

# Good Government

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## Viewpoint

### A NOTABLE CENTENARY

In this centenary year of the publication of *Progress and Poverty* it particularly behoves us to think about the book and its author; to reassess the purpose for which it was written and the extent to which that purpose has been accomplished.

Although the book revolutionised the science of economics, it was not written as a text book in that subject but as an inquiry into the persistence of poverty with increased production of goods and the recurrence of industrial depressions.

The book was unique in that its author was able to traverse and analyse, to the extent necessary for his subject, the whole range of existing economic works and to show with absolute logic its inadequacy in offering a solution to the chronic problem of poverty. And all this led up to the author's definition, in broad, convincing outline of the natural principles, which were the basis of economics and which, when brought together, presented an harmonious explanation of the forces which operated in the economic area of human activity. Social disharmony, characterised by the persistence of poverty was shown to arise from ignorance of these principles in the socio-legal structure and behind that, in the minds both of those who governed and those who were governed. The principles were as firm and fixed in their operation as other natural laws and there was no authority, social or academic, that could bend them. Society would continue to injure itself

and show symptoms of disintegration until the laws were recognised and followed. As the author pointed out it was not the vested interests of the dominant propertied classes which were inflicting hardship and suffering on the people but their own ignorance just as, in an earlier age, they had been decimated by plagues through ignorance of the elementary principles of sanitation.

### A REVOLUTIONARY MASTERPIECE

Having solved the problem by demonstrating the operation of natural economic principles, Henry George was led on to a statement of the remedy and, in this process, he examined and exposed several prevailing superstitions like that of over-population, which has led not only to a profound loss of belief in the essential goodness of creation but in the study of economics being labelled 'the dismal science'.

The book was amazing in its revolutionary discoveries, its superb moral tone and its utter consistency with the highest ethical and spiritual aspirations; all harmonised in a simple, practical and just resolution of the problem which had given rise to the author's enquiry.

*Progress and Poverty* is properly described as a masterpiece; it transformed economics from the status of an incoherent and dismal collection of ideas into a science of enlightenment and salvation; nothing like it had been achieved before and it still stands as a pre-eminent landmark in the field of social science.

Any great literary work demands a thoughtful and critical response from the reader: there

### 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 PROPER REVENUE OF A NATION IS THE SITE RENT OF ITS LAND

must be a measure of the writer's application to his subject in the quality of the reading, but the number of people that will give a book that sort of attention is relatively small. Of that small number there was a proportion to whom, whatever the intellectual and moral appeal of the book, the habits of traditional orthodoxy were too strong and prevented any proper judgement of its merit. But there were many people who responded enthusiastically to the work and each of these groups both pro and anti had their followings. As always the majority of people remained apathetic and uncommitted.

#### REACTION OF CONTEMPORARIES

George's great contemporary, Tolstoy, is an example of the type of impact that the book must have had on many intelligent readers. His impressions from a first reading were not favourable, but his essentially honest mind was sufficiently aroused to cause him to re-study the work and he finally became convinced of its truth. As a result of that and his considerable prestige and influence *Progress and Poverty* made headway both in Russia and Eastern Europe and led to the formation of bodies of supporters in those countries.

But the public comments of other men of intellectual stature of the time indicate that their preconceptions had prevented an adequate consideration of the work. They either dismissed it with cursory judgement, or endorsed it for inadequate reasons.

What emerges fairly clearly, in a reappraisal of the reception of *Progress and Poverty*, is the power of traditional habits of thought, when confronted with a revolutionary concept of facts either to brush the facts aside or to endeavour to incorporate them with old errors. The latter was most evident among Liberals and Socialists and those who subsequently became the Labour Parties in various countries. Francis Neilson's essay on 'The Decay of Liberalism' contained in his book *Modern Man and the Liberal Arts* writes with firsthand knowledge of this tendency because he was a Liberal member of the British House of Commons at the turn of the century and was appalled at the confusion of ideas that led so many of his contemporaries to endorse the socialisation of land values on one hand together with massive welfare and nationalisation proposals on the other. Our Australian Labour Party incorporated these contradictory proposals in much the same way, indicating that the principles outlined in *Progress and Poverty* had not been grasped and that George's proposals were seen as one among many other desirable reforms of equal or greater value.

#### GROWTH OF A SCIENCE

Henry George had done his job thoroughly and nobly but an understanding of the science of economics which was the basis of his work was

far less widespread than the record sales of the book or the formation of Single Tax Leagues would indicate. The effort put into understanding the book was not sufficiently responsive to that which had gone into its writing and much of the support succumbed to the insistent pressure of traditional and mass habits of thought. One among several responses to this obvious wastage has been the formation of schools and the growth of a far keener awareness of George's work as a science with the result that a far clearer definition of the nature of economics is available now than was the case with earlier generations. Here in Australia this scientific promotion owes a great deal to the dedication of men like Arthur Dowe and the late Henry George Pearce.

This process of elucidation of any great work appears to be a necessary stage in its ultimate acceptance. It is just 100 years since the publication of *Progress and Poverty* and it has been a period of peaks and troughs. If we compare that period with the time that was taken to have the facts of astronomy generally accepted it may aid us in retaining a sense of perspective.

Aristotle published his work on the structure of the universe in the 4th century B.C. It was of a two sphere universe with the earth fixed in position. There was no accepted challenge to that until Copernicus emerged in 1543 and published the first mathematical proof of the earth's motion. Nearly another century passed before Galileo, with the aid of fairly crude telescopes, was able to give visual proof of Copernicus' calculations. And the authorities of the time forced him to recant. In a further 30 years Newton was able to present a complete and harmonious account of the movements of the bodies of the universe but it took another century for his work to be accepted.

From this and our own experience we can appreciate that habits of thought or non-thought are even more tenacious than physical habits and it is difficult to judge objectively when the reversion from error will commence to show itself. We cannot see into the future any more than George could in *Progress and Poverty*. He was aware of all the difficulties that his work would encounter but also pointed out that a characteristic of Truth was that it would ultimately prevail.

It seems inevitable that when one sets out to praise the magnificent scope and achievements of *Progress and Poverty* that one is led on to speculate on when its facts will be generally accepted and that tends to lead one away from praising the book itself.

#### THE LABOUR SAVING BENEFIT OF PROGRESS & POVERTY

Generally our thanks to George for his work takes the objective form of praising its

excellence in introducing a harmonious coherency into an embryonic science and there have been many inspired articles written on that theme. What is less frequently referred to is the subjective effect of the book on the reader.

The person, who studies the book, is the beneficiary of the central principle of economics, the economy of exertion, and is carried by Henry George's efforts over all the gropings, traps and false leads of more than a century of economic research to a point where he is introduced to the marvels of a satisfying and harmonious science. How many of us would have been easy victims for the appeal of socialism or some other 'ism' if George had not done our homework for us. Or would we have been mere drifters on the stream of mass thought, giving support by default to the corrosive influences in society.

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## LETTER FROM SYDNEY

Edward G Wakefield, one of the most important and colourful figures of the early Australian scene, provided a clear illustration of the great truth so eloquently expounded by Henry George and so significantly pointed out by Karl Marx that the whole basis of the exploitation of the masses is their expropriation from the soil. As Henry George says, the greatest of all social features is the land tenure system.

In A W Jose's *History of Australasia* (5th edn. pp. 90-94) we read: "In 1829 a London publisher issued 'A letter from Sydney, the principal town of Australasia ... together with the *Outline of a System of Colonisation*.' The letter was written from the standpoint of an 'exclusive'. Wentworth and his friends were called 'rebels', whom 'nothing but a sense of weakness deters from drawing the sword'. New South Wales was no place for a gentleman. The refinements of English life could not exist there, for there was no leisured class. A leisured class must have servants to do the work, and of free servants (for convicts were to be shunned) there were none. A labourer might work for you during the first year or two after his arrival from England; but he would be sure to save money out of his wages, and buy land with it—for land, said the letter, was much too easily got in New South Wales—and then the refined master would find himself without a servant, and must spend his leisure in working for his own living. These conditions produced a new kind of society, and not a good kind. A really valuable colony would be one in which the state of society in England was faithfully reproduced.

### THE METHOD

How was this to be done? The letter had its remedy cut and dried. All the enumerated evils arose from the cheapness of land—make land dear. Then the labourer could not afford to buy it and set up for himself; wherefore he would remain a

labourer, happy and contented, earning his master's living as well as his own, and the master would have time to read and converse on intellectual matters with his equally leisured neighbours. Therefore—sell land at a high price, use the money thus obtained in bringing out emigrant labourers, and take care only to bring just as many as would actually be wanted to cultivate the land sold. So everybody would be happy—the rich would hold all the land, and the poor would never lack employment. The whole arrangement went like clockwork—in theory.

Wakefield himself did a good deal to mould the destinies of both South Australia and New Zealand, and was not without influence on the other Australian colonies; for it was his denunciation of land grants which brought about their cessation in 1831, and his South Australian plans affected the price of land in all the districts further east.

Wakefield followed up his letter by founding a colonisation society to carry out its suggestions, he and his friends obtained from the British Government a charter to sell land and use the proceeds for assisting immigration. A 'South Australian Association' was formed, including many members of Parliament. Pamphlets favouring the scheme were issued broadcast, and a bill was passed by the House of Commons. The Duke of Wellington helped it in the House of Lords.

South Australia was to have no convicts sent to it. The land was to be sold at not less than twelve shillings an acre, and the receipts were to form an Emigration Fund; whole families must emigrate together, though only those under thirty would be paid for out of the fund, and men and women must, as far as possible, come in equal numbers. The British Government was to be at no expense, and could take over the colony entirely, if in twenty years there were not twenty thousand people in it.

One mistake of the West Australian colonisers was repeated with disastrous results. As before, the word land had a magical sound about it, and men did not trouble themselves about the quality of land available. In fact, one clause of the Act deliberately insisted that all land within the colony must be sold for the same price."

The disasters which befell the colony are well known. Not until the governorship was taken over by Captain (later Sir) George Grey in 1841 was the ruin partly remedied.

The people of South Australia now share with the rest of the Western world the disinheritation of the masses. And no welfare state political manoeuvring, other than political equality, justice and freedom, can re-inherit them.

W A DOWE

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REPORT TO THE BUILDING INDUSTRY (Cont. from last issue)  
ADVISORY COUNCIL JUNE, 1978

By S G Hart, Western Australia

\*Note: (With the exception of isolated skirmishes fanned by religious fanaticism, all major wars have been fought either for territory or trade or because of some form of dictatorship, Communist inspired or otherwise, aspiring to world domination.)

Land hunger is generated by internal conditions of land tenure and taxation, as in Australia. Instead of resolving internal problems so created, governments look elsewhere for access to raw materials and markets which latter are restricted by tariffs etc. Communism has never gained power in any country unless first preceded by exploitation of the people by the instrument of land monopoly.)

All this attributable to suppressing knowledge of Ricardo's Law of Rent? —Aye, all this and more and yet those responsible are numbered among the most respected citizens of their countries. To prevent men and women, particularly young people, learning of their birthright to the bounty of mother earth and how this may be ensured in peace with order and justice, is the ultimate crime against society.

The Law of Rent is simple and self evident to all who can shed false indoctrination and will follow truth wherever she may lead. It requires no special learning or intelligence to understand the operations of the law which, briefly, may be stated as follows.

Rent depends on the margin of production, falling as the margin rises and rising as it falls. Marginal Land is the least productive land in use and bears no rent; the full returns from which go to labour and capital. The rent of any given piece of land is the excess of its productivity, with the same application of labour and capital, over that which can be secured from the least productive or desirable land that men will consent to use.

The most valuable acre of land in the centres of great cities, varies with the density of population, the development of the arts and sciences and the advance of manners and morals. \$250,000 per annum would not be an overstatement of annual rental value in some of the largest cities in this country.

The return to labour is determined by supply and demand; it averages about the same wherever applied, at the outer perimeter of Southern Cross or in the centre of say Perth or Melbourne.

Let us accept \$200 per week as the average wage or \$10,000 per annum. It might require 500 acres of marginal land to support one man and his family whereas a thousand people might be employed tier on tier on our most valuable acre provided a suitable building was erected and the services of government provided.

The effectiveness of land to support labour at the focal acre in the community therefore is  $500 \times 1000 = 500,000$  times greater than the yield from marginal land, subject to an appropriate use of capital in each case.

One thousand people each earning \$10,000 = \$10,000,000.

The effectiveness of land to support labour at the margin expressed in dollars per acre per annum would be  $\$10,000 \div 500 = \$20$ .

The presence and industry of all people in the economic community and the services of government obviously contribute to the value of the central acre including our friend at Southern Cross, also to all land in the economic community. The most valuable acre, if untaxed, would have a capital value measurable in terms of the population.

Assume the index of value per person to be \$5, (it has been steadily increasing because of inflation and the exact value is not known to the writer) and the population to be 1,000,000, then the selling price of the most valuable acre would be \$5,000,000. How lucky is the man whose ancestor staked his claim in the centre of the future city and how unlucky the man whose ancestors owned no land and obliged him to work on free land on the verge of civilisation or pay tribute forever to the progeny of the less adventurous settlers who didn't like to wander far from the beaten track.

When land is monopolised, much valuable land is held out of use or only partly used, waiting for population growth to enhance its value to return a handsome reward to the speculator, who, as such, in return is not obliged to do a 'hands turn'.

Pressure of increasing population competing for land, forces our Southern Cross settler to move further out, alternatively to pay rent for the land he occupied, which has in consequence acquired an above marginal rental value. Let it be assumed that he decides on the former course because of a constitutional objection to paying anyone something for nothing. So he moves on to land of poorer quality. It now takes 600 acres to support his family but this obliges him to work harder, 20% harder, and he has already been working at capacity; so the family tightened their belts and accept a lower standard of living. The obstinate settler would have been none the worse off had he stayed where he was and handed over 20% of his produce (the rental value) to the land owner.

Put another way—if land at Southern Cross yields 20 bushels of wheat per acre and land at Northam 60 bushels for the same application of labour and capital, then in each case 20 bushels are the return to labour and capital and 40 bushels the rental value at Northam. Rent at Southern Cross (marginal land) being Nil.

Not only the withholding of valuable land from use lowers the margin, reduces the return to wages and interest and raises rent; so also does every feature of progressive development. If population increases so does the demand for land—rent rises, wages and interest fall as a proportion of the product. If technology advances—for example, a tractor is used instead of a team of horses which enables a farmer to till 1000 acres instead of 500, the demand for land increases, the margin is lowered, rent rises and wages and interest fall as a proportion of the product.

Further, let it be assumed that the community becomes more law abiding and criminal tendencies decline. A percentage of those formerly devoted to the maintenance of law and order are released to industry. This also increases the demand for land and lowers the margin; rent rises and wages and interest fall as a proportion of production. (Not necessarily quantitatively).

The foregoing illustration may be over simplified for the sake of clarity but the principle involved, nevertheless, is established.

To let a politician or an economist loose upon the community, or for that matter to put a ballot paper in the hands of an elector, none of whom have an understanding of the law of rent is, as Henry George stated, like tying firebrands to the tails of foxes and turning them loose amid the standing corn. It is like asking an architect who has no training in mensuration to design a functional building, or an engineer who has no knowledge of the laws of physics to design a bridge.

#### THE DISTRIBUTION OF WEALTH AND THE EFFECT OF INEQUALITY

The Law of Rent is the great leveller of opportunity between man and man. It ensures that all who engage in production do so on equal terms with their fellow men in relation to the earth upon which and from which all must live.

The standard of living of each 'breadwinner' will then depend on enterprise, intelligence, and willingness to work. All that is necessary is for governments to observe and attune their revenue raising policies to the law.

It is generally accepted that the maldistribution of wealth is a major social problem and for this reason tax policies are designed on the principle of assumed 'ability to pay' and 'need to consume'. In the process the enterprising and successful are robbed of their earnings and incentive to work, save and invest. The unsuccessful are maintained with doles and hand outs which also destroy their incentive to produce. All this is achieved by legal force. There is no recognition that the producer has any legal or moral right to the produce of his

labour or to the returns accruing from the investment of his capital.

Like all the laws of nature including the abstract laws of political economy, there is an inbuilt penalty for disobedience. This is necessary as a restraint and corrective, otherwise people and nations would destroy themselves.

If an architect disregards the weight of the structure he has designed in relation to the density of the soil upon which it stands, the building will crack and disintegrate. It may even topple and kill innocent people. He gets the message and in future applies himself first to the laws of nature governing his profession.

If a man puts his hand in the fire it hurts and causes him to withdraw. Otherwise the hand would become burnt and useless. The behaviour of governments in the field of political economy could be likened to anaesthetising the hand or clamping, staying and underpinning the building.

In *The West Australian* 8/7/78, It is reported that the Federal Government has achieved a deficit for the current year of \$3,332,000,000. \$160,000,000 of which was for the relief of unemployment which it has caused.

Western Australia was enticed into Federation by the assurance that the cost of federation would only be about One Pound per head of population. The deficit alone is about \$250 per head. The relief of unemployment costs over \$12 per head and the total budget about \$2,000 per head, (in terms of currency without adjusting for inflation) an increase of 1000 fold on the original forecast.

All this has been achieved in order to support the institution of land monopoly, whereby some may live without working and upon the labour of others. If the Council is interested in statistics, the foregoing relate to the real areas of concern.

Members of the Council are recommended to read the publication, *Legacies of the Nineteenth Century Land Reformers from Melville to George*, published in 1974 by the Hon. Mr Justice R Else-Mitchell and publications referred to therein.

If the reader has difficulty in relating the conditions of land tenure and taxation policies to the social and economic disintegration of the nation, he should reflect upon news items which appear with monotonous frequency in the columns of the daily press.

For example, the increasing drunkenness of unemployed young people—*West Australian* 11/7/78. Generous column inches are devoted to the deflationary policies advocated by Sir Otto Niemeyer in the thirties and the inflationary policies of Keynes practiced in the seventies. All this is so much poppycock and in reality,

adds up only to robbing different classes of people in a slightly differing fashion.

1. Unemployment and the misery caused thereby was much greater in the thirties but the deflationary policy of Sir Otto did have the effect of reducing land prices and hastening the rehabilitation of industry.

Today, with Keynesian policies predominant, every conceivable artifice that can be invented by misguided politicians and economists, so called, is used to avoid facing reality. These have the effect of propping up land prices and so postponing economic recovery.

2. One looks in vain for enlightenment on the land question; the challenging of governments to collect their natural revenue, the rental value of land and exposure of the robbery of taxation.

Wherever there is violation of natural rights and basic injustice, people will rebel. Unfortunately, blind reaction and lawlessness will be a feature with the politically uneducated and it is idle to expect the average person to be more honest than the government of the day.

Rehabilitation of the Building Industry can be achieved only by restoring prosperity to the National Economy.

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#### LETTER TO THE EDITOR

Sir—The advantages of land ownership consist of exclusive occupancy of sites accessible to a wide variety of community amenities. (See any real estate agent's advertisements.)

The values of sites are a reflection of these advantages, and are generated by the presence and activity of the community. They should be used as the primary source for government revenue by means of a land value tax.

The revenue derived from such a tax would make unnecessary most, if not all, of our present cumbersome taxes upon incomes and goods.

After all, land is there for all to see. It cannot be hidden. It can be easily and accurately assessed, as is done every time land is bought and sold. Land maps can be produced (as has been done in Denmark) so that everyone can see for himself that justice is done.

The effects of land value taxation would be a general lowering of land prices and rents. This would make it possible to carry out private and public schemes for the building of houses, hospitals, schools etc; which at present are frustrated by the high cost of land. Speculation in land, which results in land being withheld from use, would be stopped. With vacant land coming on to the market, further opportunities for work would be provided, thus reducing unemployment.

It took a civil war to abolish slavery in America. If we do not right deficiencies in our

system, the tensions between collectivists on one side, and ultra-conservatives on the other, may eventually produce disturbances, if not violent revolution in this country. Do not recent events portend this?

G A FORSTER

Melbourne

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#### TRIAL BY JURY

(Published in Sydney Morning Herald, 21.4.79)

Sir—In the recent debate over proposals by the Attorney-General to introduce summary trial for certain white-collar crimes, various correspondents have implied that the Magna Carta of 1215 was a historical guarantee of trial by jury.

It was in fact nothing of the sort. Chapter 29, the supposed 'guarantee' of trial by jury, said (in Latin) that no freeman should be taken or imprisoned(etc) '...unless by the lawful judgement of his peers, or by law of the land'.

It will be noted that these are alternatives. The 'law of the land' as at 1215 included trial by appeal of battle (a bloody process almost inevitably resulting in the death of one person) and trial by compurgation or 'wager of law'.

The latter was a procedure whereby companions of the accused swore that his 'oath was clean'—ie, that he was telling the truth. Neither trial by battle nor trial by wager of law bore any relationship to trial by jury, although both were envisaged in Magna Carta as trial in accordance with 'the law of the land'.

By coincidence, 1215 was the year in which Pope Innocent III forbade Church involvement in the ancient and traditional procedure of trial by ordeal, in one form of which a suspect clenched a red hot iron, guilt being determined three days later dependent on whether the wound was 'clean' or 'unclean'.

It is likely that the development of trial by jury in the 13th century owed more to the humanity of the Pope and the Fourth Lateran Council than to any native genius of the English people.

In any event, whatever Magna Carta did provide was principally for the benefit of the landed nobles; the substantial English slave population did not benefit.

One might be tempted to think that there is a certain irony about the current invocation of Magna Carta on behalf of company directors. There was little reference to it in 1974 when trial by jury in NSW was removed for stealing offences involving less than \$500 in value.

If a company director charged with stealing \$400,000 is entitled to trial by jury, what about the factory worker from Fairfield alleged to have stolen \$400 worth of tools? Are not both equally stigmatised for dishonesty in the eyes of the community? Are we soon to see a campaign by the Bar Council to remove this anomaly? One might hope so.

One might also hope that the Bar Council, from the substantial resources of its members, might appoint a law reform or research officer who

could promptly formulate draft comments on forthcoming law reforms, or even actually propose constructive changes to the law.  
G D WOODS University of Sydney  
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#### PRIVILEGE AND LAND TITLES

Sir--A correspondent in your December issue chides me for having stated that the title to land is a government granted privilege. But mere observation proves the statement to be a fact. A site title is obviously issued by government, and maintained by laws of trespass etc, supported by police action if necessary. The title is a license or permit to all the opportunities, advantages and benefits of the site. But clearly this must mean that everyone else is permanently deprived of those opportunities etc. Government power is used to give advantage to the title holder, and disadvantage to the remainder. That is government-granted privilege, and also government-caused deprivation to the remainder. A privilege is a license to opportunity to which others are excluded.

#### Legal and Human Rights

It is all very nice for your correspondent to say 'The occupancy of a piece of land is the right of every human being'. This might be a noble idealistic thought, but it is not a fact. I suppose he means it should be some sort of 'human' or 'moral' right. But the only way for such a misty piece of idealism to become reality is for the majority of people in the community to recognise it, and further to get the concept translated into a legal right. But it would not be enough that everyone should have a legal right to a piece of land. For justice and equity everyone would have to have a piece of equal value--man, woman and child! This is patently not feasible, and would be economically unsound. It is not necessary for all persons to hold a piece of land; and to claim that as a right is unreasonable. What is required is that everyone should have an equal share, and that no one should have an advantage. To own an equal share in a partnership or a company does not require that specific parts of the assets should be held by specific individuals.

#### Rent, Not Land, is The Goal

George wrote \*'I do not propose to purchase or confiscate private property in land. The first would be unjust, the second needless. Let the individuals who now hold it, still retain (it)..'  
\* 'It is not necessary to confiscate land, it is only necessary to confiscate rent. Nor to take the rent for public use is it necessary for the State to bother with the letting of lands, with the chances of corruption (...etc) that might involve. It is not necessary that any new machinery be created. By leaving land owners with a percentage of rent which would probably be much less than the cost and loss involved in attempting to rent lands through a State agency, we may without jar or shock assert the common right to land by taking rent for public uses.'  
\* 'What I therefore propose...is to appropriate

rent by taxation'.

\* 'To abolish all taxation save that on land values.'

\* 'In form, the ownership of land would remain just as now. No owner need be dispossessed, and no restriction need be placed on the amount of land any one could hold. For rent being taken by the State in taxes, land no matter in whose name it stood would become common property.'

#### How To Secure It For All

George clearly meant uniform taxation on the value (market price) of all sites, for instance he wrote that it would apply \*'not merely to agricultural land but all land', and \*'Whoever planted an orchard, sowed a field, or built a house or a manufactory, no matter how costly, would have no more to pay in taxes than if he kept so much land idle'.

George understood there would be groups who might seek exemptions, and he wrote \*'It is difficult for small farmers and homestead owners to get over the idea that to put all taxes on land would be unduly to tax them'. What George's reform does is to remove privilege by making the land holder pay the full market value of the advantages he is receiving. By paying this to the community the disadvantage to the community is also extinguished.

#### Summing Up

1. A 'human right' is of little use unless it is converted by the community into a practical legal right.
2. A site title is a privilege at the expense of the community unless the privilege (and disadvantage) are extinguished by the site holder continually paying the community the market value of the opportunities concerned.
3. It is not necessary that everyone should hold a piece of land. All that is required is that all land be held in common and the site rent collected by site taxation.
4. Intensive site taxation is all that is needed for justice in land tenure. (By the way it also causes general prosperity and full employment.)

Your correspondent in another part of his letter, says that land value taxation does not fit in with the 'logic' of the taxation of wealth because land value is not wealth. We can but heartily agree that there is no logic in a wealth tax, but there is logic in taxing the value of the privilege of holding land.

S S GILCHRIST

Roseville NSW

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#### LORD MACAULAY ON REPUBLICAN INSTITUTIONS HIS CRITICISM OF DEMOCRACY IN LETTERS TO H.S. RANDALL

A well-known passage in *Progress and Poverty* by Henry George (Book X, Chap.IV) refers as follows to a letter written by Lord Macaulay to H S Randall, the biographer of Thomas Jefferson:

'Though we may not speak of it openly, the general faith in republican institutions is, where they have reached their fullest development, narrowing and weakening. It is no longer that confident belief in republicanism as the source of national blessings that it once was. Thoughtful men are beginning to see its dangers, without seeing how to escape them; are beginning to accept the view of Macaulay and distrust that of Jefferson'.

In Macaulay's day and generation the demand for an extension of the franchise was the means to material, intellectual and moral advance and formed the battleground of all political strife. There was little or no thought of any economic obstacle to overcome. It had yet to be made plain that whatever the politics of a country might be, the unequal distribution of wealth, the persistence of poverty and the recurring periods of industrial depression spring from the denial of access to natural opportunities.

(Written from Kensington, London, on the Dates named)

1. 18th January, 1857

I beg you to accept my thanks for your letter enclosing the autograph of Washington, which reached me three weeks ago, and for the *History of the State of New York*, which I received the day before yesterday.

I shall look forward with curiosity to the appearance of your *Life of Jefferson*. I cannot say that he is one of my heroes; but it is very probable that you may convince me that I have formed an erroneous estimate of his character.

I am a little surprised to learn from you that Americans generally consider him as a foil to Washington, as the Ahirman of the Republic contending against the Ormuzd. There can, I apprehend, be no doubt that your institutions have during the whole of the nineteenth century been constantly becoming more Jeffersonian and less Washingtonian. It is surely strange that while this process has been going on, Washington should have been exalted into a god, and Jefferson degraded into a demon.

If there is any chance of my living to write the history of your Revolution, I should eagerly and gratefully accept your kind offer of assistance. But now I look to the accession of the house of Hanover as my extreme goal.

2. 23rd May, 1857

The four volumes of the *Colonial History of New York* reached me safely. I assure you that I shall value them highly. They contain much to interest an English as well as an American reader. Pray accept my thanks, and convey them to the regent of the university.

You are surprised to learn that I have not a high opinion of Jefferson, and I am surprised at your surprise. I am certain that I never wrote a line, and that I never, in Parliament, in

conversation, or even in hustings—a place where it is the fashion to count the populace—uttered a word indicating an opinion that the supreme authority in a State ought to be entrusted to the majority of citizens told by the head, in other words, to the poorest and most ignorant part of society. I have long been convinced that institutions purely democratic must, sooner or later, destroy liberty or civilization, or both. In Europe, where the population is dense, the effect of such institutions would be almost instantaneous. What happened lately in France is an example. In 1848 a pure democracy was established there. During a short time there was reason to expect a general spoliation, a national bankruptcy, a new partition of the soil, a maximum of prices, a ruinous load of taxation laid on the rich for the purpose of supporting the poor in idleness. Such a system would, in twenty years, have made France as poor and barbarous as the France of the Carlovingians.

Happily, the danger was averted, and now there is a despotism, a silent tribune, an enslaved press. Liberty is gone, but civilization has been saved. I have not the smallest doubt that if we had a purely democratic government here the effect would be the same. Either the poor would plunder the rich, and civilization would perish, or order and prosperity would be saved by a strong military government, and liberty would perish.

You may think that your country enjoys an exemption from these evils. I will frankly own to you that I am of a very different opinion. Your fate I believe to be certain, though it is deferred by a physical cause. As long as you have a boundless extent of fertile and unoccupied land, your labouring population will be far more at ease than the labouring population of the Old World, and while that is the case, the Jefferson politics may continue to exist without causing any fatal calamity. But the time will come when New England will be as thickly peopled as old England. Wages will be as low and will fluctuate as much with you as with us. You will have your Manchesters and Birminghams, and in those Manchesters and Birminghams hundreds of thousands of artisans will assuredly be sometimes out of work. Then your institutions will be fairly brought to the test. Distress everywhere makes the labourer mutinous and discontented and inclines him to listen with eagerness to agitators who tell him that it is a monstrous iniquity that one man should have a million while another cannot get a full meal. In bad years there is plenty of grumbling here, and sometimes a little rioting. But it matters little. For here the sufferers are not the rulers. The supreme power is in the hands of a class, numerous indeed, but select; of an educated class; of a class which is, and knows itself to be, deeply interested in the security of property and the maintenance of order.

Accordingly, the malcontents are firmly yet gently restrained. The bad time is got over without robbing the wealthy to relieve the



indigent. The springs of national prosperity soon begin to flow again: work is plentiful, wages rise, and all is tranquillity and cheerfulness. I have seen England pass three or four times through such critical seasons as I have described. Through such seasons the United States will have to pass in the course of the next century if not of this.

How will you pass through them? I heartily wish you a good deliverance. But my reason and my wishes are at war, and I cannot help foreboding the worst. It is quite plain that your government will never be able to restrain a distressed and discontented majority. For with you the majority is the Government and has the rich, who are always a minority, absolutely at its mercy. The day will come when in the State of New York a multitude of people, none of whom has had more than half a breakfast, or expects to have more than half a dinner, will choose a Legislature.

Is it possible to doubt what sort of a Legislature will be chosen? On one side is a statesman preaching patience, respect for vested rights, strict observance of public faith. On the other is a demagogue ranting about the tyranny of capitalists and usurers, and asking why anybody should be permitted to drink champagne and to ride in a carriage, while thousands of honest folks are in want of necessities. Which of the two candidates is likely to be preferred by a working-man who hears his children cry for more bread?

I seriously apprehend that you will, in some such season of adversity as I have described, do things which will prevent prosperity from returning; that you will act like people who should in a year of scarcity devour all the seed-corn, and thus make the next a year not of scarcity, but of absolute famine. There will be, I fear, spoliation. The spoliation will increase the distress. The distress will produce fresh spoliation. There is nothing to stop you. Your Constitution is all sail and no anchor.

As I said before, when a society has entered on this downward progress, either civilization or liberty must perish. Either some Caesar or Napoleon will seize the reins of government with a strong hand, or your Republic will be as fearfully plundered and laid waste by barbarians in the twentieth century as the Roman Empire was in the fifth; with this difference, that the Huns and Vandals will have been engendered within your own country by your own institutions.

Thinking thus, of course, I cannot reckon Jefferson among the benefactors of mankind. I readily admit that his intentions were good, and his abilities considerable. Odious stories have been circulated about his private life; but I do not know on what evidence those stories rest, and I think it probable that they are false, or monstrously exaggerated. I have no doubt that I shall derive both pleasure and information from your account of him.

3. 9th October, 1858

I beg you to accept my thanks for your volumes, which have just reached me, and which, as far as I can judge from the first hasty inspection, will prove both interesting and instructive.

Your book was preceded by a letter, for which I have also to thank you. In that letter you expressed, without the smallest discourtesy, a very decided dissent from some opinions which I have long held firmly, but which I should never have obtruded on you except at your own earnest request, and which I have no wish to defend against your objections.

If you can derive any comfort as to the future destinies of your country from your conviction that a benevolent Creator will never suffer more human beings to be born than can live in plenty, it is a comfort of which I should be sorry to deprive you. By the same process of reasoning one may arrive at many very agreeable conclusions, such as that there is no cholera, no malaria, no yellow fever, no negro slavery, in the world. Unfortunately for me, perhaps, I learned from Lord Bacon a method of investigating truth diametrically opposite to that which you appear to follow.

I am perfectly aware of the immense progress which your country has made and is making, in population and wealth. I know that the labourer with you has large wages, abundant food, and the means of giving some education to his children. But I see no reason for attributing these things to the policy of Jefferson. I see no reason to believe that your progress would have been less rapid, that your labouring people would have been worse fed, or clothed, or taught, if your government had been conducted on the principles of Washington and Hamilton. Nay, you will, I am sure, acknowledge that the progress which you are now making is only a continuation of the progress which you have been making ever since the middle of the seventeenth century, and that the blessings which you now enjoy were enjoyed by your forefathers, who were loyal subjects of the Kings of England.

The contrast between the labourer of New York and the labourer of Europe is not stronger now than it was when New York was governed by noblemen and gentlemen commissioned under the English great seal. And there are at this moment dependencies of the English crown in which all the phenomena which you attribute to purely democratic institutions may be seen in the highest perfection.

The colony of Victoria, in Australia, was planted only twenty years ago. The population is now, I suppose, near a million. The revenue is enormous, near five millions sterling, and raised without any murmuring. The wages of labour are higher than they are even with you. Immense sums are expended on education. And this is a province governed by the delegate of an hereditary sovereign.

It therefore seems to me quite clear that the facts which you cite to prove the excellence of purely democratic institutions ought to be ascribed not to those institutions, but to causes which operated in America long before your Declaration of Independence, and which are still operating in many parts of the British Empire.

You will perceive, therefore, that I do not propose, as you thought, to sacrifice the interests of the present generation to those of remote generations. It would, indeed, be absurd in a nation to part with institutions to which it is indebted for immense present prosperity from an apprehension that, after a lapse of a century, those institutions may be found to produce mischief.

But I do not admit that the prosperity which your country enjoys arises from those parts of your polity which may be called, in an especial manner, Jeffersonian. Those parts of your polity already produce bad effects, and will, unless I am greatly mistaken, produce fatal effects if they shall last till North America has two hundred inhabitants to the square mile.

4. 8th January, 1859

I owe you many thanks for the amusement and information which I have derived from your *Life of Jefferson*, and I am much more inclined to pay that debt than to trouble you with criticism and controversy. In truth, the work of criticism and controversy would be interminable.

I did not know, till I read your book, that the odious imputations which have often been thrown on Jefferson's private character originated with that vile fellow Callender. In the absence of evidence, I supposed them, as I told you, to be either wholly false or grossly exaggerated, and I certainly shall not be more disposed to believe them because they rest on Callender's authority.

I again beg you to accept my thanks for your pleasure and much instruction.

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In one of his essays Lord Macaulay says that a man who lived in a past age may not be criticized by the canons of present-day morality. There is truth in this contention, and it must hold the great author himself absolved from any serious criticism of his peculiar ideas that democratic institutions, as such, must sooner or later destroy liberty or civilization, or both.

In the third Randall letter printed above Macaulay gives the true answer to the high expectations of America's independence and progress, and time has fully justified him. In this Colonial illustration he clearly refutes Randall's claim that the prosperity of the United States was due to their freer political institutions. His opinion that 'after a lapse of a century these institutions would be found to produce mischief' is merely the proof that he could not see that the high wages of labour in

both America and the Colonies was due to the freer land system and that wages would fall in both countries as land monopoly tightened its grip on population and industry.

To quote Henry George again, *Progress and Poverty*, Book X, Chap. IV:-

'Where there is anything like an equal distribution of wealth—that is to say, where there is general patriotism, virtue, and intelligence—the more democratic the government the better it will be; but where there is gross inequality in the distribution of wealth, the more democratic the government the worse it will be; for, while rotten democracy may not in itself be worse than rotten autocracy, its effects upon national character will be worse. To give the suffrage to tramps, to paupers, to men to whom the chance to labour is a boon, to men who must beg, or steal, or starve, is to invoke destruction. To put political power in the hands of men embittered and degraded by poverty is to tie firebrands to foxes and turn them loose amid the standing corn; it is to put out the eyes of a Samson and to twine his arms around the pillars of national life.'

(Reprinted from *Land and Liberty*, July-Aug. 1932)

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#### LETTER TO THE EDITOR

Sir—By our moral sense we are aware of the Law of Equity, which if violated, brings on certain retribution. In our social environment we have reaped involuntary unemployment, poverty, and a train of evils that grow out of inequity.

Earth, sea and air are man's common inheritance. The right to use land is lost to millions by the incidence of land speculation and land monopoly. Without equal rights to use natural material resources, how can we attain Justice?

Speculation in land carried on in city, suburb and countryside, wherever progress is anticipated, is the major force in modern society to slow down production and bring on the unemployment that defeats all the make-work promises of politicians.

While the earth under our feet is used for monopoly and speculation, we do not have freedom and justice. This is the iniquity that has brought on the Communist revolutions in various places. The unemployment and flood of evils resulting prove that the natural law of compensation has been violated. That our learned men and women have turned their attention away from this phenomenon is the scandal of the century! Here is the prime violation of Law and Order in this age of material progress. This largely explains why, along with all progress in production and trade, poverty continues to be a social problem; the powers of a few sustained by special privilege, the rights of millions diluted by disinheritance.

What is our moral progress if we fail to attain equality of opportunity, not special privilege to a few?

M PINCOMBE

Melbourne

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# THE INFLATION CRISIS AND HOW TO RESOLVE IT

By HENRY HAZLITT

A Review by E P MIDDLETON

Dr Hazlitt, whose useful little book *Economics in One Lesson* has long been known and extolled by Georgists, has written extensively on the subject of Inflation. Now he has brought all his formidable guns to bear on the subject in a new book which is up to the minute (1978) and international in scope. It is a brilliant exposition, in his most lucid style, which may safely be accepted as a definitive study of the basic cause and mechanism of this disease, now in epidemic proportions around the world.

Inflation, as the author points out, is simply the act of inflating (currency and credit); what is generally described as 'inflation' is the consequence of the basic vandalism of currency depreciation and credit expansion performed by governments.

Inflation is not, as is so commonly alleged, rising costs and prices; prices rise as a result of inflation. Behind the initial evil stands the real culprit—excessive government control and political intervention and manipulation of the money supply.

The cure for this disease, which is rampant in every economy of the western world and spreading like a grass fire among the so-called undeveloped countries also, is not to be found in the hands of the world's economists, who obviously are non-plussed by the failure of all attempted measures so far applied, nor in the schemes of ministers and their bureaucracies. The cure lies in the essential act of destroying the power of governments to control the issuance and distribution of money. It requires, as Hazlitt says, 'an act of political will' on the part of an electorate aware and enlightened enough to see through the misleading rhetoric of its politicians and the confusion of the experts, to see beyond the false 'affluence' of the Welfare State and the privileges obtained by pressure groups at the expense of those unable to defend themselves against inflation, let alone, as some are able to, benefit from it.

After presenting this broad definition of inflation and outlining the various false 'remedies' which occupy the minds of politicians and economic journalists from time to time, Dr Hazlitt discusses the classic cases of 'hyperinflation', such as those of Germany after World War 1, France in 1790-96, and the Civil War in America in 1865-68, as horrific examples of the devastation caused once the inflation gets out of hand, and his whole book is a warning to those in control of national economies today.

He shows how the inflation of modern times became inevitable after the abandonment of the gold standard and the world was blinded by the flashy brilliance of the Keynesian doctrine of 'managed money'. He discusses what determines the value of money and exposes the falsity of such theories as 'the velocity of circulation', the 'quantity theory' and the 'cash holdings theory'. And demonstrates that money, like anything else, is entirely dependent for its value on the subjective appraisal given it by everyone in the market. Rising prices are not the cause of inflation, it is the depreciation of the value of money caused by its inflation by governments, that tends to drive people to spend it before its value falls further and thus causes prices to rise because of scarcity—goods cannot be produced fast enough to meet the demand.

The author has much to say on the subject of currencies in general and of gold as the one reliable basis of international exchange. He recounts the history of events following the abandonment of the gold standard at the time of the first world war, of the British attempt (finally abandoned) to reinstate it after the war with a return to the pre-war rate of exchange, and, as a substitute for the philosophy of *sound money*, the disastrous Bretton Woods Agreement of 1944 and the setting up of the International Monetary Fund.

His final chapter, 'A Free Choice of Currencies', concludes with a discussion of the right of the individual to hold gold and issue currency based upon it. The mere existence of this right, he argues, would force governments to cease inflating their national currencies in the face of the threat of competition with the private *sound money*.

Dr Hazlitt insists that one of the factors motivating the inflation of a currency and the expansion of credit is the compulsion of excessive government expenditure and the resort to deficit budgetting. He does not, as Georgists would maintain, believe that this is itself the result of a basic maldistribution of wealth in the economy. He emphasises simply the socialist nature of the pressures on present-day governments, resulting in the Welfare State and the monopoly power of trade unions to raise wages above the 'market rate—the capacity of industry to pay them without raising prices'.

The Welfare State has obviously become a Frankenstein monster and the unions power to force up wages has become a form of blackmail undermining the sanctity of contracts and the very democracy to which the union leaders are always paying lip-service. But both these evils are consequences of the basic imbalance in the economy of every country where these phenomena are rampant, an imbalance which cannot be corrected by the elimination of 'money'.

management' alone, an imbalance caused by the failure of governments to collect their rightful revenue, the Surplus Product, that part of the 'profit of association' which manifests itself in 'land value', necessitating the resort to taxation to meet the cost of government.

Admitting that it is a factor in raising costs of production, Dr Hazlitt mentions taxation only in a parenthesis, and he never discusses Rent or 'land value'; one has to assume that he accepts speculation on land values as a legitimate form of investment. This is implicit, in fact, in his and other Libertarians' views on 'private property'. A strange lapse in one of Hazlitt's eminence as a writer on economics and finance for over forty years.

This does not detract from his exposition of the meaning and consequences of inflation in this present book, but it does disappoint those who, from a knowledge of the author's massive work in exposing the fallacies of Keynesianism, are entitled to expect a recognition of the unassailable logic of the Georgist economic philosophy.

Arlington House Publishers, New Rochelle, New York. \$8.95 from the Foundation for Economic Education, Irvington on Hudson, New York 10533.  
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#### DRAWING LINES FOR FAIR ELECTIONS

(Published in Sydney Morning Herald 9.3.79)

Sir—Mr Punch, the Leader of the Country Party (Letters, March 6), accuses you of perpetuating a misconception in saying that his party gained 17 seats at the last State election with 10 per cent of the votes while the Liberals got only 18 seats with 27 per cent of the vote.

There is no misconception in this; it is plain fact. Mr Punch tries to confuse the issue by saying that his 10 per cent of the vote is in a tight demographic location whilst the Liberal vote is more dispersed, but this is an irrelevance. Or, at least, if it has any relevance it is that it indicates a possible weakness of our single-member constituency system.

The Leader of the Country Party raises all the hoary old arguments for weighting in favour of country electorates such as difficulty of communication and problems of physical size of constituencies. These can only be significant problems if the major function of a member is to deal with the concerns of individual constituents, and I don't think there's a politician practising today who would claim that as his major function.

The comparison Mr Punch makes between the numbers of schools, hospitals and similar institutions and the variety of industry to be found in rural and urban constituencies is just laughable. I defy him or anyone else to nominate a rural constituency with problems of a similar

size, number and complexity as those to be found in any Outer Western Sydney constituency.

On a more fundamental note Mr Punch seems to be arguing that because our rural industry produces a large part of the nation's exports it is entitled to a more significant voice in Parliament. By analogy, am I to suppose that I am entitled to more or less of a vote as my earnings relative to the rest of the community go up or down?

If we wish to continue to describe ourselves as a democracy, what is at stake is not the proposition that economic power and votes should be linked but that all persons have an equal right to a voice in their own government simply because they are all equally members of one community.

K R MASSINGHAM

Coogee NSW

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#### PROPORTIONAL REPRESENTATION SOCIETY OF AUSTRALIA NSW BRANCH

##### LEGISLATIVE ASSEMBLY REDISTRIBUTION

Under the existing legislation, a redistribution of electoral boundaries for the NSW Legislative Assembly must begin by 11 May. Once again, we are being subjected to the usual charges and counter-charges by the various parties with vested interest in the outcome. Once again, the voters are neglected in the process, being denied the full freedom of expression that the quota-preferential method of proportional representation would give them.

It seems that there is some recognition of the case for proportional representation. In a feature article in the Sydney Morning Herald of 26 February, Malcolm Mackerras wrote 'Possibly there is a case for proportional representation. However, we now have this for the Legislative Council. It seems to me that the Assembly should be elected differently from the Council.' What Mr Mackerras sees as a need for difference doesn't seem to be a good reason for continuing with the use of a discredited method. There are ways of electing the Legislative Assembly differently from the Council but with proportional representation.

The Society is recommending to the Premier and the Leader of the Opposition that there should be a public inquiry into the method of election of the Assembly and that consideration should be given to the division of the State into eight 7-member districts, eight 5-member districts, and one 3-member district in the west of the State. With an arrangement of this kind, the voter would find greater rapport with the member he or she helped to elect. The parties would win seats according to the support given to them by the voters and the exact placing of boundaries, which is what the present verbal brawl between the political leaders is mostly about, would become of minor importance.

A letter on this subject over the signature of the President, Jack Wright, was published in the Sydney Morning Herald on 5 February. The Herald and other papers are likely to publish more letters and possibly to produce editorial comment if there is evidence of real public interest. You can help to convince the editors that this is a newsworthy topic by writing to them. Not every letter is likely to be published but every one improves the chance of getting some published.

#### INTERSTATE NEWS

A Bill designed to upgrade the method of election of the South Australian Legislative Council in line with its New South Wales counterpart was introduced as a private member's Bill by the Leader of the Opposition in the Legislative Council, Mr R DeGaris, late in 1978. It was passed by the Council and is now awaiting attention by the House of Assembly. The Labor Government is opposing the Bill, inconsistently in view of the NSW Legislative Council reform having been implemented by the Wran Labor Government. Our friends in the Electoral Reform Society of South Australia are working to obtain support for the Bill. They would be very happy to have any support we in New South Wales can give them. So far, we have had one letter published in the Adelaide Advertiser, followed by a favourable editorial.

#### CANDID COMMENT

In the drama and excitement surrounding the resignation of the South Australian Premier, Mr Don Dunstan, one might be forgiven for not noting a pertinent reference by Mr Dunstan to electoral reform as one of his outstanding achievements. In claiming that South Australia now has the 'fairest electoral system', he limited the claim to the mainland States. Quite correctly, he excluded Tasmania, which is still the only State using the quota-preferential method for Lower House elections. While admiring Mr Dunstan's candidness—a rare thing among politicians—one can't be blamed for wondering why our leaders so readily settle for second-best or worse.

#### OVERSEAS NEWS

In the clamour following the recent New Zealand election, proportional representation has become a catch phrase. Not only the newspapers but also some of the politicians have discovered it.

As was to be expected, the results of the first-past-the-post election, with single-member districts, gave a distorted account of the views of the people. The Labor Party received more votes than the National Party yet the Nationalists led by Premier Muldoon are in government. The Social Credit Party was supported by almost half as many voters as each of the major parties but only one Social Creditor, Mr Bruce Beetham, won a seat in the Parliament of 91 members.

Mr Geoff Powell, of the Victorian Branch of the PR Society, while in New Zealand recently, met Mr Beetham and learnt that he intends to introduce a Bill to provide for proportional representation in future elections. Geoff's visit was also given some attention by the media and several articles on the need for PR in New Zealand have appeared. We have sent some information to Mr Beetham to help him in the presentation of his Bill. Perhaps you have friends or relatives in New Zealand who could also use information from Australia to help bring about the much-needed change in their electoral law.

#### PETITION

Several Senators have already presented petitions for the removal of the present requirement that preferences must be shown for all candidates in Senate elections. The petition is circulating not only in New South Wales but also in Victoria, South Australia, and Queensland. It has also been supported by the Human Rights Committee of the NSW Branch of the United Nations Association of Australia. A note on the petition is to appear in the next issue of the Committee's Human Rights Newsletter.

#### UNAA

The Proportional Representation Society was recently admitted as a Corporate Member of the United Nations Association of Australia. Members of the Society took part in the celebration of Human Rights Day organized by the United Nations Association. This took place at the Village Church, Paddington. There was interest in our literature and signatures were recorded on the petition.

#### POLICY DECISION

The Australian Democrats have voted recently on the Party's policy on Electoral Reform. The results included the adoption of the quota-preferential method with optional preferential voting for all public elections.

#### ADDITIONAL MEMBER SYSTEM

In an article in the Sydney Morning Herald on 16 February, Mr J Mason, Leader of the State Opposition, suggested consideration of the Additional Member System for the Legislative Assembly. This system was proposed in Britain by the Hansard Society Commission on Electoral Reform in 1966. It would provide for three-quarters of the seats in the House of Commons to be filled by first-past-the-post from single-member districts and the other quarter by additional members to give the parties as far as possible the correct total numbers of seats. This seems to be a prescription for adding the defects of party-list and single-member systems. The introduction of additional members would do nothing for voters who are left nominally represented by people whom they have rejected when voting. Only the quota-preferential method can give British voters fair representation.

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# Socialism

From 'The Condition of Labour' by HENRY GEORGE

The Socialists, as I understand them, and as the term has come to apply to anything like a definite theory, do not seek the abolition of all private property. Those who do this are properly called Communists.

The Socialists seek the assumption by the State of capital (in which they vaguely and erroneously include land), or, more properly speaking, of large capitals, and State management and direction of at least the larger operations of industry. In this way they hope to abolish interest, which they regard as a wrong and an evil; to do away with the gains of exchangers, speculators, contractors, and middlemen, which they regard as waste; to do away with the wage system and secure general co-operation; and to prevent competition, which they deem the fundamental cause of the impoverishment of labour. The more moderate of them, without going so far, go in the same direction, and seek some remedy or palliation of the worst forms of poverty by Government regulation.

The essential character of Socialism is that it looks to the extension of the functions of the State for the remedy of social evils; that it would substitute regulation and direction for competition, and control by organised society for the free play of individual desire and effort.

## THE VICE OF SOCIALISM

The vice of Socialism in all its degrees is its want of radicalism, of going to the root.

Its advocates generally teach the preposterous and degrading doctrine that slavery was the first condition of labour. It assumes that the tendency of wages to a minimum is the natural law, and seeks to abolish wages; it assumes that the natural result of competition is to grind down workers, and seeks to abolish competition by restrictions, prohibitions, and extensions of governing power. Thus, mistaking effects for causes, and childishly blaming the stone for hitting it, it wastes strength in striving for remedies that when not worse are futile.

## SOME PHASES OF SOCIALISM

Associated though it is in many places with democratic aspiration, yet its essence is the same delusion to which the Children of Israel yielded when, against the protest of their prophet, they insisted on a king; the delusion that has everywhere corrupted democracies and enthroned tyrants—that power over the people can be used for the benefit of the people; that there may be devised machinery that through human agencies will secure for the management of individual affairs more wisdom and more virtue than the people themselves possess. This

superficiality and this tendency may be seen in all the phases of Socialism.

Though not usually classed as Socialists, both the Trade Unionists and the Protectionists have the same essential character. Take, for instance, Protectionism. The Protectionists seek by governmental prohibitions or taxes on imports to regulate the industry and control the exchanges of their country, so as they imagine, to diversify home industries and prevent the competition of people of other countries.

## PROTECTIONISM—AN ALLY OF SOCIALISM

What support Protectionism has, beyond the mere selfish desire of sellers to compel buyers to pay them more than their goods are worth, springs from such superficial ideas as that production, not consumption, is the end of effort; that money is more valuable than money's worth, and to sell more profitable than to buy; and, above all, from a desire to limit competition, springing from an unanalysing recognition of the phenomena that necessarily follow when men who have the need to labour are deprived by monopoly of access to the natural and indispensable element of all labour.

Its methods involve the idea that Governments can more wisely direct the expenditure of labour and the investment of capital than can labourers and capitalists, and that the men who control Governments will use this power for the general good and not in their own interests. They tend to multiply officials, restrict liberty, invent crimes. They promote perjury, fraud, and corruption. And they would, were the theory carried to its logical conclusion, destroy civilisation and reduce mankind to savagery.

## TRADES UNIONISM—ANOTHER ALLY

Take Trades Unionism. The Trade Unionists seek the increase of wages, the reduction of working hours, and the general improvement in the condition of wage-workers by organising them into guilds or associations which shall fix the rates at which they will sell their labour, shall deal as one body with employers in case of dispute, shall use on occasion their necessary weapon, the strike, and shall accumulate funds for such purposes and for the purpose of assisting members when on strike, or (sometimes) when out of employment.

While within narrow lines Trades Unionism promotes the idea of the mutuality of interests, and often helps to raise courage and further political education, and while it has enabled limited bodies of working-men to improve somewhat their condition, and gain, as it were, breathing space, yet it takes no note of the general causes that determine the condition of labour, and strives for the elevation of only a small part of the great body by means that cannot help the rest.

## A CASTE SYSTEM

Aiming at the restriction of competition—the limitation of the right to labour—its methods are like those of an army, which even in a righteous cause are subversive of liberty and liable to abuse, while its weapon, the strike, is destructive in its nature both to combatants and non-combatants, being a form of passive war. To apply the principle of Trades Unionism to all industry, as some dream of doing, would be to enthrall men in a caste system.

Or take even such moderate measures as the limitation of working hours and of the labour of women and children. They are superficial in looking no further than to the eagerness of men and women and little children to work unduly, and in proposing forcibly to restrain overwork while utterly ignoring its cause, the sting of poverty that forces human beings to it. And the methods by which these restraints must be enforced, multiply officials, interfere with personal liberty, tend to corruption, and are liable to abuse.

(Cont. in next issue)

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IS IT NOT PLAIN that if revenue were raised from land rent only, unused land would be used immediately or put on the market, thus reducing building sites to their value?

Is it not plain that if taxes and customs dues were dispensed with, the worker could more easily make a home?

Is it not plain that these reforms would give the young worker the incentive to make it possible to rear a family with some degree of confidence?

Is it not plain that companies, trusts, rings and combines growing rich through tariffs are now considered before the youth of our land and the welfare of our country?

Some may say that all this is no substitute for the old Gospel. Certainly not, for this is the old Gospel, the very spirit of it. It is God's righteousness which we are told to seek. REV W H HOWARD: in *The Falling Birthrate and The Land Question*.

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## LETTER TO THE EDITOR

Sir—Until the early 1970s Australia was among the most prosperous nations with virtually no unemployment. A major factor was our enlightened system of land value taxation and local government rating upon the unimproved value of the land with un-taxing of owners' improvements, so that there was full incentive to improvements of properties. This system is in force in two-thirds of the local government units embracing 93 percent of the area covered by local government.

Since then our position has deteriorated markedly, particularly in the growth of unemployment. Our margin of superiority has been eroded primarily by the growth of inflation, from which we had been relatively free till then. For this deterioration our own politicians of all parties have been responsible.

Faced with the loss of the value of their assets with the continuing debasement of the currency, increasing numbers of people with money sought to invest it in land as a hedge to preserve their position. A limited number of very wealthy concerns engaged in land speculation on a vast scale and tied up the resources around major urban centres. The price of land was driven beyond the means of increasing proportions of people, particularly those seeking home sites for their families and for business or industrial needs.

Now however statistical data from the Valuer General's book showing Property Sales Statistics indicate that the land boom is bursting. To restore previous levels of employment and prosperity it is essential that the price of land fall to levels at which land users can get sites without incurring crushing mortgages. This requires more land value taxation, with lesser taxes on labour and industry.

A R HUTCHINSON

Melbourne

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## MONTHLY MEETINGS HELD AT 143 LAWSON STREET, REDFERN

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  
(No December meeting)

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