

Henry George League

W.A. Division

P.O. BOX 93, WEMBLEY, W.A. 6014

*AIMS: Abolition of all taxation
Collection of the annual site value of land
for public revenue.*

To:-
Committee Members, Trustees,
Henry George League, Henry George Foundation,
Melbourne.

The attached notes provide a full rebuttal to the views of Lance Hutchinson in his letter of November 13.

It is important that Georgists' views be based upon conditions that will arise with the implementing of our basic ideas.

These conditions are those that are looked to by everybody in the community when, as individuals, they look at the effects upon themselves of the so-called remedies or palliatives of the socialism that misguided thinking foists upon the community.

Our basic ideas are not advanced by any toadying, no matter how well intended, to the ideas of socialism.

It is proper for us to express sympathy for the socialists but only contempt for their socialism and I trust that this will now be taken to heart amongst us.

Yours faithfully,

Graham Hart

Graham Hart

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NB:

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NOTES IN JUSTIFICATION OF CHAPTER 33 OF

SANITY & COMMON SENSE

AND IN PARTICULAR A REPLY TO A LETTER DATED 13/11/85

SIGNED BY LANCE HUTCHINSON

The writer has carefully reread chapter 33 under reference, also Mr Hutchinson's letter. Further comments are as follows:

Most Georgists agree that we should tax land value or, more correctly, collect economic rent for public revenue and simultaneously abolish taxes which bear on the production of wealth.

Such proposals however, are only the mechanics of building a free society and thereby liberating mankind and the human spirit from the thralldom caused by injustice.

The ultimate objective is that each person should have the right of living and forming character in association with his or her fellow human beings; Christians believe, in preparation for eternal life in the next world.

Although the latter is not universally accepted, the right to equality of opportunity, cannot and has never been disputed, in theory.

Many people who live wholly or in part on funds provided by the State (other people) are denied a basic human responsibility unless their energies are directed to conform with the science of political economy.

"In the sweat of thy brow shalt thou eat bread" implies that some people should not live at the expense of others, and that no one should be forced to support the livelihood of others beyond their own, freely assumed, personal responsibility.

As science and technology advance and population density increases, it is found to be more economical to appoint Governments to organise the performance of functions which by their nature are monopolies and people cannot do effectively in their individual capacities i.e. in which there is no freedom of competition.

Socialism does not accept the principle that rewards should relate to individual effort and undertakes all possible forms of production and service except those in which Government administration has been found to be disastrous, e.g. The private production of vegetables is now permitted in Russia.

The economic philosophy of Henry George is based primarily on "Progress and Poverty" and on the "Science of Political Economy". "Social Problems" however, despite some excellent passages, is inconsistent in some respects. For this reason a quotation out of context from "Social Problems" is not evidence unless consistent with the basic economic philosophy.

It is reiterated that an education system in which there can be no consideration of right and wrong, of good and evil, of justice and injustice, is not providing real education at all.

Knowledge must not be confused with education, which begins when people sift and classify knowledge for their own good and for the equal good of their fellow men.

Professor Andelson of Alabama University agrees whole heartedly on the advantages of private education which under no stretch of imagination can be classified as a necessary monopoly.

A rabid anti-catholic might support public education because of the advantage that Catholic schools would temporarily enjoy by a sudden change to private education.

It has been stated that "space will not permit of a detailed examination of this subject". Principles mainly have been dealt with and developed to a limited extent only.

It is agreed that some imagination is necessary to envisage the development of private education in a Georgist Society. Georgist schools and Colleges would play a prominent part together with other groups dedicated to providing the most liberal education for children.

Private education in a free society would not degenerate into Roman Catholics versus the rest.

Mr Hutchinson has not attempted to answer the reasoning in this section other than to shed a tear for the children of rich and poor who in a Georgist Society, would certainly not co exist as at present. His condemnation of private schools without offering any proof, is not factual.

The State monopoly of Education is probably the greatest single disaster that has overtaken the 20th century.

We now have three generations of people who have issued from our schools after having been brain washed, particularly at tertiary levels, into believing that the State has a prior claim to the product of their labour and that no limits should be placed on the depredations of Government through taxation, debt and inflation.

This is the greatest problem facing the Georgist Movement, and the greatest advantage to Socialists and Communists.

The process has been subtle and not easily recognisable.

The conspiracy of silence, giving preference to vested interests, is an essential part of the program.

HEALTH

Mr Hutchinson has advanced no reasons as to why private health services, which are not a necessary monopoly should, in fact, become a huge Government monopoly wasting billions of dollars of the peoples money.

Nor is, indeed, any statement by George in his major works, unless proven beyond reasonable doubt by the methods of reasoning recommended by George himself - hypothetical, subjective and objective.

George was human. In forecasting the development of his own philosophy he did make mistakes which could not be apparent in his day and on marginal subjects, some writings on which were before "Progress and Poverty", but not published until a later period. George, however made fewer mistakes than any other economist and inconsistencies are easily resolved by reference to his economic philosophy which is simple and concise.

For such reasons there must inevitably be differences of opinion in marginal areas which will not be totally clarified until the basic policies relating to public revenue are applied.

For this reason also, Georgists should be tolerant of each other. No two people will ever think entirely alike. Examine and persuade by all means and above all, try to understand a proposition that may introduce a modified or different approach.

Unorthodox books have been sold in the past and are still being offered for sale in Victoria. There is no need to be specific. Why the dramatic furore and condemnation of the Western Australia League in this instance, in a manner which is contrary to views held by most student Georgists throughout the World. There must be an undisclosed reason.

It is freely admitted that although Government is only big business with a prime responsibility to do for the people those functions which they cannot do more effectively for themselves, that with the cleansing of public and private life, and subject to the application of Georgist economic philosophy, Government would reflect the improved condition of the people and have an elevating rather than a degrading effect as at present.

This does not mean that Governments have a right to compete unfairly with private enterprise performing functions, which by their nature, are not necessary monopolies and in which there is the right of free and healthy competition, as they do at present.

Co-operative associations will be able to operate more efficiently without the participation of "big brother" who will always be subject to political influence when operating beyond the proper functions of Government.

Public and private companies are in effect co-operative associations of shareholders.

Dealing specifically with the criticism levelled by Mr L Hutchinson.

EDUCATION

Mr Hutchinson envisages a society in which there will always be rich and poor (in terms of this World's goods) and he believes it is necessary that their children should mix together in public schools.

This is not so at present, rich people's children go to private schools for better education because there is less Trade Union influence to do as little as you can get away with for as much as you can get. This is fatal in education in which teacher dedication is essential. It is true nevertheless, that there are many dedicated teachers in public schools but such are at a disadvantage as to their prospects of promotion. Seniority is considered to be more important

The statement that the people of Australia have reason to feel safer in public hospitals than in private hospitals cannot be supported on the evidence, despite twice the cost of administration. Golden staff, and other infectious diseases have been a greater problem to control in public hospitals.

The competition of private hospitals is severely restricted, in some cases to a criminal extent.

The prohibition against treatment of addictive illness, as instanced in "Sanity and Common Sense", has passed unnoticed.

One has only to read the newspapers with an open mind to gauge the effect of Medicare.

Two recent examples are of interest:-

The construction of a new building for the Royal Perth Hospital after structural completion has been delayed for 12 years.

After recommencement, the cost rose by \$22,000,000.00 in one year.

The total cost increase over the original estimate has not been disclosed. It could not possibly be less than \$50,000,000.00.

To this must be added loss of revenue on the funds originally expended.

The Gnowangerup public hospital employs a staff of 28 people on 3 shifts. It was reported in the press a few months ago that the hospital did not have a single patient.

Would private enterprise be expected to invest and operate in this manner?

A full exposure of the waste in providing socialised health services would need a Royal Commission.

It is stated by Mr Hutchinson, that such financially and clinically disastrous conditions should continue because millions have been donated in the past. Much of which, if wisely spent, would be recouped from a sale under opportune conditions.

Millions have also been donated to sporting bodies. Is this a reason to socialise sport.

Should Sunday schools be similarly socialised because of past donations.

Such departures from long established Georgist economic philosophy, despite conflicting statements even by George himself in his lesser writings, must be supported on firmer grounds.

The temptations for doctors to "overserve" are far greater under Medicare than they were years ago before medical services were socialised.

The press is deluged with complaints about doctors dealing dishonestly with medicare which creates temptations; such temptations are an immoral violation of public trust- "lead us not into temptation".

BANKING

The business of banking as we know it originated with the object of saving the labour involved in the bartering of surplus products between people who found it more economical to specialise and exchange their surplus products with each other rather than to produce for their own requirements only.

With the advance of technology, exchanges became more advantageous.

It was discovered that the introduction of a commonly acceptable medium would save the labour of each producer searching for others who had a surplus of what he needed and were willing to accept his goods in exchange.

Gold was found to be the most suitable medium but was expensive to acquire.

However it was found that there was a net labour saving advantage, even after providing for enough gold to cater for all the necessary exchanges.

The gold of course could be used over and over again indefinitely.

It was a nuisance nevertheless to have to cart such a heavy commodity about, which also was vulnerable to theft.

To overcome this difficulty the gold or other forms of negotiable wealth was held in safe storage by Banks and receipts or bank notes were issued in lieu.

Banking corporations developed into clearing houses for exchange. Sellers deposited their receipts and buyers paid their accounts by cheque with very little real money involved (not more than 5%). Banks in effect became huge accounting houses.

Shareholder funds were used to buy the gold necessary to redeem their notes on demand.

Only sufficient backing was required to take up the normal fluctuations of buying and selling, much the same as the fly wheel of an engine absorbs the demand for greater than normal acceleration or deceleration.

This system worked well for a period until the abnormal population growth of North America gave rise to such a demand for land that land price sky rocketed correspondingly.

Banks during the land boom accepted deposits and mortgages based on land values which were not wealth (no productive labour was involved).

When the inevitable crash occurred land prices fell dramatically, together with stocks and shares, which were interchangeable for land.

There was an abnormal run on the banks which were unable to deliver real wealth for the receipts they had issued. Many banks crashed and depositors as well as the shareholders of the banks became insolvent.

This was the beginning of Government Banking. Big Brother intervened to save the peoples money, which became a highly popular illusion.

Banks were used to finance deficit public financing and near insolvent Governments could not provide the real gold backing for the notes they issued.

Instead of an occasional crash defrauding people of their funds, a steady erosion was arranged by planned inflation which has already taken hundreds of billions of dollars from wealth producers in Australia.

Had successive Governments seen the wisdom of listening to Henry George's proposal to collect the rental value of land for revenue, land price would not have arisen as an insecure substitute for depositors funds and private banking without Government interference could have continued.

The security which Governments offer, in lieu of shareholders' investment in gold, is an undertaking to thief by taxation, spurious interest, and inflation, from this and future generations.

This is called fiduciary finance and while a nonredeemable currency is used, must remain a Government monopoly. It would be unthinkable to allow private bank security to be similarly based.

Banking however, in a free economy, in which real wealth only is accounted for in business exchanges, by no stretch of imagination could be called a necessary monopoly and there could be no reason to restrict competition.

The most successful banks would be those which provided the best security and services to customers. There would be no temptation to cheat, which would drive business to competitors.

There have been many instances of disastrous Government intervention in banking and currency manipulation. French Franks after the revolution became almost valueless, and the death penalty was provided to force people to accept the worthless currency in exchanges for wealth. The German Mark also collapsed after the first World War, which paved the way for Hitler.

It is essential to remember that Governments involvement in banking and currency always involves the use of force. This should not be tolerated in a free society.

Even despite the whole-sale failure of banks in North America in the 19th century, there is much less interference by Governments in the banking system in the U.S.A. than in Australia.

In consequence interest rates in the U.S. are between 6% and 9%, whereas comparable rates in Australia are in the order of 15% to 22% and heading this Nation to disaster.

Inflation as a cause and effect of bad Government is also higher, as is the rate of unemployment in Australia, despite the disproportionate expenditure by the U.S. on defense and relief of the Third World.

The borrowing and lending functions which banks share with other privately run institutions would be much more secure without Government politically motivated interference.

The reader is directed to "The War on Gold" by Anthony C Sutton, a book published in California in 1976 by 76 Press, for fully detailed information on the subject.

AIRLINES

Mr Hutchinson even quotes Henry George in an attempt to support the Socialisation of Airlines in a paragraph, again from Social Problems, page 150 (in an unstated edition - not in my copy) "In the first place, I think it may be accepted as a principle proved by experience, that any considerable interest having necessary relations with Government, is more corruptive of Government when acting on Government from without, than when assumed by Government".

The qualification "having necessary relations with Government" is totally ignored.

What necessary relations do Airlines have with Government to a greater extent than thousands of other "considerable interests".

Landing grounds perhaps, but if this is a valid reason for nationalisation, then shipping services should be socialised also because such require ports and harbours.

Transport interests on such grounds should also be nationalised because they require the use of roads and depots.

Airlines should pay rent for the use of landing grounds and sites for passenger and cargo terminals, nothing more nor less.

If Mr Hutchinson does not consider the words "having necessary relations with Government" of any special significance then his argument should apply in support of all pressure groups who act on Government from without.

Breweries and gambling institutions should be nationalised because these operate under Government sanction and license!

All Trade Unionists who are members of the most powerful "considerable interest" in the Country should be directly employed by the State.

This abortive argument would apply to all forms of private industry, because all have some "necessary relations" with Government.

If the argument only applies to industries with "any considerable interest" with Government, then teams of lawyers would be required to determine how "considerable" the interest should be before socialism became necessary.

George obviously was referring to necessary monopolies, otherwise the whole exercise could be better expressed - "if you can't beat them join them", which obviously was not the case.

If we do not accept the economic philosophy so clearly expressed in "Progress and Poverty", extracts from "Social Problems", taken out of context, will do no more than split and weaken the Georgist Movement.

In running his own household I do not believe that Mr Hutchinson or any of his supporters would ignore the law of motivation as he proposes in his superficial criticism.

Would they be prepared to pay someone twice as much for any service that they could do better themselves at half the cost?

The law of rent also is under challenge.

If the Governments assume duties beyond their "necessary functions" and charge double for such services, then rent would fall, no doubt, to a level at which there would be inadequate public revenue arising as economic rent. We would then have to rely on taxation and charges to an extent which would discredit us.

The matter of deciding on the priorities of abolishing taxation and dismantling the socialist edifice requires much deliberation and is not dealt with in "Sanity and Common Sense". A state of near full employment at rates that could properly be earned is a prerequisite of some reforms.

Not so with Airlines, however, which could be returned to private enterprise, as in the U.S., without anyone being injured.

It is essential to understand that all taxation ultimately is at the expense of rent.

It is also essential to have a clear understanding of what are the necessary functions of Government and where the freedom of competition ends.

Such issues must be faced and students listened to with an open mind, otherwise the rate of decline of the Georgist Movement will further accelerate.

Above all we should be tolerant of, co-operative with, and honest with, each other.

Mr Hutchinson concludes by proposing that I should go to Henry George and see what he thinks.

What does he think I have been doing for the past 30 years and more?

To disagree with certain texts from "Social Problems" taken by Mr Hutchinson out of context with the generality of what George wrote, is not evidence that I disagree with the economic philosophy of Henry George.

There are many different divisions in the Georgist Movement. Which should be accepted and which rejected?

How could progress ever be made if all advanced research was to be stifled and nothing published that was not acceptable in every detail to everybody - How many decades would it take to publish a book by such methods, even if one had the time available.

According to Mr Hall of S.A., "Sanity and Common Sense" is the first book produced recently with an attractive cover.

It was required urgently to support the campaign of David Spain and there is nothing else of recent development that is directed specifically to business people.

I can think of no more effective method of destroying what remains of the Georgist Movement in Australia than by adopting Mr Lance Hutchinson's proposals.

I have been challenged by Mr Lance Hutchinson to find the reference to that section of George's writings upon which the functions of Government and, in consequence, the mechanics and economic philosophy, so largely depend. Mr Hutchinson writes "I question this quotation", which is understandable, because the Victorian case for selective socialism rests, to a large extent, thereon.

The quotation under reference has been given prominence in the Georgist Movement for many years. It is undelibly fixed in my memory. I do not have time to reread all of George's writings.

Perhaps Dr Grigg could assist. He published the same quotation in "Henry George The Man and His Ideas" from 31 Hardware Street, in an undated pamphlet - copy enclosed.

A copy is also enclosed of a poem published by a public school teacher in this State, which has caused an uproar in protest.

Can Mr Hutchinson conceive of a private school Headmaster authorising such material for publication.

Yours sincerely

Graham Hart

Graham Hart



HENRY GEORGE THE MAN AND HIS IDEAS

Thus George in his scheme for the socialization of land rent through site value 'taxing' lay remind ourselves that any re- or 'rating', looked for a radical yet liberal and non-violent solution to Society's ills. The clash and counterclash of dialectical materialism had no place in the thinking of a man who saw in the law of Rent, the beauty and wisdom of that same Authorship before which Einstein also stood in awe.

'Christianity teaches us that all men are brethren; that their true interests are harmonious, not antagonistic. The artificial regulation of Society, in all its phases, looks on the evils of our civilization as springing from inadequacy or inharmony of natural relations, and fails to see the order and symmetry of natural law. On the other hand we see in the natural social and industrial laws, such harmony as we see in the human body... While we see that man is primarily an individual, we also see that he is a social being, and that the State is requisite to social advance, having an indispensable place in the natural order... (And so) we would simple 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 and, treating necessary monopolies as functions of the State, abolish all restrictions and prohibitions save those required for public health, safety, morals and convenience.'

Individual liberty - Social sharing":

the true Socialism, the common benefit that free men afford to each other in the very act of their social interrelationships.

K.N. Greig

The Henry George League, 31 Hardware St., Melbourne 3000.

THE CHALLENGED QUOTATION

have once been carried, and may be carried again.

urge, whenever made, must end in reverent regard for the one most conspicuously sets him off from the society he lived in - simple human goodness. He was the test of philosophers, and the recurring voice of all his contemporaries aimed him as one of the best of men. He made it a mark of true Christians to be so blameless as to force the will of them, and this George was the best of an evil and perverse world. He lived worthily; in a welter of the meanest prejudices he stood, sincere, steadfast. He is with us as one of those consoling and inspiring marks which stand forever to the good and easily-discouraged race, and may be carried

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DAILY NEWS

FINA

'He cracks their bones, snaps their backs and squeezes out their lungs ...'

Upstart over

A horrific poem about a child-eating monster has been taught to the children at Eden Hill Primary School (*Public School*). Frightened six-year-olds have been having nightmares and their furious parents are demanding that the mental torment be stopped. The Minister for Education, Mr Pearce, heard the poem on says the poem is "total-

ly unacceptable" and has demanded an urgent report into what is going on at the school. Mr Pearce's six-year-old son Warren was frightened when he heard the poem on *State Affair* last night.

poem

By Frazer Guild

the children's lessons on stranger danger.

Even though it was clearly make-believe it would confuse some children.

Both the school principal, Mr Graham Stewart, and the teacher involved refused to talk about it today.

The poem is called *The Ghoul*.

Six-year-old Natalie Kelly, of Morley Drive, Eden Hill, is one of the children upset by the poem.

Her parents, Pam and Mike Kelly, have pro-

hibited the poem.

The gruesome ghoul, the grisly ghoul,

Without the slightest noise,

Waits patiently beside the school,

To feast on boys and girls,

He lunges fiercely through the air,

As they come out to play,

And grabs a couple by the hair and drags them far away,

He cracks their bones and snaps their backs,

And squeezes out their lungs,

He chews their thumbs like candy sticks,

And pulls apart their tongues,

He slices their stomachs and bites their heart,

And tears their flesh to threads,

He swallows their toes like toasted tarts,

And gobbles down their heads,

Fingers, elbows, hands and knees and arms and legs

and feet,

He eats them with delight and ease for every part's a treat,

And when the gruesome grisly ghoul has nothing left

to chew,

He hurries to another school,

And waits, perhaps, for you.

And waits, perhaps, for you.



• Michael and Pam Kelly, of Eden Hill, with daughter Natalie