

NEWS FROM VARIOUS SOURCES.

Speaking in Launceston, Tasmania, on the 24th January, Mr. E. J. Craigie said that since Federation, population had increased by 102.49 per cent, production by 472.07 per cent, and taxation by 4554 per cent.

In his address at a meeting of the Fifty Thousand League, Tasmania, Mr. E. J. Craigie of S.A. said that the total tax collected in the first year of Federation was £8,894,000. In 1947-48 it had increased to £404,013,000.

Mr. C. O. Steele in his "Individualist," Nov., 1948, refers to Karl Marx and his third volume of "Das Capital." He writes: "After a million words or so of economic nonsense in the first two, he wrote that men cannot be exploited until they have been expropriated from the land."

"In 1901-2 tax absorbed 10.17 per cent of the value of production, but in 1947-48 it leapt to 66.67 per cent. Per head of population in the two years the Federal tax was £2/12/6 and £54/3/6."—E. J. Craigie in his address in Launceston, Tasmania, 24/1/49.

"We have always regarded taxes as robbery, and modern systems of collecting taxes have rendered them almost impossible to avoid—every shopkeeper, publican and employer is now a Government tax collector."—"Freedom," London, 16/10/48.

Mr. A. W. Madsen writes: "I must thank you most sincerely for the material and the copies of the material you sent with reference to the Enquiry Committee on Site Value Rating. That Committee is still in session and no one knows when it is likely to produce a report."

"To oppose successfully the Socialist plot, our people must understand that Communism is socialism. Stalin seldom uses the term 'Communism,' and the Union of Soviet Socialist Republic, (U.S.S.R.) confirms it. All forms of Socialism require the same legislative structure."—"A Free People," Jan., 1949.

"A private monopoly is seldom or ever so secure as a State monopoly and for that reason the former must always be more efficient. Moreover, it does not enjoy that privilege of exemption from taxation which State monopolies normally obtain."—"Land and Liberty," London, Nov.-Dec., 1948.

"Natural Law. A provision of nature because of which natural phenomena, under certain conditions, always occur in a certain way or in a certain order, thus revealing a relationship of cause and effect, whereby like causes always produce like effects."—L. D. Beckwith, Jan., 1949.

"The collection of ground rent by an individual is no more justified than would be his seizure, were such possible, of the very air we breathe, and the refusal to allow other men to breathe save on payment of such tribute as the 'owner' of the air might choose to exact."—C. O. Steele in "The Individualist," Nov., 1948.

"Our Free Trade plan is quite simple. We say that every Englishman shall have the right to buy whatever he wants, whenever he chooses, at his own good pleasure, without restriction or discouragement from the State. The finished product of one trade is the raw material of another. By placing taxes on any of these commodities to raise their prices, you may indeed for a time help this trade or that trade, but it will only be at the expense of this or that other trade, and to the impoverishment of the general consumer. You may by the arbitrary and sterile act of a Government—for remember Governments create nothing and have nothing to give except what they have first taken away—you may put money in the pockets of one set of Englishmen, but it will be money taken from the pockets of another set of Englishmen; and the greater part will be spilled on the way. It is the right of robbing Peter to pay Paul, and charging the public a handsome commission on the job."—Rt. Hon. Winston Churchill, M.P., Birmingham, 11/11/1903.

Mr. A. W. Madsen writes, with reference to the great difficulty of making any progress in England: "So serious has been the set-back at the hands of the Labour Government. It has failed to take advantage of the sentiment there is for the principle and policy over wide sections of the people. That Town and Country Planning Act is perfect damnation because of what it does to maintain the monopoly price of land against all development."

"Did you ever count the vacant lots between your home and the centre of the city and estimate the extra length of water and gas mains, the extra feet of electric lines and telephone lines needed to supply your place and estimate the number of extra feet of sewer necessary to serve you and figure the cost of all these extras and how much that adds to your cost of living?"—L. D. Beckwith in "The Forum," Stockton, U.S.A., 18/11/48.

"A parasitical growth of officials is being steadily built up in England, as it is in Australia. The sinister objective being to have so many dependents on the public purse that a huge preponderance of votes are certain in any election in favour of State Monopoly. Fear of unemployment ensures a vote for the conspirator. England is being steadily pauperised by this army of parasites who will most assuredly keep their jobs until next election."—"A Free People," Jan., 1949.

"The British Nation that has once again saved the freedom of the world has grown great on cheap and abundant food. Had it not been for the Free Trade policy of the Victorian days, our population would never have risen to the level of a great power, and we might have gone down the drain with many other minor States to the disaster of the whole world. Abundant food has brought our 47 million Britons into the world."—Rt. Hon. Winston Churchill in a Broadcast address, 21/3/1943.

"You do not own the chair you sit in at the theatre; but you are secure in your right to sit there. You pay for the show and are protected in your right to your seat. It is the same under Nature's plan. You pay for the show the public is putting on and you are secure in your right to the exclusive occupancy of your seat—whether that be a city lot or a section of farm land."—L. D. Beckwith in "The Forum," Stockton, U.S.A., 11/11/48.

"It is time responsible men and women gave up their obsession with isms. There is no such thing as Communism or individualism in the sense that one includes the other. There is only justice. Let the community be given all it produces and leave with the individual all he produces, and justice will be done. Then only will the State cease from trying to usurp the functions of Providence; then only will it be possible to show the masses that they are personally responsible not to the State but to God, or their own consciences."—F.D.P. in "Land and Liberty," Nov.-Dec., 1948.

FREE TRADE AND LAND VALUES LEAGUE.

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POLICY.—1. Abolition of all Taxes now imposed upon Labour and Labour Products
2 The Appropriation of Land Values or Ground Rent as Public Revenue
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NOTES OF THE MONTH.

Token Tax Reductions.

A general election is due towards the end of the year. Mr. Chifley has announced some more token tax reductions. He is the most oppressive Commonwealth Treasurer since Federation. His financial policy since the war has two main features. He under estimates the revenue he expects to receive. He over estimates his expenditure. The result is a substantial surplus.

His tax reductions have been so niggardly that increased revenues have been collected in spite of them. His method of making concessions is to keep as many as possible in the tax net and so maintain his over grown tax departments with their droves of non-producing officials. For example he could wipe the iniquitous Sales Tax, inflicted upon the luckless people of Australia by a bogus "champion of Labour"—Mr. Scullin.

But no, a few per centages may be cut here and there but the whole ponderous, expensive machinery is kept in existence. It is the same with the Income Tax. Instead of raising the exemptions say to £250, thus relieving a host of people of income tax, there is a percentage reduction. It keeps a great number of poor people taxable, and useless officials to collect small amounts from them.

New States.

The agitation for New States has been revived. A Conference has been held at Armidale to further the idea. The chief professed object



SIR GEORGE FOWLDS.

(See Letterpress pages 6-7)

Clarence House, near Buckingham Palace, London, has been renovated as a town residence for Princess Elizabeth and her husband, the Duke of Edinburgh. An account of it in the "S.M. Herald," 20/11/48, by Helen Cathcart includes this statement: "The future lounge had only two western windows. Two other windows, facing south, were bricked up when one of Queen Victoria's relatives refused to pay the tax imposed on window space. These have been re-opened, making the living room one of the lightest and sunniest in London."

Although the economic insanity of taxing windows no longer exists in England, the whole house is taxed according to the rental which is economically as foolish. —Ed.

FREE TRADE AND LAND VALUES LEAGUE.

Monthly Executive Meeting.

The usual monthly Executive Meeting of the League was held on the 3rd inst at the office, Mr. F. Thomson opened the meeting, giving way to the President, Dr. Pearce, later.

The correspondence received contained interesting features: Mr. Rupert Mason, California, wrote:—

"I cannot begin to say how very grateful I am to Dr. Pearce for the magnificent job he did in blasting the economic sophisms in the letter written by Mr. Bernard Shaw, and to you for having printed the letter, and Dr. Pearce's cogent comments.

Mr. Mason asked for copies to be sent to twenty whose names and addresses he supplied. He also wanted 100 copies, but we could only supply 30. We sent marked copies to the twenty.

Mr. Halkyard wrote advising that a supply of the "Condition of Labour" was being forwarded. He suggested that the selling price be the same as "Progress and Poverty," 2/3, posted 2/6.

Mr. S. Lindsay wrote "I am grateful for your publication of Max Hirsch's lecture on Socialism. I heard two out of the three lectures he delivered in 1904."

Mr. Henderson wrote:

"What a world of frustration we live in. Last financial year I made twice as much as I have ever done before in twelve months, but high costs ran away with a lot of it and 'Chif' got the rest. I was looking forward to doing some long hoped for and very necessary improvements but Ben fixed all that."

Mr. A. W. Madsen writes with reference to the International Conference being organised for next August:

"He is sending 24 copies of the International Union and the Conference Membership Form which you could perhaps judiciously distribute among those of your members who may be inclined to join the Union and be enrolled for the Conference? Of course we are anxious to have as many Conference adherents as possible whether or not they are able to come. All will receive the publications and other documentation and it is toward the cost of all that printing that the Conference Fee is required."

The forms have not yet arrived.—Ed.

Mr. Madsen also wrote:

"I regret to inform you of the death of Frederick Verinder which took place at his home, 19/11/48. He was in his ninetieth year. All his colleagues pay tribute to his memory and to his distinguished service in the Henry George cause as writer, speaker and Secretary of the English League over a period of sixty-four years."

The Monthly Finance Report was received and adopted on the motion of Capt. Owen. It was satisfactory.

The Secretary's monthly report of activities was received. Among other efforts, he had sent a letter to 50 papers on the "Basic Wage" rise and how prices were always ahead. He had pointed out how to really reduce costs by abolishing taxes.

Help with "The Standard" during the month was as follows: Mr. Ringrose, one new subscriber; Mrs. Douglas, two renewals; Mr. Arrowsmith, two renewals and Mr. Lloyd, one.

FORTHCOMING MEETINGS.

Thursday, Feb. 17: Address by Dr. H. G. Pearce on "The History of Economic Doctrine." (Continued.)

Thursday, Feb. 24: Address by Mr. J. B. Heckley on "The Transport Problem."

Thursday, Mar. 3: Monthly Executive Meeting.

Thursday, Mar. 10: Address by Mr. B. Thompson on "One Big Union of the People."

Thursday, Mar. 17: Address by Dr. H. G. Pearce on "Professor Gunnison Brown on Economics."

Thursday, Mar. 24: Address by Mr. A. G. Huie being "An Outline of the work of the League in securing the adoption of local taxation of Land Values in N.S.W."

Thursday, Mar. 31: General Proportional Representation Meeting.

NEXT SENATE ELECTIONS.

General Meeting.

The General Meeting, as advertised in the January "Standard," was held on the 3rd inst., following the Executive Meeting. Its purpose was to consider the advisability of nominating one or more candidates for the Senate at the next Federal Elections. The President occupied the chair. Letters had been sent to a number of members in the country asking for their opinion. interesting correspondence was received from which we quote extracts.

Mr. Fleming.

"While I think that the campaign of a capable candidate will have a high educational value for our cause, whether he wins or loses, I feel that the matter of nomination should be left entirely to the wisdom of the meeting. I will await their decision with great interest."

Mr. Snaith.

"I agree that it would be most desirable—and a great achievement to have a Henry George man in the Senate, but I have not sufficient knowledge of the voting strength of the different sections of the people of the State to feel competent to express an opinion. For my part, I can only say that in event of the League deciding to 'have a go' with one or more candidates, I shall be pleased to contribute to the expenses of the campaign up to the amount of £5."

Mr. Dally.

"I think it would be a good idea to nominate candidates for the Senate. I think it would be a good way to bring Georgian teachings before the public, especially the taxation plan. Everyone feels the weight of the present system but many don't know any alternative. I sometimes meet farmers who curtail production to dodge some taxation, saying, 'What's the good of working for Chifley'."

Mr. Noble.

"I can assure you that I am fully in accord with your proposal, that the League nominate candidates for the Senate at the next election. In event of it doing so you may rest assured of my whole hearted support in getting such candidates elected. Like many others, I am tired of party politics. Australia is a good country drifting badly through bad government."

Mr. Plummer.

"With regard to the nomination of a candidate or not at the next Senate elections, I certainly feel that anything at all that will bring the objects of the League before the public is always worth while."

Mr. McPherson.

"Unless some major and unpredictable difficulty arises there seems to be a sound, logical case for the League to test and prove its P.R. doctrines in the only electoral field open. A failure to put forward a candidate might even become adverse propaganda."

Mr. Wilson.

"I am in accord with the idea that candidates be selected for the Senate at the next Federal Elections. As you say we have a reasonable chance under P.R."

Mr. Smyth.

"I think we should have a go for the Senate. Don't know what the expense would be; leave that to you and the League to work out. A go might liven us up a bit for future elections. By all means have a go at the Senate, as the others are tax-mad at present."

Mrs. Bourne.

"As I shall not be in Sydney this week, I cannot attend the general meeting on 3rd February, but feeling sure that it will be decided to nominate at least one candidate, I am enclosing a small contribution (10/-) towards expenses."

Mr. Christiansen.

"Re Federal election, I beg to inform you I wholeheartedly support nomination of candidates. With proportional representation we have a chance. I will support any decision that the meeting might make to the best of my ability. Enclosed herewith cheque for £2."

Mr. Kelly.

"Re running candidates for the Senate. If the meeting decides in favour I am enclosing cheque to assist in any way that the meeting thinks best."

After the reading of the correspondence the matter was informally discussed.

Mr. Blackwell suggested that the League should immediately draw up a programme or policy. He thought a country producer and an industrialist should be in the team.

Mr. McBain thought that it would be an excellent idea. Many were heartily sick of present party politics. Many returned men supported the Communist Party because they saw no alternative.

Capt. Owen considered that we should not miss this opportunity. He thought that P.R. should have been applied to the House of Representatives first. He would support a proposal to nominate candidates.

Mr. Heckley said that it was a great opportunity. Many people were tired of party politics. Personally he would do what he could if it was decided to put up candidates.

Mr. Langford said that it seems obvious that we must put up a candidate. P.R. would help us considerably. It was a wonderful opportunity to put our proposals before the people.

The President thought that it would be a good idea. It would put life into the League and enable us to put our case before the people. Present parties were only engaged in patch-work; that got Australia nowhere. Everybody was fed-up with present taxation.

Mr. Huie said that for the first time electors would be free to support candidates on their

merits. The candidates' names would be grouped on the ballot paper. A group could consist of two or more candidates. After nomination the groups would ballot for position on the ballot paper.

Capt. Owen moved that we nominate candidates for the forthcoming Senate Election. Seconded by Mr. McBain and carried unanimously.

The question of candidates was discussed. It was suggested that the Secretary should be nominated. He agreed and said that he would provide the necessary deposit. He thought that a group of three would be desirable, as three candidates would make a wider appeal to the people than one.

The President suggested a small committee to take matters in hand. Capt. Owen, Mr. McBain and Mr. Huie were appointed. They arranged to meet next Thursday, 10th inst at the office at 7 p.m.

It was decided to open a special campaign fund with the amounts in hand—£27/10/-.

PROPORTIONAL REPRESENTATION.

General Meeting, 13/1/49.

Capt. Owen occupied the chair. After the Minutes were read and confirmed and the correspondence received, the Secretary submitted a report on activities since the December meeting. Letters had been written to a number of papers, including Sydney dailies, on the results of the Local Government Elections in December.

Special attention was directed to areas where aldermen and shire councillors were elected on minorities of votes. A fair number of these letters had been published.

The Secretary read a copy of the article which was to appear in the January "Standard" on the County of Cumberland elections. It met with general approval. The question of getting it reprinted as a leaflet and supplied to members of Parliament, to aldermen and shire councillors, also to defeated candidates, was considered. It was agreed on the motion of Mr. Sephton to get 2500 reprints for this purpose and for suitable circulation.

Mr. Searson reported conducting a P.R. count for a Standing Committee of the E.S. & A. Branch of the United Bank Officers Association. Ten had to be elected and there were 17 candidates. Of the 204 ballot papers only two were informal and one exhausted. It was again shown that the idea that the candidate at the top of the ballot paper—whose name began with the letter "A"—had an advantage, was an illusion. He only got four votes and was not elected.

General Meeting, 10/2/49.

Capt. Owen presided at the General Meeting on the 10th inst. There was a good attendance. With one exception, the Councils asked to convene a public meeting to consider electoral reform replied unfavourably. Mr. McBain said that

it was like asking men who were elected to find fault with the system that elected them.

An interesting letter was received from Mr. Hewitt who was an unsuccessful candidate for Warringah Shire Council. He considered that our review of the County of Cumberland Elections was interesting and useful.

The Secretary reported getting the 2500 reprints. Copies had been supplied to members of the Legislative Council and Legislative Assembly. Also to the aldermen and candidates of about half the areas in the County of Cumberland. Mr. Searson had had this matter in hand.

It was agreed that it would be desirable to send copies to the others if their addresses could be obtained. The Secretary said that he hoped to get some. Messrs. Montgomery, McBain and Heckley promised co-operation.

The Secretary directed attention to the results of the County Council elections. The tricky Senate system was used; to the serious detriment of the Labour Party at these elections. It was agreed that the Secretary write to Hon. J. J. Cahill, Minister for Local Government, and to Hon. J. Stewart, Secretary of the A.L.P., directing their attention to it.

It was agreed that future general meetings be held on the last Thursday in the month instead of the second as recently. The next meeting would be on Thursday, 31st March.

SPECIAL CHALLENGE OFFER.

A good supporter of the League has offered us £50 provided members and readers of "The Standard" among them contribute a like amount. There is a condition that all amounts to make up the second £50 must be additional to usual contributions.

Receipts during September were	£3	2	6
Receipts during October were	4	2	6
Receipts during November were	4	3	9
Receipts during December were	2	12	6
Receipts during January were	17	3	3

£31 4 6

Balance necessary .. £18 15 6

The offer is a liberal one and we commend it to the favourable consideration of members and readers of "The Standard." The Challenger's object is to add £100 to this year's receipts. The closing date is the 30th June.

"The producer's right to his product is the corner stone, the basic principle of a stable economy."—L. D. Beckwith.

Bureaucracy in Action. Word comes from Britain that a great number of people are now keeping exactly 49 hens apiece. This is not because the number 49 has a religious significance—being seven times seven—nor yet because the egg situation being what it is, that they would not be willing and in many cases able to keep more. It is because it is safer and more economical to decapitate any superfluous fowl than to undertake the arduous and costly task of procuring a Government permit, now necessary if one is to keep fifty or more.

ONE MAN'S FAMILY.

A CENTURY OF SERVICE.

(By J. Rusden Salt, F.O.A., New Zealand.)

While there are numerous instances of successive generations of one family participating in politics, there are relatively few with three generations associated with fundamental land reform and incidentally free trade. One of these is the Fowlds family, originally of Scotland, but for more than half a century prominent in public affairs in New Zealand. Over a hundred years ago a Mr. Matthew Fowlds (born in 1806) was elected to a Parochial Board in Fenwick, Scotland.

Then as now there was a housing shortage, and Mr. Fowlds suggested that in order to encourage the erection of houses, the rates should be removed from buildings and collected on the value of the land only. He maintained that property of the former kind was entirely different from property in land, seeing that houses kept depreciating by time, while land more commonly kept appreciating by time. Owing to a very restricted franchise, most of the members of the board were representative of the local landed gentry and the idea was promptly turned down.

About Thirty years Before.

Be it noted that this was about thirty years before Henry George's epoch-making work on the land question, "Progress and Poverty" was published in 1877. Little did Mr. Fowlds foresee that in the distant future, a son of his would be able to take a leading part in having the idea adopted in a new land under the Southern Cross and thus become a beacon light to the world.

The evil results of the maintenance of an iniquitous land tenure system were revealed during the next half century when the population of Fenwick fell from 2017 in 1831 to 1007 in 1891, and a similar state of affairs occurred all over Scotland resulting in a heavy exodus of her people overseas. An emigration society had been formed in Fenwick in 1839 and into it prospective emigrants paid in small deposits on their passage fares. Its preamble makes rather interesting reading even at this day.

A Fearful Gloom.

"A fearful gloom is fast thickening over the horizon of our country. Every prospect of comfort to the working man is daily becoming darker and more dreary. Trade and manufactures are rapidly leaving our shores. And, to all appearance, a crisis is at hand, in which the sufferings of the working classes will, in the first instance, form a prominent feature. It is desirable, therefore, that they should have it in their power, as far as possible, to avoid the miseries to which a large portion of the community must be reduced by the depression of wages, scarcity of work, and starvation by hunger through the operation of the Corn Laws. This can best be effected by fleeing from the scene of destitution and distress. But as it cannot be effected without considerable expense, and as few working men can command a sufficient fund for that purpose, unless by the gradual process of weekly

deposits, it is hereby proposed to form an association for the purpose of encouraging emigration."

Mr. Fowlds was a lifelong liberal in the old Gladstonian tradition and particularly emphatic on free trade. Up to the time of his death in 1907, he used to write to his son in New Zealand, vigorous comments on political happenings in Great Britain. His youngest son, George, depressed at the poor prospects of advancement in his homeland, had left Scotland in the 80's first of all to South Africa and eventually to New Zealand. After building up a successful business in Auckland, he early turned to the political arena and was elected to Parliament, where six years later he was appointed Minister of Education and Public Health.

For Over Forty Years.

For over forty years he was the leader of the Henry George Movement in the Dominion, where in season and out he wrote, spoke and travelled the country to assist with many polls to adopt rating on the unimproved value. His refusal to compromise in any way in his devotion to the importance of land, tariff and electoral reform, culminated in his voluntary resignation from the Ministry and almost certainly deprived him of the possible attainment of the Premiership of his adopted country. Six years before he died, in 1934, he was knighted for his outstanding services to numerous civic causes.

The guiding principle of his public career was set out in an election address in the following terms:—"I have dedicated my life and such talents as I possess to the service of mankind . . . to the service of those who have been disinherited by human selfishness and greed, whether they lived in New Zealand or beyond its borders."

George Matthew Fowlds.

Brought up in an atmosphere of social reform and with the influence of heredity behind him, his son, George Matthew Fowlds, was also early drawn into a variety of public activities. Thirty years ago he became secretary of the Auckland branch of the N.Z. Land Values League of which he is now chairman. For some time he acted as secretary of the N.Z. Executive and for a decade he was editor of the "Liberator," the official organ of the movement, and is still a frequent contributor to the press. The family names have been perpetuated in another generation in the person of Matthew George Fowlds.

The two George Fowlds were proud to have an acquaintance renewed by visits to America with the family of Mr. Henry George, which is now represented by Dr. Henry George III. Another prominent American family they have also enjoyed a long friendship with, is the three generations of the Lloyd Garrisons, of Boston, U.S.A. The first William Lloyd Garrison, as the editor of the "Liberator," was world famous as one of the foremost advocates for the freeing of negro slaves. His son and grandson, also Wil-

liam, were closely associated with the Henry George and free trade movements, and this honoured name is now being carried on by William Lloyd Garrison IV.

FRED SEAL.

The death of Fred Seal is reported. For many years he was a member of the Free Trade and Land Values League. He was born at Brighton in England. He came to Australia 43 years ago. He was a coach-builder by trade and joined the Railway Department. He became acquainted with our old friend the late Robt Reid.

A good convert was the result. Mr. Seal used to attend our meetings in the Domain. He had an easy way of speaking which interested people. He also helped us in some of the early election campaigns. Unfortunately he met with a serious accident while at work. Recovery was a slow process and he had to go quietly afterwards. It was the end of his active assistance at our meetings.

After his retirement from the Railway service he went to live at "The Entrance," where quite a number go to live when their working days are done. He joined various local bodies and looked after his garden. Death came suddenly from a heart attack. He was 66. We desire to express our sincere sympathy with Mrs. Seal and his two daughters—Mrs. Thomas and Mrs. Rutter.

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All Business or Literary Communications should be addressed to the "Manager," or to the Editor. The President of the League is Dr. H. G. Pearce, and the Secretary is A. G. Huie.

Office: Daking House, Rawson Place, Sydney.
Tel.: MA 7357.

OUR OBJECT:

"We would simply take for the community what belongs to the community—the value that attaches to land by the growth of the community, leave sacredly to the individual all that belongs to the individual."

—Henry George.

FEBRUARY 15, 1949.

LAND HOLDINGS IN N.S.W.

The Federal Land Tax.

The Federal Land Tax with an exemption of £5000 and graduations was first imposed in 1910-11. Its professed object was to force the subdivision of large land estates in the country. Revenue was a secondary consideration. It was not a bona-fide proposal. To be effective a land value tax must be at a uniform rate in the area concerned and be a substitute for the existing taxes.

To show the absurdity of the tax as a means of breaking up large estates it is only necessary to point out that the greater part of the revenue from this tax comes from city properties, where subdivision is neither practical nor desirable. Here is the position of land holding in 1910.

The number of alienated rural holdings from 31 to 2000 acres was 53,392. By 1921-22 it had increased to 56,584. And by 1936-37, the number had declined to 53,913. Later figures are not available. Over the 26 years there was an increase in those farming areas of only 521 holdings.

The total area of land in these holdings in 1910 was 18,612,465 acres. By 1921-22 it had increased to 24,256,392 acres. And by 1936-37, the total held was 27,640,382 acres. While the number of farmers with such areas increased by less than one per cent the area held increased by over 48 per cent.

Now let us take the next set of holders of alienated land from 2001 to 10,000 acres. The number in 1910 was 7,133, falling to 4,605 in 1921-22, and increasing again to 7,345 in 1936-37, an increase of barely three per cent over the whole period.

The area of land in this class of holding in 1910 was 12,018,297 acres, increasing to

18,155,756 acres in 1921-22, and to 28,766,410 in 1936-37. So that while the number with this type of holding increased barely three per cent the area of land held by them increased by nearly 140 per cent.

Let us now take the holders of large areas of over 10,001 acres. The number in 1910 was 706. In 1921-22 it was 794 and by 1936-37 it had increased to 1,114. That shows an increase in the largest type of holding of 408 or over 47 per cent.

In 1910 the area of land held in this class of holding was 21,323,087 acres. By 1921-22 it had declined to 19,574,224 acres. From that time to 1936-37 it increased to 29,614,291 acres. Over the whole period the increase was 8,291,204 acres or nearly 39 per cent.

If we take all classes of holders of alienated lands from 31 acres upward we find that the number was 61,231 in 1910, increasing to 61,983 in 1921-22 and to 62,372 in 1936-37. So that the number of holders of alienated land increased by only 1,141 but the area of land owned by them increased by 84,067,237 acres.

Two questions may be asked what advantage has the graduated land tax with its big exemption been in breaking up large estates? Both their number and the area held in them has increased over a long period of years.

Of what benefit has the much boosted closer settlement policy by resumption been, seeing that the increase in the number of holdings has been small while the increase in the area held has been large?

To the 30th June, 1940, the number of estates resumed for closer settlement was 1854 of an area of 4,145,032 acres, some 205,240 acres of Crown Lands were added. In this way 9,109 farms were provided. Thus it seems clear that all efforts at closer settlement at great expense have failed to add materially to the numbers of holders of alienated lands.

We are able, however, to compare 1910 figures with 1947-48, thanks to the courtesy of the Statistical Office. This set of figures, however, consists of alienated lands and leased Crown Land attached. It is therefore a more complete picture of the way our lands are held.

The number of all classes of holdings from 30 acres upward in 1910 was 68,540. In 1947-48, the number was 74,669. So that over a period of 38 years, the increase in holdings of rural lands was only 6,129. A closer examination of the figures, however, shows some striking facts.

In 1910 the number of rural holdings up to 2000 acres, with Crown Lands attached, was 64,843. The area held in these holdings was 65,586,245 acres.

Holders of areas from 2001 up to 10,000 acres numbered 2,991, with areas of leased lands attached totalling 44,978,242 acres.

The number with areas over 10,001 acres was 706 with 37,261,277 acres.

Now take the figures for the same types of holdings in 1947-48. Up to 2,000 acres the num-

MAX HIRSCH ON SOCIALISM.

The Industrial Outcome of Socialism.

Address by Max Hirsch in the Athenaeum Hall, Melbourne, on the 2nd August, 1904. The Rt. Hon. G. H. Reid, M.P., presided.

In the previous lecture I endeavoured to lay before you a picture of the industrial organisation which the adoption of the fundamental proposals of Socialism—proposals on which all Socialists are agreed—must inevitably bring about. The main features of this organisation were found to be the creation of a numerous, carefully graduated and strongly disciplined body of officials, culminating in one central all-directing agency for the management of all the industries of the country.

This central agency we found, must determine, years in advance, the various kinds of goods to be produced, the several qualities of each kind, as well as the quantities to be produced of each kind and quality. In order that the officials may have the slightest chance of performing this stupendous task, however inefficiently it may be done, they must have the additional power to control every man and woman in the country with regard to the occupations which they are to follow, the place where they are to reside, and the intensity with which they are to work.

And further, we found that these officials would also have to determine the amount of wealth to be divided amongst the people, each adult receiving an equal share. To-night I shall endeavour to bring before you some of the economic and industrial consequences of this Socialist organisation.

Factors in Labour's Productivity.

The productivity of man's labour in the social state, affected as it is by his natural surroundings, such as fertility of soil, mineral treasures, and topographical features, is also affected, and to a still higher degree, by many social factors. Permit me to enumerate some of the more important of these. One consists of the degree of efficiency possessed by the organising and managing agencies. Another consists of the degree of willingness, conscientiousness, and efficiency with which each individual worker performs his task.

A third is to be found in the correspondence between the natural aptitude of each worker and the task allotted to him. A fourth consists of the quantity and efficiency of the industrial capital available. But there is another factor, perhaps as important as all these put together, namely, the knowledge of nature and the use of natural forces in industrial processes.

Every Worker To-day.

It is admitted that every worker to-day produces many times the amount of wealth which the most efficient workman, most intelligently directed, and with ample capital at his disposal, could produce a hundred years ago. The increase is so great that the lowest estimate I have seen places it at 15-fold, that is that every worker to-day produces on an average fifteen times the amount of wealth which his predecessors could produce in the same time a century ago.

What has brought about this marvellous change—a change so great that, if it were not counteracted by other factors, it would have banished involuntary poverty from this world? There is no doubt as to the causes. This enormous increase in wealth-producing power is due to discoveries and inventions, and to their use in the industrial processes.

Seeing that all these factors affect the production of wealth, and, therefore, the amount of wealth which is

ber had fallen to 62,039 and the area held to 27,343,949 acres, materially less than half the area held in that class of holdings in 1910.

The number with areas from 2,001 to 10,000 in 1947-48 was 10,237 with 40,857,592 acres. The number in this class was nearly three times greater, but the area held was nearly 4,00,000 fewer acres.

Now take the number of areas over 10,000 in 1910. It was 706. By 1947-48 it was 2,484, with an area of 100,996,403 acres. The area held in the largest class of estates was nearly three times as great as in 1910.

In spite of all the closer settlement schemes at great expense, and the graduated land tax, with its absurd exemption of £5,000, the aggradation of land in large areas has gone on until no less than 59 per cent of all rural holdings is in the hands of 2,484 holders. Under four per cent of the holders of land have 59 per cent of the area held.

Does any reader want clearer evidence of the utter failure of our land policy? After all it is the inevitable effect of a policy of taxing country producers to build up town monopolies. Those who talk about decentralisation and pursue the will-o-the-wisp of new States to bring it about, seem hopelessly unaware of what causes centralisation and how alone it can be checkmated.

There is only one way to promote effective distribution of land. We must put all holders of land in city as well as in country, upon a footing of equality of opportunity. That can only be done by uniform taxation of land values so as to collect the economic rent of the land as public revenue. Taxes upon the use of the land both direct and indirect to be reduced in proportion.

Such land rent revenue would not at first give all that we need, due to present abnormal conditions, but with wider distribution in land holding and more effective use of it, the time would come when the rent of land would be sufficient and all industry would be free from taxation.

According to Mr. Colin Clark, Government Statistician in Queensland, Britain is using 8 per cent of her available labour in white-collar jobs, administering regulations, at an approximate cost of One Thousand Million Sterling per annum. Socialism requires hordes of non-producing officials to work the system.—Ed.

"To get wages or interest, one must make a corresponding investment of labour or capital. Rent, on the other hand, is got for nothing, at the expense of the public which provides and maintains the conditions because of which it is paid."—"The Forum," Stockton, California, 9/12/48.

"Rent is nature's provision for our public revenue. In the nomadic stage, when men travel about with their herds, carrying their wealth with them, they have no need for public revenue. But when they settle down, the need for public revenue arises, and then, too, rent appears."—L. D. Beckwith in "The Forum," Stockton, U.S.A., 2/12/48.

The Queensland Valuer General under the local valuation of Land Act, 1946, is only required to find the unimproved value. That is a sensible provision. When the N.S.W. Act was under consideration in 1916 the League urged a similar course in this State. But our advice was not taken and the N.S.W. Act is cumbered with assessing both improved and annual values.

available for the people; seeing also that each of them must be affected by social organisation, no serious man, and no serious nation, can ever think of adopting Socialism, without careful consideration of the effect which its industrial organisation must have upon these factors in the production of wealth.

Discouragement to Invention and Discovery.

Let us begin with the most important, inventions and discoveries. It is evident, nor do Socialists deny it, that under Socialism no special material reward can be hoped for by any inventor or discoverer, however much his invention or discovery might benefit mankind. But they argue that this absence of reward would not diminish useful inventions and discoveries; for the reason that men having a bent in this direction cannot help themselves, but must go on inventing and discovering.

It may be true that here and there a man may be found whose nature is so constituted that he would continue the exercise of his inventive faculties without any possible prospect of reward. But this cannot possibly be true of the great majority of inventors. These are constituted like other men, and will not undertake the costly experiments which most inventions entail, or the sometimes dangerous and generally expensive researches which precede discoveries, unless attracted thereto by the possibility of a great reward. The absence of reward thus must enormously decrease invention, and, consequently, the industrial progress of the nation.

This tendency would be strengthened from other directions. As under Socialism every man and woman must work at his or her appointed task a certain number of hours each day, the opportunity for researches and experiments which result in inventions and discoveries would be largely curtailed for all.

Costly Researches or Experiments.

Moreover, as all are to receive equal reward, the reward of each could not be great, and none, therefore, would possess the means to make the costly researches or experiments which most inventions and discoveries entail. These two causes would obviously affect even the few exceptional persons who would not be prevented from the exercise of their inventive genius by the absence of all possibility of material reward.

If it is alleged that the State—that is, some of its officials—would select men and women to do the discovering and inventing of the nation, a serious reply is scarcely necessary. For even if the selection were made honestly, it would not be made efficiently, and, even if made efficiently, it could offer no approximately adequate substitute for the thousands and thousands of brains who now endeavour independently to find solutions for industrial problems. While, for these reasons, inventions and discoveries would be rarely made under Socialism, other causes would arise tending to prevent the adoption of the few that might still be made.

The adoption of new inventions and discoveries generally entails the discarding of existing machinery and processes by employers, and a change in the accustomed method of working on the part of employees. Employers and employees are loth to do this. On employers it entails an immediate loss, and only the prospect of exceptional profit for a time or fear of losing competitive power induces them to adopt new inventions. The pressure of competition likewise overcomes the unwillingness of their employees to change their method of working.

The Red Tape of Bureaucracy.

None of these motives actuate the officials of the State. They can suffer no personal loss from refusing new inventions, nor can they gain personal advantage from adopting new inventions and discoveries. Moreover, and apart from the responsibility of discarding existing machinery, the adoption of new machinery and methods would also demand additional exertion on their part, and may expose them to unpopularity.

There is, however, still another and greater obstacle. Inventions do not generally spring perfect from the brain

of men. When any industrial difficulty invites the application of inventive genius many unsuccessful attempts at its solution precede the successful one. This certainty of many failures before a success can be registered stands in the way of progress to-day.

Capitalists, knowing this uncertainty, can only be induced to try a new discovery or invention by hopes of great gain or pressure of competition. But no such motive will affect the officials of the State. For while they cannot obtain any material reward if the new process or machine is successful, they would certainly be blamed if it were unsuccessful. It would, therefore, be far safer for them to do nothing than to run this risk. Hence the absence of all motives to experiment with new inventions is fortified by strong motives against doing so, and Socialist officials will therefore carefully abstain from making such experiments.

Even at the present time, when the example or competition of private enterprise stimulates the action of State officials, these causes retard their adoption of new inventions. Innumerable examples might be quoted of State departments refusing for years to use processes and appliances which privately conducted industries had proved to be advantageous.

Startling Examples.

Let me give you a few examples. The discovery that lemon-juice was a preventative and cure for scurvy was made in 1593. From that day on it was frequently used in ships, and gradually maritime vessels began to carry it habitually. The British Admiralty did not adopt it till 1795, when the safety of the Channel fleet was endangered by scurvy, of which the sailors were dying like flies. That is, it took 200 years to move the Admiralty officials to take this step, and more deaths were caused by this official reluctance to go outside the beaten grooves than were caused by battles, wrecks, and all other casualties at sea put together.

Similarly, the British Admiralty stuck to paddles, and could not be induced to adopt screw-propellers for men-of-war, for fourteen years after their use had become general in the mercantile marine.

Again, the Admiralty left the plates of their ships unprotected by anti-corrosive paint for many years after its use had established itself on all other iron ships.

Again, it was not till the breakdown of many ships' engines, and years after it had been generally adopted, that the Admiralty consented to adopt Silver's governor for marine engines.

Similarly with the Post Office, of which Sir Charles Siemens, the great electrical engineer, used to complain that it was almost impossible to get it to adopt any improvement in telegraphy.

A Voice: Who is your authority?

Mr. HIRSCH: Herbert Spencer. I trust my friend will be satisfied with that.

It needs no more examples. This tendency of State departments to remain in a groove is so distinct and universal that it has become proverbial. Yet this tendency must be infinitely greater under Socialism, owing to the total absence of the stimulating example of private industry, and owing to the absence of any motive on the part of others to overcome the inertia or hostility of officials.

Stagnation and Retrogression.

As I have pointed out, the difficulties in the way of the adoption of any invention are very great, even under the existing competitive system. They generally are overcome by men who expect to share in the reward of the inventor, and inventors gladly share their prospective reward with the man who gets their inventions adopted. When no such reward can be obtained, the motive to overcome the difficulties will be gone, and no such effort will be made.

Still another danger arises. Under Socialism the adoption of any new invention or process depends upon the will of officials; no pressure of competition can induce it. Suppose such officials have made an error—have

adopted a new invention or process which is less useful than those that were discarded. If this is done under the existing competitive system—as it is frequently done—loss of competitive power and of trade quickly compels the abandonment of the failure. But under Socialism there is nothing but the conscientiousness of the officials to cause a failure to be abandoned, while their self-interest might easily cause them to refuse to do so.

Let me now recapitulate. We have seen that, through absence of reward, and through want of time and means to make experiments, the number of inventions and discoveries would be much diminished; that, as officials cannot personally benefit by the adoption of successful inventions, they would be reluctant to adopt any, partly because it would, for a time, increase their work; partly because they would have to risk reproof and loss of credit for possible failures; partly because they would have to overcome the reluctance of workmen, and partly because it is nobody's interest to persuade them to adopt new machinery and processes.

No Guarantee Exists.

In addition, we found that no guarantee exists under Socialism, as is the case now, that new machinery and processes are more useful than those discarded. Clearly, then, Socialism would put an end to the marvellous progress which, during the course of the last hundred years, has changed the face of the earth; which has endowed men with previously unimagined power; which has chained the forces of nature to man's triumphal car. We know now that the marvels which have been achieved are but an earnest of the marvels yet to come; we know that, proud as we may be of the achievements of the immediate past, we are but standing on the threshold of nature's treasure house.

But that threshold will never be passed, the inner sanctuary of nature will never be entered, if Socialism is adopted, for the heavy hand of its officialdom will crush the budding powers of man, will put an end to further progress, will call a halt to the upward march which otherwise would lead men to uncover the most deeply-hidden secrets of nature, and to compel them to do his will. Instead of progress, we would have stagnation, soon to fall into inevitable retrogression.

All Inducement to Exertion Killed.

Permit me now to deal with the next question—the efficiency of labour under Socialism. The only motive for industrial exertion is the desire to reap its fruits. If men could satisfy their material desires without industrial exertion, they would gladly abstain from them. They would equally abstain if all reward were withheld from them. The motive for industrial exertion, therefore, is strongest when men receive the full reward of their labour. But if it is all the same to men whether they work hard and efficiently, or little and inefficiently, they will inevitably choose the latter course.

This divorce between exertion and reward is the main reason for the universally recognised inefficiency of slave labour. The existing system, suffering from injustice in distribution, where the majority of men cannot hope to enjoy all the fruits of their labour, also largely reduces the efficiency of labour. But under Socialism—entailing equal reward for unequal service—this inefficiency of labour must grow to an appalling extent. All motive for exertion would cease to exist, for no exertion, mental or physical, could increase the reward of anyone.

Delusive hopes of Socialists.

Socialists reply that equality of distribution by no means withdraws the motive for exertion, inasmuch as the amount which can be distributed depends upon the exertion of every individual. That the harder and more efficiently anyone works the greater will be the reward which he receives in common with all. This reply, while fully admitting the importance of self-interest as a motive for exertion, overlooks the fact that each individual

can benefit himself but little by his own greater exertion when the reward of all is equal. Take, for instance, Australia.

There are about 1,500,000 adults, and therefore, under Socialism, the results of any man's greater exertions would have to be divided equally among all of them. Every one of them could only obtain the one million five hundred thousandth part of his greater exertion. If a worker wanted to increase his own reward by 1d. a year, he would have to increase the product of his annual labour by 1,500,000 pennies—that is, by £6250. If he wanted an increase of 1d. a week, he would have to increase his annual output to the extent of £325,000; and if he wanted a penny more per day, he would have to produce more wealth to the tune of £1,875,000. Is it likely that these considerations will induce him to increase his exertions?

But it may be said that he knows that if all the others also increase their exertions in the same way, each will get all that his greater exertions produce. This is true, but scarcely effective. For no worker can know whether all the other workers labour as hard as he does. He cannot know it as to all the men in the same factory; still less can he know it with regard to the workers in all the other similar factories, and still less with regard to the workers in all the departments of national production.

Therefore, every worker will disregard the possibility of obtaining a share in the produce of the greater exertions of others; the only thing he sees is that, all others sharing equally in the produce of his greater exertions, the advantage to him of so exerting himself will be unrecognisable. Therefore, he will not do so, and the efficiency of labour will suffer an enormous decline.

The Analogy of Slave Labour.

The absence of any individual motive for exertion on the part of the regulated workers has three consequences. One is that the result of their labour will fall off both in quantity and quality. The produce of all the industries of the State will be less, and that which is produced will be less serviceable. The second consists of waste of material. Careless work involves waste; and as all work would be careless under Socialism, the waste of material would be frightful.

The third consequence is, that the number of regulative officials must be largely increased, for men who work unwillingly and inefficiently want far more supervision than those who work willingly and efficiently. Again, slave labour suggests itself as an example. This increase in the number of regulative officials reduces the average output of industry still more. Every one of them would add to the product, if, instead of supervising, he were actually producing.

The Reign of Fear.

No doubt it will be replied that this increase in supervision would put an end to the tendency towards slack, careless, and inefficient labour. But this can only take place to a small extent. The contention presupposes that laziness and inefficiency will entail punishment. What punishment? Weak, slow, lazy, or otherwise inefficient workers cannot be allowed to starve? Are men and women to be starved because they are weak or unfit for the work expected of them?

Clearly, this would be their fate if they were dismissed, for there would be no other employer. Can their reward be lessened because they are less efficient than others? This would also be impossible under Socialism, because no notice can be taken of degrees of efficiency—all rewards must be equal. The only punishment possible under Socialism, therefore, is the knout or the gaol. Is it really believed that these will make labour efficient? Did they do so in the slave-gangs of the Southern States?

Obviously, men cowering under the fear of such punishments cannot be, industrially, as efficient as free men, under no other stress than the natural pressure which links labour with life. Is fear as good a motive to in-

dustrial exertion as hope of reward; sullen resentment as good as cheerful anticipation; distaste as good as joy in ones' work? If they are not, then the efficiency of the labour of the regulated masses must suffer an incalculable decline under Socialism.

Lessons of Present Day Officialdom.

At least, equally serious must be the decline in the efficiency of the regulating officials, for here also efficiency does not bring any greater reward; among them also all material motive for exertion will have disappeared. Moreover, the efficiency of management must be reduced through other causes. Whenever an undertaking becomes so large that the man at the head cannot himself supervise the whole of it, strict regulations must take the place of personal initiative.

Still more is this the case when an undertaking is so large as to require an extensive and graduated managerial organisation, for then each grade in the regulative machinery is more or less fettered; lower grades appeal to higher; these transmit the request to still higher. Much time and labour is wasted before a decision is arrived at, and, therefore, invariable practice takes the place of flexibility.

This graduation, limitation, and inflexibility is greatest where many separate and distinct departments are subject to one graduated managerial organisation, such as is the case with all State departments to-day. For here ultimate decisions rest with officials having no personal knowledge of the circumstances guiding the proposals of subordinates. Hence results the red-tape of all Government departments, such as has been lately so aptly described by the Public Service Commissioner of the Commonwealth:—

Civil Service Circumlocution.

Dealing in his annual report with the question of civil service circumlocution, Mr. D. C. McLachlan quotes from Baron Stockmar's "Memoirs" the following with regard to the procedure in the English Royal Household: "If a pane of glass or the door of a cupboard in the kitchen needs mending the process is—(1) A requisition must be prepared and signed by the chief cook; (2) this must be countersigned by the clerk of the kitchen; (3) it is then taken to the Master of the Household; (4) it must next be authorised by the Lord Chamberlain's Office; (5) being thus authorised, it is laid before the clerk of the works under the office of woods and forests. So that it would take months before the pane of glass or cupboard could be mended." Mr. McLachlan says further that it cannot be denied that the above is, mutatis mutandis, an unexaggerated description of what has been perpetrated in many of the public offices of these States.

Let me give you one more example.

We have learned lately that the contract post-offices no longer keep duty stamps for sale, and thus, the country population being unable to obtain them easily, serious inconvenience is caused. This state of affairs has arisen since the Postal department has been transferred to the Commonwealth. As the Victorian Government have no longer any guarantee contract with the people who keep these post-offices, they insisted upon being paid in advance for all stamps. The contractors say that the commission is too small to enable them to lay out their capital, and thus there is a deadlock.

Get Two Decent Citizens.

Now, if a private person had experienced this difficulty, he would have ended it in an hour. He would have notified the contractors at once—"All right. Get two decent citizens to guarantee us against loss to the extent of, say, £10, and we will give you that amount of stamps on credit." But that was too simple a solution for a Government. So we have had a prolonged correspondence between the Victorian and the Commonwealth Governments; have had this iniquitous question debated for years; and, meanwhile, the country people have suffered every kind of inconvenience, and the end is not yet.

Now, if this red-tape, this roundabout working, this

waste exists, as it does exist, in every governmental service, surely it must receive an incalculable increase under Socialism. For not only would the stimulating example of private industry be lost, but, compared with the huge extent of the undertakings conducted by officialdom under Socialism, those so conducted at present are infinitesimal. The wheels within wheels, therefore, would be added to an incalculable extent, and would gradually crush all efficiency out of the managing organisation.

Round Pegs in Square Holes.

Moreover, both the regulated masses and the regulating bureaucracy will be exposed to yet another cause creating loss of efficiency. Labour is most efficiently performed when its character is in accord with the innate tendencies of the labourer. A youth may make an excellent teacher when he would be but a wretched cook; another's services might be far more valuable as a farmer than as an engraver; still another would make an excellent engineer when he would be but a sorry physician. Unfortunately, even to-day, the number of round pegs in square holes is very great. But many, perhaps the greatest number, either from the start or ultimately, find the holes for which they are best fitted.

Under Socialism, however, this would only occur here and there through accident or favouritism. Choice of occupation by aspirants being impossible, it is equally impossible for the regulative bureaucracy to discover the special aptitudes of the numerous aspirants for employment. Their various tasks must be allotted to them by rote, and they may be transferred from occupation to occupation, not as they desire, but as the necessities of the State or the caprice of officials may dictate. With possibly a few exceptions, therefore, all special aptitudes will be neglected, and those capable of doing exceptionally good work in one direction will be compelled to work at tasks in which they are less efficient.

Subserviency, Flattery and Toadyism.

Seriously as this cause must reduce the efficiency of the regulated masses, still more must it affect that of the regulators. For how will these be selected? By election from below, by the people? Will anyone contend that managerial efficiency, and not other qualities, would determine the popularity of a candidate? Or is it by appointment from above by superior officials? Again I ask, would not subserviency, flattery, and toadyism be a surer way to preferment than managerial ability and merit?

Sooner or later however, as I shall prove in my next lecture, the bureaucracy would become an hereditary class, whose ranks would be closed to all outsiders. But whether this would be the case or not, this much is clear, that organising and managing aptitude would be rarely the special faculty of the members of the Socialist bureaucracy.

Curtailement of National Capital.

I have to point to still another cause tending in the same direction. The efficiency of the national labour is largely determined by that of the available instruments of production and their amount. All these instruments made by labour must, from time to time, be replaced by labour. Every year large numbers of workers must be set to produce materials which, after a lapse of years, may appear as tools or machines, which again, after a lapse of years, deliver goods which satisfy men's wants.

This production of capital, ever increasing, and providing for wants of an ever later date, is a function which existing society performs unconsciously through pressure of competition. Under Socialism it would have to be performed consciously. The regulative authority would have to determine each year how much of the national labour shall be exerted in directions which, after a lapse of years, may replace and extend the national industrial capital.

The labour so employed is withdrawn from the production of goods which can be distributed in the near future, and directed towards the production of goods which can only be distributed in the distant future—that is, the reward of all labourers next year is largely reduced

in order that its level may be maintained in some distant future year. No man, or body of men, can have the prescience and knowledge required to perform this stupendous task efficiently.

The Fruits of Abstinence.

But suppose they do possess this prescience, will they act up to it? The probability is all the other way. The majority of any people are shortsighted and improvident, unwilling to buy future ease with present abstinence. Still more is this the case when they themselves cannot obtain the fruits of abstinence. Those who are improvident—the majority—will desire the greatest possible dividend from the national labour, in order to enjoy it.

Those who are abstinent will still desire the same, because, under Socialism, private property in consumption goods will continue. These, therefore, can be saved individually, while nothing else can be so saved. A proper replacement and extension of the national capital will, therefore, be universally unpopular, and this must lead to its insufficient replacement and extension.

This tendency will be increased through the inefficiency of labour, already pointed out, for the officials can for a time conceal the reduction in the amount of the national product by abstaining from the proper replacement or extension of the national capital. They would thus maintain their credit, while the loss might not be felt for years.

These two causes must combine to produce a tendency, not only to abstain from adding to the national capital, but to actually curtail the national capital, which course must ultimately lead to such a curtailment of the product of the national labour as is scarcely imaginable.

A Host of Evils.

Many powerful causes must thus co-operate to reduce the efficiency of labour, and to decrease the products of labour under Socialism. They are:—Owing to the withdrawal of any reward for inventions and discoveries, and through want of time and means to engage in costly researches and experiments, these, the greatest factors in industrial progress, will diminish. Of those that will still be made, few, if any, will be adopted. If any are adopted, no certainty exists that they are not failures, or that such failures will be discarded.

While these causes will produce a discontinuance of the progressive increase in productive capacity which distinguishes modern industry, other causes will actually and enormously diminish productive capacity. They are:—The divorce between labour and its proportional reward; the substitution of fear for expectation of reward; the neglect of special aptitudes; the absence of managerial ability among officials; the red-tape and boundless waste of effort inherent in all governmental departments, greatest where they are most numerous; and the insufficient replacement of industrial capital.

Of these causes, all co-operating to reduce the efficiency of the national labour and to diminish the output of the national industries, only a few affect the efficiency of State-conducted industries at the present time. The red-tape and waste of effort arising from graduated organisations exists; to some extent, also, the stimulus to effort is wanting which exists in private industries. But all the other evils are absent, and, nevertheless, the inefficiency of industry under the direction of Government officials has become a by-word and a reproach. Allow me here to give a few illustrations. To spare the feelings of my audience, I will take them from other countries than Victoria.

Government Muddling of the Present.

Let us begin with New South Wales. At a place named Collarenebri, the Government put down a bore, and got an ample supply of artesian water. The surrounding settlers then let a contract for cutting drains to make the water available, the price being £16 per mile. However, the sapient Government interfered, took the matter out of the settlers' hand, and caused the drains

to be cut by day labour, under the direction of officials of the Public Works department.

The cost of cutting a mile of drain on this system came to £96, though the wages of the day labourers were no higher than the earnings of the contractor's men, who worked at piece-work rates. That is the stimulus of proportionate reward being absent, and the supervising officials having no direct interest in making the supervision efficient, the productive capacity of the labour employed fell off to just one-sixth of what it was before. The contractor's men produced exactly six times the amount of wealth that the men employed under official supervision did.

Coolgardie Water Scheme.

My next example is taken from Western Australia. The Coolgardie Water Scheme has been carried out by day labour under official direction. As its cost was found to be enormous, a Royal Commission was appointed to investigate the cause. I shall quote a few sentences only from the report of this Commission:—

"The pipe trench and man-hole excavations have cost about 3s. per cubic yard on this work, instead of 1s. 6d., for which it could have been done under contract. How much of this excessive cost was due to weak supervision, and how much to Government stroke, this commission is unable to decide."

The concluding portion of section 4 (pipe laying and jointing) reads:

"It seems probable that the ultimate cost of this branch of the work will be about £100,000 more than the estimate, which appears to have been fair."

State Tobacco Monopoly in France.

The most instructive example of the inefficiency of State-conducted industry, comes from France. I have lately made a close study of the financial results of the State Tobacco Monopoly in the several countries where it exists, because the Watson Government proposes to institute the same here. I will lay before you the results, taken from official reports, of the monopoly in France, stating, however, that in the other countries, the monopoly of which I have been able to investigate, the results are even worse in several respects.

In France, the taxation imposed on tobacco, in its price, is five times the value of the tobacco. In Australia, the average taxation is between two and three times the value of tobacco. The ordinary quality of tobacco, that which is most largely consumed, is sold to retailers in France at 4s. 6d. per lb.; in Australia, Havelock and Yankee Doodle, the most largely consumed brands, are sold to retailers also at an average of 4s. 6d. per lb. In France, the cheapest tobacco is sold at 2s. 10d. a lb.; in Australia at 2s. 6d. per lb., wholesale each.

French v. Australian Tobacco.

As would appear from these facts, and is notorious, this French tobacco is of vile quality, while the quality of this Australian tobacco is excellent. Wages in the French State factories average 40 per cent. lower than wages in Australian tobacco factories, and the hours of labour are one-fourth longer in France. Moreover, no private manufacturer or dealer makes any profit on tobacco in France.

Therefore, the profit of the French Monopoly should at least be two or three times as large as the revenue derived from tobacco duties by the Commonwealth. As a matter of fact, they are almost equal, being, per lb. of tobacco consumed, 3s. 1½d. in France, and 3s. 0½d. in Australia. These facts prove clearly that the inefficiency of State management wastes all the advantages arising from higher taxation, lower quality, lower wages, longer hours, and saving of private profit.

The production of wealth in Australian tobacco factories is, therefore, between two and three times that of French tobacco factories. This enormous waste, moreover, takes place when the activity of the officials is stimulated by the example and teaching of the private