was collected.

REMOVAL OF CONFISCATORY TAXATION

The increasing revenue from land taxation would be used steadily to replace confiscatory uneconomic taxes (such as our income tax, sales tax, payroll tax etc) which undoubtedly reduce our standards of living, because they act as deterrent fines on the normal economic transactions which are so important to prosperity.

'SINGLE TAX'

In George's time the collection of site rent could have allowed the elimination of all confiscatory taxes.

A few Georgists still call for the Single Tax, claiming that the full site rent could replace all other taxes, as the yields of site rent available would increase as other taxes were taken off.

Although there is considerable strength in that argument, other Georgists are reluctant to make that claim, as they feel the single tax might not collect enough to cover all the extravagances of government for which our democracies call. But the question is not worth arguing about; what is required is to move in the correct direction, which must lead to more prosperity and more employment opportunities. Even a small step would be beneficial. Unfortunately our governments are going in the wrong direction (as did Marie Antoinette's and she and her children lost their heads).

Another very small group of Georgists advocate all site rent to be collected 'as from tomorrow morning' but most Georgists are gradualists calling for only a moderately quick replacement of bad taxation by site taxation, allowing time for adjustment, and removal of the other taxes in an orderly manner.

INCENTIVE TAXATION

Site taxation is an incentive for all land to be used reasonably efficiently to yield satisfaction and in thus ensuring that the better sites are all fully used, it allows some very poor sites to be vacated. With all the better land (both natural and developed) being fully used, there must be optimum satisfaction and optimum employment opportunity. It also acts in the interest of conservation, by taking pressure off marginal quality land.

CRITICISMS REBUFFED

There has never been any fault found in the basic premises and logic of George's revenue proposals, despite attempts by holders of special privilege.

EASY TO APPLY

It had been suggested that site taxation would be difficult to apply and administer; however site taxation has been widely applied in Australia for over seventy years; it has been used simply and effectively by local government to provide almost its entire revenue; and it has been applied by the States also, and also by the Commonwealth for a time. It has been so simple, practical and commonplace that it is accepted without question as a normal method of revenue collection. All that is needed is to intensify it.

VALUATION

Another of the historical criticisms (noted in the following papers) is the suggestion that valuation would be impossible, and a distinction could not be made between the site and the improvements.

Yet Valuers General in Australian States have in fact been doing such valuation with great success and general acceptance for over half a century. There have been minor problems most of which have been overcome. The main problem outstanding is keeping up to date in times of severe currency debasement.

COMPARISON WITH INCOME TAX

It is laughable to seek to criticise the accuracy of site valuation as a tax base, when it is compared with income tax, where inaccuracy, evasion, and cheating abound, and where it is impossible to define 'income' in any sensible way. Law courts are continually dealing with disputes over huge discrepancies in 'estimates' of income. Even the President of USA could not determine his income without errors of hundreds of thousands of dollars. Sometimes courts have to decide whether a claimed loss is not indeed a huge income, depending on the accountancy method used.

But this is only one of the severe faults of income tax. It is a bad confiscatory discouraging tax!

PASSING THE TAX ON

Another unjustified suggestion is that site taxation will be 'passed on' to someone else. This is an amusing criticism because site tax is the only tax for which increases cannot be 'passed on'. The reason they cannot be passed on is because site owners who lease their land already would be collecting close to the maximum rent. They already charge the full market worth of all the benefits, advantages, opportunities and services which are available to the site (and provided at community expense).

The fact that a site holder would have to pay site rent to the community does not make it possible to raise site rents to sub-tenants. If anything the incentive to use all sites fully would bring more sites into use, and thus the increased availability might reduce the gross rents, but these are secondary effects.

Nor is it possible for manufacturers to increase the price of goods, as their prices already include the full charge for the use of land, and they could not compete if they charged more. In fact competitive prices would fall as sales taxes and income taxes were lowered.

'NATIONALISATION'

Site taxation, no matter how heavy, still leaves the site holder with continuing occupation, freedom to use his site as he wishes, and also freedom to sell or transfer it together with the full worth of the improvements on it. The proposal does not include any move to limit the time of holding (as might a lease hold) and does not include any bureaucratic direction of how sites should be used. It is not 'nationalisation'.

George approved of some socialisation. When he visited Australia, he commended the State railway system, in contrast to the American private monopolies, and he liked the State education system provided in parallel with private schools. He was a founding committeeman of the San Francisco Public Library.

'ANARCHIST'

An amusingly absurd off-the-cuff criticism which Marxists have apparently been trained to make is that George was an anarchist. This is quite childish when it is remembered that George recommended what a good government should do and should not do.

CONCLUSION

The important and vital question is whether increasing site taxation, in order to reduce other taxation, would increase prosperity and employment opportunities. The undoubted answer is 'Yes it would'.

The secondary question as to whether all other taxation might be abolished is a trivial one; and to seek to raise it as the prime lesson which George provides for us today, would be unfortunate.

'PROGRESS AND POVERTY' IN HISTORICAL PERSPECTIVE

An Address by PROFESSOR P.D. GROENEWEGEN, Head, Department of Economics, University of Sydney delivered on 27th June 1979 at the University of Sydney to mark the centenary of the publication of *Progress and Poverty*.

In August 1877, Henry George commenced writing the book *Progress and Poverty* the work whose centenary is being celebrated. Its basic idea had been developed in the paper, *What the Railroad will bring us* (1868), in which he argued that under the land property right system in California, progress and poverty would march together. *Progress and Poverty* itself was completed in March 1879, and the first edition was privately published (500 copies) in September 1879. The book was an immediate success, and in January 1880 the first general market edition was published by Appleton of New York, the first of many such editions in the English speaking countries, because George's magnum opus took the English speaking world by storm. In the rapidly developing working class movements in the British Isles, in his native America and in Australia and New Zealand, George's panacea for a new society which would eliminate poverty through progress by way of land taxation influenced the labour movement much more than the European socialist thought based on Marxist, Lassalean, Rodbertian or syndicalist principles. *Progress and Poverty* was embraced by the Fabians—in particular by the Webbs—because its simple policy provided an alternative which fitted in nicely with evolutionary socialism of the British variety. Georgist principles were included in the platform of the early Labor parties and some of its policy implications were implemented in the taxation measures enacted in the English speaking world.

Henry George was born in 1839 in Philadelphia of a poor but religious family. He had little formal education and left school before he was fourteen. At sixteen he went to sea, at nineteen he jumped ship in San Francisco and then embarked on a variety of careers in California which led from gold digging, to printing, to journalism, gasmeter inspecting, politics in the Democratic cause, and finally, to author and the leader of one of the most successful crusades in recent history. This word crusade is an apt one and deliberately chosen in this context. As Lawrence puts it in his study of Henry George in the British Isles, George's tours of the English speaking world had a religious fervour which matched Wesleyan revival meetings. This aspect of his message comes through the pages of *Progress and Poverty* amidst the economic argument on the theory of rent, wages and interest and the theory of economic development. The writing of the book itself was like the ecstasy experienced by a Roman Catholic saint: George himself has explained the religious emotions which overcame him when he had finished the last pages of the book:

'I flung myself on my knees and wept like a child. The rest was in the Master's hands. This is a feeling that has never left me; that is constantly with me. And it has led me up and up. It has made me a better and purer man. It has been to me a religion, strong and deep—a religion of which I never like to speak, or make an outward manifestation, but yet that I try to follow.'

What message is it in this book which aroused such deep emotions in its author and which inspired thousands and thousands to receive his message when he preached in many continents of the old and the new world, and which still inspires many faithful followers in Henry George leagues and similar associations and in the political labour movements of countries like England, Australia and New Zealand.

THE MESSAGE OF PROGRESS AND POVERTY

The basic message of *Progress and Poverty* is that in the course of economic development land ownership in private hands produces on the one hand wealth for the few and poverty for the many. Progress and poverty are therefore the inevitable result of economic development with a system of private land ownership. This conclusion is derived from a theoretical proposition set out with considerable clarity by David Ricardo at the beginning of the nineteenth century in connection with the trends of income shares for social classes in a growing economy. Ricardo predicted from his distributional analysis in the *Principles of Political Economy* that economic progress provided by the accumulation of capital would raise the share of rent in national output, and lower the relative shares of wages and profit. The end result of economic development was a stationary state in which the landlords would enjoy abundant riches, where wages were at a level of subsistence and where profit rates had been reduced to such a low level that all accumulation ceased. Stated in this crude way, a way which in many ways does injustice to Ricardo and his followers, the future prospects for the vast majority of mankind as predicted by the postulates of classical political economy were very gloomy indeed. No wonder that Carlyle coined the phrase 'the dismal science' for its teachings.

Henry George agreed with Carlyle's description in so far as the current state of political economy was concerned. As he put it:

'Political economy has been called the dismal science, and as currently taught, is hopeless and despairing. But this ... is solely because she has been degraded and shackled; her truths dislocated; her harmonies ignored; the words she would utter gagged in her mouth, and her protests against wrongs turned into an endorsement of injustice. Freed ... in her own proper symmetry, Political Economy is radiant with hope... Properly understood, the laws which govern the production and distribution of wealth show that the want and injustice of the present social system are not necessary; but that on the contrary a social state is possible in which poverty would be unknown, and all the better qualities and higher powers of human nature would have opportunity for full development.'

—*Progress and Poverty* (1880 edition, pp. 396-397)

The analysis of *Progress and Poverty* therefore required a careful examination of the laws of production and distribution in current political economy and this is provided in the first books which deal respectively with wages and capital, population and subsistence, the laws of distribution and the effects of material progress on the distribution of wealth. In this analysis, the Ricardian theory of rent is fully accepted, but its theory of wages and profits is strongly criticised. Henry George rejects the

Malthusian theory of population, he rejects the subsistence theory of wages derived from the wages fund doctrine, states that wages should be regulated by the productivity of the workers, while capital is regarded as aids to increase the productivity of labour. The only limits to such productivity are to be found in the limits placed on natural resources, particularly land. In this analysis there are many interesting insights and many peculiar propositions which time does not permit us to investigate.

The basic theorem of the analysis is succinctly summarised in 'algebraic' form. As the author puts it:

As Produce = Rent + Wages + Interest,

Therefore Produce - Rent = Wages + Interest.

Thus wages and interest do not depend upon the produce of labour and capital, but upon what is left after rent is taken out ... hence, no matter what be the increase in productive power, if the increase in rent keeps pace with it, neither wages nor interest can increase. (p.121)

In short, the rise of rent is the cause of wealth for the land-owners, simultaneously it is the cause of poverty for the rest of society and a source of injustice since labour and capital do not receive their just rewards from increased productivity.

This injustice is heightened, George argues, by the fact that rent is an unearned increment, not associated with labour, but with the fortuitous historical accident of land ownership in a growing society where rents automatically rise as the result of economic development. In Book V, the inevitable rise of rent is not only blamed for the increasing inequality of income and wealth distribution but is also seen as the cause for depressions because by lowering wages it lowers consumption, and by lowering interest, lowers the incentives to new enterprise. This underconsumption thesis is combined with an analysis of the influence of land speculation and its associated monetary and financial disturbances which are seen as a further cause of industrial depressions. The massive unemployment caused by such recessions is in turn a further cause of the massive poverty which accompanies progress and the rise of rent.

George admits that many remedies have been suggested for the relief of social distress and poverty, but all of these are dismissed as inadequate. Neither greater economy in government, better education of workers and greater industry and thrift, trade unions seeking higher wages, government direction and interference, cooperation between labour and capital nor a more equal distribution of land can solve the problem. (Bk VI, ch. 1). The true remedy is: WE MUST MAKE LAND COMMON PROPERTY. (p.233). This equality of rights in the land may be asserted and secured by the APPROPRIATION OF RENT BY TAXATION or TO ABOLISH ALL TAXATION SAVE THAT UPON LAND VALUES (p.288). The doctrine of the single tax on land rent is the solution to all the economic problems of society—it is efficient, aids progress and improvement, ends inequality and poverty, is just, eliminates depressions, improves trade: in short, it will eliminate the nexus between progress and poverty and replace it with progress and universal happiness.

Since the tax doctrine is the practical policy prescription of the book, this topic will be concentrated on in the remainder of

this paper. First we will discuss the doctrine of the tax on rent as the optimum type tax in the history of political economy; secondly, we will look at its shortcomings; and finally, we will look at the broad impact of *Progress and Poverty* on later economic thought by way of conclusion and summary.

(1) THE HISTORY OF THE SINGLE TAX

John Locke. As far as my knowledge of economic literature goes, the first important economic author to argue the virtues of land taxation and who provided the basic argument that all taxes must ultimately be paid by landlords was John Locke in his *Some Considerations of the Consequences of the Lowering of Interest and Raising the Value of Money*, which was first published in 1691, that is, only a few years after the introduction of the English land tax in 1689. Since this new tax was a most unpopular one with the landowning ruling class of Britain, it is quite possible that Locke's defence of land taxation was introduced to support the government in this unpopular move, since the issue of land taxation has little relevance to the major subject of this pamphlet: a critique of proposals for legislation to lower the rate of interest from 6 per cent and to alter the standard of the coinage. Although the motivation for Locke's inclusion of a discussion of the land tax is therefore in doubt, no such doubt surrounds the clarity and precision of the analysis designed to show that all (or almost all) taxation must ultimately fall on the land. As Locke put it:

'taxes, however contrived, and out of whose hand soever immediately taken, do, in a country, where their great fund is in land, for the most part, terminate upon land...it will be found, that those taxes which seem least to effect land, will most surely of all other fall the rents.'

(Locke, *Considerations*, Murray edition, 1870, p.256)

This conclusion is then shown to follow by a careful incidence analysis of other taxes (customs, excise and so on) which shows that these taxes are passed on to the owners of land. Hence, the land tax which directly taxes rent is the most favourable of taxes. (Ibid. pp.256-60)

THE PHYSIOCRATS: QUESNAY AND TURGOT

Locke's proposition about tax incidence was incorporated and expanded into an important part of the system of economic policy by the Physiocrats. In a paper, *Impôts*, written in 1757 for the French *Encyclopédie* (but not published till 1902) François Quesnay showed that under some assumptions about the nature of production and distribution in an agricultural kingdom, it could be shown that

- (i) all possible forms of taxation ultimately fall on the land, that is, on land rent, the pure surplus arising in production;
- (ii) that therefore, the single tax or land rent is the only efficient form of taxation, since the process of shifting other taxes to the land inhibits incentives to agricultural investment and causes frictions which lower the rate of economic growth.

This doctrine was endorsed and further developed by Mirabeau (the elder) in his *Théorie de l'Impôt* (1760) and his *Philosophie Rurale* (1763) as well as by Turgot. (Esp. Plan for a Paper on Taxation in General, on Land Taxes in particular and on the Project of a Land

Register (1763), in which existing land taxes are carefully examined and criticised, and the importance of a tax which directly falls on rent (net product) is clearly demonstrated.) These opinions are approvingly referred to by Henry George (from second hand sources) from which he concludes, 'One of the things most to be regretted about the French revolution is that it overwhelmed the ideas of the Economists (i.e. Physiocrats), just as they were gaining strength among the thinking classes, and were about to influence fiscal legislation.' (*Progress and Poverty*, pp. 300-301)

LAND TAXATION AND CLASSICAL POLITICAL ECONOMY

Despite the disappearance of direct Physiocratic influence on political economy in the period of British classical political economy till 1850, their doctrine of the superiority of land rent taxation over all other forms of taxation survived in the tax doctrines of the leading authors of the science. Adam Smith, in his discussion of taxes on rent, supported a tax base which excluded improvements, since such a system of tax administration would encourage the improvement of land and would only inconvenience the landlord by obliging him to pay the tax. (*Wealth of Nations*, 1976 edition, 11 pp.833-834, esp. par. 19). In his careful analysis of the incidence of taxation, Ricardo supported this proposition, and strengthened it by stating that a tax on economic rent only could not be shifted and could not affect cultivation, but he pointed to the administrative difficulties of imposing such a tax because returns on improvements were intertwined with pure rent (the payment for 'the original and indestructible powers of the soil' (p.67), so that a capital tax element would invariably be included in a land tax. Hence, 'a tax on rent, as rent is constituted, would discourage cultivation, because it would be a tax on the profits of the landlord'.

(*Principles*, Sraffa edition, Ch.10, p.173)

This cautious advocacy of land tax (tax on rent) by Ricardo divided his two followers, James Mill and John Ramsay McCulloch. In his *Elements on Political Economy*, James Mill argued that it is 'sufficiently obvious' that a tax on rent 'does not affect the industry of the country'. (Winch ed. p.338). In an old country, this could cause some injustice since recent purchasers of land would have bought the whole of the rent; in a new country, however, no such impediment existed and a tax on rent could defray the whole expense of government. In spite of this, Mill advocated the tax on rent also for advanced countries, because rents are seen as a tax on profits (they reduce profits in the progress of society) and the government may as well obtain this benefit instead of letting it accrue to private landlords. (p.342). McCulloch, in his influential supplement on taxation for the *Encyclopaedia Britannica* disapproved of taxes on rent on the ground that they interfered with private property ('hence they are among the most impolitic and unjust that can be imagined') and because they destroy improvement since taxes on pure rent cannot be implemented. (See McCulloch ed. *Wealth of Nations*, 1850, supplementary note XXIV, pp.613-616).

It would be easy to continue this brief history of the views on the tax or rent by economists in the 19th century. There is, however, no need for this, since it has already been demonstrated that the bulk of influential opinion favoured the taxation of rent,

favoured in some cases rent taxation as the only suitable form of taxation, on grounds of efficiency and equity and simplicity. This view was also simply and clearly stated by J.S. Mill. What, then, is wrong with George's proposal?

SOME TAXATION PROBLEMS FOR THE SINGLE TAXERS

There are some important problems from the taxation point of view in the implementation of George's policy to abolish all taxes save that on land. These problems are separable from the problems associated with the claims made for the benefits alleged to flow from this policy: that is, to name but a few, the end to industrial depression, the elimination of poverty, equality of wealth and income distribution and so on. With the latter we will not concern ourselves, instead we look at the three principal objections to this policy from the point of view of the theory and practice of government finance.

(1) Administrative difficulties. Although theoretically, it is possible to tax the pure economic rent from land, practically it is rather difficult to tax pure land rent because of the difficulties associated with isolating the value of improvements from the value of land. This objection was recognised by McCulloch as a basic objection to a land rent tax, and its difficulties for tax administration were noted by both Ricardo and Adam Smith. In practice, all countries when they tax land values in the form of local rates, land tax or as part of the tax base of wealth taxation, tax land with improvements. This is even the case in States such as New South Wales and Queensland where Unimproved Capital Value forms the basis for land taxation by local government and by the State government. The valuation of unimproved capital value is an impossibility as was attested by Valuers-General of a variety of States in the NSW Royal Commission on Local Government Finance which reported in 1967. In most other countries where local rates are levied on real estate values, improvements, frequently including buildings, are taxed. (This is the case in the United States, Canada, and also in the United Kingdom).

George discussed this difficulty (pp.301-302) but apart from the rhetorical question: 'is this necessity of continuing to tax some improvements any reason why we should continue to tax all improvements?' and an assertion that assessors in practice are separating land values from the value of improvements, he presents no solution. If improvements are included, then one of the benefits of the proposal, that it does not affect the creation of wealth, is partly destroyed.

(2) Incidence Problems. Although Locke, the Physiocrats, and the classical economists had fully conceded that a tax on land rent was unshiftable, and though Locke and the Physiocrats had asserted the even stronger proposition that all taxes would eventually fall on the land, the assumptions on which this analysis was based are so questionable that it is now no longer acceptable to tax economists. A few points must suffice:

(a) as soon as rent is treated as cost of production, which is the case for all producers who utilise land as an input in the productive process, rent and taxes on rent can be passed on, depending on the state of competition;

- (b) in the case of rent of housing, which includes an element of ground rent, supply and demand elasticities will determine the actual incidence of the tax;
- (c) even though it is now agreed that all taxes are in principle shiftable, it by no means follows that all taxes are shifted to the land owners; there is a great deal of evidence that non-land owners pay the vast majority of taxes.

In short, the problem with rent taxation incidence is that the theorem which argued that the tax on land rent was unshiftable was only true because it was assumed that rent was a pure surplus arising from the scarcity of land and from diminishing returns on the intensive and extensive margin. This proposition made this tax unique only if it was assumed that this proposition holds true for individual producers—which it does not—and if rents of this nature are confined to land (even if we include natural resources in land) which again is not true, particularly in the short period. (This was also recognised by Henry George in his discussion of scarcity rents—he called them monopoly profits—but these were to be eliminated by the free competition and free trade which were also part and parcel of his policy proposals in other writings).

(3) Revenue Elasticity In spite of the magnitude of these earlier difficulties, the major difficulty of the proposal was spotted by Edgeworth at the end of the nineteenth century. Even if land rent was taxed at the rate of 100 per cent, the total magnitude of land rent is insufficient to defray the expenses of government. Statistically, this is undoubtedly correct, even if we argue that the rent figure in national income estimates is a very conservative estimate.

Part of the reason for this is that the prediction of a rising share of rent in national income made by the classical political economists and adopted by Henry George depended on a very strong ceteris paribus assumption. This was that landsaving improvements would either not take place, or would be relatively ineffective as compared with the increased demand for land. The tremendous productivity growth in primary industry in terms of yield from given acreages negates the pessimistic predictions made about the importance of rent. From these points alone, the policy of abolishing all taxes save for single tax on land rent is a chimera and a completely impractical proposition.

This does, of course, not mean that taxes on rent should be abolished, or that support should be given to the Lady Braddons and others who wish to see the abolition of land taxes and rates on land values. Landownership, particularly if we include the wealth of mineral resources, is, and will remain to be, an important source of inequality even if it is not the only source of such inequality. Hence land taxation will maintain its role as part of general property and capital taxation, and windfall gains (such as increased land values and windfall profits from rising mineral prices) remain appropriate tax bases in an equitable tax system. In short, the tax on rent as a single tax is not a feasible proposition; the role of land and rent taxation in a tax system is indisputable.

CONCLUSION

If his major policy proposal is so easily dismissed, why then celebrate the centenary of the book in which Henry George first argued its merits? The reason is that in spite of its logical weaknesses which transcend the issues relating to land taxation, the book made a valuable contribution to the critique of the Malthusian population principle, of the wages fund theory of wage determination, of emphasis on the importance of consumption demand and financial speculation in trade depressions, and so on. In addition, *Progress and Poverty* remains an important treatise in political economy because of its emphasis on the need to integrate historical knowledge, social and moral theory with economic analysis. From this last point of view alone, the book is still worth reading.

As Dr. Clark will indicate shortly, the practical impact of George and the Single Tax Movement was great, particularly in new countries (cf. James Mill). His influence on later economic thought was, however, small. Marshall virtually ignored him, and so did most other respectable economic authors. In Australia, he inspired some controversy and critique in the economic underworld—e.g. Cinderalla's critique of rent and interest as unearned income in the *Manual of Political Economy for Working Men* (Sydney, 1890), Ogilvy in his underconsumptionist theory of depression, and so on. (Full details are in Goodwin's *Economic Enquiry in Australia*.) His overwhelming influence, however, was on working class politics in the English speaking world, where the promises of *Progress and Poverty* proved sufficiently attractive and longlasting to steer the embryonic labour movement away from socialist alternatives for decades and where this effect is still very strong.

SINGLE TAX, FREE TRADE AND LAND VALUES TAXATION: HENRY GEORGE AND THE SYDNEY SINGLE TAX LEAGUE

By Dr D. L. CLARK, Department of Economic History, University of New South Wales, an Address delivered on 27th June 1979, at the University of Sydney to mark the Centenary of the publication of *Progress and Poverty*.

A little band of us, beset on every side with difficulties and hampered for want of funds, stand up against the great vested interest in land and assert the moral right of men to live and to satisfy their bodily wants unhampered by the wolfish selfishness of their fellow-men. — A.G. Huie, Secretary of the Sydney Single Tax League. (*Sydney Morning Herald*, 6.10.1908)

1

The influence of economic ideology on the process of Australian economic development has not received the attention it deserves from Australian historians.¹ Political histories have acknowledged the role ideological forces have played in the emergence of the major political parties and in the shaping of their policies² but the impact of these forces on particular economic policies requires closer examination. This lacuna is partly a product of the inadequate explicit attention given to the role of the State in Australian development by economic historians and also the result of the neglect of 'underworld' economics and its influence on shaping key policies. Insufficient interest has also been displayed in the distribution of income and wealth and the forces that influenced this key aspect of the growth process. A modest effort to redress these imbalances follows through an examination of the influence of Henry George on taxation policy, at municipal, State and Federal levels, with particular attention to the mechanisms by which his ideas and his followers exerted their influence in New South Wales.³

Henry George was born in Philadelphia in 1839 and grew up in a humble, devout environment. At sixteen he took a shipboard post on an East Indiaman bound for Melbourne and Calcutta; at nineteen he settled in California and followed occupations as varied as gold prospector, reporter, lecturer and State Inspector of Gas Meters. A visit to New York in 1869 left an indelible mark on the future social messiah, with the stark contrast the city displayed between rich and poor:

'Like a flash it came upon me that there was the reason of advancing poverty with advancing wealth. With the growth of population, land grows in value, and the men who work it must pay more for the privilege. I turned back, amidst quiet thought, to the perception that then came to me and has been with me ever since.'⁴

Despite this dramatic personal account of the origins of the single tax concept, its origins are somewhat more complex. George had a long list of precursors stretching back to beyond the Physiocrats. For example, J.S. Mill expressed support for State

appropriation of the 'unearned increment' on land three decades before George's *Progress and Poverty* (1880); George's analysis rests on distinctively Classical foundations.⁵ His intellectual debt to the leader of Physiocracy, F. Quesnay, must be especially noted, even if the latter's impact was primarily a succès de salon whilst George's social impact was far less rarefied. Quesnay's advocacy of an impôt unique flowed from a key aspect of his theoretical system: that the net rent of land was the only kind of net income in existence, that only agriculture was productive. Therefore and exclusive tax on land, though doctrinaire, made sense in a system which asserted that any other form of tax would ultimately fall on the net rent of land anyway.⁶

George's magnum opus *Progress and Poverty* only appeared after he had supplied a publisher with plates made at his own expense.⁷ Copies were despatched to Herbert Spencer, William Gladstone, the Duke of Argyll and George Grey in New Zealand. The Irish Question proved a godsend to him and eagerly he left for England and Ireland. Fortunately for the propagation of his message, he was arrested in Ireland. This boosted sales of his books and the numbers of his supporters; a Times imprimatur, in the form of a serious review of his writings, set the seal on his English campaign.⁸

The basic objectives of the single tax movement were twofold; the confiscation of the entire rental value of land and the abolition of all other forms of taxation. Single taxers did not believe it was necessary either to purchase or confiscate land, only to confiscate the value of the annual rent by taxation, thus leaving the individual with the 'shell but not the kernel'. The revenue thus obtained would be more than sufficient to meet all government demands for revenue while such a form of taxation would ensure full utilization of land and enable every individual to have equal access to his 'landed heritage'. A key passage of George's writings illustrates this more clearly:⁹

'...in every essential land differs from those things which being the product of human labour are rightfully property. It is the creation of God; they are produced by man. It is fixed in quantity; they may be increased illimitable. It exists though generations come and go; they in a little while decay and pass again into the elements. What more preposterous than that one tenant for one day of this rolling sphere should collect rent for it from his co-tenants, or sell to them for a price what was here ages before him and will be here ages after him. ...this is the law of rent: as individuals come together in communities and society grows, integrating more and more its individual members, there arises, over and above the value which individuals can create for themselves, a value which is created by the community as a whole, and which attaching to land, becomes tangible, definite and capable of computation and appropriation. As society grows so grows this value, which springs from and represents in tangible form what society as a whole contributes to production, as distinguished by what is contributed by individual exertion ... here is a fund belonging to society as a whole from which, without the degradation of alms, private or public, provision can be made for the weak, the helpless, the aged; from which provision can be made for the Common wants of all as a matter of common right to each ... by making land private property, by permitting individuals to appropriate this

fund which nature plainly intended for the use of all, we throw the children's bread to the dogs of Greed and Lust; we produce a primary inequality which gives rise in every direction to other tendencies to inequality; and from this perversion of the good gifts of the Creator, from this ignoring and defying of His social laws, there arise in the very heart of civilization those horrible and monstrous things that betoken social putrefaction.'

11

Land use in Eastern Australia in the nineteenth century was dominated by wool-growing. More intensive land use had to wait for a change in relative profitabilities between pastoral and agricultural activity. The pastoralist seized the best watered areas; agriculture had to take second place. The Gold Rushes of the 1850s boosted population and produced attempts to diminish the pastoralists' monopoly in the form of Selection Acts. But these only served as a shield behind which the pastoralists, through their domination of the colonial legislatures, converted their tenure from leasehold to freehold. The crash of wool prices, the cessation of a long period of highly favourable weather and the effects of the long term consequences of over-stocking all acted to end the squatters' honeymoon. The result was that the early 1890s saw bitter class struggle between squatter and rural worker as the former tried to pass on his problems to his employees. Deep seated hostilities towards the landowners came to a head in the 1890s. At this stage of Australian development a fertile breeding ground existed for the implantation of Georgian ideas.

By 1890 the best rural land had already been alienated. In New South Wales over 50 million acres were under control, but only a fraction of this had ever been cultivated. In the Hunter River District 14 people held 227,000 acres, yet only had 331 under cultivation in 1900. Half of the total area of New South Wales alienated land was held by 656 persons and less than half percent of this total had ever seen a plough.¹⁰ Attempts to challenge this situation included: the NSW Land League formed in 1857 which had advocated a tax on alienated lands;¹¹ the Free Selectors' Association and the Trades and Labour Council demand in 1877 for a land tax; and a conference of the Land and Industrial Alliance in 1885 which had called for a more equitable distribution of land by the use of land values taxation.¹²

Further, by 1889 numerous Land Nationalisation Leagues were spread throughout New South Wales; many of these already being in the hands of Single-taxers.¹³ George's emphasis on land taxation provided a useful doctrine for the land nationalists as they could advocate land taxation as a first step to land nationalisation. Yet many of them had not read George too carefully and in these early years they used his works to demand that the State act as a 'universal landlord', exercising its functions in the interest of all classes in the community; a demand that would have appeared a little too 'socialistic' in its tone to the more sophisticated of George's supporters.

The 1890's Depression did not spare artisans and bourgeoisie in its social impact and many of these joined with more proletarian elements to demand social reform. Government intervention in

production, especially in railway building, had been extensive but there was much opposition to the State intervening in the welfare field or in assisting a more equitable distribution of income.¹⁴ Georgist ideas had special appeal for they called for gradualist methods; as long as one was not a landowner one would not be directly threatened by the single tax. Class warfare was not necessary. One could be an enthusiastic social reformer without tagging along behind some proletarian rabble. Georgian ideas served the hour well. Certainly *Progress and Poverty* was well known to many Australian readers by 1890. 'Out in the great bush where men have time to think', wrote John Farrell, '*Progress and Poverty* was read with understanding and passed from hand to hand until the sublime truth of it was impressed on many'.¹⁵ From the formation of the Single Tax League of NSW in 1889, the function of organised single tax groups within the given socio-political framework was made clear.¹⁶ Determined to act as a pressure group and not as a third political party the League followed a policy of 'support in return for concessions', a policy obviously decided by the negligible public support it then had amongst parliamentarians. Moreover, free trade was an essential corollary of the single tax doctrine so there was no need for the Freetraders to court the single taxers by offering concessions for any support they could give the political wing of the free trade movement. In the arena of non-Labor politics, their influence was soon felt. The Freetrade and Liberal Association adopted as part of its platform the taxation of land values. J. H. Carruthers, later Premier, in 1891 described himself as 'one of the oldest adherents of Henry George's views in this colony',¹⁷ and B. R. Wise, who was a convert to land values taxation after meeting Henry George in Great Britain, was a useful supporter.

The relations between the single taxers and the Labour movement in the 1890s have been dealt with at some length by two writers.¹⁸ However, the influence of George's writings cannot be assessed simply in terms of how many single tax leagues existed and how many pamphlets were distributed. All attempts to apply doctrinal theory involve some pruning of doctrinal rigidities. The single tax was and is an idealism, a representation of things in an ideal form, an imaginative treatment. This must be kept firmly in mind in any evaluation of the influence Georgists had on the Labour movement and on the development of land values taxation. In the years before 1890 the Labour movement subscribed to a number of incompatible panaceas with little concern for their logical compatibility. The greatest barrier to gaining whole-hearted support from the Labor Party for Georgist ideas was the free trade aspect of the single tax and the reluctance to accept a single panacea for all social ills on behalf of many Labor men. One Sydney trade unionist put this latter objection in the following: 'To claim that a land tax would be the panacea for all poverty is extremely absurd. It would not stop the capitalist from grinding his workmen down to starvation wages, it would not shorten the hours of labour, for we all cannot live by tilling the soil'.¹⁹ Nevertheless, many of the single taxers within the infant Labor Party chided the party for 'tinkering with palliatives which afford no permanent and general relief'²⁰ and implied that dreams of co-operative commonwealths were far inferior to an immediate, frontal assault on the landowners

The single taxers were 'the best organised and most influential groups in the formation of the Labor Party in NSW'.²¹ Leaders such as W. A. Holman were willing to concede that the reforms George had suggested were of considerable value, but as a thinker and theorist he thought his contributions were 'worthless and contemptible beyond expression'.²² The 'socialism' of Holman was far more pragmatic than that of the bush workers of the 1880s. His opposition to land monopoly led him to propose two complementary remedies; a progressive land tax and a State bank system. Although his land tax proposal encompassed an exemption of \$5,000 in land value he was prepared to tax even 1/- in the Pound until land monopoly was broken. His determination to abolish this monopoly equalled that of the single taxers, only the means to the end were different. Pragmatism made him reject free trade notions, as to him the unification of the working class was a necessary first step to social reform, and the free trade versus protection issue was only destructive to this unity.²³ A central theme of the Georgian theory in *Progress and Poverty* was that there was a tendency for wages and interest to diminish while the amount of rent correspondingly increased. The capitalist and the labourer were exploited in the interest of the landlord, the whole of the interest being swallowed by the landowner. Holman by 1894 was attacking this theory, claiming that in spite of the rapid increase in the national wealth of England the proportion of national income taken by the landlord grew smaller and smaller, and, so far from the labourer and the capitalist being in the hands of the landowner, both the landowner and the labourer were in fact in the hands of the capitalist. He firmly believed that the existence of inherent power in society did not simply depend upon private ownership of land but so long as the means of production were in the hands of the few they were a standing menace to society.

In Holman's differences with George can be seen some of the reasons why the infant Labor Party did not adopt the Georgist analysis as a wholesale article of faith; another reason was an appreciation of its lack of popular appeal to rural interests which the Labor Party was interested in courting. A formal parting of the ways between the organised single tax movement and political Labor was thus inevitable. No political party seeking mass support can base its platform solely on a single, simple panacea for all the ills of society. The adoption of a pledge in 1893 by the NSW Labor Party, which obliged members of the party to vote on fiscal questions according to the decision of Caucus, and which forbade them to give any other pledge on fiscal matters to their electors, meant that 'pure' single taxers had to leave the Party or relegate the single tax to a second place in Party decisions. Two alternatives were clear: the single taxer could, to use syndicalist terminology, either 'bore from within' or leave the party to indulge in 'direct action'. To those who adopted the former tactic, subservience to Caucus necessitated a moderation of doctrine but the once rigid adherence to the single tax could not be completely shrugged aside; George's influence was to seep through in Labor Party policies for three decades to come.

Labor Party land policy in the 1890s was primarily aimed at bursting up large estates and the abolition of monopoly in land.²⁴ The introduction by G. H. Reid's government in 1894 of two Bills, the Land and Income Tax Assessment Bill and the Crown Lands Bill,

whose aims were to provide land for small-scale settlement and to ensure that settlement actually took place, was the result of the easily asserted belief that past legislation had proved useless in distributing land in a reasonably egalitarian fashion. The Labor Party gave its full support to these Bills, as well as to the 1894 Land Tax Bill, which imposed a tax 1d. in the Pound on the on the unimproved capital value of all land, with an allowable deduction of 240 Pounds.²⁵ The exemption provision was obviously contrary to the 'pure' single tax theory, but none of the single tax parliamentarians openly opposed it and Reid described it as 'a compromise in which many members of the Opposition had voted with the Government'.²⁶ A member of the Legislative Council, Dr Garran, said of this provision and of the Bill itself: 'If a Land Tax is proposed as a charge on the unearned increment—that is, on the increase of the value of the land since it became private property—then the exemptions are opposed to the economic doctrines on which the tax is based, and are only defensible as a political dodge'.²⁷ His attitude to the Bill clearly shows where he thought its theoretical basis originated, in the works of George and his precursors.

The major reason why the Labor Party supported this land legislation was perhaps best expressed by W.M.Hughes: 'I believe that the imposition of this tax will result in the growth of a class of yeomanry—the most desirable class of men in any country'.²⁸ The party did not envisage its future bulk of support coming only from an urban working class but set out to broaden its political base by wooing rural interests with reforms set on making it easier for the selector to obtain his land and compete effectively with the larger landholders. The Land Tax Act was not passed without opposition. Most objections to the tax obviously came from large landowners who saw the tax as a further encroachment by the State on their individual rights. The Australian National League, through its New South Wales branch, objected to the tax on two grounds: that the tax would fall primarily on primary producers, thus preventing recovery from the depression; and that the income of the colony was so large that there was no need for any taxation, either through customs duties or upon land and incomes.²⁹ The members of this League were true 'laissez-faire' ideologues, to the extent of bemoaning the fact that 10 per cent of the total male adult population in New South Wales was in the service of the State and deploring the amount spent on public education, urging that it be drastically reduced. For the rest of the decade the numerical strength of the single tax movement dwindled. Single taxers, of less dogmatic persuasion, now worked in the Labor Party and with Freetrade organisations. The delineation of their influence is not an easy task. Federation and the fiscal controversies associated with it put new strains on the single taxers. But they continued to exert an important influence on taxation policy, as a closer examination of the activities of the Sydney Single Tax League will now illustrate. George's influence in Australia well transcended his initial role as an ideological midwife at the birth of the Labor Party.³⁰

By 1901, the last institutional survivor of the single tax movement in New South Wales, the Darlington Single Tax League, was short on members and finance, but not on spirit. Since its formation it had held over four hundred public meetings and distributed thirteen different leaflets.³¹ In March 1901, on the initiative of the league a meeting was held to galvanize the supporters of George in Sydney into a new Single Tax League. Among the approximate sixty persons who attended were Methodist clergymen, both anti-Reid and pro-Reid freetraders (with the former predominant), the secretary of the Political Labour League of NSW and other Labor supporters, and three members of the Legislative Assembly of New South Wales.³² One of these, E.Lonsdale, urged the assembled to pay more attention to the practical side of the subject than to theories in doing propaganda work—a suggestion which was to be not unheeded. The first committee of the new body, consisting of J.R.Firth (a box manufacturer), Percy Meggy (a vociferous freetrader), A.G.Huie (a journalist) and Angus Robertson, declared the object of the new league to be 'The restoration of the land to the people by the imposition of a single tax on the value of land irrespective of improvements thereby relieving industry of all taxation'.³³

The first secretary was A.G.Huie. He had moved to Sydney from the Riverina in 1898 to find work and had been converted to George's ideas in 1889 after reading *Progress and Poverty*.³⁴ Huie was to remain in this position for fifty-two years, although he did resign for a short period in 1903 (this is contrary to his accounts but the Minute Books of the League support his resignation). One of the first activities of the committee was to try and determine the best way of approaching the Political Labor League to encourage land taxation in the Labor platform and the peak of the League's direct co-operation with the Labor Party came in an unemployment demonstration held in the Sydney Town Hall in March 1902. The single taxers had a clearly delineated plan to solve unemployment by encouraging closer settlement on a grandiose scale; in their eyes there were simply too many workers after too few jobs—the result of land monopoly, and land monopoly only. By breaking up land holdings, the amount of employment would increase faster than the increase in the population and wages would then rise of their own accord, making trade unions redundant and unnecessary.³⁵ Immigration encouragement was also decried as putting the chicken before the egg; all that was needed was to encourage the use of existing resources in a more intensive manner—this would in itself encourage immigration.

While the Labor Party aimed at regulating industry, the single taxers wanted to 'liberate' it. Huie in particular was continually emphasizing he was a 'Labour man' while at the same time he would sign many of his letters to the press as 'One of the Liberals'.³⁶ The single taxers did not support unrestrained competition per se and argued that when it got out of hand the most efficient way of restoring equilibrium and balance was to eliminate land monopoly.

When in 1904 the leader of the Labor Party, J.S.T.McGowen, publicly stated 'We cannot solve the unemployment problem; if we did we should be doing something we never did before', A.G.Huie

remarked, it is 'impossible to think of a more abject confession of helplessness from a responsible public man'.³⁷ Arbitration was also seen as a mere palliative; it could not create employment and could thus not alleviate economic problems. The single taxers seem to have ignored its income redistributive functions but very clearly saw the development of the 'new protection' as inimical to their freetrade beliefs.

One of the first acts of the new Sydney Single Tax League was to write to sympathetic clergy and within a year over half-a-dozen clergymen were active members.³⁸ Propaganda literature consisted of a combination of pleas for the single tax, for teetotalism, and for the observance of natural laws:³⁹

The Single Tax knows no race, denomination, party, sect or creed.

It knows no Communist, Socialist, Individualist, Greek, barbarian, bond or free.

It is under all these—where it leaves off these begin.

A Single Taxer may be any one of these, all of these should be Single Taxers.

The argument that the community created value of land should be taken to meet community created expenditures was coupled with the plea, 'Is it not plainly a decree of nature—a decree of God?'⁴⁰ At a national conference of single taxers the instructions given to the Sydney delegates were to support the single tax 'and anything contained in the Bible'.⁴¹ The Protestant leanings of the Sydney single taxers were given political expression by some of its members in the Australian Protestant Defence Association established in June 1901 by the rabid evangelical, Dr Dill Macky,⁴² while single taxers were also active in the Loyal Orange Lodge, not only because of religious convictions but because of a freetrade tradition which permeated this group. In the 1903 Federal election the 'Catholic vote' favoured the Protectionist and Labor parties and the 'Protestant vote' went primarily to the Freetrade Party.⁴³

The Sydney Single Tax League was not a totally homogeneous body. In 1903 Huie issued a single tax leaflet backed by a temperance cartoon and was rebuffed strongly by the members. However, a Womans' Tax League set up on Huie's initiative consisted almost entirely of temperance ladies whose propaganda argued that the single tax would virtually eliminate the consumption of alcoholic beverages by removing the monopoly on land and hence social pressures.⁴⁴ Campaigns for church support were concentrated on the Methodist faith, primarily because the Rev. Beale from Darlington was a most avid single taxer and more often than not preached sermons solely on the single tax. It is difficult to assess the support the league obtained from this Church, but a controversy which raged in *The Methodist* in 1904 is illustrative of of significant sympathy with Georgist ideas amongst influential sectors in the Church. For example, the editor of this journal castigated the Rev. Beale for using a church hall to discuss George: 'So far as the moral-bearing of single tax is concerned, we might as consistently allow our buildings to be used for the advocacy of burglary or picking pockets'.⁴⁵ The President of the Methodist Conference hastily replied to this vituperation and warned the editor not to publish further 'opprobrious epithets' against Henry George or his disciples. Vigorous controversies

raged in the Sydney press between pro-single tax and anti-single tax clergy and one of the latter group described the league's attempts to gain Christian support for the 'economically and morally pernicious principles' of the tax as 'a crafty attempt to give religious hue to what at best is a mere eccentricity of ill-balanced minds'.⁴⁶

As in Britain, it was not uncommon for some Christians to adopt Henry George as their saviour, the organised single tax movement as as their church, and the land taxers' version of 'Marseillaise', entitled 'The Land', as their favourite hymn. The transfer of social energy away from hitherto accepted forms of religious activity towards politics and social reform was not uncommon in Australia at this time. Many of the earliest Labor Party propagandists were drawn from the ranks of lay preachers and often Labor and Socialist politics assumed an almost apocalyptic spirit of faith and hope. The Labour Church Movement was one of the results of this high plane of idealism; its doctrine being an amalgam of Wesleyan revivalism and the belief in the 'Brotherhood of Man' rather than the 'Fatherhood of God'. At least two of these churches were established in Australia and by 1898 the West Australian one was so closely allied with the Single Tax League that its separate existence became no longer necessary.⁴⁷

The Christian single taxer was not usually content to just say that the land belonged to the people as others did; he used a natural law argument in an attempt to make his claims irrefutable and beyond earthly reproach.⁴⁸ Thus the Sydney Single Tax League saw its general policy as consisting of 'Free Land, Free Trade, and Free people'. It had three basic objectives; to resist protection; to introduce the single tax principle of rating on unimproved values only as an initial step towards implementation of the single tax proper; and, to introduce the taxation of land values without exemption to promote settlement and break up land monopoly. Each of these will now be examined in turn and the single taxers' influence in each area assessed.

IV

On the eve of Federation the colonies drew their revenue from customs and excise duties (in varying degrees according to levels of protection), public utilities and from land and income taxation. The latter source, according to one estimate, only provided between 4 - 8 per cent of total revenue.⁴⁹ Expenditure per capita was comparatively high, with closer settlement, railways and harbour works, and defence expenditures the major recipients. The power to impose customs and excise duties was given to the new Commonwealth but much debate ensued over how the new States would be reimbursed for the loss of this power. The compromise 'Braddon Clause', under which 75 per cent of such revenue would be given to the States, was disliked by the Freetraders because they argued it implied a commitment to high tariff policies, and by the Labor Party because of the fear that it would 'postpone to the remote future any effective system of federal land and income taxation'.⁵⁰ Federal-State financial relations were a major issue of the early years of Federation and to a certain extent have remained important ever since. The issues of free trade and land values taxation were inextricably part of the more general debate.

With the demise of the 'pure' freetraders and the strength of the 'revenue' freetraders, who accepted the need for 'revenue' tariffs to help finance the new Commonwealth Government's activities, the single tax movement became the last bastion for purist supporters of the Manchester School and Richard Cobden.⁵¹ It suggested that the protectionist victory was a product of the location of the new Federal parliament in Melbourne, where 'politicians lived and imbibed in a protectionist atmosphere'.⁵² The single taxers saw the protectionists as composed of three heterogeneous elements: 'a few manufacturers and people who hoped to work from them; a much larger number of persons who didn't understand that staple industries could not gain from protection as they were exporting industries'; and finally, a 'batch of politicians' who pandered to 'monopoly and economic ignorance'. Protection given to successful industries was seen simply as 'an attempt to fatten a rat'.⁵³ Implicit in their attacks on pampered manufacturers was a preference for country life rather than life in the cities; it was much more 'natural' to farm a small plot of land than work in a factory and, in addition, were not the primary industries the backbone of Australia? The tariff was seen as the basic cause of the 'labour problems', the level of unemployment, and worker dissatisfaction in general. However, not all their criticisms of the tariff were destructive. A form of customs union, or at least a freetrade area, between Australia, New Zealand and the Pacific area was suggested⁵⁴ indicating that not all Australians had accepted a 'beggar my neighbour' attitude.

The single taxers maintained unrelenting opposition to each tariff and to each item on each tariff schedule. The Barton Tariff of 1901 was branded as 'an unnatural interference with our primary industries, a needlessly heavy burden upon the consumers, and a piece of class legislation designed to benefit the few at the expense of the many'.⁵⁵ Submissions were made to Tariff Commissions, direct political pressure was applied by sympathetic Federal parliamentarians in the new form of motions in the House of Representatives calling for 'a free breakfast table, free raw materials, and free tools of trade', and innumerable letters were published in the press. The evolution of the 'New Protection' was met with hostile reaction from George's followers, culminating in an attempt to reform the old Freetrade League of the 1890s using the same policy and objectives of this previous body. The Free-trade League of New South Wales, established in 1908, was in effect a single tax 'front', with single taxers holding most executive positions; with an aim 'to raise again the old Freetrade Flag which has been so shamefully betrayed, and to oppose State Socialism, whether declared, or in the form of protection, and so secure to every man the full results of his honest industry and his commercial and industrial freedom'.⁵⁶ The Lyne Tariff of 1907 was bitterly denounced and attempts were made to gain support from both rural and urban interests against it. For the man on the land the raising of duties on agricultural machinery to 20 per cent, on galvanized iron to 25 per cent, and for wire netting from no duty to 30 per cent, were stressed as direct examples of class legislation. Similarly the Labor Party was attacked for supporting an assault upon the working class to help a few Victorian manufacturers; for being led by the nose to enrich a class—the manufacturing class—without consideration of the class it supposedly represented. In answer to W.M.Hughes' claim that

there was no connection between protection and land monopoly, Huie drew an analogy of a pirate on the sea achieving the same result as a bushranger on the land.⁵⁷ The single tax remained the only ultimate solution.

The broad base of acceptance gained for 'New Protection' was a reflection of the political power in the hands of the urban sector relative to the rural sector. The Freetrade League established by the single taxers was an attempt to negate this powerful protectionist alliance and the widespread belief that protection was now firmly entrenched in Australian society, ubiquitous and unshakeable. The singleness of purpose and idealistic incorruptibility of the supporters of the league is evident in one of its maxims, 'It is the principle that should make the party; not the party the principle'.⁵⁸ The *Daily Telegraph* branded the league as composed of bogus freetraders playing directly into the hands of the socialists. Interestingly, the single taxers stressed the dangers of aiding restrictive practices by condoning protection. The 'New Protection' in their eyes was an approval of monopoly, and the attempts to legally sanctify it would for all practical purposes be a form of nationalising (and maintaining) disdainful, economically and technically inefficient monopolies. However, to some single taxers opposition to protection was not *carte blanche*; to those with temperance leanings, duties (of any height), were quite acceptable on stimulants and narcotics. Ethical considerations clearly prevented them from arguing for freetrade on purely economic grounds—but to most followers of George, ethics and economics were inseparable.

The referenda held to legalise the 'New Protection' were described by the Freetrade League as 'the maddest scheme ever submitted to the popular vote'.⁵⁹ The League stood candidates for the 1909 Federal election, and in some instances these candidates opposed Liberal candidates much to the anger of the *Daily Telegraph* and the 'revenue freetraders'. As a result, any future rapprochement of the single tax freetraders with the 'revenue freetraders' was highly unlikely and the isolation of the single tax movement from all major political parties was thus completed. The reason for the failure of the single tax bodies to gain significant support for their anti-protection tirades from rural interests is obvious enough. These interests would probably support the catch-cry for free trade, but not for free land. The re-creation of the Freetrade League served little purpose as it too called for land values taxation without exemptions—a measure which would affect all land owners. Rural interests were still politically unorganised to any formal degree and it was not until the formation of the Country Party that they exerted concerted and direct political influence. However, this power was to be used not to fight protection but to gain 'protection all round'.⁶⁰

George's followers saw how protection would be institutionalised and supported by all classes in Australia as long as members of each class apparently gained a slice of the protection cake. The importance of the single taxers in regard to the freetrade versus protection debate was that they remained the main proponents of freetrade, whatever political circumstances or necessities arose, and kept both sides of the debate represented to the public. Criticism of the absolute height of the tariff as well as of the tariff imposed on individual items was a useful contribution to

public debate; Australian economic policy debates have seen too little public debate on these issues.

V

At a much more mundane level was the single taxers' campaign for the adoption of rating on unimproved values as the basis for all municipal rating. For many years past, successive NSW Premiers had promised to pass a Local Government Act to encompass the approximate 190 cities and towns within the State. The single taxers saw in such an Act the opportunity to introduce the type of rating they desired. The Act was prefaced with much debate and discussion and to assess the attitudes of people directly involved in its future workings, a Local Government Convention was held in Sydney in 1904. At it an amendment to have rating on unimproved values only was lost 42 to 36, after much debate peppered by Georgist phrases and arguments. The rating system in force before the successful 1906 reform was as follows: unimproved land was assessed on the basis of its capital value with a rate of 5 per cent levied that value, while with improved land the rate was levied on nine-tenths of the annual rental value of the land and improvements, with a stipulation that outside Sydney the maximum rate would not exceed 5 per cent.⁶¹ Anomalies were common and the single taxers were not hesitant in publicizing them. The obvious defect in such a system was that the burden of taxation fell on people who improved their land, thus discouraging fuller utilisation of land and in practice encouraging speculation and land monopoly. Property owners were not encouraged to construct first quality buildings on their land as the rates on their land would automatically rise. There was a negative stimulus to building, in a period when the factors of production were not fully employed.

The single taxers asserted that rating on unimproved values only would encourage the use of idle municipal land, would discourage (to a degree) shoddy housing and dwellings and, as a result, the Local Government Act of 1906 declared that the system of rating to be adopted lay in the hands of the local authorities; it was up to the single taxers to persuade the various councils and shires to adopt rating on unimproved values only. To do this more effectively a Rating on Unimproved Values League was formed as an independent adjunct to the Sydney Single Tax League, with its Patron the Lord Mayor of Sydney, and its executive liberally sprinkled with aldermen from municipal councils.⁶² Finance was given to it from its parent body, but with obvious care. The single taxers were not only able to get persons favourable to the rating method on most important municipal councils but in some circumstances openly declared that certain councils were pure single tax concerns.⁶³ The rating campaign was not, however, all one-sided and a counter organisation soon emerged.

The New South Wales Property Owners' Defence Association was organised by a protectionist, C.R.Staples. Its propaganda emphasised the behind-the-scenes activities of the single taxers and even went to the extent of suggesting that the eventual result of the system would be the achievement by the single taxers of their ultimate goal-- as values fell, taxation would have to rise to maintain revenue, this acting as a spiral until all land lay in the hands of the municipalities or the State!⁶⁴ The proposed

rating system would have the opposite effect to what its proponents claimed. As improvements would not then be taxed, a property owner would crowd as many dwellings as possible on to his land: 'If you prefer a suburb of terraces and slums then vote for rating on unimproved values only'.⁶⁵ Other arguments put forward were: that land is just as liable to fall in price as to rise (of doubtful historical validity); that forcing increased utilisation of urban land was wrong as 'it would require a larger population than that of London' to occupy the houses subsequently built; and that the new rating system would destroy the beautiful gardens of our best suburbs, leaving only 'dog kennel back-yards'.⁶⁶ Suffice it to say, Staples failed to win adequate public support. The 'vacant lot industrialists', as the single taxers called their opponents, were defeated by the Georgist propagandists.

The rating system became a legislative reality primarily through the efforts of J.H.Carruthers, the Premier at the time and leader of the Liberal and Reform Association. His allegiance to the single tax movement was admitted publicly in single tax literature and in the press. In 1904 he declared:⁶⁷ 'He could tell them (the Georgists) that he still continued to support the body advocating that principle and he trusted to be able to continue to give his mite in the same direction', but a year earlier he had been more explicit in the type of support he gave the movement:

He lived in the realms of politics and there the hour had not yet come when they could expect the politician to bring into play the full force and effect of the single tax doctrine. The work of education had to go on, and all that a public man could do was to give effect to public opinion.⁶⁸

In June 1903 Huie resigned as secretary of the Sydney Single Tax League and became a paid organiser for the Association.⁶⁹ Huie's philosophy in regard to the best means of spreading George's ideas was that publicity was essential for propaganda. He began in earnest, for the Liberal and Reform Association and the Sydney Single Tax League, a campaign of writing to the press of New South Wales; an activity which, in 1912, gained him the title of 'champion long distance letter writer of Australia' from the *Daily Telegraph* and which resulted in caustic editorial comments about his published letters such as 'Mr Huie finishes his 42,976th bottle of ink'.⁷⁰

Internal dissension within Carruther's party forced his resignation as Premier in 1907, and the single taxers thus lost their most influential political lever. His replacement with a reactionary Tory was too much for Huie and he resigned from active party participation, refusing to support the new Premier, and became a paid worker for the Sydney Single Tax League, at a salary of 10 Pounds per month, to supplement his freelance journalist's earnings.⁷¹ An important result of the Local Government Act, however, was that land taxation was placed in the hands of one authority; the State Land Tax of 1895 was suspended along with most of its exemptions so that practically all properties which benefited from local government paid their share of the tax. T.A. Coghlan described this transition as 'almost a revolution' and pointed out that for the City of Sydney alone the government would, when the scheme was introduced, receive eight times the amount of revenue it had collected under the Act of 1895.⁷² When particular

Councils decided to adopt the new rating system, if one-sixth or more of the total ratepayers desired, a poll was compulsory to assess their opinions; these were hardly necessary as every municipality in New South Wales adopted the principle of rating for general purposes on unimproved values. By 1909 the general effects of the provision were evident; much hitherto unproductive land had been forced into use; the slums predicted by some never eventuated and, in fact, improvements were encouraged by an absence of a tax on them; and most importantly, there had been no slump in the selling price of land. In the words of Coghlan:⁷³

The people of New South Wales are well satisfied at the change that has taken place and the holders of idle land do not complain as they perceive that the remedy for a condition of which they may be tempted to complain lies in their own hands.

The single taxers had a right to be pleased at their success and to be proud of the role they had played. The introduction of the new system was the culmination of a long agitation for taxation of land values to regain for the benefit of all the unearned increment on land. Further agitation was necessary to point out the inequities of raising revenue from sources other than land and the principle of land values taxation only had to be extended to the Federal sphere to achieve an even greater victory.

Single taxers saw in the proposals for a new Federal capital an important opportunity for a complete microcosmic implementation of their doctrine. Although denied accreditation at the 1897 Federal Convention, they lobbied and pamphleteered vigorously. Edmund Barton, first Prime Minister of the infant Commonwealth, successfully moved the adoption of the single taxers' proposal: that the land in the Australian Capital Territory not be sold but leased, with the profits from the taxing of the unearned increment being used to finance the cost of the new capital's development.⁷⁴ Others sympathetic to the idea ranged from the ebullient King O'Malley, propagandist extraordinaire of the Labor Party, to Hume Cook, a man of far more conservative bent. Freetraders and protectionists had united over this simple means of raising revenue for the new Commonwealth.

The single tax movement was exuberant over the land policy adopted. In a newspaper article, 'Mr Barton as a Single-taxer', A.G.Huie emphasised that even Henry George himself could not have gone any further than the Federationists; that the single tax couldn't be such an obnoxious thing if it was acceptable to 'Australia's noblest son'. He proudly asserted the indirect influence of Georgists on the policy: 'The NSW Single Tax League lived and died and few people thought that it had done much good or harm. Now the chickens are coming home to roost in a most peculiar way'.⁷⁵ Wealthier public servant residents of Canberra may not look too kindly on this system today and the developmental costs of Canberra have more than absorbed any gains from the system. The 'unearned increment' may not have been expropriated by residents. This has not, however, stopped substantial inflation in dwelling prices in Canberra.

From time to time discussions within the Labor Party about public housing schemes based on a similar tenure arrangement have occurred, most notably in the early post-war era when they were encouraged by John Dedman, but the Australian fetish for home

ownership (including land ownership) has overwhelmed any possibility of extending the idea. Nevertheless, the Georgists can rightfully claim credit for the land tenure arrangements adopted in the ACT. Their success provided encouragement for further efforts, this time towards a Federal land tax.

V1

The Labor Party required more than the support of urban workers if it was to achieve parliamentary success in the Federal sphere. Rural voters had to be wooed. Bush workers' votes were not enough; 'cocky' farmers also had to be recruited to the cause. As one historian has noted: 'The problem was to devise a policy which, without prejudicing the basic working-class support, would appeal to the petty capitalists of the countryside'.⁷⁶ The result was that land nationalisation never appeared on the Labor 'fighting platform' whilst a progressive land tax was strongly advocated and had high appeal to small landowners who wanted more land for themselves or their families. Thus the 'land question' played an important role in keeping the party out of the exclusive hands of the more radical working class elements. Henry George was still exerting his influence on the Labor Party well into the twentieth century and was clearly a major intellectual mentor and reinforcer of the 'Lib-Lab' philosophy behind many of the social reforms of the early years of Federation.⁷⁷

The New South Wales Land Tax of 1895 had been introduced largely for fiscal purposes and as part of a general scheme of direct taxation, but was emasculated by various exemptions and deductions not originally contemplated by its framers. The results of this Act were undoubtedly unsatisfactory to its framers: the revenue obtained was small and the cost of obtaining it equalled over 10 per cent of the total annual amount collected, and the formation of large estates—which the Act ostensibly sought to prevent—was not discouraged; the number of estates in the State between 1,000 and 10,000 acres in size rose from 4,488 in 1895 to 6,000 in 1907. Nevertheless, land under cultivation in New South Wales did increase between 1895—1907 by 100 per cent.⁷⁸ Part of this increase was certainly a product of the operation of the tax. Coghlan pointed out that the incidence of the tax fell increasingly on the larger holdings—a result which the single taxers had hoped would occur and on which they had based many of their arguments for the tax on. As regards the effects of the tax on the building trade, on the level of rents and on the value of dwellings and vacant sites, the Acting New South Wales Statistician, W.H.Hall, concluded in 1905 that the tax had had no appreciable effect on any of these; in fact, the fear lest the tax should be increased, in Hall's words, 'possibly had a larger influence on operations than the mere imposition of the tax'.⁷⁹ Thus the continuing agitation of the single taxers was paying off. After the passing of the 1906 Local Government Act, the revenue from the 1895 Act was transferred to local government bodies.

In New South Wales the ex-single taxers, as well as the paid up members of the Sydney Single Tax League, at each Political Labour League Annual Conference incessantly moved for a tax on land values without exemptions. Fearful of antagonising the farmers, these conferences rejected the 'without exemptions' provisions and in

1903 substituted a progressive land tax on estates of 20,000 Pounds value and upwards with the right of compulsory resumption of land for closer settlement on the owner's valuation for taxation plus 10 per cent—obviously meant to alienate only the wealthiest rural interests.⁸⁰ In 1904 a more detailed tax was adopted, stating that the tax would increase one-eighth of a penny for each additional 5,000 Pounds in value. Less conspicuous on the State platform was a plank calling for the nationalisation of land, as well as the whole means of production, distribution and exchange. The land tax was a more short run (and practical) measure. To make the notion of a progressive land tax more palatable to rural interests a proviso was added to the 1906 New South Wales Labor Platform to the effect that the net revenue from such a tax would be devoted to railway extension and reduction of freights. This proviso was obviously a product of single tax propaganda, as from the inception of the Sydney Single Tax League this use for the tax revenue was continually suggested. The result was a deputation to Carruthers in 1906, and later in 1907, and the formation of a separate Railway League to urge this particular usage.⁸¹ A progressive land tax appeared on the New South Wales Labor Platform long before it became part of the Federal Platform; it was not until 1905 that it appeared in the latter. There was no real argument in the Party against such a tax; only over the extent of exemptions proposed. Originally no exemptions were proposed, but under pressure from country branches, the Party decided to exempt holdings worth less than 5,000 Pounds from the tax.

The precise influence of the Georgists on Labor land policy in this period is not easy to discern. Despite Huie's alliance with the Liberal and Reform Association and with Carruthers, one of the first actions of the Sydney Single Tax League in 1901 was to set up a special committee to infiltrate the Labor Party. The then secretary of the NSW Labor League, John Grant, remained an active supporter of land values taxation, and urged all single taxers to join Labor and work for the single tax within its ranks.⁸² Many clearly took his advice. Labor Party members and single taxers alike desired to secure for social purposes the economic rent of land and believed that much of society's misery is the result of the private monopoly of land. Karl Marx in *Capital* pointed out that the development of the capitalist system was based on the expropriation of the agricultural producer from the soil, the result of the monopoly of landed property.⁸³ He pre-dated George when he wrote: 'The Capitalist performs at least an active function in the development of surplus value and surplus products. But the landowner has but to capture his ground rent created without his assistance'.⁸⁴ Socialists in general argue that land is nonetheless a subdivision of the general capitalist system and cannot be isolated from its relation to capital.⁸⁵

The most important difference between the two ideologies is that socialists accept a dichotomy of capital and labour and see the ownership of land as only one of the many subdivisions of the control of the means of production while the Georgist argues that it is ultimately the landowner who is able to exploit both the labourer and the capitalist, because his monopoly is the more fundamental. To George, man and life were meaningless without

land; man was a very part of the earth and to take away from man all that belongs to man would leave him but a disembodied spirit.⁸⁶ In his own words:

They propose (socialists) to cure the evils that have come of restriction by giving freedom ...and so man cannot favour the socialistic scheme and the single tax scheme at the same time, any more than he can go east and west at the same time.⁸⁷

Carruthers, interested in assuring political support from the league, continually harped on George's anti-socialism: 'George was not a socialist and they could not too often emphasize that fact'.⁸⁸ League literature at this time strongly implied that George never disagreed with private ownership of land but only with ownership of the unearned increment from it.⁸⁹ The Labor Party supporters in the league led by C. von Hagen, in reply to Carruthers, argued that single taxers might sneer at socialism but after all they were socialists already in many things and, as the Labor Party stood for the nationalisation of monopolies, the league should support it. To most reactionary groups in Australian society at this time the single taxers were unequivocally socialists, if we abide by a definition of 'socialism' given by the editor of the *Insurance and Banking Record*: 'Every doctrine which teaches that the State has a right to correct the inequality of wealth which exists among men'.⁹⁰ In all the single taxers' outpourings against any form of State intervention or control of economic affairs, they never recognised that a tax aimed at breaking up land monopoly and increasing the intensity of its use was in their terminology plainly 'interventionist'—an accusation they hurled at compulsory arbitration and factory legislation.

Labor policy calling for land nationalisation could only be achieved in two ways: by buying out present landowners or by forcible possession. Both were obnoxious to the single taxers, the first proposal being impractical, the second too revolutionary. The buying out of large land owners for the purpose of making small ones would only strengthen the position of the landowner by raising land sale values.⁹¹ The money thus obtained merely went back into the pockets of the landowners, in the form of the increase in land values it encouraged through being used on public works and railways. On the other hand, a single tax on land values would hardly disadvantage the small landowner, as the bulk of it would fall on urban land, and even the large landowner would not be taxed on the value of his improvements, leaving the latter with 'all he could possibly enjoy and a much better state of society in which to enjoy it'.⁹²

As soon as the progressive land tax was placed on the Federal Labor Platform, Huie began a vituperative campaign of dissociation: 'A progressive land tax is simply a socialistic dodge, put into the programme not by the friends of liberty, but its enemies'.⁹³ To permit exemptions and graduations was to destroy the moral basis of the reform; to attack land monopoly only of estates valued at more than 5,000 Pounds was ignoring a large section of the landed class; and to impose just another tax on top of the many other taxes, on a certain group because they had more land than the rest of society, was simply inequitable and unjust. To the single taxers there were only two solutions to land monopoly,

a right one and a wrong one; there could be no shades of grey if one wanted an absolute solution to the 'land problem'. The Labor Party, they insisted, was condoning 'the stealing of 1 Pound but not of 50 Pounds' and they publicly inquired of the leader of the Party, 'What difference is there between a highwayman passing a poor man and bailing up a rich man and a political party using the machinery of the State to tax one landowner and exempt another?'⁹⁴ If the Party was in fact the representative of workers' interests, why did it exempt estates of less than 5,000 Pounds in value while at the same time sanctioning ever increasing customs duties on the necessities of the landless labourer?

The strength and style of criticism of the tax changed with changes in political orientation of the Sydney Single Tax League. When Carruthers was in power, anti-socialism predominated in their attacks on the tax but after Carruthers lost political power and the league became unaligned to any party, the simple anti-socialism slackened and the arguments became more sophisticated and to the point. In 1908 Huie declared that the 'ideals of socialism are beautiful, while the methods of its advocates are silly'.⁹⁵ Huie foresaw that landowners would partially avoid the tax by dividing the titles of their estates amongst their families and relatives and pointed to the difficulties of imposing such a tax uniformly over land of varied quality and terrain; to him the owner of 5,000 Pounds-worth of land which was left unused was proportionately a greater public enemy than the owner of a large area of agricultural land used for grazing, as in the one case the land was producing nothing while in the other it was only partially used.⁹⁶

At the height of the hostility between the Labor Party and the single taxers in New South Wales, Huie challenged J.C.Watson, the Party leader, to a debate on the grounds that the tax was 'economically sound', 'morally right', and that it would destroy land monopoly. Watson refused, but two years later, Labor openly courted the single taxers' support for the proposed tax. This suggests that the single taxers were of considerable political importance, if not in numbers, at least as a propaganda machine. The Labor Party needed the support of all those even mildly amiable towards their aims and ideology. Such was the structure of Federal politics in this period that the party was wooing some of its strongest public critics. W.M.Hughes, a 'reformed' single taxer, but still very sympathetic to the cause, led the courting by implying that the Party would have the support of the single taxers in the 1909 election. Two arguments were used by Hughes: that there is a minimum area of land which each individual could be permitted to occupy without detriment to the interests of the community and that a tax on land only would be insufficient to meet all revenue demands. Huie, as the league's spokesman, answered the first in a dogmatic fashion; a 50 Pound exemption was as indefensible as a 5,000 Pound one, that is, no exemptions were acceptable to the single taxer.⁹⁷ As regards the latter argument, the ensuing debate was long and drawn out, both sides indulging in platitudinous truisms and misuse of statistics. Huie's polemics, however, were impressive. Within the Labor Party there was no struggle by the poor against the monopolists but only one between 'ins' and 'outs' for office.⁹⁸

Huie was quite openly annoyed at the tendency of the Party to 'steal' single taxers, which had weakened the single tax movement. He summed up his attitudes to the Party, to the progressive land tax and to the single tax itself in the following maxim: 'It is not by agreeing with what you do not believe in that you can uphold your principles but by speaking and working for what you do believe in'.⁹⁹ Despite Huie's ideological intransigence, it was single taxers who had fought to get land taxation planks put in Labor platforms and who had fought for the taxation of land on land values only. Supporters of the Labor platform and the more dogmatic single taxers outside the Party both wanted to restore to society some of the unearned increment on land. The difference between the two groups is but one of degree. Here was recognition of an unearned increment and a belief that attempts should be made to regain some of this increment from land owners. The fiscal aspect of the tax was not stressed in Labor propaganda. The Labor Party was putting into legislative effect a resolve which, according to one observer, was 'settled and unchangeable in the minds of a very large majority of the people who count in politics'.¹⁰⁰ This resolve was based on the irrefutable fact that three-eighths of the entire landed wealth of Australia was owned by 1/450th of the population. In the words of W.M.Hughes, these and other such facts 'comprised a sermon more eloquent than the finest oration ever given'.¹⁰¹

Opposition to the tax came in two forms: direct political opposition from the anti-Labor parties; and pressure group opposition from organised landholders and rural interests. Alfred Deakin's unhesitating opposition to the tax is not surprising and the election of 1910 which was to deprive him of another term as Prime Minister was primarily fought on the principle of the proposed tax. He declared without 'an instant's hesitation' that the proposal was undoubtedly unconstitutional; that the public finances did not show any need for such an early resort to direct taxation by the Commonwealth; that the 5,000 Pound exemption was but a dodge and in the future would be surreptitiously removed as an important step towards land nationalisation; and finally, that it was unwise to strike a blow at the wool industry because some of its followers had prospered and grown fat.¹⁰² In reply, A. Fisher and his supporters retorted with the following: the land tax was necessary to balance finances and the only alternative to correct the imbalance was to borrow, which the government was pledged to oppose; any alleged injustice was due to the Constitution forbidding any discrimination between states or parts of states; and the rates of tax were moderate. In fact, many Labor supporters openly expressed concern that the 'bursting up' aim of the tax would prove slight in results.¹⁰³

The debates tended towards tediousness; the *Sydney Morning Herald* remarked, 'No matter how keen one is, it is rather tiresome to have it debated every day for weeks'.¹⁰⁴ This journal was in the vanguard of the opposition to the tax; series of articles were written attacking it and numerous letters published, most of an unfavourable nature and uncompromising in the vehemence of their attacks on the tax.¹⁰⁵ The tax was an effort to apply a principle without thought which would inevitably result in chaos, while the tax's mentors, to one correspondent, were, 'political half-breeds whose public utterances are limited to denouncing the mental bogey

of land monopoly', led by a Prime Minister who was 'merely the mouthpiece of more or less ignorant men'.¹⁰⁶

Organised opposition to land taxation was not a spontaneous reaction to the possible election of a Federal Labor government; the larger landowners had been highly sensitive to any likely assault on their privileges by a land tax or any other means. For example, Huie's proposals for the taxation of land values were critically examined in 1902 by the editor of the *Australasian Insurance and Banking Record* who argued that proposals like those of Mr Huie were unnecessary and unwise given the then present socio-economic framework.¹⁰⁷ The Farmers' and Settlers' Association of New South Wales showed an ambivalent attitude towards a progressive land tax over the period 1903-1910, as during this period its executive changed from a body of smaller landholders at its inception, to a body more representative of the wealthier landholders by the end of the decade. The general consensus of opinion at the 1903 Conference was in favour of such a tax; with many delegates mouthing Georgist slogans to the effect that the land produced all wealth and as such was the birthright of all the people.¹⁰⁸ The 1904 Conference saw much discussion of the issue with Coghlan's researches used to support the tax. It was emphasized that approximately one-half of the alienated land of New South Wales was in the hands of only 738 persons or institutions and that 360 persons owned twice the amount of land held by another group totalling 66,152 persons. Compulsory resumption of estates of 20,000 Pounds value or over was passed virtually unanimously but a progressive land tax was narrowly defeated, owing to fears that it would be used to achieve the final objective of the single tax principle.¹⁰⁹ Anti-socialism was used successfully at the 1906 Conference to quash a move to get the tax placed on the Association's Political Platform. The pleas of single taxers that such a tax was the very antithesis of socialism fell on deaf ears and most delegates supported the view that 'it meant a step to get hold of that mighty lever which would be turned towards land nationalisation'.¹¹⁰

The Labor Party proposals were deemed confiscatory and the Party's claim that the tax would force closer settlement was derogatorily described as 'all bunkum and fiddle-de-dee' by one literary delegate to the 1909 Conference.¹¹¹ Many delegates dismissed the idea that the tax was for revenue purposes and saw its propagation as the work of subversive trade union elements who intended using the tax to initiate land nationalisation; the fact that leaseholds were not to be taxed was seen as a direct attack on private ownership of land, in keeping with the 'socialistic aims of Labor'.¹¹² Others feigned very conditional support for such a tax, as long as it came through 'just channels and not through lawless agitators who will vote for the Labor Party every time'.¹¹³

The New South Wales Property Owners' Defence Association, whose aim was 'to oppose the organisation of the party of confiscation and robbery by a counter organisation in defence of the rights of those who have acquired property, honestly bought and paid for, and held by a title issued under the Authority of the Crown',¹¹⁴ wasted little time in expressing the strongest distaste to any proposal to tax land. Supported by such well-known landowners as

W.C.Wentworth and led by C.R.Staples, the Association argued that the implementation of rating on unimproved values only at the local government level was an omen of future disaster: the single taxer was 'roasting the landowner before a slow fire, instead of guillotining him as the Labor Party wanted to do', and therefore was far more dangerous and insidious than any socialist:

Unmasked, stripped of all disguises, he stands revealed as a political parasite—the one section of Australian political life which openly advocates a scheme of spoliation which would disgrace a Danton or a Robespierre.¹¹⁵

The difference between single taxers and graduated land taxers was that the latter only wanted 'a well-buttered slice off the property owner's loaf,' while the single taxer wanted 'not only the whole loaf but the butter as well'. The Association did its best to alienate any support from landowners for the land taxers by accusing all propagators of land taxation as being anti-rural and solely concerned with urban interests to the detriment of their country cousins; they were of the selfish landless class who were trying to pass their proper share of taxation on to the farmer. However, the single taxers were forever revealing their Physiocratic bias towards agriculture; they were anti all large landowners whether of the city or of the country. The editor of the *Sydney Morning Herald* confidently stated: 'We have no record of this kind of socialism being successful'.¹¹⁶ Economic interest was undeniably the motivation behind the vituperative attacks on the tax, with the big pastoral and finance companies, such as Dalgety and Company and the Australian Mortgage Loan and Finance Company Limited, playing a prominent role. These interests knew the degree of concentration in land holdings in Australia and were far more interested in the effects of the tax on themselves, rather than on widows and orphans, which their propaganda stressed. If the degree of uneasiness is a reliable guide, then the wealthier landed interests of Australia at this time were troubled men.

It was former single taxers who led the parliamentary debates in support of the 1910 Act, borrowing freely from George for ideas and examples.¹¹⁷ The existence of exemptions was peripheral to the principle itself; exemptions could easily be modified or eliminated by administrative action, the principle once adopted was far less easy to jettison. The single taxers still had the task of getting the exemptions removed and, rather hopefully, of getting the replacement of customs revenue with increased land taxation revenue.

VII

Reviewing the difficulties associated with analysing the relationship between economic development and land taxation, the noted authority R.M.Bird has concluded:¹¹⁸

The subject matter is, it must be confessed, inherently tedious. The data could hardly be worse. The complexity and peculiarity of the institutional context is marked ...Agricultural and public finance are not only grubby, institutional subjects with low professional prestige within the economics fraternity, but they also require, as a rule, substantial local knowledge in

order to be able to say anything useful about them ...What we have, then, is an example par excellence of an important policy and research area in which there has been almost no research of any sort.

As to the particular practical problems associated with taxes based on 'unimproved values', the object of assessment cannot in reality be the 'original and indestructible powers of the soil', in Ricardo's words. The work of a man in clearing, providing drainage and husbandry cannot be excluded from tax assessment. Reviewing Australian land taxes two authorities have concluded: 'Many decades of experience have convinced even the most hardened skeptics that while it may be considerably more difficult to appraise the land component of a single improved parcel apart from the building on it, the reverse is true when great numbers of properties have to be evaluated for tax purposes'.¹¹⁹ A recent New Zealand study has shown that as rural areas became more settled the problem of 'invisible' improvements grows, as does the further difficulty of unsufficient sales evidence for unimproved lands.¹²⁰ These problems lead to the obvious practical conclusion that 'land value', which excludes 'visible' improvements, is easier to utilize than a doctrinaire definition of 'unimproved value'.¹²¹ Nevertheless, this does not imply a total rejection of Georgist emphases. The welfare impact of land taxes (are they 'fairer'?) is much more complex; this will-o-the-wisp will not be pursued here. Notions of an 'optimal' tax in a real dynamic world are worthless. 'Optimality' can only be relative to particular objectives; the range of possibilities open to Australian policy makers of this era makes this a completely futile area of investigation.

The major disadvantages of all land taxes are: their redistributive impact is limited because land is only one form of wealth; they are difficult to administer efficiently; and such taxes cannot be made progressive among individuals, producing discriminatory effects of a most arbitrary kind. Nevertheless, landownership was (and still is), and important component of Australian wealth. A progressive tax, such as the 1910 Act, could not but have produced some redistribution of wealth. The Georgist strategy to narrow the widening gap between rich and poor was not misplaced. Levels of progressivity and exemption were crucial, though, if this effect was to be maximized.

Available empirical evidence on the impact of the 1910 tax is rather unsatisfactory. The 1920 Royal Commission, set up to report on the matter, concluded most cautiously:¹²²

Whether the Commonwealth progressive land tax had sufficiently achieved its purpose in causing the subdivision of estates is a question upon which we have not adequate evidence to justify expression of a positive opinion.

According to the Federal Commissioner of Land Tax, by 1913 there had been a prevention of accumulation of land in large estates and an inducement to subdivision of existing estates.¹²³ The progressive character of the tax produced both extrusive and disintegrative effects. That is, it not only forced values out of the field of taxation but also divided the field into more numerous portions. Precise assessment of the extrusive effects of

the tax is impossible, as although it is possible to determine the proportion of assessed values which passed out of the taxable field each year, the assessed values within the field increased in response to the general rise in values; even if the field had remained constant, the assessed values would have increased. J.M. Garland suggests that the only conclusion one can make on the tax's extrusive effects is that extrusion occurred more extensively in the country than in the town and was relatively greater in the higher than in the lower grades.¹²⁴

Disintegration from a progressive tax usually tends to be greater than the extrusive effects. Taxpayers, as they are forced down the taxable grades, are gradually strengthened against the incidence of the tax; in other words, many taxpayers are forced down but few are forced out. The most satisfactory method of measuring the disintegrative effects of the progressive land tax would be to calculate for each year the proportions in which assessed values were distributed in the taxable grades, over the whole of the period in which the tax was in force. However, owing to the fact that a distribution of assessed values into grades was given by the Commissioner only for certain years this method is inapplicable. By tracing the trend in the average value of holdings influenced by the tax, one can conclude that over the period 1910—1925 there was a considerable degree of disintegration as evidenced by a downward move in this trend over this period. One can only hazard a well-informed guess as to the degree of disintegration in each of the Australian States; it appears as if disintegration was strongest in Queensland, New South Wales and South Australia.¹²⁵ Garland sub-titled his conclusion on the tax 'The Indeterminate Verdict', but was also careful to emphasize that the tax had not failed.¹²⁶ One cannot, however, attribute the above mentioned effects wholly and solely to the Commonwealth land tax. As the general ratio of labour to land increased and primary production became more intensive, some movements of this kind were bound to have occurred in the course of normal development.

If the tax had had great success in breaking up the large estates then the revenue collected should have shown a decline. It did not and actually increased between 1911 and 1924. The average landholding in 1917 was as large as it had been in 1910.¹²⁷ This raises a very important point about the actual possibility of such a tax achieving more dramatic results given the course of Australian development in this era. The dreams of creating an Australian yeomanry, of breaking up the large estates, clashed head on with economic reality.¹²⁸ Agriculture was expanding—in New South Wales encroaching on to former wool regions—but it was capitalist agriculture. Economies of scale demanded labour-saving techniques and larger holdings. The Georgists could only delay, but not stop, the inevitable. Nevertheless, Physiocratic visions continued to dominate economic policy-making in the 1920s and 1930s. Despite their influence Australia was beginning to industrialise, with the help of rising tariff barriers. The single taxers could not help but lose the freetrade battle and the 'land question'.

The successful adoption of the 1910 Act did not see a sudden demise of the Sydney Single Tax League, although in 1913 its title was changed to the Freetrade and Land Values League. A setback, in the form of the withdrawal of the League's long-standing right to have a propaganda stall at the Sydney Royal Easter Show on the grounds that the single taxers were 'political' (!), was counter-balanced by the decision of an American soap millionaire to match every Pound raised by the movement from his own pocket.¹²⁹ Attempts between 1913 and 1916 to introduce a supertax on land near railways or the Murray, reducible according to the use made of the land, were rejected by the New South Wales Legislative Council, but are further examples of continuing Georgist influence. In 1915 rating on unimproved values was finally introduced for the City of Sydney; it was now State wide. Within the Labor Party single tax sympathisers continually argued for greater progressivity and abolition of all exemptions under the 1910 Act.¹³⁰ In 1914 the tax was extended to leaseholds as well as freeholds and the rates stiffened. An approach from W.M.Hughes for support for his breakaway National Democratic Labor Party was rejected by Huie on the grounds that its policies were 'Tory'.¹³¹

Post World War 1 interest in Soldier Settlement took the attention of the single taxers and they rightly pointed out the need to break up larger estates if the servicemen were to be given good quality land.¹³² Moreover, the human sacrifices of the war should be met with taxation pressure on landowners, they argued. In addition, the post-war clamour for more protection for Australian industries was strongly criticised by the single taxers. Rural interests, whilst not unsympathetic to freetrade views, could not support the architects of the land tax. The Georgists and Huie in particular were also deeply involved in spreading the advantages of proportional representation for all elections through another 'front', the Proportional Representation Society.¹³³ It was easier to get support for this cause than for Georgist ideas. Huie continued to propagate the single tax for the rest of his life and even made an unsuccessful attempt to stand for parliament as a United Australia Party candidate.

Certainly the Georgists did not get their ideal world, yet like all successful radicals, they did help to swing consensus views more in their favour. Too little attention has been devoted to the role of changes in the intellectual milieu at key stages of our development. An estimate of George's influence on social democratic leaders in Britain suggests that 80 per cent 'passed through the school of Henry George'.¹³⁴ The evidence available for Australia suggests a similar impact. If the Ricardian prognosis of the future of capitalism had been correct, George's ideas would have assumed special poignancy. Perhaps the story of George's influence in Australia is yet another example of the maxim: 'One has to keep up the fight against injustice, even though there is no hope of winning it'. George Bernard Shaw's tribute to George can also be applied to George's Australian impact:¹³⁵

If we outgrew Progress and Poverty in many respects, so did he too ... Nobody has ever got away or ever will get away from the truths that were the centre of his propaganda; his errors anybody can get away from.

1. This assertion is verifiable by even a cursory perusal of the major texts, including W.A. Sinclair, *The Process of Economic Development in Australia* (Melbourne, 1976).
2. Most notably R.Gollan, *Radical and Working Class Politics: A Study of Eastern Australia 1850-1910* (Melbourne, 1960).
3. See my chapter in J. Roe (ed.) *Twentieth Century Sydney* (Sydney 1980) for a more detailed discussion of the Georgist campaigns for rating on unimproved values. This interest is part of a wider project on 'Underworld Economics': the ideas outside the Academy which have been so influential in our past.
A detailed examination of attitudes shown towards the role of the State in Australian development is currently being prepared. The author has also commenced an associated project, on 'underworld' economics and its impact, the first fruit of which is 'Was Lang Right' in H. Radi and P. Spearritt (eds), *Jack Lang* (Sydney, 1977). More general statements on research priorities in Australian economic history are found in 'Marx versus Butlin: A Comment on the Snooks-Rowse Debate' *Labour History* No.30 (May, 1976) and in a forthcoming further reply to Snooks, provisionally titled 'Economic Historians: Failed Economists?'
4. Henry George, Jnr. *The Life of Henry George* (N.Y. 1943) p.210.
5. J.A. Schumpeter notes that interest in land taxation accelerated with the introduction of efficient surveying techniques in the eighteenth century. *History of Economic Analysis* (London, 1954) p.203, n.4.
6. The best modern references on Physiocracy are: R.L. Meek, *The Economics of Physiocracy* (London, 1962) and J. Benard (edit.), *Francois Quesnay et la Physiocratie* (Paris, 1958) Vols.1 & 11.
7. The following Quote from the Introduction to *Progress and Poverty* (Everyman's Edition, London, 1911) provides a good sample of George's fervour and style:
That political economy, as at present taught, does not explain the persistence of poverty amid advancing wealth in a manner which accords with the deep-seated perceptions of men; that the unquestionable truths which it does teach are unrelated and disjointed; that it has failed to make the progress in popular thought that truth, even when unpleasant, must make; that, on the contrary, after a century of cultivation, during which it has engrossed the attention of some of the most subtle and powerful intellects, it should be spurned by the statesman, scouted by the masses, and relegated in the opinion of many educated and thinking men to the rank of a pseudo-science in which nothing is fixed or can be fixed—must, it seems to me, be due, not to any inability of the science when properly pursued, but to some false step in its premises, or overlooked factor in its estimates. And as such mistakes are generally concealed by the respect paid to authority, I propose in this inquiry to take nothing for granted, but to bring even accepted theories to the test of first principles,

- and should they not stand the test, to freshly interrogate facts in the endeavour to discover their law.
8. For further details on his influence in Britain see: E.P. Lawrence, *Henry George in the British Isles* (East Lansing, Michigan, 1957).
 9. H. George, *Social Problems* (London, 1932 edit.) pp.176-189.
 10. *N.S.W. Parliamentary Debates, New Series*, Vol.11, 1901, p.1138.
 11. R. Gollan, *Radical and Working Class Politics*, op.cit., p.42.
 12. *ibid*, p.83.
 13. L.G. Churchward, 'The American Influence on the Australian Labour Movement', *Historical Studies*, Vol.V, No.19, p.261.
 14. See B. Dickey, 'Charity in N.S.W., 1850-1914' *Journal of the Royal Historical Society*, Vol.52, Part 1, (March, 1966).
 15. R. Gollan, *Radical and Working Class Politics*, op.cit. p.121. *Progress and Poverty* and other books by George are prominent in a list of 'What Unionists Read' circa 1890 reproduced in: R.N. Ebbels, *The Australian Labor Movement, 1850-1907: Extracts from Contemporary Documents* (Sydney, 1960) pp.56-57.
 16. On the political machinations of freetraders and protectionists and their emergence as political 'parties' see: P. Loveday and A.W. Martin, *Parliament, Factions and Parties, The First Thirty Years of Responsible Government in N.S.W., 1856-1889* (Melbourne, 1969); B. Dickey (edit), *Politics in N.S.W. 1856-1900* (Melbourne, 1969); A.W. Martin, 'The Legislative Assembly of NSW, 1856-1900' *Australian Journal of Politics and History* Vol.2 (1956-57); B. Mansfield, *Australian Democrat: The Career of E.W. O'Sullivan, 1846-1910*; C. Pearl, *Wild Men of Sydney*, (Melbourne, 1965)
 17. Quoted in *The Worker*, 14/5/1904.
 18. L.G. Churchward, op.cit.; F. Picard, 'Henry George and the Labour Split of 1891', *Historical Studies*, Vol.V, No.19.
 19. Letter by Jas. Watson in the *Australian Star*, 4/3/1890, cited in: Ebbels, op.cit. pp.176-177. More details on ALP ideology and politics in this period are provided in: R. Gollan, *Radical and Working Class Politics*, op.cit.; B. Nairn, *Civilizing Capitalism*; B. Dickey, 'Parliament and the Trade Unions, 1880-1900' *Journal of the Royal Australian Historical Society* Vol.47; V. Palmer, *The Legend of the Nineties*, (Melbourne, 1954); L.F. Fitzhardinge, *William Morris Hughes*, (Sydney, 1965).
 20. From *The Cumberland Argus* (undated, cited in: Ebbels, op.cit. p.175.
 21. Picard, op.cit., p.45.
 22. H.V. Evatt, *Australian Labour Leader* (Sydney, 1940), p.30.
 23. *ibid.*, p.34.

24. For a discussion of land policy in the context of NSW public finance see; P.N. Lamb; 'Crown Land Policy and Government Finance in N.S.W., 1856-1900', *Australian Economic History Review*, Vol.7 (1967).
25. S. Mills; *Taxation in Australia*, (London, 1925) pp.62-3. See also J.M. Garland, *Economic Aspects of Australian Land Taxation* (Melbourne, 1934).
26. *ibid.*, p.63.
27. *ibid.*, p.64.
28. Cited in R. Gollan, op.cit., p.192
29. *Australian National League—NSW Branch: 'The Proposed Land and Income Tax—to the members of the NSW Legislature'* (1894? Sydney).
30. Tom Mann's memoirs, which include details of his important activities in Australia in the early days of the Labor Party, tell of the impact of *Progress and Poverty*: This was a big event to me; it impressed me as by far the most valuable book I had so far read ...It enabled me to see more clearly the vastness of the social problem ...I could not accept all George's claims on behalf of his proposal ...I am not wishful, however, to pass any criticisms upon Henry George; I wish rather to express my indebtedness to him. His book was a fine stimulus to me, full of incentive to noble endeavour, imparting much valuable information, throwing light on many questions of real importance, and giving me what I wanted—a glorious hope for the future of humanity, a firm conviction that the social problem could and would be solved... Never since I gave it careful attention have I had one hour of doubt but that the destiny of the human race is assured, and that the workers will, in due time, come to occupy their rightful position. (T. Mann, *Memoirs* (London, 1967 edit.) pp.16-17). Mann's influence on the Australian labour movement is detailed in: B. Walker, *Solidarity Forever!* (Melbourne, 1972) pp.26-93.
31. *To the Members of the Darlington Single Tax League* (July, 1901). In the collection of Mss. relating to the League in the Mitchell Library. The greater detail provided on the organised single tax movement after 1901 is a partial reflection of the superior material available on its activities after that date.
32. *S.M.H.*, 3/9/1901.
33. *Minute Books of the Sydney Single Tax League*, (later *Free-trade and Land Values League*) Mitchell Library, Vol.1, p.5.
34. Preface to Vol.5 of A.G. Huie's *Scrapbooks* in Mitchell Library.
35. *Progress and Poverty*, Book V, contains an interesting analysis of the trade cycle which clearly informed this position.
36. e.g. Letters to *Daily Telegraph*, 25/4/1903 and 28/1/1904.
37. *S.M.H.*, 27/6/1904.

38. *Minute Books of S.S.T.L.*, Vol.1, p.21.
39. Various pamphlets issued included: 'Landlordism in Heaven', 'What God says about Land Monopoly', 'A Sermon Never Heard in Church'. The reason for the inclusion of the Greek is not explained.
40. 'To the members of the D.S.T.L.' (December, 1900) in Mitchell collection of Mss. relating to the League, *op.cit.*
41. *Minute Books*, Vol.1, *Op.cit.*, p.41
42. Macky was one of the leaders of the Protestant group which tried to impeach the prominent Roman Catholic clergyman, Dr O'Haran, for immoral conduct in St Mary's Cathedral. For a most readable account of this incident, see C.Pearl, *Wild Men of Sydney*, *op.cit.*, pp.135-159.
43. See J.R. Campbell, *Politics, Parties and Federation* (M.A. thesis, University of Sydney, 1962).
44. One of the pamphlets put out was entitled, 'King Alcohol and King Landlord', and pleaded to the temperance movement: 'Let our grand army of temperance workers put but one year's time to the destruction of land monopoly, and we pledge you that not only will involuntary poverty have disappeared, but the curse of intemperance will also from that moment begin to disappear'. *Single Tax Collection of Pamphlets, Cuttings, etc.* in Mitchell Library. The Womens' League also publicised a song used by British land reformers sung to the tune of 'Marching Through Georgia':
Sound a blast for freedom boys, and send it far and wide,
March along to victory for God is on our side:
While the voice of nature thunders o'er the rising tide—
God gave the Land for the People'.
45. *The Methodist* (Sydney) 6/8/1904.
46. *S.M.H.* 6/10/1906.
47. P. Loveday and I.R. Campbell, *Groups in Theory and Practice*, (Sydney Studies in Politics, Vol.1, Melbourne, 1963) p.68.
48. George did not try to hide his religiosity. In response to a letter to his wife from a Roman Catholic clergyman, which had expressed the hope that her husband might be converted to his faith, George recounted the emotions he had felt in completing the last page of *Progress and Poverty*: 'I flung myself on my knees and wept like a child. The rest was in the Master's hands. That is a feeling that has never left me; that is constantly with me. And it has led me up and up. It has made me a better and purer man. It has been to me a religion, strong and deep, though vague—a religion which I never like to speak of, or make any outward manifestation, yet that I try to follow.' (H. George, Jr., *The Life of Henry George*, N.Y. 1943, pp.311-312). Such a statement helps us understand the Wesleyan role George assumed and the attraction his social sermons had for evangelical Christians. One Church of England clergyman, for example, edited a highly successful *Gems From Henry George* which in its arrangement and contents has a distinctive scriptural, even Talmudic, aura about it. (A.C. Auchmuty, (ed.) *Gems From Henry George*, London, 1912). Faith in the viability of the single tax amongst George's supporters was as strong as the early Christian's belief in the Second Coming; the former though rested on more objective evidence. This Christian support did not stop the single taxers from gaining support from a wide range of people. An active supporter, John Dwyer, in the 1890s ran an International Anarchist League and was a founder of the Active Service Brigade which had three objects: 'to work upon purely business principles and in grim earnest for the resumption of the People's Landed Inheritance and other property; to surround thoroughgoing democratic champions and defend them from illegal intimidation and violence'; and, 'to extinguish by lawful means treacherous, cowardly and corrupt politicians'. Many of the items in the single tax pamphlet collection in the Mitchell Library are stamped with Dwyer's name. See *Active Service Brigade*, pamphlets, leaflets, cuttings etc., Mitchell Library.
49. A.H. Birch, *Federalism, Finance and Social Legislation in Canada, Australia and the United States*, (Oxford, 1955) p.81. For more details see: S.Mills, *Taxation in Australia*, *op.cit.*
50. H.V. Evatt, *Australian Labour Leader*, *op.cit.*, p.99.
51. For important contributions to the debate about the economics of Federation see: J.J. Eastwood and F.B. Smith (eds.) *Historical Studies—Selected Articles* (Melbourne, 1963).
52. *Position of Free Trade in Australia*—Presented at World Conference of Free Traders in Antwerp, 1910.
53. A.C. Huie, *Scrapbook*, Vol.1, p.54.
54. *Annual Meeting of S.S.T.L., 1904 in Minute Books*, *Op.cit.*
55. *Daily Telegraph*, 26/1/1901—the editor commented that a protest against the tariff by single taxers was something like a teetotaler protesting against a particular brand of whisky.
56. *Free Trade League of New South Wales—Objects* (Sydney, n.d.). In pamphlet collection of League in Mitchell Library. The policy of 'New Protection' was a legislative by-product of the Royal Commission on the Tariff of 1906 which recommended, on the casting vote of its chairman, special protection 'against invasion and unfair attack' by United States and Canadian competition. Its supporters stressed repeatedly the benefits all classes would reap from a system by which if a fair and reasonable rate of wages was not paid, action would be taken 'to suspend the collection of such additional duty upon any machine or implement for such time as may be deemed advisable'. The Labor Party accepted both increased protection and compulsory arbitration as long as improved working conditions and higher wages for workers in protected industries resulted. For more details see: A.J. Reitsma, *Trade Protection in Australia* (Brisbane, 1960). Also 'Vote Yes'—pamphlet on referendum of April 26, 1910—in *Political Labour League collection of Pamphlets*, Mitchell Library. Huie's comment on this action was 'Not by going with the protectionists do we

- accomplish any good thing in the interests of the people but by opposing them'. *Daily Telegraph*, 17/7/1908.
57. *Daily Telegraph*, 21/1/1908.
 58. *Freetrade League of NSW, Objects, Op.cit.*
 59. *Daily Telegraph*, 26/12/1910
 60. See E.O.G. Shann, *An Economic History of Australia* (Melbourne, 1933), Chapter 24.
 61. *Municipal Reform: A Just System of Rating—Sydney Single Tax League* (Sydney, 1904) in *Single Tax Pamphlet Collection*, Mitchell Library.
 62. *Rating on Unimproved Values League—Constitution, Rules and Regulations*, (Sydney, 1907) in collection of Single Tax pamphlets in Mitchell Library. See appendix for some of its propaganda material.
 63. e.g., Marrickville and Hurstville.
 64. *NSW Property Owners' Defence Association—Rating on Unimproved Values Only—Property Owners Beware* (Sydney, n.d.) in *Single Tax pamphlet collection*, op.cit.
 65. *ibid.*
 66. *Taxing the Unearned Increment* (Sydney, n.d.), in pamphlet collection, *ibid.*
 67. *Daily Telegraph*, 2/11/1904.
 68. J.H. Carruthers Speech to Henry George Anniversary gathering. *Daily Telegraph*, 3/9/1903. The inaugural meeting of the Liberal and Reform Association organised by Carruthers in December 1902 was dominated by single taxers who had much in common with the stated task of the Liberals 'to restore order into our representative institutions, and to bring about reform in the Constitution, in Parliament and in administration'. The revenue tariff freetraders were so annoyed with the strength of the single taxers that they demanded of Carruthers that he adjourn the meeting. This he did but the single taxers again were represented en masse and thus dominated the Association, a domination which was to weaken numerically, but remained powerful owing to Carruthers' adherence to Georgist principles. See J. Rydon and R.N. Spann, *N.S.W. Politics, 1901-1910*, (Sydney, 1962), p.22.
 69. In an interview Campbell had with him before his death, he denied that the L. and R. A. had had any organisers at all and especially paid ones. (Campbell, *Fiscal Campaigns*, Vol.2, op.cit.) However, the Minute Books of the S.S.T.L. record on his own admittance that he did leave the League to become a paid organiser for the L. and R.A., if only temporarily.
 70. *The Sun*, 28/11/1813, in Vol.5 of Huie's *Scrapbooks*.
 71. *Minute Books*, op.cit., Vol.3, 3/7/1908.
 72. T.A. Coghlan, *Taxation and Rating of Land in NSW. in Papers Bearing on Land Taxes and on Income Tax in certain foreign countries and on the Working of Taxation of Site Values in certain cities of the U.S. and Canada* (London, 1909), p.85.

73. *ibid.* p.86.
74. *S.M.H.*, 18/1/1901.
75. A.G. Huie in *Hillston Spectator*, 2/10/01. Included in his *Scrapbook*, Vol.1, p.33, Mitchell Library. Single taxers' influence on the future Australian Capital Territory was to be later strengthened by the architect chosen to design the capital, Walter Burley Griffin—a prominent American single taxer. One of Griffin's strongest admirers, the noted Sydney architect Harry Seidler, is still a public supporter of Georgist ideas.
76. I. Turner, *Industrial Labour and Politics: The Labour Movement in Eastern Australia 1900-1921* (Canberra, 1965) p.46.
77. The expression 'Lib-Lab' was coined by Tom Mann.
78. In 1905 the revenue obtained was 320,200 Pounds —T. Coghlan, *Taxation and Rating of Land in NSW in: Papers Bearing on Land Taxes and on Income Tax in certain foreign countries.* (London, 1909) p.84.
79. *Papers Relative to the Workings of Taxation of the Unimproved Value of Land in N.Z., NSW, and South Australia* (London, 1906), pp.130-132. See also: W.P. Reeves, *State Experiments in Australia and New Zealand* (London, 1902), p.75.
80. *NSW Political Labor League—Platform and Rules*, 1903.
81. *Minute Books*, S.S.T.L., 1906-1907.
82. *Minute Books*, op.cit., Vol.1, 6/3/1903.
83. K. Marx, *Capital*, Vol.111 (Moscow, n.d.), p.723.
84. *ibid.* p.748.
85. It was an Australian single taxer who wrote the best outline of the conflicts between single tax and socialism. M. Hirsch, *Democracy versus Socialism*, (London, 1901).
86. H. George, *Progress and Poverty*, op.cit., p.293.
87. Quoted in 'Statement by the Executive Council of the S.S.T.L. of aims and Principles of the League' in the *Daily Telegraph*, 29/3/1905. The single taxer saw capital as not the enemy of Labour but privilege; e.g., '...Give all equal access to the inexhaustible storehouse of nature and wealth will distribute itself in exact accordance with justice without any interference by government officials'. (M. Hirsch, *An Exposure of Socialism*, Melbourne, 1904.
88. *Daily Telegraph*, 3/9/1903.
89. Compare this statement with one made by the Darlington Single Tax League—'It is not right that there should be any concern about the owners of land', in *Compensation under the Single Tax* (Sydney, n.d.), *Single Tax pamphlet collection*, Op.cit.
90. *Australasian Insurance and Banking Record*, 21/8/1905.

91. Huie in 1909 estimated that under the existing Compulsory Resumption Act, providing for possible resumption of estates over 20,000 Pounds in value, over 170 million would be needed to resume all such estates. *S.M.H.* 28/6/1909.
92. *Darlington Single Tax League—Compensation Under the Single Tax* (Sydney n.d.), p.3.
93. *Daily Telegraph*, 2/8/1904.
94. *ibid*, 17/2/1906.
95. *ibid*, 9/9/1908.
96. Later criticisms were made in a pamphlet: E.J. Craigie, *Relation of Land to the Labour Problem* (Adelaide, 19?). This pamphlet is interesting as it presents a detailed critique of the Wakefieldian settlement of South Australia, to support the single tax position that land monopoly is directly responsible for wage slavery.
97. *Daily Telegraph*, 28/9/1909 and 13/10/1909. Huie, in reply to Hughes' claim that for Huie the single tax was the only thing in the world, quite candidly stated 'Well, he's not far out..' *Daily Telegraph*, 13/10/1909.
98. *ibid*. Gordon Childe was to make the same criticism of the Labor Party a decade later. Strange bedfellows, even for Australian politics! (See his *How Labour Governs*, op.cit.)
99. *Daily Telegraph*, 13/10/1909. Victorian experience was different. Single taxers had more direct influence on Labor, indicated by a plank in the 1909 Platform calling for land taxation without exemptions, and by the support the single taxers gave the progressive land tax. (*Progress*, Melbourne, 1905-1910). However, the initiative for the tax appears to have come from New South Wales although lack of source material on this makes such a judgement necessarily indefinite.
100. Letters of A.W. Jose of the *London Times* to Mr Moberly Bell, 21/8/1904, in *Mss. collection*, Mitchell Library.
101. Cited in Ebbels, op.cit. p.237.
102. H.G. Turner, *First Decade of the Commonwealth*, op.cit., pp.288-291.
103. *ibid*, pp.291-292.
104. *S.M.H.* 30/9/1910.
105. Huie complained bitterly that it would publish none of his letters not those of other single taxers—*Minute Books*, Vol.111, 2/4/1909.
106. *S.M.H.* 19/9/1910.
107. *Australasian Insurance and Banking Record*, 20/6/1902. Any government interference with the economic status quo was anathema to this journal in this period.
108. *Reports of Annual Conferences of the Farmers and Settlers Association of NSW* (1903), pp.80-90.
109. *ibid*, (1904), pp.30-33.

110. *ibid*, (1906), pp.59-61.
111. *ibid*, (1909), p.30.
112. Many opponents of the tax argued that the exemptions allowed by the tax were mere details and all in all the tax was an indirect attempt to nationalise land. e.g. A. St. Ledger, *Australian Socialism*, (London, 1909) pp.147-166.
113. *S.M.H.* 28/6/1909.
114. *NSW Property Owners' Defence Association—Objects and Aims* (Sydney, n.d.) in Mitchell Library pamphlet collection.
115. C.R. Staples, *The Single Tax and Socialism* (Sydney, n.d.).
116. *S.M.H.* 1/10/1910.
117. See *Commonwealth Parliamentary Debates*, 1910, Vol.57, pp.3502 on, and *Economist* (London), 27/11/1910.
118. R.M. Bird, *Taxing Agricultural Land in Developing Countries*, (Harvard, 1974) pp.280, 281, 292. This statement applies equally to the relative neglect of these areas, by Australian economic historians, albeit S.H. Roberts' *History of Australian Land Settlement*, op.cit., is an exception. Serious work on historical aspects of Australian public finance is very much needed.
119. A.P.Becker (ed.) *Land and Building Taxes: Their Effect on Economic Development* (Madison, 1969), pp.180-181.
120. New Zealand Valuation Department, *A Critical Study of the Unimproved Value of Land* (Research Paper 68-1, Wellington, 1968), pp.67-68.
121. See R.M. Bird, op.cit., Chapter 11.
122. *Fourth Report of the Royal Commission on Taxation 1920-23*, Section 22, p.187.
123. Cited *ibid*, pp.181-182.
124. J.M. Garland, *Economics of Australian Land Taxation*, op.cit., pp.169-170.
125. *ibid*, p.175.
126. *ibid*, pp.184-186.
127. B.Fitzpatrick, *The British Empire in Australia, 1834-1939*, (Melbourne, 1969 edit.) Appendix 18, p.396. Fitzpatrick rightly corrects errors in S.H. Roberts' discussion of the tax (in *History of Australian Land Settlement*, op.cit. p.382)
128. A British journalist in 1910, full of anger against the deprecatory opinions Australians expressed about their own country, urged us to adopt a more liberal land policy: 'It did not strike me that there is sufficient far-sightedness about land settlement in Australia to get population—that is, assuming always that the Australians are genuinely in earnest to make their continent a great haven for immigrants'(p.168). He also lamented: 'Nowhere in the world, in the newspapers of Europe or in the anti-British press in the United States, have I read such gross and offensive language in regard to

Britain and British people as I have read in some of the Australian publications. We do not mind; no doubt much of it is true; I hope it does us good' (p.291). J.F. Fraser, *Australia: The Making of a Nation* (London, 1910).

129. The attitude of the anarcho-syndicalist Industrial Workers of the World to the Labor Party's policies in this era is instructive: '...its vote-catching policy made it an absolute hindrance to the necessary industrial development of Australia. It aimed at creating small landowners and 'cocky' farmers, at assisting the workers to own their little cottages and become small block-holders, and at encouraging the little shopkeeper and the cockroach capitalist generally. These are notoriously the most conservative and reactionary classes in the community.' (V.G.Childe, *How Labour Governs*, op. cit., p.139).
 130. NSW P.L.L. Conference in *Truth* (5/2/1911) entitled: 'Antics of Odd Fellows All at the Oddfellows Hall' and the *Open Letter* to Andrew Fisher and Delegates to Interstate Labour Conference in Adelaide from the Single Tax League of South Australia (Adelaide, 1915). NSW P.L.L. Conferences 1911-1920 were inundated with motions calling for the abolition of all exemptions.
 131. *Huie Scrapbooks*, op.cit., Vol.3, p.344.
 132. In June, 1918, a four States delegation put these views to the Federal Treasurer (*Progress*, August, 1918).
 133. See *The Standard* (April, 1912 and January, 1919) and J. Pernica, *Electoral Systems in NSW to 1926* (M.Ec. University of Sydney, 1958), p.162.
 134. G.R. Geiger, *The Philosophy of Henry George* (New York, 1933), p.235.
 135. Quoted in *ibid.* p.233.
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