

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

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

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

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

A S TURNISS
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Glenorie NSW

THE BASIC CAUSE OF UNEMPLOYMENT

By S S GILCHRIST

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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LETTERS TO THE EDITOR

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

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

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

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

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