

Good Government

Incorporating "The Standard", published since 1905.

A JOURNAL OF POLITICAL, SOCIAL AND ECONOMIC COMMENT

No. 817 Registered for posting as
a Publication—Category B

AUGUST, 1978

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50¢

For INFORMATION call

750 9110. 419 3632. 638 7593. 699 7153.

Published in the first week of every alternate
month by the Proprietors,

The Association for Good Government

143 Lawson Street

REDFERN, NSW 2016

Australia

Viewpoint

TECHNOLOGY AND UNEMPLOYMENT

In a recent television interview the leader of the federal opposition, Mr W Hayden, emphasised that, by reason of his academic qualifications as an economist, he was better equipped to deal with this country's economic problems than the present government. Whatever skills he may have to aid him in that task, he would certainly be well advised not to handicap himself by trying to put such qualifications into practical effect. Whenever they have been tried the results have been so dismal that even that most vocal of economists, J K Galbraith, was constrained to admit that in the past century economists had added nothing to the sum of human happiness.

THE DISMAL SCIENCE

The practical necessity, which caused the attempt to formulate a science of Economics, was the wide-spread poverty that accompanied the enormous increase in the ability to produce goods over the past two centuries. New technologies based on other sciences had multiplied the productive power of labour but, instead of increasing wages, the benefits were seen to be going to a minority of wealthy people while the vast majority, upon whom the new technologies depended for their utilisation, found themselves in a nightmare of bitter competition for jobs that depressed wages and left many on the scrap heap of unemployment.

The problem was stark and pressing for a scientific enquiry but, with a few honourable exceptions among those who devoted themselves to it, the study was side-tracked or aborted when

it appeared to be getting close to fundamental principles capable of explaining the lamentable facts.

The reasons why the pursuit of truth in this area, unlike in the physical sciences, was diverted or stopped are devious and require a full study. In general they were identified with the relatively small but powerful class that was economically supreme and the institutions which supported it, both religious and secular or, as in the cases of Marx and others with a failure to reason coherently from cause to effect. The study did not develop scientifically and ultimately its followers divided into two broad schools, each sterile and having no impact on the basic problem. The one contended that poverty and unemployment were inevitable and stemmed from the tendency of population to increase beyond the capacity of production to support the increase or of capital to expand sufficiently to pay it wages. The other assumed that the private ownership of capital was the cause of the trouble and devoted its energies to socialism and welfare.

THE LUDDITES AND TELECOM

The lack of any progress at all was highlighted by the recent Telecom strike in which technicians tried to prevent the introduction of labour-saving technology in the telephone system for the same reasons that the Luddites smashed textile machinery in England in 1811. In that time the economists have not been able to unravel the contradiction between man's intelligence in economising time and effort by using labour-saving devices and his fear that that these devices will, in fact, achieve that end.

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THE PRINCIPLES OF GOOD GOVERNMENT

1. The true function of government is to maintain peace and justice. This does not include interfering in national or international trade or commerce, or in the private transactions of its electors save only as these threaten peace and justice.
2. A democratically controlled and just revenue is available to governments by the collection of all site rents as their sole and proper revenue, at the same time abolishing all taxes, tariffs and unjust privileges of every description.
3. A democratic system of representation by the adoption of proportional representation in multi-seat electorates and simplified provision for the referendum, initiative and recall.
4. A continuous program of education in the economic facts of life to enlighten the electorate.

The reconciliation of the contradiction requires an examination of first principles, which economists always appear to dodge. By economising labour and increasing the production of goods in particular occupations, the introduction of machinery reduces prices and benefits all consumers. Far from reducing employment in any general sense, it increases the opportunities for employment because the saving in one particular area involves the expansion of demand in all other areas, with regard both to quantity and quality. Farriers and cart builders became largely redundant when the motor vehicle appeared but the motor industry caused infinitely more new jobs than were superseded, not only in the actual production, marketing, repair and servicing of vehicles or the demand for oils and minerals, but in the enhanced demand for goods that could then be transported more economically over greater areas.

To try to stop the use of labour saving machinery is to try to stop progress instead of the unemployment and poverty with which it is associated. In the post war years, at least until 1974, there occurred a most intensive acceleration of the introduction of new machinery, electronics and technology into industry but, because jobs were relatively plentiful and displaced labour could be quickly re-absorbed, the process was accepted without question. Now there is a scarcity of employment and, in the absence of any logical explanation of that state of affairs from economists, the trades unions, like the Luddites, are looking suspiciously at machinery.

LABOUR DE-BARRED FROM ITS ENVIRONMENT

Unemployment is the real fear when voices are raised against machines and the cause of that is associated with man's fundamental rights to the use of his environment. All employment is ultimately dependant on labour having access to natural opportunities, i.e. to land with its varied resources and capacities. It is vital that governments ensure the continuity of this access, otherwise industry is inhibited, not only in its basic forms, but in all its secondary derivatives and services throughout the whole economy.

The failure of economists and governments to understand this connection between land and employment results in some privileged individuals and groups, with the backing of law, being able to interpose themselves between land, a natural gift to all, and those wanting to produce. Without such legal backing land would have no value but its existence enables those who hold the privileges to extort goods and services from those who want to produce. Once this is established land values take their place in the speculation of the market to the massive detriment of labour which, for the right to

produce, has to pay over amounts that rise to a point where they become uneconomic and employment is reduced or stops altogether.

INFLATION AND UNEMPLOYMENT ARE DISTINCT PROBLEMS

Current 'economic thought' is to pretend that these barriers do not exist and that inflation or what is happening in other countries is the cause of unemployment. One of its suggestions is to take further taxes from producers and to spend them in creating artificial employment. It would be difficult to imagine a more fatuous approach than that of diverting money, presently being spent by its owners and causing economic employment into what would, in effect, be more dole money.

The correction of inflation will not cure unemployment. Positive action to restore the rights of people in their natural environment, by eliminating the speculative tolls, that are being exacted, is the only scientific way and such an approach could substantially reduce inflation by removing from the market a mass of speculative values unsupported by goods.

Banning or restricting the use of machinery or technology can only, in the final analysis, mean that labour will have to work harder for a given result and that living standards will fall, just as they would if we had to forego vacuum cleaners and refrigerators in the home.

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THE SIGNIFICANCE OF HENRY GEORGE'S IDEAS IN WORLD POLITICS

By the late DR VIGGO STARCKE, M.P.

(Extracts from an address delivered at the
Public Demonstration, Folk High School, Odense,
Sunday 3rd August 1952)

Wars are more dangerous than epidemics but like these they have their causes. If we can discover their causes and prevail upon mankind to remove them, we shall be able to attain results in the field of politics as outstanding as have been attained in the field of epidemiology and surgery.

Some people think that war is part of the natural order of things. Many people believe that war is due to the wickedness of man. Others that it is due to the folly of man. Nature is harsh, to be sure, and men are not all equally good, but the fundamental causes are to be found elsewhere; and we are in the fortunate position that these are revealed to us, if we will but read the peace treaties. There you will find what really was behind the waging of war, namely, that the vanquished had to concede to the victor. It is almost always land and trading interests, land with coal, oil and metals, trading interests by way of privileges to be gained, or customs barriers to be removed.

It is in the solution of the land problem and in the liberation of trade, therefore, that we must seek the possibility of removing the worst causes of war. That is why Henry George stands today in the very centre of the problem of world-politics.

Karl Marx did not see that his presuppositions were wrong. He did not know that the proletarians, poverty, and unemployment had existed for centuries, before the machines, before the factories, before capitalism came into being. Therefore capitalism and the machines could not be the causes of poverty and unemployment. The cause must be sought elsewhere. It is to be found in the fact that in Great Britain a very small part of the people owns an overwhelmingly great part of the land. As in Great Britain, so it is in nearly all countries. It is a universal feature. It is a fundamental problem. Karl Marx saw it without understanding the importance of what he saw. He believed that both land and machines were capital, because both of them took part in the process of production.

Houses, machines, and tools have all been made by men. They are capital, but they wear out and come to an end. Moth and rust corrupt them. But we can build new houses and construct better machines, if we have access to land and the riches it supplies.

Land, however, has not been made by human work. Furthermore, it is everlasting. Access to land is the condition of all labour and all capital. Karl Marx himself made this significant admission: 'Land monopoly is the basis of capitalist monopoly'. If, therefore, Karl Marx had been as logical and as dialectical as he is passes off to be by the Communists, he would have directed his campaign against the monopoly of land, thereby to destroy the foundation of capital monopoly. His failure to do so delayed the liberation of labour for 100 years. The young Karl Marx became the father of Communism, which today threatens world peace. The old Karl Marx became the father of Social Democracy, which is but a frail bulwark against Communism, both building upon the same fundamental misapprehension. In all Socialist dominated countries there has been resort to restrictions and economic planning instead of solving the land problem. This has brought Europe to the brink of bankruptcy.

Science and technique developed in the west under freedom. None of this was made by Communism. If the Iron Curtain had been lowered immediately after the Communist revolution of 1917 so that science and technique could not have entered, then the large, amiable Russian people would have been dead today from starvation, and Communism.

It was Henry George who saw the fundamental significance of the land question. He it was who pointed out its rational and just solution. Therefore he stands at the gates which give approach to one of the most important questions in world politics. The solution is a simple one: The things you have made by your own work are yours. The things I have made by my work are mine. But the things that neither you nor I nor any human being have made, they shall belong to us all.

Free trade is the original state of affairs. Tariffs and restrictions are later abnormalities. They are responsible for many wars. They keep the western world disunited in spite of the military co-operation.

The fundamental economic interests of a people in trade lies in importation of the goods they want, and not in the exportation of the goods they have. Tariffs and restrictions are often directed against the populations of other countries, but they are always directed against the home population of a country. They are measures that go against the interests of the nation—they are actions involving a breach of neutrality.

When representatives of the first 13 United States met to frame the Constitution in 1787, one of the difficulties was to make the single states give up some of the sovereign freedom they had enjoyed of annoying the other states with tariffs. New York State, for instance, had very high tariff barriers against the other American States, and New York was reluctant to forego the possibility of plucking Connecticut and New Jersey. But George Washington and Alexander Hamilton succeeded in uniting the states so that the United State today consist of 48 states with complete free trade one with the other. This is the mainstay of American strength. The broad-minded commercial policy that America has since followed internally has not yet been applied externally. In my opinion it is just a question of time, for America cannot in the long run conduct a military policy in favour of NATO, and at the same time conduct a commercial policy opposed to NATO.

It was Alexander Hamilton who pointed out: 'As too much power leads to despotism too little leads to anarchy, and both eventually to the ruin of the people'.

General Eisenhower says in his book 'Crusade in Europe':

'Military preparedness alone is an inadequate answer to the problem. Communism inspires and enables its militant preachers to exploit injustices and inequity among men.'

'Wherever popular discontent is founded on group oppression or mass poverty or the hunger of children, there Communism may stage an

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offensive that arms cannot counter. Discontent can be fanned into revolution, and revolution into social chaos. The sequel is dictatorial rule. Against such tactics exclusive reliance on military might is vain.

'The areas in which freedom flourishes will continue to shrink unless the supporters of democracy match Communist fanaticism with clear and common understanding that the freedom of men is at stake; meet Communist-regimented unity with the voluntary unity of common purpose, even though this may mean a sacrifice of some measure of nationalistic pretensions; and, above all, annul Communist appeals to the hungry, the poor, the prosecuted for the elimination of social and economic evils that set men against men.'

Military preparedness alone is inadequate, says Eisenhower. Communism inspires and enables its militant preachers to exploit injustice and inequity among men. Let us then treat men with justice! Henry George has shown us how!

In all countries, where people live in oppression and possess neither land nor freedom, there they will prefer Communism to capitalistic democracy, seeing that Capitalism only offers them freedom without land, whereas Communism offers them land without freedom. The day we offer the people both land and freedom, that is the day when justice has won and Communism lost.
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INTEREST AND ITS CAUSES

By A R CANNON

To the classical economists, there were three parties—landlords, labourers and capitalists who respectively furnished the three factors of production—land, labour and capital. They received three rewards—rent, wages and interest. Rent was considered as due to the difference in value between divers parcels of land and the poorest land in use, (i.e. the law of rent) and wages as the reward for labour. But there was no consensus upon the reason for interest.

Consequently, many diverse opinions arose, such as Bastiat's 'plank and plane theory' and also 'the reward for abstinence', both of which were ably dispelled by Henry George. In his turn, George settled upon another fallacy by describing interest as due to 'natural increase'. But in his later writings, he rejects this by declaring that, if a jack-knife were thrown upon the ground and grew into a tree of assorted cutlery, only landlords would benefit. What better example of natural increase could one find.

However, despite George's disproof of the abstinence theory, it lingered on in orthodox

circles for quite a while. Elderly citizens will remember the advertising propaganda of a certain money lending organization, which depicted an elderly gentleman and, presumably, wife, who had lived prudently and saved all through their lives, sitting comfortably by their fire and enjoying, in their old age, the income of savings invested at interest.

The trouble with this type of sophistry is that it is worse than a direct lie, as it is a half-truth. We are all aware of those middle and low income recipients who, through years of penny-pinching, scraping and saving have managed to accumulate modest reserves.

But eventually, about the time of Keynes, this fallacy was exposed. It was found that by far the greatest amount of saving was done by wealthy individuals and corporations, who, in the case of individuals, fared sumptuously, far beyond the wildest dreams of most of us, had all they wanted in the shape of material goods—homes, cars, household appliances, sporting goods etc, and in the case of firms, had luxurious offices and amenities, capital equipment, etc and yet had enormous surplus of income, which through different forms of investment, went on increasing steadily.

However, in his turn, by postulating interest as 'the price paid for the use of money', Keynes makes his own mistake, for, if this were true, interest would tend to rise, or fall inversely to increase, or decrease in money volumes. In fact the opposite is true.

Consequently, contemporary orthodox economists (now the neo-Keynesians) have to search for a new interest theory. In the lack of alternatives, they resort to a subterfuge. They return to the old 'reward for abstinence' theory and alter just one word. "Interest", they now say, "is the reward for 'waiting'."

In some ways the word 'waiting' means the same as 'abstinence', and in the above case it is absolutely interchangeable. So, let us examine *Progress and Poverty* and quote some lines upon 'abstinence', except that we substitute 'waiting' for that word. (The excerpt is taken from P & P, Book 3, Chap 3—'Interest and the Cause of Interest').

"'Waiting' is not an active, but a passive quality; it is not a doing—it is simply a not doing. 'Waiting' in itself produces nothing. Why, then, should any part of what is produced be claimed for it?"

But, in order to reinforce their opinion of the importance of 'waiting', the conservatives tell us that 'time is involved'. If I lend \$100 at 5% for a year, of course time is involved—fully twelve months in fact. Similarly, if I engage a labourer by the hour, or rent a piece

of land by the month is time involved. In fact, every material action, human or otherwise, involves time. After all, we live in a four dimensional world—at least. So, why do they single out interest in relation to time. Is it because they cannot find any better argument?

To confuse the issue still further, they say that part of interest is due to risk and that there are always different rates arising from various degrees of risks. They waste much valuable time deliberating upon the subject.

This is about as naive as telling a mathematics professor that one and one make two. It must have been very early in economic history that risk was noticed. Since then, all economists have been aware and agreed that there is such a phenomenon. But, risk is specific as to incident and time, as each loan has its own risk rate. So it is primarily a micro and not a macro economic concern and, beyond noting it, we may put it aside and get on with the examination of that part of commercial interest, which is not risk.

Firstly: there are charges incurred by banks and other finance agents, in procuring and maintaining loans. Actually, these are business costs and not interest, although they are usually included, along with risk, in 'commercial' interest.

Secondly: nowadays, certain pressure groups use their political muscle, to corrupt politicians into arranging lower than average interest rates and higher than normal advances, to the benefit of these groups. Also governments, with Canute like intent, lower, or raise interest rates by decree, in the false hopes that they can control the economy thereby. Consequently, we have a new variant—'political interest', which, as far as economics is concerned, only adds to the confusion.

However, the primary concern of the macro-economist is neither commercial nor political interest, but 'pure' or 'economic' interest, which consists of the remainder after risk, charges and political interest are allowed for. As to its nature and causes, there is no consensus of opinion. Consequently, we return to the postulates of the early classical economists and start again from there.

Capital, which is used by labour in production, is not an active factor, such as labour itself is. In fact, it is doubtful whether capital is a factor at all. Certainly, it is not a primary factor, as it is the product of land and labour. They are the primary ones. Capital use is part of the normal method that workers employ in the production of goods and services, but it is not absolutely essential to production.

However, some may consider its yield, interest as a reward for shrewdness, in that the transactor may know better than the market and shift his 'assets' about, to his advantage, from one form of holding to another, which includes lending at interest. But this is speculation and not production.

Consequently, unless someone can come forward with a new 'reward' theory, interest cannot be considered as such. Furthermore, I daresay that all reward theories were intended to pander to vested interests, and the classical postulates have fooled many well meaning people and have led them up the garden path to nowhere.

* This is the Keynesian method of account, in which interest is not included as a prior cost to profit, but is considered in a category of its own, so that it may be compared with profit, or expected profit. However, a similar conclusion, but with a different form of wording may be arrived at, if the alternative method, in which interest is included as a prior cost is used. (I.e. An entrepreneur is not likely to engage in a capital project, if he considers that it will return a loss and not a profit.)

But once we discard the idea of reward for capital's part in production, then the whole matter of interest shows up in a clearer light. In the first place, interest is not confined to capital use only, but may be payable on funds lent out for any purpose whatsoever—production, direct consumption, purchase of privilege, war, gambling, crime, to name some.

At base, interest is the price paid for the use of wealth, irrespective of the type of use to which that wealth is put. It comes into account, because of the overall shortage of wealth compared to the demand for it. In other words, if the wealth requirements of everyone were satisfied, there would be no need for borrowing and no cause for interest. This means that under the present social set up, there just isn't enough wealth to go around. Some, either do not have the wherewithal to buy directly, or do not find such buying to their convenience. And therefore, have to borrow, or go without.

In monopoly society, a disproportionate share of available income flows to the monopolists or wealthy class. This in turn, is lent back to those who produce wealth, i.e. the workers, for a consideration called interest. To this extent, interest is of monopoly.

Although the origin of interest lies in the shortage of wealth, yet if we regard money as the measure of value and medium of exchange, then we must quote all values in it, including interest. In this respect, interest is expressed as the money percentage of a money sum, i.e. the principal. Nevertheless, we can imagine a 'goods rate of interest'. At, or over,

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any given time, each type of commodity has its own rate and, according to Keynes, in some cases, particularly with food-stuffs, it may be negative, as here the carrying costs are very high. However, strictly speaking, carrying costs are primary costs, i.e. inroads to labour and natural resources, in order to keep up the condition of that particular type of commodity.

As there are so many 'own' rates, which in themselves are almost impossible to measure, we cannot assess a general, or average goods rate. But with money, bank rates and short, or long term bond rates, which are published daily, are excellent indicators of the (money) rate and changes in same. With these money transactions, risk and charges are very slight and the variations and comparisons between interest rates and other forms of gain, which are a major concern of economists, are easily computed.

However, the value relationship between money and goods at any given time, is not interest, but is price; nor are alterations between money and goods values over a period of time, interest; they are inflation, or deflation. Inflation tends to lower money values and increase interest rates and deflation tends to produce the opposite.

When discussing interest, there are two aspects of which we should be aware. The first consists of the nature of interest and the second of the rate of interest.

To the dreamer, secure in his ivory tower, the first of these may be enough, but to those concerned with applied economics, the interest rate and what from time to time determines it is of equal importance.

This is because the rate plays such a vital part in decisions of whether, or not, wealth production is to take place. An entrepreneur is not likely to borrow to engage in a capital project, unless the rate of interest is less than the prospective yield.* Even if he can furnish the whole of the required capital himself, he will rather lend it, than proceed with the project under such circumstances.

To any sensible business man, this decision forms the final, which arises out of a number of considerations, upon the suitability, or otherwise, of industrial expansion at a given time and place and hence has a very important effect upon depression, inflation and employment. Though, of course, not the only one.

If interest rates were set by what entrepreneurs could afford to pay, they would always be below the average rate of profit expectations. But in a monopoly society this is not so. Interest, like anything else subject to a market, depends upon supply and demand (or effective demand) factors.

The potential borrower seeks the lowest rate commensurable with desired borrowing conditions and the potential lender seeks the highest rate. Eventually, the actual rate settles at a mutually acceptable position, or the transaction is not proceeded with.

Supply consists of the amount of wealth coming to the loans market. It is offset by diseconomies, eg. war, strikes, depressions, monopolies, insurrections, state bungling, etc; and disaster, e.g. inclement weather, pests, disease, fires, etc; all of which tend to restrict supply and so increase interest rates. Good management, both political and private, good seasons, industrial peace, etc, have the opposite effect.

But demand is governed not only by what entrepreneurs can pay and yet show an increase, but also by what all the others, seeking loans, can afford. In the later stages of a boom, land title prices rise at a faster rate than any other factor of economic consequence. This creates an elevating effect upon interest rates. Not only do land speculators enter the loan market as competitive borrowers, but they are able and willing to pay high and rising interest rates. This lifts the rate above what competitive industry can afford and here, economic stagnation sets in. If allowed to continue, it spreads throughout all industry.

However, since the second world war and up till recently, governments, when faced with such a predicament, have stepped in and flooded the market with money, thereby increasing prices of most goods and allowing most industries to show sufficient profit to carry on for the immediate future, despite rising interest rates. But due to the acceleration of inflation, this play is just about played out.

Wants grow with the growth of civilization. The ancients didn't want such things as cars, washing machines, TV sets, etc, because these things had not been then invented and, except in some possible but rare form of obscure dream, were beyond their comprehension. Consequently, their wants were simpler, consisting of such as food, clothing, housing, horses, carriages, etc. But, since those times, innovations have increased enormously and whole new industries, with their supporting trades, have sprung up to satisfy and be satisfied by growing needs.

It is the opinion of most great economists that the capacity to produce would, if left unimpeded, be greater than the growing demand of wants. In other words, that wealth (and capital) would accumulate, thus tending to increase supply and decrease interest rates. Consequently, the latter is, to this extent, the result of present adverse pressures between the 'pro' and 'anti' forces of production.

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If we assume (and hope) for a world in which war is no more; that the rate of growth in population is not increasing rapidly and that there is justice in our political institutions, these anti forces will decline and the pro forces will grow. Thus a decline in the rate of interest will become apparent.

Apart from another possible influence, which we have not so far discussed, there is no reason to assume that decline will stop, at least until interest rates reach zero.

This other possible influence lies in the question of whether, or not, a considerable portion of the population will still have such an inferiority complex, as is expressed in vain ostentation, to the extent of an insatiable desire for wealth. One that no possible rate of production can satisfy. Although this, in turn could be limited by the credit-worthiness of such people.

In our society, where, due to social injustice, wealth production is held short and its division is unjust, its possession becomes an obsession and we are apt to imagine that such will always be the case. But, would this be so in a situation where wealth is very easily produced, remained in the possession of the producers and where all other social barriers to equality have been put down? I would say that the flaunting of wealth, particularly that which had been borrowed with the purpose of 'showing off', would look ridiculous.

While, in the short run, the effect of the proclamation of social justice upon an economy that is short of goods, may be increased interest rates, that is, until the supply of goods catches up with demand, yet the experience of Denmark, even when only a measure of social justice was proposed, was that interest rates fell.

However, no matter what the rate of interest is, under such circumstances, it will always be less than that the majority of entrepreneurs can afford and not subject to the influence of land speculators.

Letters To The Press

SYDNEY UNIVERSITY SENATE

(To The Editor, 'The Herald')

Sir -- The approaching Senate election again confronts us with the primitive electoral system which persists in the University. Although it is over a century since modern scientific voting was introduced to the civilised world by Thomas Hare of Oxford. Australia's senior university still adheres to the mediaeval illiterates' crosses and to the totally inept first-past-the-

post block system. In addition, our venerable university fathers are apparently unconscious of the serious and growing totalitarian threat to the world's democracies by the use of this primitive, misleading and unjust voting system in South Africa, Britain and many other reactionary places.

It is the more extraordinary, because in Australia our 'uneducated' political public has discarded this crude system long ago. It would seem that our more 'educated' classes are the least cognisant. We are electorally advanced in our Commonwealth, but retarded in our mother university. This curious pattern is also seen in other 'upper stratum' bodies, such as the the Law Society and the Synod of the Diocese of Sydney which some years ago rejected reform of its unjust block voting.

W A DOWE
(Director, Australian School of Social Science)
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Lakemba NSW

A READER'S GLOSSARY OF COMMON PHRASES

(From the Sydney Morning Herald)

Sir -- Like the old grey mare, the English language ain't what she used to be. To assist your readers who may be confused by today's terms, I have prepared the following glossary.

Provocative statement: Any statement with which a union official disagrees.

Real: A term widely used to describe wages, but not relevant when referring to profits.

Government grants: Money demanded by groups who surprisingly never plead for corresponding taxation to provide the money.

Bashing: Any criticism of a trade-union, particularly justified criticism.

People's Republic: A system of government in which the people have no choice of leadership.

Rights: Any claims by minority groups, regardless of justification.

Penal clauses: Fines violently opposed by trade-unions which they nevertheless impose on their own members.

Racist: Any white person who says anything critical about coloured people, particularly the truth. For some reason the term is not applicable to a coloured person who criticises white or other coloured races.

Flat-rate interest: A special type of interest reserved for those who can't afford the loan repayments.

Communists: People who can be 'democratically' elected to trade-union positions, but are unable to gain democratic representation in Australia's parliaments.

Perhaps your readers can add to the list.
M B WELLINGTON
*** ** St Ives NSW

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SENSE AND NONSENSE

The nation's in an energy crisis—right? Oil is in short supply—right? No! Certainly not on the West Coast. The trans-Alaskan pipeline has been opened less than a year, and it has produced a vast over-supply of oil along the Western Coast.

The reasons for the over-supply are varied, but most of them are due to the government's interference. There was an overly optimistic estimate of oil demand in the West, but primarily the problem is due to environmental restrictions and continued imports of large amounts of foreign oil. Why import all this foreign oil? Because California invokes environmental standards which have forced refiners to use lower sulphur Indonesian oil. In addition, Congress has forbidden the export of the Alaskan oil to Japan. Instead it must be used in the U.S. so it is shipped via tankers through the Panama Canal to the East Coast, an expensive process for Easterners. The oil companies wanted a tradeoff—ship the excess oil to Japan, and the oil Japan would have bought from the Middle East countries would be shipped to Eastern United States. This would have been sensible and cheaper but the politicians would not permit it. They are protecting the public.

Now the Federal Energy Administration which was supposed to be concerned with a scarcity of oil is perplexed with what to do with this over supply. What will its solution be? Probably make a bigger mess than exists today.

(Reprinted from the New Jersey 'Gargoyles')
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"LIBERAL" ECONOMICS

The tariff dilemma is one confronting all export industries, including some manufacturers who like the primary producer are forced to pay for their overheads at Australia's protected high prices and then be so efficient that they can compete with other nations where overhead costs are much lower.

As far as the cattle industry is concerned a stark comparison of these costs can be seen in the following example:

* In Japan two bullocks will buy a Toyota Land Cruiser (cab and chassis).

* In the UK three bullocks will buy the same vehicle.

* In Australia 31 bullocks are needed—10 times the input price of one of our major trading partners!

J HEUSLER, Pres. United Graziers Association of Queensland
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THE COST OF GOVERNMENT 2

Sir — Your brief interpretation of George's chapter 4, Book IX of *Progress and Poverty* ('Of the changes that would be wrought in social organization and social life')—February issue, page 15—leads one to ask 'What is the cost of government?' and, further, 'What is government?' And in the course of searching for the answers to these questions in that chapter, one finds oneself in a spreading landscape of conjecture and assumption and idealistic moral opinion which is little help to that quest.

George really lets himself go, in this chapter, in a flight of speculation as to man's true nature and lands in a kind of paradise garden in which all wickedness has been expunged by the elimination of poverty, so that man's inherent loving-kindness is free to produce the truly communist society.

In the process, it seems to me, George flies in the face of some of the more profound conclusions for which he is renowned and reversed. For instance, he proposes that government should be responsible for a host of public services that would delight the heart of a Whitlamite socialist. In another place, he appears to accept the common misinterpretation of Adam Smith's argument in support of true free enterprise by using the term 'selfishness' in reference to Smith's projection of 'self-interest'.

If you accept the principle of complete freedom of enterprise, most, if not all, the services he enumerates could be supplied by private enterprise, only excepting those which Australians are used to provide through local government (such as street maintenance and beautification). The only restraint required to be exercised by government would be the supervision of franchises, as in the case of electric and other forms of power, gas and water supplies and public transport, to prevent exploitation through monopoly.

Of course, one is working in the dark trying to visualise the extent of revenue likely to be receivable from the Surplus Product, bearing in mind the effect on industry and commerce of the removal of all taxation. On the other hand, how does one assess the likely cost of such essential services as the courts of justice, the police and the defence forces, in the changed situation which the economic and social revolution we visualise would bring about?

There is the question of parliament and its cost in the light of that changed situation, in which its role would no longer be that of discussing the merits of bills providing for the greater intervention of government in the activities of businessmen, or of conducting the phoney warfare of party conflict which today distorts so much of what is ironically called government.

There is the bureaucracy, whose present astronomical cost is well enough available. With the wiping out of the countless boards and commissions at present cluttering the path of industry and commerce, not to mention such redundancies as the departments of trade, shipping, labour, transport, etc., the cost of government would be very different from that of today.

George visualises the Surplus Product being sufficiently bountiful to provide funds for 'museums, libraries, gardens, lecture rooms, music and dancing halls, theatres, universities, technical schools, shooting galleries, playgrounds, gymnasiums, etc.' Allowing for the changes in taste and ideas which already make some of these goodies a bit quaint, there is the question of the 'welfare' aspect of providing such institutions by government rather than by the private initiative of interested people providing them as enterprises or of groups anxious to establish them as a co-operative form of social or cultural activity. Does one, for instance, make all such facilities available without fee? This would seem to be George's idea; yet haven't we seen the disastrous consequences of such a policy, during and after the Whitlam regime, in, for example, the case of tertiary education?

The problems are endless and seemingly imponderable in the context of our present anarchic situation, in which we are drifting towards the cataclysm of authoritarian despotism. Yet this is not to suggest it is a waste of time to speculate on such problems; on the contrary, it is a way of keeping our heads above water and our eyes on the goal of freedom. Some day our feet may touch land and we may emerge clear-eyed to set about the task of building the truly free society, the better prepared for the task for having given thought to it in advance.

E P MIDDLETON
Norfolk Island
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INFLATION — F E E'S VERSION

Sir — The editor of *THE FREEMAN*, the otherwise excellent monthly publication of the (U.S.) Foundation For Economic Education, does not tolerate correspondence commenting on any of its contents. The Australian counterpart of the Foundation, operating from an address in Queensland, has no similar vehicle.

One can only request, therefore, space in *GOOD GOVERNMENT* in which to challenge a recent statement by Dr Henry Hazlitt, in an American publication, *REASON*, of August, 1978* headed *Inflation in One Page*, which asserts that 'The sole cause of inflation is the printing of more money' (than is required to balance the budget), and that 'unemployment is mainly caused by excessive wage rates in some industries, brought about either by extortionate union demands, by minimum wage laws (which keep teenagers and the unskilled out of jobs) or by prolonged and over-generous unemployment insurance'.

As I have endeavoured to show in my forthcoming book, *TOWARDS THE FREE SOCIETY**, the cause of inflation is complex, despite Hazlitt's denial, but that the basic cause is the imbalance in the economy created by the failure of the government to collect the natural revenue of society, the Surplus Product, or economic rent, and its consequent recourse to taxation. A secondary cause, stemming from the first, is retention of the discredited Keynesian macro-economic theory of 'economic management' with its control, and mis-use, of the money supply and the manipulation of 'credit'. The imbalance is further aggravated by the inevitable growth of the bureaucracy and of the 'welfare' system.

Unemployment is the result of the policy of Protectionism and the effect of government intervention in the management of industry. It, in turn, is aggravated by taxation and the consequent cost-inflation. Excessive wage demands are the natural result of the general mismanagement and of the misguided protectionism adopted by the trade union movement in self-defence.

What we are really suffering from is a modern version of the European mercantilism which Adam Smith assailed. Its new name is State Capitalism, versions of which will soon be indistinguishable in either the so-called West, the Soviet system or the 'third world'.

E P MIDDLETON
Norfolk Island

* Circulated by the Australian F.E.E.

** See Also Knud Tholstrup's excellent booklet *ECONOMIC LIBERALISM and A R Cannon's DEPRESSION, INFLATION AND EMPLOYMENT*.

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Sir — Recently there have been frequent complaints about land tax.

We are certainly overtaxed, and land tax should not be increased without remission of other taxes.

But what about sales tax, which has escalated dramatically in recent years, and which hits lowest groups hardest?

What about income tax, which because of inflation has made increasing inroads on real wages in recent years, which deters productivity and enterprise, and which is costly and complex to collect?

What about payroll tax, which is a penalty on employing others and which, according to Melbourne University economists, effectively displaces tens of thousands from employment? What about high tariffs, which mean dearer prices to Australian consumers, and hardship to our Asian neighbours denied access to our markets?

Land tax as at present administered has various blemishes. Yet in principle it is the best and fairest form of revenue, since it requires landholders to pay in accordance with community-conferred advantages surrounding their sites.

(Cont. on page 10)

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LETTER TO PM, ABC PROGRAM

Sir — Your listener David Spain has touched on the largely unrecognised solution to the economic problems of the world. Malcolm Fraser has shown us, as indeed have the governments of West Germany and Switzerland, how inflation can be brought down, but the problem of unemployment remains a mystery to them.

Long ago such great thinkers as Adam Smith and Herbert Spencer recognised the annual rental value of land sites as the natural revenue of government; and Henry George in his book *PROGRESS AND POVERTY* (1879) spelt out in clear irrefutable logic how the failure of governments to collect site-rent as the major part of their annual revenue is the cause of unemployment and poverty. His remedy for unemployment was simply to remove the cause and his logic is just as valid today as when it was written. Politicians do not argue against site-rent for revenue, because it is an argument they cannot win. Rather they avoid it like the plague saying it is politically unacceptable, yet it remains the last untried logical course of action.

How close to economic collapse must we come before a government will try it. The opponents of this remedy are very affluent and capable of sustaining a vigorous and highly vocal campaign and lobby against it. This happened in Denmark in 1957 despite the fact that the desired result was being achieved. At the next election the government changed and so did the law.

Here is briefly how it works:
The holders of all land titles of all categories are compelled by law to pay the annual rental value of their sites into public revenue through the existing mechanism for collecting rates, or sell, or forfeit the title. There are to be no sliding scales and no exemptions granted to churches, charities or government organisations. The annual rent of each site will be determined by the Valuer General as a mathematical derivation from the Unimproved Value as currently assessed.

Some of the things which would happen as a result are:

1. The cost of holding land would rise.
2. Holders would thus be forced to put land to its optimum use or sell.
3. The price of land would fall dramatically as a consequence of holders getting rid of unused and under-used lots.
4. Home ownership becomes possible for many thousands of Australian people previously denied it because the land component of home prices is lowered and home prices would fall by that amount.
5. Employment in the building industry is immediately boosted and the multiplier effect creates many more jobs than just those building the new houses.
6. Landholders putting sites to more efficient use will either employ more staff or pass savings on to consumers in lower prices of goods or both.

Moreover, a properly applied land rental tax would deter land speculation, and so prevent the possibility of corruption in land dealing arising. Moreover, a land tax, as economists such as Nobel Prize winner Paul Samuelson have explained, cannot in the long run be passed on in higher prices.

So, why the complaints about land tax?
G A FORSTER
Melbourne
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Sir — The late Sir Philip Game once delivered an address to an audience, of which I was a member, and told of some advice King George V had given him before leaving England to take up his appointment as Governor of NSW. The advice was, 'If you have something of particular importance to say to an audience begin the address with it, repeat it in the middle and conclude with it, and *don't apologise*'.

The latest issue of the Journal is dated February, 1978, but this is now August, so there is a considerable time lag here. If anyone takes upon himself to write an answer to my suggestion there will be such a big delay that the whole affair will have lost much of its significance. This only adds grist to the mill which I began grinding and which I shall now continue to grind.

Apropos of the King's advice I make no apology to repeat that the only way to succeed is to take the fight right into the political arena. I suggested enlisting the support of Henry George Movements the world over in a huge deputation to President Carter. I repeat that, irrespective of our individual opinions of the President, here is the starting place. He would, no doubt, have advisers with him so that the responsibility of making a decision would not rest with him alone. In fact, the presence of advisers, however numerous, could only work to the advantage of the deputation.

Here is another suggestion. In California at this moment there is a movement quickly gathering momentum to overhaul the tax system in its entirety. Why not 'get at' this movement before it goes much further?

On the local scene it should be possible to enlist the support of all Henry George Movements throughout the Commonwealth to wait on the Prime Minister. He would be forced to give a substantive decision. I made an individual effort with him and got nowhere.

Efforts to educate the public by means of Summer Schools and the Mike Walsh Show etc, may influence a very small number of people, but they do not frame policy. Only the Politicians do this, so I repeat, again without apology, *take the fight right into the political arena* while there is yet time.

HARRY SMITH
Warimoo NSW
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7. Land as such would cease to be an attractive investment and investors would seek placement in industry. Money invested in land does not employ significant numbers of workers and is therefore less desirable than investment in industry.

8. Income tax, sales tax, company tax can be reduced by the amount of rent collected.

Income tax is ill-conceived because it slowly strangles the geese which lay the golden eggs. Progressive income tax as we know it, with its sliding scales, concessions and rebates is a nightmare of discouragement to anyone with the will to work hard.

There are many more benefits to be gained from the 'remedy' which you might wish to take up at a later date. May I suggest that *PROGRESS AND POVERTY* is recommended reading for knowledgeable commentators.

A S FURNISS

Glenorie NSW

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THE BASIC CAUSE OF UNEMPLOYMENT

By S S GILCHRIST

The basic cause of the lack of opportunity for employment is not concerned with the amount of money in circulation.

The basic cause of unemployment is the large group of Acts of Parliament which directly restrain, restrict, limit, discourage or prevent people from selling their services to others. The best way to explain this is to give some examples.

Until a few years ago, the dairy farmers of NSW were all able to sell milk in the Sydney area. Then a government passed a law which granted only farmers in a certain area the legal right to sell certain quotas of milk. The dairy farmers outside the area (and prospective farmers within the areas) were now excluded from the opportunity to sell milk in the metropolitan area. So some farmers, mainly on the North Coast, went out of business, that is they became unemployed by law. Maybe only 5 or 6% became unemployed. Perhaps they sold out, and disposed of the equipment cheaply to those who obtained the government granted privilege of a quota.

What has been the general principle involved here? A fairly large section of able bodied people in a given industry have been given increased security and better economic returns, while a small fraction of the people in that industry have been deprived of the opportunity to work for their living. But that is not all; because of the restriction on competition and the limitation on the actual number of litres of milk which may be produced, the price of milk to public is higher, and less milk can be purchased.

It is interesting that these 'quotas' for milk production can now be bought and sold, and the prices of these government granted

privileges now run to tens of thousands of dollars. Why are they worth so much? Because they allow the holder to get an extra return from his business, an amount over and above the normal return for labour and investment in production. This amount is clearly an extra impost at the expense of the rest of the community apart from causing unemployment for a few.

Now let's take an example of a quite different sort. Just imagine our North Coast dairy farmer has sold his farm equipment and bought a car which is fully equipped as a taxi, and that the farmer has passed as a fully trained taxi driver. He now applies for a license for a taxi, and is happy to pay the fee. But what is he told?—"The number of taxi licenses are limited, mate!". So he is not allowed to be employed. However, he is told that some people who have licenses ('taxi plates') may be willing to sell them. The ruling price recently being \$32,000, just for the 'plates'. Now why would anyone think plates were worth that much? It is simply because the limited number of taxis can each get something like \$2500 per year over and above what is needed to pay the wages of a driver and to cover all the expenses of keeping the taxi on the road. Note it need not be the driver who gets the unearned income; it is the owner of the 'plates'. Such taxi licenses are the government granted privilege to get income without work, risk or enterprise. And here again the extra income must come from the higher charges which the restricted number of taxis can charge, and the community suffers from both the restricted service and greater cost; and of course employment opportunities are reduced, not only for the taxi driver but for those who assist maintain and make cars.

These are only two examples of how employment opportunities are restricted by government action. But this evil practice is applied to nearly every industry, trade, and profession. Nearly every group of people in any sort of organised business, seeks to limit the numbers of people working in the group so that they have monopoly which can demand above the reasonable market price. Sometimes this may be in the form of licenses which limit more than is necessary for the guaranteeing of some qualification, whether it be for a doctor, or a plumber. Sometimes it is a general legal acceptance in arbitration courts of unions picketing or 'demonstration'. There are a vast number of laws through which government issues special privilege at the expense of the community: quotas, licenses, zoning, subsidies etc. They all seek to guarantee extra benefit to each group at the expense of the rest. All are authorised to steal a little more than they deserve from the remainder. Even if everyone was employed this would be an uneconomic situation, we can't all benefit from stealing from each other. Stealing is uneconomic. The more stealing, no matter how it is legitimised,

the lower is the general standard of living. And of course it causes unemployment as well. and extra taxes are needed to support those who are producing nothing.

The main failing of our otherwise excellent private enterprise system is the huge amount of government granted privilege which is grafted on to it, and that is what will cause it to fail inevitably.

By far the biggest amounts of privilege in our existing organisation are the government granted titles to land sites and resources. A site title is in fact a government granted license which allows continued opportunity to the title holder, to all the advantages of a site, and deprives the rest of the community from such opportunity. Because there is an obvious limitation in the amount (but not necessarily value) of land sites, government can only give land privilege to any individual at the expense of *depriving* the remainder. The title to a site is of course an opportunity for employment. Deprivation of access to land deprives one of employment opportunity. It is estimated that some 30% of people in Australia are landless, and depend on title holders for opportunity to use land. Needless to say the title holders with sufficient land can extract a tribute from the landless as rent. They can also withhold sites from use in order to seek a higher level of tribute.

Government should steadily abolish all laws, which give special privilege to any industry, trade, individual, profession, union, or any association of able bodied people whatever. Government should remove the special privilege of site holding by steadily increasing site value taxation, as this is an entirely just and economic tax which encourages full employment of the best sites and encourages the full employment of people.

And that leads us to another cause of unemployment—the discouraging and preventive effect of Sales Tax, Income Tax and Pay Roll Tax etc. These act as deterrent fines every time a legitimate economic transaction takes place. A good government will steadily reduce taxation on transactions which cause prosperity, and will replace it with site taxation which itself causes prosperity.

Unless democracy is wise enough to steadily remove *privilege* from the private enterprise system, there will be continuing depressions.

If democracy foolishly tries to increase privileges then it will go the same way as Marie Antoinette.

The basic cause of unemployment is government granted privilege which allows some people to monopolise employment opportunities and exclude others. The Chairman of the ACTU is the head of

what is probably the biggest cartel of monopolies in Australia (the ACTU) and yet he would no doubt claim to be an anti-monopolist.

When privileges are wide spread, they more than cancel each other out, and they instead make everyone worse off.

Conservative 'ruling class' governments seek to maintain privilege for a small group at the expense of the majority.

Unfortunately Reform type governments, when elected, do not remove or reduce privilege. They proceed on the silly course of seeking to issue privilege to everyone, which only leads to deprivation. You don't increase income by 'redistributing' it, quite the reverse.

You increase real incomes by allowing maximum opportunity and the minimum of restriction and minimum of privilege. The primary function of good government is to prevent people from stealing from each other, not to organise or legitimise it by issuing privilege.
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LETTERS TO THE EDITOR

Sir — Your February editorial rightly deplores the fact that society in its ignorance, is unable to identify economic rent as the natural revenue of society. Unfortunately, we appear to be intent upon defeating our efforts to enlighten the community through the confusion that lurks in our own minds on the rent question, a confusion that inevitably creeps into and distorts the reasoning we offer the public in support of the Georgist proposition.

With due respect, I suggest that a thoughtful reader of G.G. must find himself really confused with what appears on page two. You say 'competition ensures that an increasing proportion of what tenants produce is not retained as personal income but paid over to land-owners as rent without any possibility of such payments being recovered by raising prices'.

This implies that tenants have a right to retain the economic rent and society therefore, should move to protect them against this legal robbery by land-owners since they cannot help themselves by raising the price of their products.

The 'thoughtful reader' now has to try and reconcile this 'right' of the tenant with the right of society to take the rent, a right which you demonstrate so well by showing that it is 'the corporate product of the people'.

Obviously, the perplexed reader must be led by this ambiguity into the conclusion that if the land-owner as rent collector is robbing the tenant, then the robbery must still exist when society assumes the role of rent collector.

The truth, of course, is that the tenants are not deprived of any part of their personal earnings by landowners when they hand over the rent; (we are not now considering the incidence of speculative rent) that they are not a landless group forced to come to terms with either land-owners or society for the use of the land they rent, lease or buy; that what they do pay for today is the opportunity, not for access to land as the totally misleading article 'Justice and Land Tenure' appearing in the same issue of the journal takes as its theme, but for access to rent or the privilege of augmenting their incomes by that bonus which attaches to their particular site—an excess or differential in the income they can enjoy there over and above what they could get on an inferior site.

Until we are able to eradicate such confusion in our own thought through a more adequate grasp of the nature of economic rent, we seem doomed to go on damaging our public image.

I take no pleasure Sir, in having to direct this criticism at your otherwise excellent editorial but I have been running a bit of a fever since I had the painful experience of listening to a prominent Georgist on one of our most popular television programmes, making a pathetic attempt to explain our proposition in terms of hospitals and street sweepers. This is the only way I can get it out of my system.

E B DONOHUE
Croydon NSW

Mr Donohue's criticism of the 'Viewpoint' article is, of course correct. Rent does not reduce wages. Degraded politically into land values, however, its speculative advance is at the expense of wages, and one is continually faced with the necessity of discussing it in two senses. From the tenor of the paragraph in particular and the article generally I do not think that an inference of a right of tenants to retain rent can be substantiated any more than it could be from 'Progress & Poverty', in which the same ambiguous usage occurs.

Any contributions from Mr Donohue or other sources that could assist in maintaining interest in the subject whilst avoiding this double usage would be most welcome. EDITOR.

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Sir — Further to J C Shergold's letter (*Progress*, Aug. 1978) and other recent observations that Georgism is not winning, and why, I believe we must take serious note of some simple if unpalatable factors which appear to have been ignored to date.

According to P Raskall in the current Journal of Australian Political Economy (reported in Aust. Financial Review, Aug. 3) the richest 1% own almost three times (22% against 8%) the wealth of the poorer 50% of Australians.

The richest few percent—'the establishment'—quite obviously control Australia, including the media and education sectors. Institutions of both know well that they won't survive if they vigorously promote single-tax or other boat-rocking theories which put 'the establishment' at risk. Their grants, advertising revenues, etc, will dwindle whilst the would-be reformers are hounded and persecuted for good measure and as grim reminders to the rest of us to stay in line.

Just look at the delicate task of getting even a Gough Whitlam into academe without jeopardising funds, or observe as in *Progress*, Dec/Jan 1978, that an academic expert on city land wheeling and dealing (Dr L Sandercock) could write a book about it with '...only a few lines...' mention of Henry George. *Progress*, Aug 1978 also laments that Susan George, another land reform author '...has apparently never heard of her great namesake...' and admits that George Hardy, as 'Antimonopolist' could not be outspokenly Georgist.

The problem is not what arguments to use on the public but how to get to their eyes, ears and intimidated minds. Georgists are, effectively, a minor and ex-communicated splinter from a brainwashed society of closed minds. Compare us, e.g. with the negroes in 'Roots', kept in complete ignorance to maintain their docility.

This situation will continue whilst wealth and power remain concentrated, as illustrated above. The prerequisites for dispersing them and their respective corollaries of poverty and brainwashing intimidation are the opening to public scrutiny of wealth, its ownership, all business and government revenues, expenditures and contracts and open government from cabinet levels down through the bureaucracies.

As admitted in 'Interview With a Crusader', *Progress*, Aug. 1978, The Henry George League is a pariah in this well-trained society, '...had the approach (George Hardy's) come direct from the League, they would not have invited us...'. On the other hand I believe the simpler policies of open business and government are politically saleable in a community continually paying lip service to their need, even whilst moving toward more secrecy, e.g. Freedom of Information Bill.

Nothing less can overcome the brainwashed apathy which presently foils all direct attempts to spread the more complex single-tax idea.

Energies should, I suggest, be turned to achieving openness first, unpalatable as that may seem to enthusiastic Georgists. Can this be debated in *Progress* now, I wonder, or are Georgist minds also closed?

BILL MASON
Pearce ACT

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Sir — Figures recently were published showing the percentage increase that Victorians can expect to pay for services supplied by State instrumentalities this year as compared with last year.

They are: Electricity, 9%; Briquettes, 12%; Gas, 7%; Rail fares, 14%; Tram fares, 11.33%; Board of Works rates, 8%; Stamp duty, 11%; Driving licence fees, 66%.

At the same time a relatively small segment of the population has been investing in land holding for speculation or as a hedge against inflation. The value of their land holdings has increased enormously over the last ten years but their contributions in land tax to government have not commensurately increased.

The increasing concentration of property ownership in fewer hands is building up to saddle us with a major depression. Already unemployment is high and increasing. Until a decade ago Australia, at 80% had the highest proportion of home ownership in the world, but tenancy has been increasing at about 1 per cent annually since. The high price of land is the cause of both indicators of deterioration. A fundamental shift of the burden of taxation from land use to land hogging is essential. This means more land rental taxation, in place of taxes on incomes, goods and services.

A R HUTCHINSON
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Melbourne

Sir — Can any reader supply the source and exact wording of the following quotation, believed to come from the writings of sayings of one of the popes?

"They who make private property of the gifts of God pretend in vain to be innocent, for by appropriating their means of life they are the murderers of those who die every day for the want of it".

Please send information to Box 175, Post Office, LAKEVIEW, NSW 2195, Australia.

W A DONE
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GEORGIAN LAND-LIBERATION IN NORTH EASTERN N S W

By D E SPAIN

In practical terms, Georgian ideals are already being implemented in north-eastern NSW, upon what the mainstream (and often misconceiving) public loosely calls 'Hippie communes'. People from all walks of life (professional, artistic, artisan, labouring), being dissatisfied with the pollution, inequality, exploitation and inhuman competitiveness of established society, are coming together in this area, buying shares (costing as little as \$400) in land co-operatives, and, despite such open-ended, diverse origins, are harmoniously living together. Some four or five thousand acres, and

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as many people, have been 'liberated' in this way.

Of course, certain land is set aside as commons or wilderness, and settlement is, by consensus, restricted to certain areas, but in practice, since each nuclear family only needs an acre in this fertile, well-watered region, there is ample land for each shareholder. Provided settled neighbours are amenable, one can choose a site then build a safe, camouflaged home, and plant a reasonable area with life-support systems. Most people, once established, do without motor vehicles, electricity and telephone, some even have no income; health is maintained by proper diet and exercise, and social fulfillment is cheaply provided in the extremely rich artistic, emotional and intellectual environment. 'Alternative' means of transport and energy are widely utilized.

Although potentially idyllic, and in practice quite satisfying, there are difficulties to be faced. At present local council will only permit the more-dense 'hamlet' settlement of rural areas upon a few specific properties, and in such instances homes may share common facilities. At present negotiations are under way between the 'New Settlers', the Council and the State Planning Authority to extend the area open to such development. It is advisable for settlers to bring some \$4,000 for establishing their orchard and building a home; there is a need for capital also to construct dams for retaining wet-season run-off against the dry summer; and of course, one gets a quarter sprinkling of not very industrious or far-sighted people.

After the initial purchase of a share, one can expect a levy to be made against residents so as annually to cover rates, taxes and administrative costs. In our case, at Tunttable Falls, near Nimbin, with 250 settlers on about 2000 acres, this is only \$20 per annum for each resident. About one-quarter of the population, by the way, live (more or less) without money, while the other approximate quarters work seasonally, have private savings/income, or receive governmental social security.

Of course, the sort of lifestyle evolving here springs spontaneously from liberty and the Heart: it is the emergent prototype of 'Aquarian' or 'New Age' civilization. Individuality, free will and tolerance are invariable and essential tenets. Basic characteristics of Aquarian life style are centeredness in group-soul; co-operative, group-focused (but monogamous!) living; self-sufficiency in agriculture and cottage craft; and harmony with Nature. It is envisaged that the entire north-eastern corner of NSW (the 'Rainbow Region') will become saturated with such settlement, even over the next ten years, and will come to flower as an exemplary Aquarian City-State, first to be actualized on Planet Earth.

AUGUST, 1978

BRIEF ON LAND POLICY

Support is given to the individual's Right to privacy and security of domicile. Each individual is entitled to occupy sufficient land for properly supporting his nuclear family. At no time is it proper to use land for grazing animals destined to be slaughtered. There is a presumption that intensive organic agriculture of land growing fruit, nuts and vegetables is proper and reasonable use by an individual. Other uses, such as growing of timber for milling and quarrying, should only occur on a local communal basis and agreement.

So as to free vast tracts of misused or unused land from private ownership and for settlement by the landless masses, in support of that approach defined by the social philosopher Henry George, we propose that the entirety of Government income should be derived from site rent, that is, from a tax upon the value of land occupied by an individual. This sole source for Government income will dampen land speculation (a peculiarly pernicious and anti-social practice), inhibit inflation (for which the exorbitant cost of land is a major contributing factor), free the market place from distorting interference, and assist the healthy decentralization of the cities because people will then be able to afford land.

Failing the proper Liberation of Land (the Creator's Gift to all) for such unifying purposes, both as regards the NJM terrain and else where, we state that no violence will be done to those who retain possession of holdings 'legitimately' acquired under the present system of land tenure. There will be no seizure of land nor its unapproved occupation. Our Revolution is one of Non-violent Intelligence!

Rather, we will seek to purchase land at the present inflated and distorted values. These values are iniquitous because the value of land is created by the surrounding community, with its roads, facilities and demands, such that the value thereof should not accrue to individuals. The funds for such purpose will be raised from contributions by individual settlers or from donations by altruistic benefactors.

Failing release of lands improperly privately dominated, so that they may be used for the maximum public good, subsequent to legislation imposing site rent, we take the attitude that those continuing to retain excessive tracts are contravening Supreme Intelligence and the Creator's Will. They may scoff for the present, but such selfish retention is sinful and there will be punishment.

Accordingly, we look for voluntary donation of private land to the Mandalic cause. In this event, donors will have no reason to complain about their position afterwards. Resumption of land by local authorities or by any Government, contrary to the will of present citizens, is not at present sought or intended.

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So my advice to Georgians, frustrated in getting the partisan governments to listen to their plainly-sensible arguments, is that they combine together, form a registered co-operative, liberate some land together, settle into a loving, organic community, and become a powerful source of knowledge and example. To my mind, it is only by enough sparks of the correct energy coming together in a place like this, that we will engineer (with Divine Grace) a fire capable of purifying blinkered selfishness and sloth and of enlightening the benumbed, conditioned, apathetic and deluded masses. Thus, in a spirit of joyful, knowing laughter, amidst plenty and peace for all, nationwide and internationally, so partisan politicking and landlordism will wither up and die.

I personally am willing to answer enquiries, and direct people towards others seeking communal land, however, I live upon what I have built out of my savings, I have no income and receive no government dole, so I am only able to reply to those who send \$1 with their letter, so as to partially cover direct costs of the inevitable enclosures plus postage.

David D'Elyan Spain Box 35 Nimbin 2484

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1st Monday, 6 p.m.
Australian School of Social Science.
(No January meeting)

2nd Tuesday, 6 p.m.
Henry George Foundation and
Association for Good Government.

3rd Wednesday, 7.45 p.m.

Social Science Club.
(No January or February meeting)
October meeting is held as the Henry George
Commemoration.
December meeting is held on 2nd Wednesday.

LAST Thursday, 6.15 p.m.
Proportional Representation Society.
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