PART 2.

PUBLIC REVENUE

The most important economic relationship between individuals and governments has to do with the individual's contribution towards public expenses and the receiving of public services. The present social problems of this field have made the development of a rational economy essential and not only one that is rational, but also an economy which intuitively feels satisfactory. Only this kind of economy will present the world with a quality of life for everyone.

As mentioned earlier, in primitive societies where there is no formal government, what material wealth is produced is shared out on the spot, but for an advanced community to carry out its public services the government requires revenue. This may be on a local, state or federal level; the size of the community and the extent of its activities are immaterial - the same principles apply. It is assumed that a public income is necessary to provide a wide variety of services such as law and order, defence and whatever else may be essential and practical for a peaceful, prosperous nation and district. Revenue must be wisely collected and wisely spent, and it is the purpose of economic science to indicate how these processes can be carried out with the greatest efficiency to both the community and the individual - in other words, how to optimize every human effort and have equity and justice for all.
Nowadays revenue is arbitrarily drawn from wages and interest from capital equipment as well as from rent and other monopolies by governments who consider only availability and political expediency. There is no test to see what should be included and what should be exempt. The political method is haphazard, crude and economically unjust. By way of analogy, if an aircraft were to be constructed from any materials at hand, from plans drawn up by unqualified and politically motivated people, it would be dangerous on the ground and if it ever got aloft, a disaster. Available material wealth is taken from its natural owners by governments at the same time as rent which belongs to the nation is largely left to individuals to whom it does not naturally belong. That wages and interest are private property and that rent is public property is ignored. From this it must be assumed that the vote-buying capacity of the landholder and other privileged monopolist is relatively more powerful than the combined voices of the workers and the capital equipment owners. This arbitrary system is at the root of all revenue problems as well as most social ones.

Source of Revenue

There are therefore two ways of raising revenue: (a) within the confines of scientific principles, and (b) by the haphazard methods of arbitrary taxation. Revenue can be raised by taking what *the community*, as a community, *contributes to production which is measured by rent*, or by taking what *the individual*, as an individual, *contributes to the general stock of material wealth*, which is measured by wages and interest from capital equipment.

Scientifically, the only source of revenue is rent, and total revenue must be restricted to this amount; government expenditure must be kept within these bounds. The tax method, on the other hand, has no such guidelines. Taxes depend not upon the nature of things, but upon the whims of individuals or committees temporarily holding governing powers. By these methods the amount available to be spent by governments is what under threat of penalty can be collected. The common tax method is a system where estimates of expenditure are made

and taxes are then levied to the extent of the estimates. Taxes raise revenue by a *levy* on wages and interest from capital equipment; rent as revenue is a *voluntary offering* (as all rent is whether to a private landholder or a government) of the amount which the community contributes to the general stock of material things and services (page 23). Because rent exists naturally, it must be collected by someone and it makes no difference to the producer, as a producer to whom it is offered. Taxes are an arbitrary artificial thing which can be abolished; rent is a natural thing and cannot be abolished; mankind therefore is left without a choice. Well, there is a choice - and we have - unbelievably - made the wrong one. Mankind is therefore left with the choice of recognizing this phenomenon and using it to the advantage of civilization or obstinately displaying hubris by persisting with man made laws.

Revenue is raised in many ways:

1. *by income, sales, excise, and wealth taxes, death and stamp duties - the list of these taxes seems endless;*
2. *by charges for services, water, power, drainage etc.;*
3. *by lotteries or other gambling means - before paying out prizes a percentage is paid into the public treasury;*
4. *by custom duties;*
5. *by selling privileges i.e. freehold titles to land sites, licences and monopoly rights, etc.;*
6. *by collecting economic rent in the form of assessed rates upon land values or by leasing lands.*

Still another method is by raising loans. However, loans cannot be strictly classed as revenue because they have to be repaid by levying taxes in addition to which pseudo-interest in most cases must be paid from tax collections. There may also be other means, but they are less important as practical measures. Some governments conduct industries and businesses, e.g. transport facilities, banks, insurances, communications, postal services, etc., but as revenue-producing sources these are sometimes of little significance; indeed many such undertakings run at a considerable loss and have to be subsidized from taxation. Recently there has been a tendency to use some government businesses as a revenue raising source e.g. postal services.

Collection of Revenue

In the collection of revenue, the main things to be observed are:

1. *The effect of the method upon the production of material wealth.*
2. *The cost of its collection.*
3. *Whether its collection is certain.*
4. *Whether it advantages one citizen more than another.*

Under these headings comparing revenue raised by taxes, with what could be provided by rents, we can test the utility of the scientific principles of economics.

Effects of Taxation upon the Production of Material Wealth

Taxes raise the prices of goods and services e.g. sales, payroll, income tax, etc. and the consumer cannot then afford to buy as much as was possible before the tax was imposed. Taxes therefore bring about a reduction of demand and so a fall in production which in turn

causes a general reduction in the employment of labour and capital equipment. The producer of goods must pass on the taxes because, in competition with other producers, he is already producing at the lowest cost. If the taxes are not passed on there is a reduction of his wages and interest and the final point is that there is no reward to labour and capital equipment, only rent is left and only the landholder can exist. In many countries with starving populations that point has been reached.

There is usually very little outcry from individual producers because they pass on the taxes in increased prices; any complaint comes from the consumer. These taxes are usually levied by governments gradually so that each effect is minimal to their immediate political voting interests. As each succeeding amount is imposed the cumulative effect of the tax burden causes more and more unemployment which manifests itself as an economic downturn or depression.

The labour and capital equipment used in collecting taxes is considerable; industry and commerce is burdened by the time it must spend and the equipment it must use to comply with regulations and returns to government departments.

This labour and equipment would otherwise be used in productive processes; general production is thereby reduced to this extent. The production potential of a community is limited by the number of non-producers and the capital equipment employed in the private and public sections of the taxation system.

The more taxes are imposed on producers the less incentive there is to produce more than is sufficient for subsistence. In countries where production becomes the property of the state, people are denied ownership in the results of their efforts, and they tend to produce only what they personally need. Production overall is checked in this way in every country of the world. Socialist countries have suffered from this syndrome because the products of the workers is looked upon as the property of the state; this soon brings those states to a crisis when production falls below self-sufficiency, and they have to seek aid from other countries. There is plenty of evidence to support this in the U.S.S.R. today. In so-called free-enterprise countries workers are limiting production by strikes and civil disturbances because high taxation restricts the amount of their produce left to them. Experience world-wide shows that people will not produce to their full potential unless they are allowed to own the full results of their efforts.

Production throughout the world has recently taken another direction where the privileged multinational monopolistic corporations have extended their use of capital equipment and taken over extensive landholdings to bypass producers so causing extensive unemployment and hardship. Most of this production is for export from the country where it is produced; the by-product of this process is unemployment and often starvation throughout the local population e.g. The Sudan.

Collecting rent for revenue, on the other hand, stimulates production by giving labour and capital equipment their full reward and therefore full employment. In addition, because the rent surrendered to government reduces the selling price of a land title, this enables production to be carried on without having to make a large payment for a site or taking out a large mortgage to begin production. As a result there are more resources of the individual

producer remaining to acquire capital equipment to aid his production. There is therefore a stimulus to the manufacture of capital equipment: machines, buildings, etc., a twofold stimulus, that of labour and capital equipment. In addition, there is a stimulus to the use of land, especially land held out of use which would become unprofitable to hold, or hold for speculation and it would be used to its full potential.

Revenue has to be raised from either taxes or rent, rent occurs and must be used somewhere; to repeat (page 36) it cannot remain in limbo; taxes can be abolished, but rent cannot. Goods and services are by nature different from land, and what happens to their price when they are taxed is the opposite to what happens to land title values when rent is collected for revenue. Goods have a cost of production which can be artificially increased by taxation; land has no cost of production, increases in land values i.e. rent is a natural phenomenon and when surrendered to government lowers the selling price of a title to a site i.e. there is less monopoly advantage to the holder.

Ease and Cost of Collection

Taxes upon goods and services are expensive to collect. Direct and indirect taxes need an army of public and private workers, buildings, machines and equipment to function, and all these have to be paid for from the revenue pool so reducing the amount of tax which can be applied to public services. Taxation needs an intricate system of government departments collecting, collating, cross-checking, filing, investigating, assessing, etc., amounts due from taxpayers. Evasion of taxes is always rife and has to be detected and prevented by police, lawyers, accountants, security services and other officials. The cost of collecting taxes is unwieldy and enormous owing to the ever-expanding complexity of taxation systems when states want ever more and more revenue. All kinds of boards and departments are set up under so many different organizations and names that it requires a specialist study to unravel even a part of the whole taxation structure, there are also appeal boards etc., to hear objections to taxes. In addition industry has to employ large numbers of people using expensive equipment to comply with government tax regulations and amendments, and this expense has to be passed on in increased prices for goods and services in addition to the taxes paid.

The cost of collecting rent for revenue, in contrast, is a simple and inexpensive process as all landholders' titles are recorded with values which have already been agreed upon. Local, state and federal governments have been using this data for a long time and the system is satisfactory and stable. All it needs is for assessments to be sent out at regular intervals in the same way that local governments issue rate notices, and that is the only expense except the periodical valuations. These valuations cost only a minute fraction of the costs of assessing taxes. No clerical work is required by the private sector except to pay the assessed amount.

Certainty of Collection

Because tax evasion is so rife, it results in an enormous loss of revenue to the governments of the world. For taxation purposes goods and services go undervalued and undeclared, goods can be hidden and carried away, customs dues can be evaded by bribery and smuggling, etc. Trusts and schemes can be devised to evade taxes. Individuals and corporations set up organizations whereby they have their headquarters overseas where

countries allow tax shelters. Many tax evaders feel they do nothing against the natural order of things, rather they feel they are obeying a natural drive to protect their efforts and feel they are justified in principle without being able to enunciate the principle. They feel that taxation is robbing them of hard earned rewards of wages and interest from their capital equipment, and by evasion they try to save what they can. It is a matter of survival in the economic jungle. The science of economics, of course, confirms this opinion if the tax evaded is from the efforts of labour and the use of capital equipment. If, on the other hand, the tax evaded is from rent and other government-granted monopoly returns, they are tax evaders of the anti-social kind and it is the economic system which we have that encourages such corrupt activities. Yet this kind of activity is not the ideal way to change a system. It is better to seek a more equitable and satisfactory method, an informed method of obtaining economic justice.

To collect rent for revenue presents no problems for rent is freely offered for security of tenure and, as was shown when looking at the cost of collecting revenue, governments can collect rent to the last cent. Land occupiers bid against each other to occupy a site and pay its rent - rent is offered in full and no evasion or uncertainty is at any time contemplated, or is it possible.

Advantages to Some

Producers' incomes are derived from human effort; landholders' incomes require no effort. Landholders may be absent or asleep and rent accrues 24 hours a day. It does not stop and start with an individual's activity. The landholder is, therefore, at a great advantage in that he or she is not required to exert effort to acquire rent income. The landholder lives at the expense of disadvantaged producers; in addition to paying rent to a private landholder, the producer then has to contribute taxes to defray public expenditure. The natural order is thereby disturbed which disadvantages everyone in society, because a disadvantage to a part is a disadvantage to the whole.

Nowhere in nature can similar circumstances be found. Advantage and disadvantage of this kind is an invention of the human race which is outside and in opposition to every dictate of nature, the disadvantaged have no way of protecting themselves except through violence to fellow man, and history has amply shown how futile and expensive is this course. Fortunately there is and always has been a remedy which is simply to become aware of the superimposed economy we have built up to try and supersede nature. To understand the nature of the economy is to understand the nature of this false system which has led us into so much strife.

Those who have no monopoly privilege of a land title must share their earnings with rent to the landholder and taxes to the state upon everything they use and on their income (income tax), and what they have left they can have for their own use to survive. In contrast, the landholder only has to pay tax. There is no third party to take a share, so receiving a great advantage. This is the difference between the very rich and the very poor of individuals and nations of the world. Landholders are at a great advantage over others in acquiring aggregates of material wealth which can be converted into multinational aggregates of capital equipment. Monopoly income advantages enable other monopolies to be acquired and developed. The rewards to labour and the returns to capital equipment alone cannot similarly acquire and develop because both factors are at all times working for their subsistence only.

Evidence that monopolies and privilege can acquire great wealth can be seen in the endowments made to museums, art galleries, universities and university colleges, religious institutions and the support of political parties. The wage earner and the economic capital equipment owners, without the contribution of a rent income, cannot afford to do these things. Wherever there are endowments in evidence, alongside is found the narrow streets of workers' cottages with few, if any amenities for health and comfort. Labour and capital equipment are therefore disadvantaged while the land monopolist is advantaged when he has the use of rent.

When rent is collected for revenue there is advantage or disadvantage to no-one. The gap extremes between the rich and poor is not possible. If anyone becomes very rich, it would be the government. There will always be a discrepancy between what people earn, but this is owing to the differing talents and capacities of people which is a natural one. It is, however, a lesser gap than is possible with an artificial system imposed by a state or a dictator such as has occurred in countries of the world this century, e.g. The Philipines, Chile, and many other places. When rent is collected for revenue, labour and capital equipment have the advantage of receiving the full rewards of their efforts and use while the government has the advantage of the whole of the community contribution to the wealth which is produced - there is no disadvantage to anyone.

In countries where the margin as yet has not been forced back to a low subsistence level, there is a considerable middle class e.g. Australia, New Zealand, Europe and United States of America. As time goes on, however, the inexorable process progresses to its inevitable end where the gap between the rich and poor is very great and clearly defined e.g. India, countries of Asia and South America. When rent is collected for revenue, each individual surrenders to the public purse his or her share of *the contribution which he or she receives from society* i.e. rent, while retaining the full reward of his or her own contribution to society - wages and interest from capital equipment - there is no privilege advantage to anyone.

The foregoing highlights those socialist theories which require material wealth, i.e. production of goods, to be the property of the state. Socialism posits no demarcation between the two sources of production - the individual and the community. When the difference is seen, the theory of socialism falls apart. In the natural laws of ownership, there are no grey areas - private material wealth can be seen, identified and measured; public material wealth can be accurately measured in terms of rent. Private enterprise, as seen and has been customary in so-called free countries, makes no distinction between material wealth, pseudo-wealth and privilege. It is in these places where a lack of economic knowledge gives rise and impetus to unrest for a change. Both kinds of nations, therefore, have economic features which disadvantage their citizens and which can be rectified by the application of economic principles as set out in the laws of distribution of wealth.

Summary of the effects of taxes compared with rent as revenue

Taxes as Revenue	**Rent as Revenue**
Retards production and employment.	Stimulates production and employment

Difficult and expensive to collect	Cheap and easy to collect
Costly to industry and commerce furnishing returns	No cost to industry and commerce
Uncertain of collection	Certain of collection
Inequitable to all — advantage to some	Equitable to all
Artificial and arbitrary, can be abolished	Natural phenomenon cannot be abolished
Complex — many departments	Simple — one department
Inexact and haphazard	Exact
Passed on in increased prices	Cannot be passed on
Extensive anomalies	No anomalies
Encourages corruption	No room for corruption
Paid under duress, penalties for non payment	Voluntary payment
Increases prices of services	Reduces selling price of land titles — less return from privilege
Reduces incentive to produce	Incentive to produce at highest
Encourages speculation in land titles and other privileges	Prevents speculation in land titles and other privileges

PRACTICAL CONSIDERATIONS

Wherever taxes are imposed anomalies occur. Most taxes fall proportionately more heavily on the poor than they do the rich. A family with a small income needs food and clothing as does the same sized family with a large income. When paying indirect taxes the burden is felt more by the lower income. The handicapped and those in poor health are disadvantaged because they tend to spend a greater proportion of their income on services applicable to their handicap e.g. wheelchairs and the like. Disadvantaged or not, they all pay rent but the burden of taxation is greater for those whose income is sparse. Taxes, especially indirect ones, fall very unevenly throughout the community. A person receiving rent expends no effort in the process, but pays the same amount of tax on the same income as the worker who must expend effort. Families who are disadvantaged in this way must be provided for by adjustments and exemptions. Where there are families on small incomes, government welfare or charity must be provided to overcome the tax anomalies. Taxes upon goods and services generate more problems and more difficult problems than they solve. The complexities generated by taxation defy disentanglement.

It is futile for governments to reduce taxes without collecting rent. Reduction of taxes increases rent because labour and capital equipment can then produce on less productive land; while, on the non-marginal land, the proportion of production going to the factor land (as rent) increases on all sites (less taxes enable more of the produce to be used for consumption and savings). Further, a reduction in taxation is equivalent to an improved method of production as certain as an invention or a new fertilizer which gives an increase in production for the same effort. Take a level of taxation which leaves a subsistence amount to the wage earner (subsistence 100 + taxes 50), remove this taxation and the wage earner still has the subsistence component plus the amount previously paid in taxes (150). Experience shows that much of this savings (50) finds its way into the real estate market, either directly or indirectly. It may go in renting a more attractive property but more likely it is used to produce on less productive land or to purchase a land title to make a living more secure. This extra amount bidding for land forces up the price of sites, rent. The increase in land values syphons off the benefit of tax reduction. Wages then remain at their former level while rents rise. If, as in boom times, the above occurs there is often an added speculative value which actually reduces wages when people over extend themselves. In these cases the level of subsistence is reduced to make up the short fall. (p23,28)

The converse of the foregoing is that *all taxation is at the expense of rent* because taxation is equivalent to an inferior method of production. With taxation, or increased taxation, labour and capital equipment can no longer exist on the margin they occupy. They are forced to abandon sites which formerly yielded sufficient; consequently all other sites are reduced in value. Taxation reduces rent or land values. Where there is less taxation, the margin is extended to less desirable sites and rents on all other sites rise accordingly. Another way of explaining that taxation is at the expense of rent is to take a level of subsistence which has a component for saving and on this level there are no taxes. Impose (or increase) taxes and there is a lower savings component. With less savings the individual has less money available to bid for land sites. Competition for land sites is reduced and land prices (i.e. capitalised rent) will fall in proportion (p28).

Economic Social Systems

Socialism and communism exhibit the logical conclusion to which taxes can be extended to the point where all goods are taken by the state and sold back to the producers, and seemingly rent is treated as being non-existent. The potential for success goes unexploited which creates less than satisfactory living conditions except for a small privileged bureaucratic elite. It is difficult to understand why socialist countries have persevered so long with their economic methods. If their methods were as superior as they claim, it would be expected that their general prosperity would rapidly rise and overtake free-enterprise countries. That this has not eventuated has been obvious for as long as the theory has been tried. Equally, the so-called democracies under-exploit their potential. Their policy whereby rent is diverted from revenue into private pockets creates less than satisfactory living conditions for the mass of their people except for a privileged few very rich people. To live in one system or the other is a personal choice - which one an individual considers the lesser of two evils.

To trace the production of a manufactured article to its source from the land is a simple matter. The first chapter in the saga is always the land from which the vegetable, animal, or mineral was derived. When material wealth is produced its distribution begins with the share which goes to its land site - rent has first claim on production. There is no escape from this - land rents are the origin of each and every economic system. The success or failure of any government's economic activity depends on whether rent is used scientifically or not i.e. the system of land tenure.

Economic Predictions Are Difficult

It seems impossible to predict accurately and in fine detail what kind of economy would finally result if rent was solely used for revenue any more than Edward Jenner, who demonstrated that cowpox prevented smallpox, could in his wildest imaginings have envisaged the present extent of the eradication of many infectious diseases. The only certain prediction that can be made about adopting a scientifically based economic system is that it would eliminate many of the economic troubles prevalent in all nations today, as were many physical diseases before Jenner and his successors.

Quantitatively the effects of tax abolishment and the collection of rent to replace it is impossible to measure or estimate accurately because of the artificial complexity which has evolved over the centuries. This again is analogous to Jenner's time when people were faced with wide-spread ignorance of diseases and the multifarious remedies to eradicate them. The present day presents the same kind of ignorance and its multifarious remedies which pose more economic questions than they answer.

In the present free-enterprise system producers pay high taxes and rents. One of these factors is sufficient for any individual's capacity to bear, two brings hardship with it. Rent used as revenue would eliminate the inefficiency of the tax system as well as the inefficient flow of the rents which are diverted from the public treasury. A young vigorous country, where the margin as yet has not been forced to a low subsistence level, can sometimes cope with the double inefficiency, but an old one cannot do so without making artificial welfare adjustments. In the early years of a country most problems are those of production in establishing

industries. Later, the problems of distribution, become manifest. In the later stages, seen in places like India, there is an apathy which accepts the conditions, or a revolt such as has happened in China, Russia and elsewhere.

The combination of high rents going to individuals and high taxes to governments creates economic deserts which are the cause of ecological deserts. In the past, mankind's modus operandi has been to take from nature as much as possible and give back a minimum with practically no thought to the welfare of future generations. Examples are to be found in parts of Australia where places have been cleared of trees, parts of what is now the Sahara Desert where once stood fine forests and the areas in Lebanon where cedars were taken from the time of the Egyptian Dynasties. The creation of deserts has coincided with the rampant destruction of forests and the hunting to extinction of animal species on the land and in the seas. In a natural economic society, the margin of production would retreat from the most environmentally fragile lands and wildernesses need not be threatened or destroyed. This picture is given by the example of family farms: without taxation, they would be more assured of staying out of debt and more inclined to husband their soil in the knowledge the farm could remain in the family indefinitely.

Revenue Collection

In practical terms revenue collection *could* be made by local government bodies according to the value of the sites in their areas. This method has been successfully used by local governments, for their own needs, in Queensland, New South Wales and other parts of Australia for the most part of this century*. If all taxes were abolished and rent revenue was collected at this source, the local authority could buy from the state and federal governments the centralized services they need i.e. police, health services etc. Such moves would involve all the people all the time in community economics. No longer could there be complaints about remote government imposing its will upon sections of the population.

A simple method of changing the system would be to collect rent from landholders gradually and the collection admitted as *a deduction from the landholder's income tax or other taxes so that there is no increase in the individual's revenue contribution, no increase in taxation payable by the landholder.* This action would cover the majority of taxpayers. For those who do not pay income tax, a suitable formula could be devised to prevent hardship. *It is not the amount of revenue which benefits or harms an economy, it is the source from which it is collected.* To collect rent revenue, as has been tried in the past under the misnomer land tax, especially on a sliding scale according to the value of a site or sites by an individual, is to collect revenue which can be described as a class contribution. Not every landholder contributes, and not every landholder contributes equitably, consequently the process is distorted and looked upon as an inequitable class contribution and in this form it is a valid complaint. By that form is meant only some people pay their tax assessment on a sliding scale dependent on the value of land held; high land values attract a higher rate of assessment and lower land values attract a lesser rate. Not everyone contributes at the same rate. In addition lower site values are given exemptions. Some pay and some do not, some pay at high rates

**** The method known as Site Value Rating has been used in Queensland since 1890 and New South Wales since 1915. In additon, 59 councils in Victoria, 40 in South Australia, 131 in Western Australia and in Canberra, Australian Capital Territory.***

and some at low rates. The only equitable form of rent assessments is that every landholder contributes on the value of his site at the same rate and that there are no exemptions.

Compensation

Economic principles dictate that there can be neither partial nor complete exemption of individuals or groups from raising revenue by collecting rent. Any lowering of this standard is to perpetuate the weaknesses of the past. Probably greatest opposition to change would come when landholders demanded compensation for loss of privilege. They would insist that government compensate them at the land title value before the change took place because after the change the value of the title would be less or zero. So far as the natural order is concerned, they are not entitled to any compensation. Their loss would not be one of personal material property but of privilege only. The landholders would still have their labour and capital equipment intact, and in addition be completely liberated from taxation. *The change merely involves exchanging the privilege of collecting rent for that of another privilege, exemption from taxation.* Most landholders would be in a favoured situation until the landless attained the same equality of opportunity. To allow compensation would persist with something known to be injurious to society and everyone in it. In any case rent for revenue can only take future rent. There can be no question of publicly collecting the rent which has been privately collected in the past. It must also be remembered that what a government has granted, a government can take away. This has been so well demonstrated in those countries which have suffered violent revolutions in this century.

With a scientific economic system who would pay the land site rent to the government? The answer is simply all who hold titles to sites of land. There is the home owner who has title to the site on which the home stands, he or she would pay the rent to the governing body. The same situation would apply to the business owner, farmer, manufacturer, miner and so on where they hold title on which they produce wealth. The tenant holds no title but pays the site rent (included in the total payment for the use of land and improvements upon it) to the title holder who in turns forwards the site rent part to the collecting authority. All these people, title holders or not, contribute their share either directly or indirectly through the title holder. In the cases of landholders who hire out improvements on the land, they would have all the interest on these houses, factory and shop buildings and any capital equipment free of taxation.

It is interesting to note that when site rent goes into private pockets, as it does with home ownership, the owner receives a rent bonus from the community. Wherever there is a valuable site of land there is rent. If the title holder is the occupier he has the benefit of the society created rent. There is advantage in this when taking into consideration the amount of rent received from society is not required to be included or declared in taxation returns. Only some of this rent is presently subject to public revenue collection when it is assessed by a governing authority e.g. local council rates or state land tax. Those people who own their own homes therefore are at a great advantage compared with those who rent a home. The same can be said about those who rent a shop, factory etc. from which to produce material wealth. If a home or other land occupier had a site valued at $100,000, he or she would be receiving approximately $5,000 per year or about $100 per week from rent value. This is seldom if ever taken into account by economists.

If the occupier of a site is a tenant he pays the rent to the land title holder and in this case it is subject to income tax by the landholder. In this instance some of the site rent is collected by the government.

Scientific economics is the reverse of all that has gone on in the past. What a parallel this is to major discoveries which have turned about what was previously accepted. The earth was thought to be flat and was found to be spherical, the sun was considered to revolve around the earth until demonstrated otherwise, traction was used to power early aircraft until it was shown that thrust was more efficient. For centuries man tried to synthesize the elixir of life until it was found that an understanding of nature gave better rewards to health. While eternal youth did not materialize, a longer healthier life span did ensue. The present management of the public economy is a reversal of the natural state. Instead of trying to construct an artificial system by guess work it must be discovered what Nature has to teach and build upon those discoveries.

Taxation Pyramid

Throughout the ages an artificial taxation pyramid, pivoted upon its apex rather than firmly settled upon its base, has been developed by mankind. Widespread and heavy complex taxation presses upon the masses of the people. As the tax superstructure becomes increasingly heavier, the apex is driven into the mass of society and its weight inexorably crushes life out of the social organism. To reverse the pyramid would be to build a society upon a broad balanced and solid natural foundation which would support the weight of society and leave people economically free from the burden of taxation.

In boom times or good seasons, or with new discoveries of natural resources, the effects of economic faults are, to some degree, disguised by the characteristics of general prosperity. In times of great strife, such as war or natural disaster, the struggle for survival is supreme and all energies are marshalled towards this end and with a consequent neglect of the ever present basic problems. These basic problems are put aside while more pressing priorities are attended to. When reconstruction commences, prosperity once again disguises the causes of problems. And so generation succeeds generation without learning and correcting the mistakes of history. In times of economic depression, economic faults cannot be hidden but their causes are either unknown or ignored and there is only the hope that things will correct themselves. There is a pressing need for the inverted taxation pyramid to be recognized for what it is.

New Discoveries

The difference between the developments in production methods and the stagnation of distribution methods is because the gainful production discoveries can usually be exploited only by individuals who have sufficient financial resources, those whose income is above subsistence level and who can save and acquire capital equipment and monopoly rights. This improved production gives a gain to that minority. There is also a small gain which filters through to the remainder of the people, but the major part goes to a few individuals. Examples can be seen in the monopolies of any industry, in new oil fields, in the use of better technology and so on. It is misleading when this gain is described as being a gain to everyone in society, the inference being that all benefit more or less equally. It is certainly hoped that

developments bring benefits to all but history has shown that some benefit more than others.

In contrast to the present improvements in production being shared unevenly, any improvement in the method of distribution represents a gain to society at large and therefore a gain to every individual who is a part of it. Natural distribution can only benefit everyone without impoverishing anyone, including the present privileged class who would still have their capital equipment and their interest from it tax free. The evidence of hundreds of years points to the conclusion that the change could only give an assured economic security for all.

No Panacea

Rent for revenue would not be a panacea for all social problems, but it would eliminate most of the economic ones. Subsequent improvements in economic affairs would release financial resources, time and energy to investigate problems of a non-economic nature. Especially would it stimulate research into problems which at present cannot be funded. It would liberate people from economic bondage and thus enable them to become dignified independent individuals to pursue wider and higher horizons.

As with any reorganization of thought and practice, many institutions must be considered and restructured in the processes of change. In a better economic climate perhaps the greatest single problem would be that concerning loan moneys before the transition. In a general fall of prices sums of money would be loaned and owed - no taxes, lower prices - hence problems of repaying mortgages, personal and government loans. A solution would be for the debt to be calculated from a base at a particular time, and as values fell, loans could be adjusted accordingly so that none would be disadvantaged. An adjustment, often called indexation, of amounts could be made to preserve the relative values of goods, services, interest and rents so that no-one was disadvantaged. Such problems however may not arise if the change came about slowly over a number of years.

COMMENTS AND ANALYSES

Some details in this section further the discussion of topics previously dealt with. Many aspects were considered under narrower headings, and it is relevant to our study that some wider consideration be given them. The treatment is by no means exhaustive, but it introduces lines of thought designed to give an expanded understanding of economics - to some extent a recapitulation.

Building an Economic Society

To use economic principles citizens must understand them and elect legislators to put them into effect. Education is the key in this area. Because the public business is the business of everyone, it becomes the business of no one, each person leaving social problems to others. The result is that the apathetic masses disenfranchise themselves and the field is left open to aggressive minorities. Ignorant of their own and society's long range interests, these people often turn their activities into short term advantages for themselves at the expense of others. Indeed present national economic systems encourage this. These advantages nevertheless ultimately harm all sections of the community. Because this economic decadence takes place gradually, it is often some generations before the Nemesis overtakes the community.

The decay and the demise of a community can rarely be put at the door of the generation in which it occurs. Because a new civilization begins with vigour it appears to be successful e.g. discovery of gold or oil or other valuable minerals in a new place. This is not because there is conformity with Nature, but because the vigour disguises the economic system's inherent weaknesses. What may seem to be expedient in the short term may be destructive in the long term. Historical evidence of civilizations shows that in time their social energy declines until there remains only corruption, lethargy and civil unrest. In the latter part of this 20th century there are many examples of once prosperous countries which have subsided into unsatisfactory social conditions e.g. Britain, Argentina, and there is evidence that this unhealthy economic situation is overtaking a place where it was least expected, the United States of America.

Nations build up, decline and fall in the way of all living things. Persisting with an unnatural system is to encumber future generations with problems which are certain to overtake and destroy them. It is to consign our children, grandchildren and great grandchildren to poverty, civil strife and wars. When they look upon their legacy, is it any wonder succeeding generations have little faith in their forebears? Public health measures and medical technology has brought the individual a longer and better quality of life by enquiring into nature's ways - the same can be done for living society's economic ills.

Innovation is Gradual

If producers had not implemented past discoveries there would be no labour-saving devices today. Step by step new knowledge was acquired and inventions put to use. Progress took place over many generations, decades and centuries. There was little sudden change - one day ignorance and the next knowledge - innovation was so gradual as to be almost stealthy

in many cases. Many improvements of the past arrived unheralded and almost unnoticed. Many people alive today saw the displacement of the horse by the motorcar - in terms of history perhaps it does not seem long, but living through the span of the past 75 years it seemed a very gradual process.

There is no reason why social progress cannot evolve in a similar manner. Drastic and sudden changes could lead to some transitional problems which could be avoided by a slow economic program over a number of years, it could be a peaceful and almost imperceptible change. What a contrast this picture is to the violent methods used in parts of the world today to bring about partial and inadequate change e.g. countries of Central and South America and South East Asia. It is certain that any transition to a natural system could come about relatively slowly if the knowledge of what was required became diffused throughout society by education.

Changes in Technology

Since the technology of production has changed so much, there is a necessity for change in the technology of distribution - the other side of the equation. Distribution methods have not kept pace with productive methods. Before the Industrial Revolution production required the time and effort of much labour, it was primitive and slow. With cottage industries and rural pursuits taking up so much time, there was little or no unemployment. Under feudalism everyone had access to some common land, sufficient at least for all reasonable needs.

With the advent of machines everything changed: land and the opportunity to produce at home, which was the strength of the past, disappeared. Factories which made things quicker and cheaper undermined the labour-intensive cottage industries and the independent pattern of farm and home work. The resultant unemployed sought work in manufacturing cities and towns. While the people were absent many enclosure Acts terminated their rights to the use of common lands. From fully employed rural people there arose a pool of unskilled landless unemployed.

Enclosure Acts

The Enclosure Acts (see page 1) consolidated the system of land tenure as private property.* They changed the whole concept of land as common property, thus reversing the natural order which had been a legacy from the past. The distribution process not only failed to keep pace with production, it actually lagged behind. The two factors, better production and poorer distribution, gave rise to the conditions which our present society has inherited. It is a legacy from the past, and everyone must decide sooner or later whether or not it is acceptable for the future.

After the change, landholders, by appropriating rent through legislative Acts, could amass a surfeit of savings. Very soon they became owners of vast amounts of capital equipment and thereby controllers of industry. They held what Marx called the means of production - land and capital equipment: factories, banks, insurance and shipping companies, mines, railways, newspapers and later radio and television outlets. By buying freehold titles to lands

* ***The word private comes from the Latin privare meaning to deprive.***

any enterprising person joined the ranks of the privileged classes.

The result was a system of economic slavery brought about and unconsciously nurtured by the landless themselves. It was necessary for them to bid against each other for the right to occupy land. So fierce was the competiton that everything over and above what was necessary to stay alive was offered as rent. Landholder privilege was maintained by the ignorance and subsequent helplessness of the masses. "Property" (land) transactions were kept secret; when people were ignorant of what was going on, nothing was questioned. The parliaments were made up of the landed gentry and the landholding religious institutions. The "ownership" of land was for a long time the necessary qualification to vote, and this sectional interest became the established order of society. Laws were passed entirely at the direction of and for the benefit of the privileged landholders. In Victoria, Australia, it is only a few years since the landholding qualification to vote to elect Legislative Council members was abolished.

Economic Stalemate

Since the beginning of the Industrial Revolution this situation has remained unchanged in principle. Because, in the present economic circumstances, technological development increases unemployment, economic change becomes more and more necessary. In the past, unemployment has been reduced from time to time by famines, wars and revolution, but the technology of war methods and machines have become increasingly unacceptable. Improved transport has made the alleviation of famine much easier. Medical discoveries have played an important part by prolonging life spans and hence aggravating the social problem of unemployment.

Education is slowly making the world restless for change, but this tendency may to some extent be overcome by reducing or suppressing educational opportunities. The model for restriction already exists. Government and religious institution schools, as well as state and private universities, do not encourage originality of thought in the field of economics. Governments and school councils can restrict educational development by banning books and prescribing this or that line of thought - an effective censorship carried on in many places today. Another method, of course, is to make education costly and so it becomes a class privilege. Funds can be reduced or cut off altogether when something displeases those who have the say in granting them.

The origins of the economic system's characteristics have been forgotten. People are at a loss to understand the situation. Voluntary economic slavery has reached a stage where widespread discontent has already surfaced. With the development of popular education, illiteracy has been reduced, although it is evident that little use is being made of the new ability to read, write and count except a rudimentary start in questioning the economic status quo. It is thought by a few that perhaps there is a better way to organize society. This has resulted in the divising of many schemes which have all been found wanting. Almost all suggestions are mistrusted because what has been put forward has been so transparently the sectional interests of a few at the expense of the many.

What innovative change that has taken place has largely been the treatment of symptoms; the cause goes unrecognized or ignored. Governments offer superficial welfare schemes, but

this is self-destructive because welfare depends upon taxes from wages and interest which, as has already been seen, increases the need for welfare. In socialist countries there has been recourse to state ownership of land and capital equipment together with direction of production, but this has not proven a success. In the so-called non-socialist countries, a mixture has been tried of state and private ownership of land titles and material wealth, but it is acceptable only to the few who reap an advantage from it. None of these choices is acceptable to all. They are all schemes of "social justice", artificial in nature in an attempt to keep retarding the implementation of the natural order - *economic justice.*

The Generation of Monopoly

The most popular and widespread submission for improving distribution in the past was begun from the premise that there is a struggle between labour and the owners of capital equipment, and that the latter has an advantage. Economics points out that this is impossible. Despite this, there is continual confrontation between employers and employees, resulting in a stalemate. When it is recognized that the source of what is erroneously called "capital" is not the sole earnings of capital equipment, but a complex including the advantages of privilege and monopoly, the futility of the struggle becomes apparent. Rent and other privileges can be readily changed into capital equipment and vast accumulations brought to control sections of industry, trade and commerce.

Any scheme to improve society must include labour and owners of capital equipment combining to eliminate their disadvantages caused by privilege and monopoly. This is increasingly difficult because the monopolist's first interest is in retaining privilege at all costs. A portion of their privileged income can be sacrificed and used as funds to resist labour and capital equipment owners in the conflict - monopoly income costs them nothing. Hence the priority of the monopolists to foster a belief that there is a struggle between the two factors of production - labour and capital equipment. This diverts attention from the real issue and enables artifical advantage to prosper. This sectional interest is the cause of imbalance throughout society. Hiding the natural economy there is a vast complex of artificial practice which constantly endangers the economic life of everyone.

Ethics and Race

Another diversionary tactic which supports the monopolist's philosophy is to discriminate on the grounds of religion and race. As a cause of economic troubles, this has far less influence upon economic affairs than economic affairs have upon it. If no one is disadvantaged economically, all are gainfully occupied and receive the full rewards of their labours. They are too busy trading to have thoughts of conflict with one another. It is only when one is disadvantaged compared with another that conflict arises. This is seen when indigenous people, or those of a different race or religion, are discriminated against. With equal opportunity there is only mutual benefit in social and economic life. Indigenous people, or those of a different race or religion, are not on equal terms with those who have dispossessed them of their lands by conquest, trickery, fraud or Acts of Parliament.

If the rent of land is common property, Nature is satisfied, but not when it becomes the subject of private property. Conversely, if indigenous people have advantage over others there is a similar disparity as has been demonstrated recently in Fiji. Successful co-existence admits

of no advantage to any group. This, of course, is the economic outlook. Indigenous people and other minority groups find difficulty in assimilation for other than economic reasons. These pose challenges to cultural studies. Nevertheless, by far the most important factor is the economic one which can contribute to a dignified survival.

If all the land of a country was taken up as private property, future generations arriving by natural increase would be as dispossessed as if they were people taken over by conquest, or came in by immigration. In reason, therefore, prior occupancy of land does not give exclusive possession because this would exclude newcomers. The only basis for land occupancy is *common ownership of rent.*

There is a reason why the technology of the distribution of wealth has not kept pace with its production. The development of technology in the production of material wealth was something which could give results quickly. This fact has existed for thousands of years since the discovery even of the wheel or the digging stick. It is an extension of methods which over the years have continued to build up. The new technology suggested by the economic natural order of distribution was not an extension of this method. It was a new concept, and it threatened demolition of an established system, a system considered unassailable.

Economic knowledge has the task of eliminating by education the myths, customs and practices which have been incorporated into legislation throughout the world and which have supplanted the practice of land being treated as common property. This is not as simple as inventing an improvement to a machine which can yield results immediately and need not affect anyone except the user. A new way of distributing a nation's material wealth, in contrast, means affecting the whole population. Its implementation depends upon acceptance by a majority of the people.

MONEY

It is not intended to examine the origins or kinds of money or the ramifications of its manipulations in the national or international money markets. There are volumes enough on this. The relationship of money with economics in the light of what the science has disclosed is the subject of this section.

An Artificial Device

As money is not a natural thing, it is not an aspect of economic science. It is an artificial device, but its use is so widespread and important to everyday living that it deserves some detailed consideration. Money has value from production only in the metal and the striking of the coin, or the worth of the paper and the printing of the note. Its great importance is its value from obligation when it is used. Money is an agreement between citizen and citizen and between government and citizen. As it is not wealth, it is not capital equipment. Money derives its value in exchange from these agreements. Money adds insignificantly to the total wealth of a person or a nation. Nor can money in its form of coin or note aid production in any way. It can be exchanged for the things which are classified as material wealth and capital equipment, as well as privileges, monopolies and other pseudo-wealth agreements and contracts. Nevertheless, as a measure of value and a medium of exchange, money is almost indispensible. In the economic sense, money is restricted to these two functions and necessary business calculations would be impossible without it. Without money, production and distribution of material wealth would be primitive, cumbersome, inefficient and a system of barter.

Money Causes Confusion

Because the use of money enables material wealth to be changed quickly into things which are pseudo-wealth and back again, it is like the magician where the quickness of the hand deceives the eye. In these exchanges agreements and contracts are then mistaken for material wealth itself, and important economic distinctions are obscured. If material wealth is exchanged in this way, it does not convert the agreement into material wealth. For example, if goods and services are exchanged for a government granted monopoly such as a land title, the title does not become material wealth. This transaction is the purchase of a privilege. It may be looked upon as material wealth, but in a scientific sense it cannot be treated as such. When classifications become confused in this way, the question of who owns what prompts an arbitray decision instead of following the clear indications of natural principles. Because it is so useful and so extensively used, money has acquired an importance which has overshadowed its principal functions. It can give great power to individuals to control industries and to buy privileges and concessions, and by virtue of this power its advantages and disadvantages are not carefully or clearly differentiated.

The use of money demonstrates what can happen to things after they have been produced. Articles of material wealth in the hands of the consumer can be used for construction or destruction - timber can be used to build a house, to club an enemy; it all depends upon how the article is used. Similarly money can be used to make trading easier which advantages all

parties, or it can be used to buy advantages where some are gainers and others losers, and so have an unwanted effect upon the distribution of wealth. In a trade of goods and services for goods and services each party gains because each wants what the other has.

As well as being a medium of exchange, money is used universally as a measure of value. Money measures value from both production and obligation. Taxes imposed or reduced alter prices of things. Antiques and government granted monopolies have value from obligation. The unit of money, expressed as a price, furnishes comparisons between all kinds of goods and services which are subject to exchange throughout society. People and nations are able to assess quickly their ability to trade by comparing prices in the market place. In this respect money is an essential device and a versatile thing. Like the fluid component of blood in the body, it enables nutrients to be delivered swiftly to every cell of the living organism i.e every person in society. Trade is the life process of a community, and money is both the solvent and the measure through which it flows.

When governments irresponsibly issue money to pay for public services it can bring about economic inflation and consequent ruin upon its citizens. On the other hand, if they act responsibly, by keeping their expenditure within their income, money can be used to benefit all.

Criticism of Money

Money has attracted much criticism and at times disrepute. Because it is so easily manipulated, it is a prime target for those who look to blame something for social ills. These critics look no farther than the surface, identifying money with the combination of privilege, pseudo-wealth and aggregates of capital equipment. There is no attempt to separate the classes of things and thereby there is error in blaming money. Money represents things in a measuring sense; it is not the thing itself, and it is essential to see beyond the abstraction to discern where the trouble lies. Money, therefore, must be put aside to reach the real problem for it can be the instrument which obscures issues. *The fault lies not in money, but in the failure to organize economic life in line with the scientific classification of economic subject-matter.* Like the oceans, under the sea of money there are untold things to be brought to the surface.

When money is loaned it is said to earn interest. This may or may not be true. If the loan is used to purchase capital equipment to aid production, the return is certainly interest, but if it is used for any other purpose, such as purchasing a licence or other privilege, the return is for whatever it may be and can be called profit. It is the habit of designating all returns from loan moneys as interest, irrespective of what the loan is used for, which adds to economic confusion. What it is called may seem unimportant, but the use of one term to describe many things clouds issues and leads to errors of thought. A person may invest money in company shares, debentures or government bonds, and some of the return may be interest and some may not. For instance, a company which holds land titles issues a share dividend or loan repayment which is rent. Similarly, that portion which represents capital equipment receives a return which is interest. The return for monopoly or privilege is monopoly return; interest can only be a return to capital equipment.

If, as in the case of government loans, money is spent on war and other purposes such as

foreign aid with nothing concrete to show for it, the return to the lender is money raised by taxation to pay it. This illuminates the process that when defence personnel return from a campaign to civilian life, in addition to fighting the war, they must begin paying for it with their taxes. Economic burdens are superimposed upon physical activities endured in recent combat. This is not to condemn defence which is necessary, but it is essential to realize the economic context in which wars are fought. It will perhaps be a long time before sufficient progress is made within any nation for it to be secure from war, and it would be national suicide not to attend to defence properly. Nevertheless, from an economic viewpoint, in a well-structured society, defence would probably be unnecessary. Nations would be too busy trading with one another to contemplate hostilities.

Money Markets

In addition to the use of money as a measure of value and a medium of exchange, its manipulation in the market place can have an effect on the rate of return to money loans. Money used as a commodity can alter the supply of money and give rise to fluctuating returns which are artificial. Although these returns are commonly called interest, the term is a misnomer. These artificial returns are confused with *economic interest from capital equipment* and, as such, their fluctuations can disguise the rate of the rise and fall of economic interest. The reason for this is that money transactions in the money market can influence the amounts of money available to purchase capital equipment. There is interaction of money throughout the financial system. The artificial manipulations of money cannot be put into the same category as that of capital equipment which is an aid to production. Manipulation produces nothing. The currency of a nation could be stablized if backed by its rent collection; interest would become interest on capital equipment alone.

MONOPOLY AND PROFIT

MONOPOLY

A monopoly, the Concise Oxford Dictionary says, is: "exclusive possession of the selling of some commodity or service, this conferred as a privilege by the State; exclusive possession, control, or exercise of or on; thing that is monopolized".

1. *There may be State monopolies.*
2. *Monopolies granted to individuals by the State.*
3. *Monopolies by business and industrial organizations.*
4. *Copyrights and Patents.*

Examples of state monopolies are law and order, defence, power and water supplies, drainage, sewage works, in some places railways, postal and telephone services. Examples of monopolies granted by the state are: licences to sell goods and services such as tobacco, alcohol, taxi licences, licences to carry on a trade or profession, licences to import or export goods, licences to conduct banking and insurance business, radio and television broadcast licences, titles to sites of land and licences to produce certain goods such as milk, eggs.

Private monopolies are those developed by large aggregates of capital equipment seen in chains of retail stores, marketing cartels such as oil and coal mines, manufacturing conglomerates and the like. Many of these private monopolies become monopolies by underselling products until there is but one organization left in the field. This kind of monopoly is largely held by shareholders of companies, some are those who have invested savings from their wages and interest. This wages and interest source however is small, because, by the laws of wages and interest there is little that can be saved from them. It is therefore obvious that the bulk of the investors come from some privilege held by them.

Patents and Copyrights

Copyrights and Patents are looked upon as monopolies and it is interesting to see what Henry George said about them in a note to later editions of "Progress and Poverty": "Following the habit of confounding the exclusive right granted by a patent and that granted by a copyright as recognition of the right of labour to its intangible productions, I fell into error which I subsequently acknowledged and corrected in the Standard of June 23, 1888. The two things are not alike, but essentially different. The copyright is not a right to the exclusive use of a fact, an idea or a combination, which by the natural law of property all are free to use; but only to the labour expended in the thing itself. It does not prevent anyone from using for himself the facts, the knowledge, the laws or combinations for a similar production, but only from using the identical form of the particular book or other production - the actual labour which has in short been expended in producing it. It rests therefore upon the natural, moral right of each one to enjoy the products of his own exertion, and involves no interference with the similar right of anyone else to do likewise."

"The patent, on the other hand, prohibits anyone from doing a similar thing, and involves, usually for a specified time, an interference with the equal liberty on which the right of

ownership rests. The copyright is therefore in accordance with the moral law - it gives to the man who has expended the intangible labour to write a particular book or paint a picture security against the copying of that particular thing. The patent is in defiance of this natural right. It prohibits others from doing what has already been attempted. Everyone has a moral right to think what I think, or to perceive, or to do what I do - no matter whether he gets the hint from me or independently of me. Discovery can give no right of ownership, for whatever is discovered must have been already here to be discovered. If a man makes a wheelbarrow, or a book, or a picture, he has a moral right to that particular wheelbarrow, book, or picture, but has no right to ask that others be prevented from making similar things. Such a prohibition, though given for the purposes of stimulating discovery and invention, really in the long run operates as a check upon them".

A patent is classed as a monopoly which gives government-granted force to the inventor to enjoy for a period the fruits of his discovery. By this is implied a reward for the time, effort and expense of developing the idea. Patent rights legally prevent anyone copying the idea. Preventing anyone else from using the idea shuts off its further development for the duration of the patent, a check to invention and discovery. In recent times a photographic process was patented in U.S.A. which prevented the idea being further developed by anyone else until the patent expires.

Patents give an advantage which by definition disadvantages all others. If the patent were to be a benefit to society why is it not given permanently? Manifestly a patent is not a benefit to society as a whole; it gives its holder an advantage.

During the lifetime of a patent the original cost of developing the idea is recovered in a relatively short time and for the remaining period there is opportunity, which is usually availed of, to accumulate a vast fortune for its holder. Those who do not make a fortune for themselves are those who have been unable to develop the invention and have sold it to someone who can do so, usually a giant corporation which often has acquired other inventions under similar circumstances.

Patents can be bought and held out of use. Large corporations often do this to protect themselves from the use of the new idea in the market place. This usually prevents the public buying cheaper and better. In this respect patents are like land holdings held out of use which forces up the price of other sites.

England's Statutes of Monopolies (1624) was the first legislation to establish patents. Two hundred years later, The Patent Medicine Stamp Act was passed. Most patents stem from the 17th century and with the development of technology, this has, of course, proliferated. In recent years the great increase and use of patents in the pharmaceutical industry has been the cause of very high health costs throughout the world. Patents have even spread to new plants and animals. Will it spread to human beings? "Necessity is the mother of invention" is an old adage, and inventions are developed because there is a need to improve on existing methods. Often similar ideas for improvement appear to more than one person at the same time and the one who patents first is advantaged over all the others.

Registered trademarks and brands are a form of patents and are accompanied by immense goodwill. There may be many cola drinks but only one Coca Cola and it sells at a higher price.

PROFIT

Because the word profit is used extensively in everyday discussions, it is necessary to see what is meant by it in the light of the economic law of distribution. It is seen as a non-specific term because it is often used to describe any gain which shows up in a balance sheet of an individual or a company. It is more a term used by accountants than by economists. When a profit is shown it can mean that the gain may come from rent, wages, interest, privileges, monopolies or concessions, even gambling. The gain is seldom broken up into its components to indicate the source. Even the return to risks taken in business ventures are spoken of as profit whereas these risks are a part of labour's activities and therefore are a part of wages.

Current economic works give many descriptions of what constitutes profits: "the returns for uncertainties in the market place, uncertainties owing to rival techniques and changes in technology, financial, legal and political uncertainties, rewards for the risks of losing capital" (usually thought of as money). Profits may be negative i.e. losses. In any productive undertaking there is an element of risk: bad seasons in rural pursuit, fashion changes in clothing and so on, which is a matter for the judgement of labour for deciding whether or not to initiate a project. It is in general a part of labour. Profit therefore is a common term which may include income from any source including gains from speculation. The use of the term is in sharp contrast with the accurately-defined terms used in a careful study of economics.

TARIFFS AND FREE TRADE

Tariffs are imposts levied upon goods which are imported from other countries, and there is controversy whether protection or free trade is in the best interests of a nation. Tariffs may be considered in two ways: those imposts which are used to raise revenue and those to keep out cheaper goods to protect home industries which cannot compete in a free international market. A tariff to protect home industries stimulates production and employment in a protected industry. This means that all consumers in the country must pay more for the products of that industry. Hence there is an advantage to those employed in the protected industry and disadvantage to others, advantage to a small number of producers and disadvantage to all the consumers. Tariffs imposed to raise revenue are simply a tax upon production which has already been amply treated when discussing taxation.

The great strength of the tariff protection argument is that the stimulus to production and the employment of labour in a protected industry *can be measured* by the increased production and the number of people employed. But what *cannot be measured* is the check to general production and employment which is diffused throughout all industries owing to *the higher cost to the consumer of the protected article.* In the long term there is a net loss if taking into consideration the cost of administering protection.

The favourite argument for tariff protection is that the home market cannot compete with the cheap labour of another country and unemployment results. On the surface this seems a valid reason but when analysed the relative difference has an explanation.

The competition between workers shows that wages are for subsistence only (p25). If wages are taxed in any way, income tax, sales tax on goods or other contributions to revenue the subsistence of workers is reduced i.e. they cannot make a living. Labour in these circumstances must be allowed higher wages to offset the taxes it pays so increasing the wages cost of production and therefore unable to compete with countries where labour is not taxed or taxed at a lesser rate. Australia is an example of high wage taxation and India low or no taxation at all on subsistence wages.

There is a direct relationship between low wage taxation and high wage taxation upon the cost of consumer articles. If Australia, or any country, abolished taxes upon wages consumer goods would cost a fraction of what they are at present. Under these circumstances labour would have no need to press for tariff protection because it would be able to compete in any market.

The same applies to capital equipment owners. Capital equipment must be allowed its cost of maintenance and replacement i.e. its subsistence plus any taxes upon it or its operations making costs higher and therefore rendering it unable to compete with low cost countries.

All trade between countries, indeed between all individuals, is a sophisticated system of barter. To import is to encourage exports to pay for them and vice versa. Why then discourage imports? Protection is a secondary problem caused by the problem of unemployment in an industry; protection is the symptomatic treatment of unemployment leaving the cause, the unemployment question, as of no consequence. The question of

unemployment is begged when protection is given to an industry.

By protecting some industries, others have to be protected to maintain their production. This is usually effected by a subsidy or another tariff for that industry. Tariffs and subsidies go hand in hand, and instead of solving problems, usually multiply them. Examples can be seen where rural industries have their production costs subsidized. Subsidies have to be spread to almost all unprotected industries. Nearly every country is at present suffering from this syndrome. To give an advantage to one industry is to create a situation where other industries have to be given an advantage to balance the disadvantage the original advantage imposed! Treatments have to be used to treat symptomatic treatments, leaving the causes of the problems partially masked and totally ignored.

To sum up: tariffs are imposed by governments to "protect" an industry which is ailing because of circumstances imposed by governments which disadvantage it, e.g. the textile industry in Australia is protected by tariffs because it could not compete with cheap imports. The cost of Australian textiles is high because of high building and manufacturing costs owing to high taxation upon every necessity to produce the product plus high wages owing to high personal and indirect taxation on the labour force. Farm production is subsidised for the same reasons. Tariffs are an artificial device of governments which attempt to solve the problems which government taxation imposes upon its citizens, the more taxation is imposed the farther and farther the economic system becomes remote from the natural order of the economy. Tariffs violate every principle of economics and they can only lead to ultimate troubles and economic disaster.

FREE TRADE

Why then is protection so popular and free trade opposed? *Free trade is the natural method of production - the natural order.* The freeing of trade from any form of restriction such as a tariff represents an improved method of production, and any such improvement increases land title values i.e. economic rent as surely as a new machine or a new improved production process (p21). This is the real obstacle to free trade the benefit of which quickly manifests itself, and can be seen and measured in increased land title values and rents. There is therefore no advantage to labour and capital equipment; indeed they are often worse off. Any advantage from free trade is absorbed by rent. The benefit of the increased production accrues to the landholder, hence further widening the gap between the privileged and the non-privileged classes.

When taxes are levied on goods and services at home it is a tariff on home production which has the same effect as a tariff on imported goods, and therefore there is no free trade at home. The prerequisite for free trade internationally is free trade at home to prevent the benefits being maldistributed. This can occur only in a taxless society where rent is used as revenue and any increase in land title values goes to the common benefit - revenue. All history and all places provide examples of this tariff system within and without national boundaries.

It seems quite reasonable to oppose free trade when one's employment in a protected industry is jeopardised. Until the economic facts of the situation are common knowledge, there will always be this opposition to free trade through the ignorance of its effects. With free trade at home, international free trade would follow spontaneously. Ideally free trade at home

means everyone is employed and there would be no need for protection by tariffs internally or externally to eliminate unemployment. Not all oppose free trade. In society two basic roles are found in the one person - the producer and the consumer. The former desires high wages and the latter low prices. When the producers reap the benefit of artificially high prices, consumers are disadvantaged. So the conflict of interest continues, and an unsatisfactory situation is reached where both producer and consumer are disadvantaged. The only way producers and consumers can have both benefits at once is through the natural order of economics.

Protection in its ultimate form would have individuals working self-sufficiently and alone. Families would be isolated from families, and so a return to cave-dwelling days. People would be suspicious of each other, the primitive animal instinct would dominate and ignorance once again reign supreme. There would be no exchange of ideas or skills. The alternative would be for all protection to be organized by a central authority with the task of planning every individual's productive and consumer action as in complete socialism. Individual decisions and incentive would be abolished, the people would be robots, the economy made regressive. This is the picture of a planned economy contrasting markedly with a free enterprise natural one which is in the true sense free. Freedom where there was no disadvantage to anyone, no privileges to anyone, no concessions, all enjoying equal opportunity.

Without free trade at home, free trade between nations in a short time would reduce countries to an extremely poor economic state. The result would be dire poverty for the underprivileged masses alongside the extreme wealth of a privileged few monopoly and landholders. Such a state of affairs completely divorced from the natural order, would attest to our present ignorance and inability to live in harmony with the natural environment.

Civil strife within and wars without are usually the end product of tariffs between people and nations. If commodities cannot pass freely between individuals and political barriers at home or abroad, sooner or later armed forces tend to redress the situation. This was well illustrated in the American Civil War between the northern and southern states.

These economic models are not fantasies for they exist today, and world populations seem like lemmings rushing headlong to destroy themselves. There is no valid reason why protection cannot be reversed by nations adopting free trade at home and abroad. One cannot be successful without the other.

INFLATION AND ITS CONSEQUENCES

Inflation describes the process where there are continuing rises in the prices of goods and services. Inflation is measured by comparing the prices of similar goods and services at separate times. A common definition of inflation is "too much money chasing too few goods". Inflation is thought of as a problem of money in relation to goods and services. The principles of economics indicate that this definition is insufficient because money is only the measure of prices. The increases in prices have a deeper cause than is to be found in the use of money.

Inflation comes about owing to taxes, tariffs and other imposts and concessions all of which raise prices without the amount of money or goods and services being altered. Even stamp duties on sales of property and mortgages inflate the prices of whatever they are imposed upon. Licences and the like which are a cost to the licencees have to be recovered in increased or inflated prices.

Cartels, such as the cartel of the 1970's which raised oil prices throughout the world, do the same and into this category must be added monopolies controlled by aggregates of capital equipment and privilege, especially those which keep competition out of the market place. Holding land out of use is inflationary because, by forcing back the margin, the price of land titles generally is forced up. Over-issue of money, wage awards above the natural level, controlled interest rates above the natural level, patents, in short anything which is arbitrary, artificial and adds to the price of goods and services is inflationary. Because these things are a permanent feature of society they constitute an inbuilt inflation in the economy of a nation. Whenever a government imposes a tax or burden upon production the inflation rate rises accordingly.

The discovery of minerals such as gold, oil, iron ore, high prices for agriculture products and reconstruction times after wars usually produce a time of prosperity. During these boom times there is full employment, wages are high and there is a margin for the wage earner and capital equipment owner to save and buy a home and luxury goods. Competition for land sites inflates their prices to the extent that much of the excess of wages over subsistence is required to purchase a home, factory, shop or farm site. Because the extra demand for goods and services can be satisfied quickly by extra production their prices soon level out when shortages of goods are overcome. Competition for land sites, however, cannot be satisfied by producing more sites; only the margin can be forced back which increases land values or rents of all other sites, so land title values are inflated.

During the boom times many wage earners and capital equipment owners over-extend themselves by land speculating, expecting the boom to last longer than it does. This further raises land title values above the natural level because, in addition to the natural level, there is a speculative value added. Many land title purchases are made on repayment terms over a long period and the expectation of future wages and interest income is committed. When wages and interest are used to pay unrealistic land title prices, there is less to purchase the goods and services of others, so general production is checked. Many wage and interest earnings from capital equipment find that the check to general production reduces their earnings, or even makes them redundant and unemployed. They then cannot pay off their

mortgages and often lose their home and land sites. When this happens to many, it is said that there is a slowing of the economy, a recession or, under more severe unemployment, that there is an economic depression.

When the economy slides into a depression, the way into more prosperous times can come about by labour and capital equipment owners reconciling themselves to lower returns i.e. a return to lower subsistence wages and earnings from equipment. Another way is by an increase in population, or by improved methods of production both of which will bring land title values up to the point at which they have been overvalued (p31). The principles of economics, however, indicate that collecting rent for revenue keeps land title values, rents, at a natural level, and together with the abolishment of taxation and privileges there could not be inflation. Prices of both land titles and goods and services would become simply a matter of supply and demand in the market place. Inflation could not enter into the situation.

High prices can occur in famine or drought in the same way that prices become very low in places with seasons of plenty, but in today's world this situation can generally be brought to equilibrium by expanding and accelerating the use of modern transport technology which is a process of production and freely available.

ORGANIZED LABOUR

Although the term organized labour is commonly used in reference to the trade union movement, this is too narrow a description. Organized labour must include all the unions, associations, federations, guilds, and chambers formed to protect the wages and working conditions of the occupations concerned. Examples are associations of fishermen, farmers, skilled and unskilled workers, clerical and professional people, public servants, shopkeepers, merchants, industrialists, manufacturers, exchangers and service people of many kinds. All have the one goal, that of winning for themselves the maximum compensation for their mental and physical efforts.

The term organized labour must not include that section of people which seeks to protect privileges such as land titles, other monopolies, tariffs and subsidies. This is privilege protecton and, although it may be organized, it does not labour, in the same sense as those who produce material wealth (p16), to receive its privilege return, it therefore cannot be classified with labour. It is often looked upon as a labour organization because many workers are also privilege holders, and derive some of their income from rent. To be precise, it is necessary to demarcate rent and wages. To leave them unseparated is to accept that there is no differentiation between earned and unearned income. It assumes that they are equal in every respect which reduces enquiry to absurdity. It may be recognized as such by legislation, but in the nature of things it cannot be so.

The picture of labour is not as straightforward as it might seem. A vast amount of labour is combined with the role of capital equipment owner and privilege, and derives income from three sources. The worker, who sees himself as worker only, may own the tools or machines of his occupation as well as his home or business land site. Thus the person is a worker, a capital equipment owner and a privilege holder (p17-18). Hence people's loyalties are divided and their resolutions waver when any of these interests are threatened. Today there is support for labour when wages are threatened; tomorrow protection is sought when capital equipment is at risk, the day after, support must be given when a land title, a licence or other privilege is threatened. At times people are forced to make a choice between two or more of these choices and it would not be human nature if it did not choose what requires the least effort - privilege.

Modern trade unions arose out of the conditions in which labour found itself when the Industrial Revolution got under way. Labour's conditions and wages deteriorated to such an extent in the 19th century that reform became imperative. It was not without a long struggle that the present day organizations emerged to improve the lot of those with only their labour to earn a living. They remain organizations necessary for the well-being of workers. Undoubtedly, if trade unions relaxed their vigilance, there would be a rapid reversion to the unsatisfactory conditions of the past.

Organized labour has been successful in getting some counter privilege through legislation, e.g. wage awards and welfare concessions, as a counter-balance to its disadvantages. This has been merely symptomatic treatment of the problem, and it does nothing to recognize the real nature of the situation. Indeed it legitimates the parasitism of privilege on the productive economy. The struggle for higher wages and better conditions has been simply a means of

gaining a greater share of production. It did nothing to seek the cause of the problem.

Because employers were seen to be rich and employees poor, the sole consideration was arbitrarily to take some production from one group and give it to the other (p33). At no time, it seems, was there any attempt at applying economic principles. It was hoped that a balance would be struck and all would be satisfied. This has proved a disappointment. There have been gains, but the essential nature of the struggle remains unaltered. Industrial unrest continues over the same kind of issues as formerly. Such a stalemate demonstrates that the line of action is ineffective, and that alternative thinking and action is necessary to effect an improvement.

The Situation is not Understood

No serious attempt has been made by organized labour to understand why conditions deteriorated in the first place. It is as though labour maintains a conspiracy of silence. Effects are seen, but the underlying cause is never sought, researched or investigated. It was claimed that machines were to blame for unemployment, and that the unemployed depressed wages and conditions in their bid for survival. Machine and labour-saving devices were expected to raise living standards. Instead people were thrown out of work and slid into poverty. It was seen that many of the benefits of the improved methods of production were not equitably shared among the factors of production. The great advances made the rich employer still richer and the poor employees still poorer.

As the 19th century working classes were mostly illiterate, it is understandable that the real issues were unclear to them. This ignorance advanced still further the cause of most of the literate class which paid workers their wages. The privileged literate class had the economic power to employ those who sought work, and anyone who spoke out or investigated the problem too deeply often found themselves ostracized and unacceptable to the ruling class who were the only ones who had a vote in elections to parliament. Thomas Paine and the young Herbert Spencer suffered under this treatment. To acquire a subsistence wage and social status, it was necessary to conform to what the ruling class decreed. Knowledge of the underlying cause of the problem was often discouraged and suppressed or, more often, ridiculed and ignored.

Indeed most of the literate class considered it dangerous or, at least, unwise for the illiterate class to become literate. To some degree these same methods are still very much alive when it is considered how little genuine economic knowledge is freely available today. Nevertheless, as literacy entails an obligation to obtain a degree of emancipation, today's literate workers can no longer hide behind the inability to read and write.

Organized labour attacks what it calls "capital" without understanding that the word as commonly used denotes a complex - capital equipment and privilege combined together. Its use as a term, in this sense, therefore, perpetuates counter-productive confusion. An attack on the capital equipment component is self-destructive. Labour in one form is attacking labour in another form. In the ensuing melee, privilege is the unscathed spectator and perpetual gainer.

Capital Equipment and Privilege

The granting of higher wage awards by governments automatically brings higher interest rates for capital equipment (p26,27) wages and interest rise and fall together. A gain for labour brings a gain for capital equipment and, as both are bidding always for privilege, any gain above the cost of living and the replacement of capital equipment is syphoned off as rent. Wages and interest, therefore, make no progress and may even slump. Rather than attack "capital", labour and capital equipment owners must combine to eliminate privilege which improvishes them both. Labour and capital equipment are allies, not enemies.

The greatest obstacle to a solution to this confusion is that the control of capital equipment and privilege is more often than not invested in the same person. Capital equipment is attacked because it is visible while the recipients of the benefits of progress, increase of population and improved methods of production, are the government-granted privilege holders. These privileges depend upon slips of paper secreted away in secure places. As privileges they are looked upon as private matters despite the fact that they are public, government granted, matters, and for that reason ought to be in full view to everybody. Perhaps they are secreted away because their holders fear that exposure of them will invite enquiry and question as to why they exist. A confusion in terms generates a smokescreen hiding the real issues and preserving the status quo. Is it any wonder that freedom of information has so much opposition?

Labour's Opposition

Organized labour's case to improve its position is weakened by its inability to define its opposition. The legacy of the Industrial Revolution has been the establishment of an industrial and commercial class with wide powers and great resources remote from labour. The holders of land titles and other monopolies, the source of most investments in these industries, remain in the background. The passive land sites are there, and when buildings sit upon them they are hidden and the importance of their value is obscured. This is especially so in towns and cities which contain most of the valuable land sites.

In contrast the value of farm land titles is obvious, but they make up only a small proportion of the nation's land title values. The activities of factories, merchants and transporters, which attract attention, are impossible to hide. Opposition to the unreacting land is unthinkable, but to oppose the active factors of production, labour and capital equipment, brings a ready response. This activity is opposing what can be seen, damaged or destroyed, so reducing production which could be shared by labour and capital equipment. This is the action of industrial unrest and strikes which disrupt commerce. Land cannot react to aggression in the same way. Privilege holders can react to loss of privilege, and it is certain that they do; but this privilege is not the result of labour effort or the use of capital equipment.

Typical examples of the returns which labour covets are those enjoyed by financial institutions and production companies. Often these corporations are so diversified that their activities reach into many fields by way of subsidiary enterprises. Only the most careful research can detect the detailed sources of their income which is called profit. No complaint can be made about the genuine wages and interest on capital equipment. What is not shared by labour and capital equipment owners is the income from the privileges held. In addition

to this, income is drawn from credit and loans extended to individuals, industry and commerce. The funds which can be loaned are usually the returns from privilege and monopoly, and not the returns from labour efforts and the use of capital equipment.

Personal Loans

The activities of finance companies often extend to small, almost unsecured, loans. To indulge in the latest labour-saving devices and recreation equipment, people are encouraged to borrow on extended terms. While this is considered a welcome service, the worker's long term financial commitments influence his or her wage demands. It is better to remain in employment to pay off debts than to take industrial action which may mean a temporarily reduced income. For the class offering these loans, there is a double return, that from the loan itself plus the watering down of wage demands. Workers cannot afford to become unemployed by pricing themselves out of a job through very high wage demands.

Labour Champions Privilege

In their struggle to extricate themselves from the web of complexity, labour and capital equipment demand privileges in the form of tariffs and subsidies. From a general viewpoint the whole of society is injured by these advantages being accepted by labour and capital equipment. This is therefore support of privilege in general, and privilege does not need such aid.

If labour succeeds in getting higher wage awards and saves a little, this is usually used to purchase privileges to make a living more secure. If the privilege is a home site, the extra demand for land increases its price which whittles away the wage gain. In addition, the workers have entered the ranks of the privileged and naturally oppose any reduction of their land title values. Labour becomes the champion of privilege - the very thing which holds wages down. *Any improvement in the conditions of labour must come about at the expense of privilege.* Workers and capital equipment owners must forego privilege to obtain a natural return. The only beneficial privilege is common privilege.

Trade Union Demands

Many of the issues such as high wage awards, tariffs and other concessions to increase employment espoused by organized labour are actually counter-productive. They arouse opposition from other sections of labour which are inconvenienced and incur financial loss as a result. This opposition is not inconsiderable and, moreover, it is growing. There is increasing resistence to what are seen as unreasonable labour demands. That organized labour must remain vigilant is essential; nevertheless its actions should not become as unreasonable as those of the 19th century employers. If any light can be seen at the end of the tunnel, support for organized labour would be readily forthcoming. The situation could reach a stage where labour impoverishes itself and brings a reduction in productivity and living standards. Many people consider this has already been reached.

If conditions and wages are not acceptable in one occupation, why does not labour switch to another? The answer, given elsewhere, is the solution to this question. Resolution can only

be achieved in an economic system which ensures full employment at all times. This occurs in an economic boom, but there is no reason why it cannot exist at all times. A rationally based campaign by organized labour could develop a state where employers constantly bid amongst themselves for employees, each offering better wages and conditions until a satisfactory situation was reached for both parties. This state of affairs existed for a while in Australia in the 1950's when the country was recovering from war restrictions and immigration was extensive. *Trade unions working for anything less than this solution are seeking only excuses for their actions, not solutions to their problems.* If labour were to isolate and clarify the barrier to its wellbeing, it would be able to eradicate it. But if it constantly chases false trails, its only prospect is the vanity and futility of debate while society slides from depression to civil strife and war. Reconstruction after civil strife and war brings boom which leads again to depression ad infinitum.

Labour unions can combat the advantages of privilege. Indeed labour could combine with capital equipment owners for greater strength in this conflict. It is certain many small business people would welcome such a move. The separate labour and capital equipment owner organizations would have practically no role in an ideal state, or would exist to promote social, cultural and other activities such as cooperative superannuation and insurance schemes.

Labour originally organized itself to combat a pressing problem, it did not create the problem. Many people see unionism as the originator of inflation and industrial strife, it is not, although it can and does at times aggravate it by excessive demands. Trade unions have alleviated some of labour's problems, but they have not succeeded in ridding the world of the threat of unemployment.

Historically, organized labour has fallen into the same trap which all power leads to - corruption. Organized labour of every kind has seen itself rise from radical small beginnings to be a powerful conservative part of the establishment. The reformers of yesteryear have become a conservative bulwark of the system often retarding further progress. Officials of associations and unions have a vested interest in looking after their own careers to the extent that change is opposed by some for personal reasons. They would not be human if they did not, rather than looking at the whole situation. This is an attitude which looks at economic problems and questions in isolation, so divorcing discussion from serious enquiry. At some time in the future an holistic approach will doubtless emerge to change the present viewpoint. Many people use their union or association as a stepping stone to a political career which gives them added social status, influence and power. Organized labour must take into account the effects its actions have on the community as a whole; when all is said and done they are a part of it.

THE ESTABLISHMENT

In economic discussions reference is often made to "The Establishment" but without defining the term. It is generally used to describe an element of the national social structure which stands firmly - something established without seeming to be at risk of alteration. Webster's Twentieth Century Dictionary gives the establishment as meaning: "fixed state, that which is established; a permanent civil or military staff; a settlement; the church established by law; the class in a community, or in a field of activity, who hold power usually because they are linked socially, considered to have conservative opinions and conventional values". All of these things are related to the economic social structure.

It can be seen from these meanings that the two main parts of the establishment in most societies are the government and the religious institutions. Both of these organizations are made up of people with all their strengths and weaknesses, their hopes and ambitions.

Governments in democracies consist of people who depend upon the votes of their electors. In order to become elected candidates must attract the support of as many voters as possible and to do this they keep themselves to the fore by attending as many public meetings as possible. Today's meeting for a group to get some government assistance or support is attended and the candidate must assure the meeting he will strive to further their interests. Tomorrow's meeting with a group opposing yesterday's cause must also be given hope for help. The candidate tries to endear himself to as many voters as possible and therefore support is sought from diverse groups, especially is this so in an electorate where the majority may be small. Once elected the representative must be very careful not to say anything which will alienate any section of his voters. It is necessary to get all the continuing support possible. Members of parliament in democracies have developed this art to a fine degree so much so that a careful analysis of their words and actions usually shows that there is little substance in their speech or actions, or what there is, is neutral. This attitude is evidence that a parliamentarian can never be a leader; his or her action must always be taken from the instructions of the electors. Often the parliamentary party committee selects the candidate who thereafter is committed to the party policy, originality of thought is disallowed or at least discouraged. The parliamentarian is a servant not a leader.

The neutrality stand of the parliamentarians is usually the downfall of their party. Party governments in power for any length of time rarely win many succeeding elections, they have been forced to be so neutral as to be seeming to be doing nothing and promises of an opposing party seem a better alternative. So the party in power loses the election. Alternative promises may seem appealing but when it comes to implementing them it is found that the neutral stand is repeated and a further cycle of party in and out of power continues while pressing social problems go from bad to worse. In the continuum of governing parties in and out of power the country's interests are lost sight of in the effort to win personal and party power. So much time and energy is taken up with side issues, often of a personal nature, that the important matters of government are neglected. Add to this the tendency of the party in power to pass measures giving further privileges to ensure voters' allegiance. The alternative is a dictatorship without elections and there is enough evidence to show the desirability or otherwise of that kind of government.

The parliamentarian is restricted in another direction which is where election expenses are to come from. The financial power base, donors, have a great influence upon what a member of parliament does. If the financial base wants something which the electors do not, the member is in a dilemma. He or she is forced to seek a compromise in relation to the votes which may be gained or lost. This situation is a great weakness of the democratic process because it creates a situation where there is often recourse to an inferior economic action. There is also the possibility of parliamentary parties entering into secret agreements with donors. Again the financial power is then the leader and the parliamentarians the led

The other main section of the establishment is the religious institution whether it be Christian, Moslem, Hindu, Buddhist, or Jewish. It is important to understand clearly that the religious institution is something quite different and distinct from the religion itself. One is a particular material economic entity and the other is a particular faith or worship, a non-material thing which affords spiritual comfort to its adherents. The religious activities are conducted by the religious institution which needs day to day material things for the essential needs of the religious officers: priests, ministers, rabbis, imams. These people all require food, clothing, housing, and services necessary for their wellbeing and their social status. In addition there is the maintenance of churches, temples, mosques. To administer to the needs of religious institutions it is therefore necessary to have an income of material wealth. Some of this material wealth comes from the small donations of the faithful masses, some of it comes from investments in privileges such as land titles, many of which have been acquired from bequests, and investments from other sources. In the light of what is known about wage and interest earners they can afford to contribute little compared with privilege holders. So the bulk of income must be derived from the religious institution's own holdings plus the support given by the only ones who can afford to do so, community's privilege and monopoly holders.

To retain and attract the support of privilege and monopoly holders the religious institutions cannot afford to question too deeply the origin of privilege and monopoly. To question it is to bite the hand which feeds it. This is the position in which religious institutions find themselves. The forces of custom and national legislation which have always been the religious world's economic basis seems to leave no other option, yet while the operation of the system is not questioned it constitutes approval of it.

Over the years there have been some voices which have questioned the methods of religious institutions in supporting unsatisfactory economic practises. At the present time there is talk of "liberation theology" where some Christians have questioned their institution's attitude to the poverty of the masses in some countries e.g. The Philipines, Brazil, Nicaragua. In these places the Christian methods of alleviating poverty have been the advocation and practice of what is called *social justice* i.e. extending charity or welfare to partially counteract the widespread *economic injustice* in the conditions of the people where privilege holds the power. Charity is not sufficient as events have proved. It is an irony that the most vehement opposition to Marxism comes from the Christian religions, yet in social justice they practise Marxism to protect their economic base.

If religious institutions supported economic justice, would not the under-privileged masses abundantly demonstrate their support? Where the religious institution does not question the status quo it supports privilege and monopoly.

For a generation or more Christian religious institutions have seen a falling off of their adherents. Is this because the role of the institutions is not sufficient for the people's needs? Would there be a revival of religious fervour if there were less economic hardships within the population? If people had their material needs satisfied would there be an impetus to turn to non-material spiritual needs and support for religion? People have always needed religion and there is no evidence to assume that it will not be needed in the future. It seems a necessity therefore, to have a religious institution which accords in every way with the high principles of its teachings and which are embodied in the laws of the universe. Would any religionist deny that the natural physical laws are the laws of that whom they worship? Why then treat them differently?

The Christian religious institution had to modify its attitude when natural law demonstrated that the earth revolved around the sun; at the time it was discovered, it was theological heresy. The discovery of natural law brings with it an upsurge of faith owing to the further enlightenment which increases the awareness of the universal oneness enveloping us all. Is it again heresy to discover and make use of universal economic laws?

The dilemma of the Christian religious institution is that a move to economic justice would possibly alienate some of the support of its privilege holding adherents and in addition it would mean the loss of its own privileges. To balance this it would have the support of everyone who would share common privilege. As an economic unit the issues are clear. Strict adherence to natural law can bring only benefits to all people and institutions.

These then are the circumstances and forces which face the establishment at present, the weakness of the democratic process and the failure of the religious institutions to keep pace with the wonders of the universe as they keep unfolding. Both of these can be strengthened by a greater awareness of people to seek the knowledge to guide progressive action.

PRACTICAL APPLICATIONS

This section is a brief summary of what has been dealt with in previous pages. The practical application of economic principles is so simple and self evident that it hardly deserves further explanation. From these principles were drawn the conclusions that all wages and interest are the inalienable property of the respective workers and capital equipment owners. Similarly, rent belongs to society as a whole - the government. To see that these principles are applied, governments are obliged to collect the rent of land at the same time as they abolish taxation of every kind which falls on wages and interest. These simultaneous measures would not cause a disturbance to the secure tenure of existing landholders' sites. To collect this revenue would be, as now, a simple inexpensive administrative procedure for a government whether local, state or federal. The measures are not an increase in taxation, they are simply a transference from one source, wages and interest, to another, rent. (p 45)

Because revenue is a public matter, not a private one, all land title values must be freely on view for all citizens to see. In this way there could be comparisons for all to be assured that there was no corruption and no one is disadvantaged. To carry this out, maps of sites together with the relevant information about them should be available for inspection free of charge at the local, state and federal level. As stated on page 44, all rent could be collected at the local government office and the municipality then pay the state and federal governments for the services which they provide. Whatever method is adopted is an arbitrary decision which would depend upon the circumstances of necessity and wishes of people in a particular area. The process of changing the source of revenue could be implemented over a number of years, five, ten, twenty or more in order to obviate any difficulty or hardship to existing privilege holders.

The payment of rent in lieu of income tax or other taxes is a simple arithmetical calculation. An individual can compare his or her present tax with what would be paid on the rent assessment. The most governments could take would be approximately 5% of the selling price of a site title but if the implementation of rent for revenue was gradual it could begin at say 1/2% or 1% and be increased in yearly or less often stages until the whole was collected. Simultaneouly taxation would also have to be decreased in the same proportion until total abolishment. All sites would be assessed; there would be no exemptions or concessions of any kind whether for government, religious, charity, recreation, conservation, heritage, entertainment or any other use.

The idea of rent for revenue, under the misnomer land tax, is not new; it has been around for a long time. Although this method of raising revenue is the only one to attain economic justice, its adoption of course is a parliamentary decision. Economics can only point the way to construct a stable society. Therefore it is the responsibility of each citizen to decide whether or not he or she wants economic justice. The voter is the only person who can successfully lead the parliamentary candidate.

It is meaningless to go into the objections to rent revenue, for none of them can be valid. Over the centuries, and in recent times, the same objections have been put forward time and time again and, because the issues have not been understood by the masses, the objectors have

been able to retain the status quo. The privilege holders have been able to bring overwhelming power to bear so that attempts of a few parliamentarians to collect rent for revenue have almost completely failed. There is some rent revenue "land tax" in a few places but its incidence is so small and inequitably graduated as to be almost ineffectual. Many municipalities as well as state governments in Australia are examples. Some success in the field has been attained by New South Wales, Queensland and to a lesser degree other states where local governments have for most of this century collected rent for revenue, called rating on site values. In 1952 Federal land tax was abolished which has left an abundant fund from which to raise Federal revenue.

Those most affected by raising revenue from rent are of course the landed aristocracy and the institutions which lend on land titles. The lending institutions such as banks, insurance offices and building societies mostly lend on site values and as these values fell when government collected rent, the lenders would lose their equity in the rent, their main source of income. They would then be left to lend on capital equipment such as buildings, machines and other material wealth. Change is opposed but there seems to have been no research into whether or not the individuals who make up the lending institutions and the landed aristocracy would be better or worse off with economic justice. It is assumed that they would be worse off but would not permanent prosperity be to their advantage? It seems that the question is begged, yet a rational and intuitive approach says that in the short and long term they must be better off.

An important application of economic principles is the knowledge gained from an enquiry into the nature of wealth and the ability to distinguish between material wealth and privilege. In all the written words of pamphlets, books, magazines and newspapers as well as the spoken word of parliamentarians and others on radio, television or at meetings, this knowledge of wealth enables the reader or listener to evaluate better the statements presented. Truth can then be sorted out and separated from fiction and purely selfserving interests.

When considering the question of tariffs and free trade, the knowledge gleaned enables us to make accurate evaluations and therefore decisions about the usefulness of proposed actions in regard to them. Trade union matters cannot be appreciated or understood without a knowledge of wages and interest and their relation to rent and privilege. There is no aspect of everyday living: money affairs, monopolies, multinational corporations, inflation, economic depression and thousands of small and large private and public issues that can be appreciated without an understanding of basic economics.

Every time anything is bought, there is the complexity of costs and charges included in the price from the income tax of the checkout operator of a supermarket, taxes on the machines used, taxes on the fuels for the machines and equipment used to produce the article, the taxes and charges of everyone from the land to the store. Add to these are the personal taxes of the administrators of the retailers, wholesalers, manufacturers, farmers, miners and so on, the tax chain extends to infinity. Because this labyrnth is so extensive, it deserves detailed, and objective examination.

An effect of the application of economic principles would be that upon monopolies. Economic rent in private use is the mother of all monopolies and the abolishment of this monopoly would help to eliminate all other monoplies.

These are some of the major practical applications of the principles of economics and they are useful to people in as many ways as each person sees fit to use them. There is nothing dramatic or sensational in their application; the principles simply exist in the same way that principles of any discipline exist. It is a matter for the individual to use for a short term personal advantage or long term universal benefit including him or her self. Principles, as everyone knows, can be used for good or evil purposes.

It is plain for all to see that upon the natural economy there has been superimposed a complex of artificial laws and customs which, try as they may, cannot override the natural without severe consequence.

CONCLUSION

Because they indicate that solutions to many social problems are available, these notes on economic science must conclude on an optimistic note for all people and nations. The traditional artificial concepts and practices have prevented adaption to a changing world and so they must make way for something new. New ideas bring with them individual fears of the unknown which recommend caution. On the other hand there exists a fear of economic hardship and future wars if present methods are allowed to persist. This stimulates a search for something to overcome these threats.

In the past the privileged establishment has decided what was to be done, mainly for its own interests. For so long economic action has gone along in this way. It is time for the rank and file of citizens to contribute more to decision making, to take more interest in economic affairs.

Society an Extension of the Individual

In the same way that an individual is an orderly conglomerate of single living cells, society is a whole comprised of individual people as component cells. Society cannot dissociate itself from this analogy. All the biological laws of the individual cell are applicable to society, for society is only an extension of the individual. The economics of society must conform with the natural economics of all life. The single cell's motivating drive is self-centredness. It must concern itself with living, getting food and sustaining its life. Such self-centredness must necessarily be very strict because it recognizes that to be whole in health it must keep both itself and its environment healthy. In nature therefore, the single cell is supremely conscious that its activities must not in any way disadvantage its neighbours, or other living things. Nature's self-centredness is all embracing in marked contrast to peoples' narrow ignorant selfishness which disregards the welfare of fellow human beings. Peoples' mental horizons are often so blinkered that there is little consideration for the total environment and so there is generated a destructiveness which knows no barriers. Perhaps a longer evolutionary period is necessary to develop the human mind to a realization of this interdependence. Some time in the future, if it is not near at hand, through production technology, the power to destroy will be so great that even the establishment will be faced with extinction. When this happens necessity will force a change in the social system. It is not a matter of will a change of thinking take place but when. The parts of life must be related to the whole and the whole to its parts, people must relate to society, and society in the activities of its government, to its individual members in a positive way.

Economic Freedom

In the same way that aircraft come in a variety of capabilities, shapes, sizes and for specific purposes, so separated communities may vary their economic systems to meet their needs. As aircraft have in common their strict adherence to aeronautical principles in their structure, so economies must conform to their own scientific principles on which satisfactory systems and performances can be built. An economic system therefore can differ in points of design from place to place but the universal principles remain the same. Desert tribes have their methods of conforming with the principles and it needs only modification in a sophisticated society to do the same.

The economics of the so-called free nations are today as hidebound and in many ways no less restrictive than the economics of the communist states. The freedom to criticize governments and other freedoms do not constitute economic freedom in a full sense. Indeed the freedoms which allow privilege and advantage in free nations are counter-productive and lead to the formation of extreme wealth and poverty - the unwanted freedoms. The economic freedom which exists in the so-called free countries is mostly in the minds of the people who are led to believe it by the widespread dissemination of persistent propaganda. In practice, economic freedom is denied to people everywhere except to a few nomadic or hunter gatherer tribes still existing in remote places on marginal land. Even their quality of life is in decline through the incursion of so-called civilized exploiters.

New Generations

Are drug addictions and other troubles which plague civilizations an escape for the disillusioned youth of today, most of whom have been inadequately educated in economics and find themselves in a climate of age old conformity? They seem to see no advantage in conforming so they choose to break away and emulate the permissiveness of the powerful establishment. (This permissiveness is so blatant throughout both the personal and financial world.) They obtain no relief from their dilemmas posed by their economic legacy and have no confidence in the generation which brought them into being. The appearance of the order of society is seen only as a servile facade. They want none of it and in protest behave differently - to conform is to accept falsity and futility. They can see and feel that graft and corruption is the order of the day and many reject this. There is no place, they say, for honesty in society. This attitude is taken to its ultimate conclusion; they are ashamed to be part of the social system which has removed the natural dignity from rich and poor alike. Their feelings of hopelessness reflect their times - the confused pseudo-economic and personal practices which lead countries to destruction. Although these disillusioned people have been taught in schools to think, they as yet have carried out insufficient life experiments and observations to see a way of escape or to form valid conclusions. Neither have they been led along the educational paths which enable them to make valid economic conclusions. Schools have only prescribed what people must do to fit them to earn a living, vocational training. They have had no guide to point out what may readily be seen.

These notes are an attempt to put down the ideas which have kept resurfacing over the centuries and they will inevitably continue to do so. No personal credit is claimed for the thoughts expressed herein but an effort has been made to bring together contributions from people such as The Physiocrats; John Locke, Adam Smith, John Stuart Mill, David Ricardo, Herbert Spencer, Henry George and countless others. No attempt has been made in such a short space to quote many references to past or present writers and authorities. It is considered that the economic affairs of history and present day practices offer enough available evidence to support what has been presented. Nevertheless the interested student of economics has the benefit of many past and present thinkers to draw from and occupy his or her reading and research for some time to come. The reading of one economist leads to the reading of others. If the reading of these notes proves a stimulus to further enquiry and investigation it will have served a useful purpose.

A responsible opinion, after considering the foregoing might be: "Yes, I agree, but I do not see how such an economic system could be implemented". At this stage the question of its

adoption need not be urgently examined. To turn about in an instant what for centuries has been accepted as inevitable would be too much to expect of human nature. It will be a long hard struggle before a majority of people come to understand the concept. What to some looks like fiction always comes before the fact, indeed fantasy always precedes fact. Science fiction writers and theorists like Jules Verne do not seem at all strange today yet at the time he wrote, his ideas seemed impossible. Eighty days around the world have been overtaken to almost less than a quarter of that time in hours.

The evolution of the world gathers impetus and momentum with more and more literacy and numeracy so the skills to discover and communicate the wonders of the universe continues. This process has been going on at an ever faster rate in the physical sciences for a long time. The only field left untouched in economics is the dissemination of ethical values. There is here research enough to keep philosophers busy for many years to come.

It was Albert Einstein who said: "Science without religion is lame; religion without science is blind".