

# Good Government

Incorporating "The Standard", published since 1905.

A JOURNAL OF POLITICAL, SOCIAL AND ECONOMIC COMMENT

No. 816 Registered for posting as  
a Publication—Category B

JUNE, 1978

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50¢

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Published in the first week of every alternate month by the Proprietors,  
The Association for Good Government  
143 Lawson Street  
REDFERN, NSW 2016  
Australia

## Viewpoint

### NO TAXATION WITHOUT CONFRONTATION

A major democratic process, denied to Australians, has just been exercised in California. There the electors have the right, on issues that concern them sufficiently, to by-pass their politicians and have the particular matters decided by the people at large through referenda. Here we only have referenda when they suit the ruling political party and, for the reason that they generally seek more power for the government, their worth is questionable.

The recent referendum in California arose because of objections to the spiralling property taxes, under which that state suffers, as the basis of local government revenue. These taxes provide, not only for the municipal services with which we in Australia are familiar, but also for police, fire services, education and a large area of welfare. They yield between 14 and 16 billion dollars annually.

A petition, signed by over a million voters, sought the limitation of the taxes to a maximum of one percent of the market value of property (they are currently 3 to 3½ percent) and to limit increases in assessed market values to a maximum of 2 percent per year. It also sought a two thirds vote of all members of the state legislature to create new taxes or raise old ones on the state level and a two thirds vote of all electors to create new taxes or raise old ones on the local level.

These resolutions were voted on at a ballot on 6th June, were carried by a large majority and came into effect as from the 1st July.

### WHO BENEFITS?

The immediate benefit is that between 7 and 8 billion dollars will remain in the pockets of certain taxpayers but, after allowing for economies in local government activities, which the amendment will enforce, steps are already in hand at the state level to make grants to local governments from the proceeds of income and sales taxes. Alan Greenspan, who was chairman of the Council of Economic Advisers under President Ford, was quoted as saying (Time 26/7/78), "I am uncomfortable because local governments will be more dependent on state and federal governments". It will indeed prove a pyrrhic victory if the governments, which have been traditionally closest to the people, have been weakened merely in the process of exchanging one form of taxation for what could prove to be poorer alternatives.

Of the taxpayers, who will immediately benefit, Wendell Fitzgerald, writing in the Analyst, had this to say:-

"In California and across the nation the ownership of real property, land and improvements, is highly concentrated in the hands of large corporations and wealthy individuals. By itself the ownership of land is more concentrated than ownership of wealth in general. In most cases where companies and individuals do not pay income taxes they do pay significant property taxes. The property tax is not easily avoided and as such it is a thorn in the side of the wealthy and powerful, perhaps more so than any other tax.

(Cont. on page 2)

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### THE PRINCIPLES OF GOOD GOVERNMENT

1. The true function of government is to maintain peace and justice. This does not include interfering in national or international trade or commerce, or in the private transactions of its electors save only as these threaten peace and justice.
2. A democratically controlled and just revenue is available to governments by the collection of all site rents as their sole and proper revenue, at the same time abolishing all taxes, tariffs and unjust privileges of every description.
3. A democratic system of representation by the adoption of proportional representation in multi-seat electorates and simplified provision for the referendum, initiative and recall.
4. A continuous program of education in the economic facts of life to enlighten the electorate.

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

The measure is represented and understood by most of its supporters to be a revolutionary step forward in aid of the hard pressed home owner. But how revolutionary is this proposal when over half and as much as 70% of the tax relief will go to big landowners, wealthy individuals and large corporations?"

DIFFICULTIES AND DOUBTS

Having exerted themselves so enthusiastically in the face of government aggressiveness and extravagance, will the Californians reap any permanent benefits from their initiative? Or has advantage been taken of their sense of outrage by relatively wealthy interests to attack what could be, for America, one of its more innocuous taxes? Some reports in Time magazine (19/6/78) express doubt:-

"While the property tax rebellion was largely led by advocates of keeping government as limited and as close to the people as possible, the impact may be precisely the opposite. It will give the legislature in Sacramento virtual life or death power over the states 4,500 local special districts, 1,120 school districts, 415 cities and 58 counties. Predicted University of California Professor David Shulman: 'Local government will appear as the supplicant at the court of the Governor'."

"Analysts for the state legislature estimate that the total actual property tax cut may be nearer \$6.4 billion than \$7 billion and of this, homeowners will get a collective saving of only \$2.3 billion. The rest will go to owners of rented residential property (\$1.2 billion) and commercial and industrial property (\$2.9 billion). The state's ten largest utilities and railroads alone will benefit by \$400 million next year; in addition, Standard Oil figures to benefit by \$13.1 million and Lockheed by \$9.5 Million."

SOME PRINCIPLES OF PUBLIC REVENUE

Such doubts, accompanying what to all appearances could well be regarded as an unqualified victory for freedom from oppressive taxes, should prompt an examination of the bases of taxation in general and of the property tax in particular. For this Californians could commence by looking back into their own history, because it was in their state that the genius of Henry George flowered a century ago and, in his masterpieces, 'Progress and Poverty' and 'The Science of Political Economy', incorporated all that was necessary to establish the public revenue of California on a sound and just basis.

Prior to Henry George no economist had seriously come to grips with the socially accepted belief that anything susceptible of ownership was property. There were conventional and historical reasons for this, closely associated with the sensitive subjects of

slavery and landlordism. George's inquiry into the nature of wealth and the natural laws of its distribution established with the clearest logic that the only basis of property was production and that there could not be property in anything that was not wealth.

The claims of landowners to have property rights to land were revealed, in fact, to be claims on the production of other people and as invalid as the claims of slave owners to the production of their human 'property'. The 'value' of both land and slaves was due entirely to the legal support given by the state to such claims and not to any service or productive effort rendered by the owners. George went considerably further than this of course by examining the nature of land rent as part of the natural distribution of wealth operating in response to the superior productive endowment of some sites and areas compared with others. He demonstrated that such rent was not a land value but an expression of the varying strengths of community production and services in different areas. It was a community product and therefore the property of the community and not of individual landowners in whose hands it was capitalised into land values and became a penalty that producers had to pay for the right to produce. They had to be further impoverished by taxes because the community was not getting its natural revenue.

A BETTER APPROACH?

It is clear that the property tax, falling on the combined values of land and buildings tapped at least some part of the community produced rent in the form of land values. In this it was unique in California. Income and sales taxes fall almost entirely on production and consequently are far more destructive but, in the former case, they are mostly paid progressively by pay deductions and, in the latter, are concealed in prices so that the impact of neither is so obvious as the property tax, which is paid in two lump sums at half yearly intervals.

The glaring fault with the property tax is its failure to exclude improvements. It should be confined to the community product of rent by falling entirely on unimproved values. Governments invite confrontation when people become aware that they are being fined for improving their homes, factories or farms or building new ones. By contrast no property owner can possibly improve the unimproved value of the site he occupies and it should be a matter of political expediency as well as justice to levy the tax accordingly.

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# MEMORANDUM ON LAND TENURE

PREPARED BY  
THE AUSTRALIAN SCHOOL OF SOCIAL SCIENCE

In every country the most important political institution is the law governing the tenure of land. There must be some system under which the land is held, and the real question before every community is: How can justice and equality of opportunity be secured for every citizen—how can every person be effectively put into the enjoyment of an equal right to land?

The fundamental importance of land tenure to the whole of society is well stated by Henry George in the following words:

"It is not in the relations of capital and labour, it is not in the pressure of population against subsistence, that an explanation of the unequal development of our civilisation is to be found. The great cause of inequality in the distribution of wealth is inequality in the ownership of land. The ownership of land is the great fundamental fact which ultimately determines the social, the political, and consequently the intellectual and moral condition of a people. And it must be so. For land is the habitation of man, the storehouse upon which he must draw for all his needs, the material to which his labour must be applied for the supply of all his desires; for even the products of the sea cannot be taken, the light of the sun enjoyed, or any of the forces of nature utilised, without the use of land or its products. On the land we are born, from it we live, to it we return again—children of the soil as truly as is the blade of grass or the flower of the field. Take away from man all that belongs to land, and he is but a disembodied spirit. Material progress cannot rid us of our dependence upon land; it can but add to the power of producing wealth from land; and hence, when land is monopolised, it might go on to infinity without increasing wages or improving the condition of those who have but their labour. It can but add to the value of land and the power which its possession gives. Everywhere, in all times, among all peoples, the possession of land is the basis of aristocracy, the foundation of great fortunes, the source of power. As said the Brahmins ages ago—'To whomsoever the soil at any time belongs, to him belong the fruits of it. White parasols and elephants mad with pride are the flowers of a grant of land'."

In the light of the truths expressed in this quotation, the experience of Australia is very enlightening. Our failure to achieve justice in land tenure may well prove a warning and a lesson to other countries. On the other hand our small degree of wisdom (perhaps in advance of other countries in this respect) has undoubtedly produced beneficial results for the whole of our people, from which example other countries might well profit.

The land of Australia, in theory, belongs to the King alone, and those who hold it from the King hold it by estates only and not as owners, the highest estate known being the estate in fee simple. This theory of land tenure was especially developed in England under feudalism, from which we inherit it, but it is substantially the same in all countries. In Australia the doctrine that the King is the sole owner of land was challenged in the Courts (Attorney General v. Brown, 2 S.C.R. (NSW) App. 30), but the challenge failed.

This basic law of the communal ownership of land is both logical and beneficial, but great mischiefs arise from breaches of that law and from legal enactments which contravene it.

From the very earliest times in England the Crown assumed the right to make grants of land to persons chosen by the Crown. At first the grants were made on condition that appropriate services be rendered to the Crown by the land-holders, which amounted to a rent, and the Crown was acknowledged as the owner from whom the land was held. But after long struggles between the land-holders and the Crown the former eventually succeeded in throwing off the obligations attached to their land-holdings and virtually became absolute owners. The overlordship of the Crown is still acknowledged in theory, and the ceremony between the King and the land-owners (both spiritual and temporal) at the Coronation service still re-enacts from time to time the original relationship. But for almost all practical purposes the land-holders now own the land, and pocket the rent and other advantages. The people of England have consequently become divided into two classes, the haves and have-nots, the rich and the poor, the workers and those who live without toil. This great fact has virtually determined the history of England for centuries.

## LAND TENURE IN AUSTRALIA

OR

### THE GROWTH OF LAND MONOPOLY IN AUSTRALIA (a) SYSTEM OF FREE GRANTS

After the colonisation of Australia (1788) the Crown made grants of large tracts of land to individuals who received it and held it as in England. In the early days no provision was made, except for unimportant quit-rents, for the Crown to receive any of the future rent of the land granted out. From the very start preference in land-grants went to officials, retired service officers and other highly accredited persons. The Free Grants system prevailed until 1831 and tied up the pick of our best lands (especially in and near Sydney) in the hands of a few. In 1831 Governor Darling discontinued the Free Grants system, and a minimum price of five shillings an acre for land within the settled area was fixed by law.

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(b) OTHER FACTORS IN THE GROWTH OF MONOPOLY  
(Prior To 1838)

1. Lack of detailed surveys prevented small land seekers from finding the land they wanted.
2. The survey maps showing only the natural advantages, watercourses, mountain ranges, valleys, etc. assisted the large graziers to spot out and monopolise perhaps 200,000 acres, the pick of a whole watershed.
3. 'Squatters' spread into the interior and settled on Crown lands and, with no survey to control the settlement, took the lot. In 1847 the squatters got a title to their land--'fixity of tenure'--from the British Government.

At the end of 50 years of colonisation the population of Australia was about 200,000, of whom less than 3,000 families were on the land.

(c) THE WAKEFIELD SCHEME (1838-1846)

The theories and policy of Edward Gibbon Wakefield (particularly in South Australia) marked the high-water mark of the English 'landed gentry' policy under which the two classes of society in England became largely reproduced in Australia. Free immigration (a supply of labour) was encouraged, but in 1842 the price of land was raised from 5/- an acre to 20/- an acre, a price which the immigrants could not pay. Prospective farm holders were therefore forced to offer their labour to the land monopolists.

AUSTRALIA IN DISTRESS

From 1855 the Australian colonies were administered by elective Parliaments but the franchise was limited according to property qualifications. The privileged interest had all the say in Parliament, and with the continued increase in population the following critical conditions existed:

- \* Large station-holders employed little labour.
- \* The interior lands were held idle and blocked against settlement.
- \* The majority of the population stayed congested in the main cities and towns, more or less unemployed or dependent on government billets and public works.

Thus early in our own history from the two factors 'land monopoly' and 'unemployment' the three Eastern Colonies had become 'Squatter-Labour States'!

AUSTRALIAN EXPERIMENTS A FAILURE

Free Selection (1861-1891)

In 1861 the NSW Parliament, faced with violent agitation for land, passed an Act (Robertson's Act) known as 'Selection Before Survey' (more properly 'Selection Without Survey'). Selectors were free to take land anywhere, even in the squatters' home paddocks, but the same government also granted to the squatters every protective tenure that could forestall and hinder the selector, and with the aid of 'dummy' selectors and 'buying out the eyes of a run' frustrated the intentions of the Act.

Results After 22 Years of Free Selection

- \* Two-thirds proved a failure or 'dummies'.
  - \* Large estates grew larger.
  - \* Of 200,000 applicants 21,135 became established land-holders in their own right.
  - \* Over a period of 30 years (1861-1891) the Crown alienated 50 million acres, but the area under cultivation increased by only 600,000 acres.
- The last condition was worse than the first.

Closer Settlement Policy

In 1891 came the period of Closer Settlement Policy. This can be summed up as a spate of legislation designed to promote closer settlement, defects, amendments, defects, re-amendments, futile middle, consolidation, amendment, and so on. Mr H Heaton, MA, M Comm. (former lecturer in Economics, Adelaide University), in *'Australia: Economic and Political Stories'*, Chapter 9, described our land story: "The story of our land legislation is bewildering chaos and no-one has yet had the courage to attempt an adequate study of the tangle of legislative and administrative antics, the battle of wits between laws and individuals, and the clash between government intentions and economic forces, which make up the history of Land Tenure in all the six States."

The result of all this legislative effort from 1861-1923 was that 241,924 new farms had been taken up and confirmed under various 'closer settlement' schemes but that in 1923 the total of rural holdings was only 78,994. That is to say, nearly 163,000 farms disappeared and went back into big estates. Thus all the legislation only served to provide a grant to land-monopolists and a burden to primary producers.

THE GENERAL EFFECT OF OUR EXPERIMENTS

Notwithstanding all our efforts to achieve 'closer settlement' there is still to-day in Australia a property-less proletariat, working on the basic wage, without any security of employment and the easy victims of depression and poverty. Though not so desperately poor as their landless counterparts in many other countries where the rights of the land-owning class are practically unlimited, their poverty and lack of security are a national menace and an international warning.

As will be shown later, Australian conditions are better than those in many other parts of the world, but our futile legislative experiments and our preservation of legal privilege in land-owning have afflicted us with a serious degree of land-hunger and poverty. Under such conditions Communism is bound to make a strong appeal. The rise of Communism has been most striking where land-hunger and the evils of land-monopoly have manifested themselves most strongly.

WHAT IS THE RIGHT POLICY?

We submit that our experience has shown, and a study of scientific principles has confirmed, that:

- \* It is no use to Give Land Away.
  - \* It is no use to Take It Back.
  - \* It is no use Buying It Back to give away again.
- What then is the wise policy? To Give It Away Conditionally, the only condition being that the full ground rental be reserved to the Crown.

Great benefits will accrue to the people if this policy is adopted by introducing the following land tenure laws:

- \* All land-owners to be left in possession of their holdings without interference or direction.
- \* All land-owners to be required to pay to the Government the rent properly payable for their lands, excluding all improvements. The rent to be calculated by reference to the rent being paid to the owners by the tenants for those lands or for similar lands, and to be apportioned amongst any local governing bodies in lieu of taxation which is to be reduced to the vanishing point as soon as possible.
- \* The rent to be re-appraised periodically.
- \* Taxation to be reduced as far as the amount of rent collected and all the circumstances permit. It will be found possible, under the changed circumstances, to reduce it to the vanishing point.
- \* The same land-revenue system to be used for all government, both national and local.

The advantages of such laws could scarcely be over-emphasised. They could be summarised as follows:

1. Land-rent is not a burden on production, while taxes are essentially a burden. Production is discouraged, and sometimes stopped altogether by taxation.
2. An adequate revenue for the government is provided without hindering production or producing friction or discontent.
3. Land-rent is more easily and cheaply collected than taxes. It cannot be evaded or passed on.
4. The payment of land-rent bears equitably and justly on the whole population.
5. It will not be profitable to hold land out of use.
6. The orgy of land-speculation and consequential depression is avoided.
7. The justice of the laws is obvious to all who analyse them, and justice is the most important consideration of all.

These proposals have been endorsed by many eminent authorities, and are worthy of the most careful and urgent attention. They will have a very strong bearing on poverty, unemployment and war, the three scourges of the modern State. Any government which adopts them will prove itself statesmanlike in the highest degree, and will earn the undying gratitude not only of its own people but also of the peoples of all other countries of the world.

GOOD GOVERNMENT

PARTIAL APPLICATION OF THE PROPOSALS IN AUSTRALIA

Although we are not satisfied with our present land tenure laws, the following beneficial conditions exist in Australia, which are to some extent in accordance with the proposals we have set out:

1. The Crown has retained from alienation certain important natural resources, such as fisheries, minerals and deposits.
2. 'Miner's Right' enables any person to have access to land for mining, subject to compensating the owner for improvements.
3. In New South Wales and Queensland the whole revenue of all cities, municipalities and shires is derived from rating on unimproved land values only, this being in effect a system of land-holders paying rent for local purposes in respect of the land which they hold. No rates are payable for buildings or improvements.

This rating system is extremely important, and has had most beneficial results. To a considerable extent other States and other countries have adopted it from us, and in England over 600 Councils have petitioned Parliament to permit them to adopt it.

4. The whole of the Australian Capital Territory (Canberra) is held by perpetual lease under which the owners pay a land-rent to the Crown, disregarding improvements, the rent being re-appraised every twenty years. This area is small and does not contain any of our largest cities, but the system is highly successful. How it works is shown by a letter written by Mr Allen Fraser, MP, in reply to M.Toubeau of France (published in 'The Standard', Sydney, June 1951) which reads as follows:

"Yes, the land tenure system in the Australian Capital Territory is most successful. Public opinion is overwhelmingly in favour of it. In fact, in 20 years' residence here I have not heard a voice against it. It is accepted as a matter of course and since it has no disabilities in practice none concerns himself about it. Obvious advantages include that land is not held out of use by private owners seeking private profit on it. The development of the city can therefore be orderly with each piece of land put to its appropriate use.

If I wish to build a house I am spared the need to find some hundreds of pounds to buy the land. All I have to do is to be ready to pay the annual rental (on my own block this is about 12 Pounds a year). I choose the block I want, but before I can get it there must first be a public advertisement that it is available, stating its annual value and inviting applications for it. The applicant offering the largest bonus over the annual value gets the block. He has it then on a 99-years lease, subject to periodic appraisal of the rental value, and he finds that he is just as free to use his block, to build on it, and to sell buildings on it, as if it were freehold land. He also has the satisfaction of knowing that the annual rent he pays goes into the community

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treasury instead of into the pocket of a private 'owner'."

When it is realized that the fairly substantial land-rent derived by Federal and State and local governments in Australia is a corresponding relief from taxation of labour and the products of labour it will be appreciated that there is a strong connection between our relatively high standard of living and the beneficial types of land tenure previously set out. The public receives some part of the great land-rent fund which justly belongs to the public, and to that extent the public is relieved from taxation.

Nevertheless, private land-ownership is still the prevailing system in Australia, although somewhat modified. The amount of land-rent paid into the public Treasury is not great enough to enable taxation to be abolished, and in fact our taxation is very high and oppressive. We therefore still have slums and unemployment and all the inevitable results of an unjust system of land-tenure. The great proposal for the abolition of landlordism by the community receiving the rent as its public revenue would apply, of course, even more in cities and towns than in country areas. In fact it is in the cities and towns that the great bulk of land-rent is paid. The pressing social problems are most potent in great cities, and only when the rent of land is made common property and taxation abolished can our slums be abolished, our glaring contrasts of wealth and poverty be equalised and social health be restored.

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### A SPECIAL BULLETIN FROM CHICAGO

Two months in advance isn't even enough time to allow, considering mail speed between United States and Australia, and plans aren't even jelled. Singlehandedly 'we're' trying to promote a HENRY GEORGE DAY RALLY at Richard J Daley Civic Center Plaza in downtown Chicago, an outdoor event open to passersby, Saturday, September 2.

Free Enterprise Association will then be ten years old, originated by George Tideman for a one shot attempt to urge all state legislators to introduce his proposed land value taxation Constitutional amendment. He was pleased that I wanted to use the name for my unsuccessful attempts at holding Henry George Day banquets. However, I keep picking myself off the floor for further tries, several attempts to interest new legislators each fall season. Unfortunately, many endeavors like Free Enterprise Association are one-man jobs with very little cooperation. One gets criticized for saying either 'I' or 'we'; the singular is more honest; the plural is egotistical.

This writer has tried to contact several prominent Chicagoans to allow use of their names as 'honorary chairmen', several Georgists to speak, a music school to furnish students to

play for experience, an art school to make a Progress & Poverty Commemorative postage stamp project, will attempt to borrow a bullhorn in lieu of a costly public address system, will also try to circulate LVT petitions during the Rally.

The Georgists' LEAF (Land Equality and Freedom) apparently were rejected by California in an editorial conspiracy to present only the hate propoganda in favor of Proposition 13 to cut 'property tax' to one percent of 'market value', a great gift to landholders. Only one syndicated columnist, Nicholas Von Hoffman, criticized the amendment and lamented that nobody opposed it. I found a Communist Daily World June 29 with three articles condemning the amendment for causing welfare cutbacks by local government, correctly stating that it is a windfall for landholders, with no reduction to renters, and predicting increased sales and income tax (which we've said right along, because state and federal governments will have to help pay fire, police and school salaries, take over welfare services) and criticizing newspapers for fomenting what was falsely labeled 'a taxpayers' revolt'.

This is the reason LVT petitions must be circulated at our Henry George Day Rally. Immediately after the June 6 election in California hate groups collected thousands of signatures in Chicago and more thousands in other cities coast to coast to cripple local realty tax, to foment tax strikes. Backed with ample funds, they're contacting all legislators, possibly bribing to get them to introduce outright abolition of realty tax or to make it impotent, and get all the radio and TV publicity they can use.

'We' have asked media publicity two months in advance, don't know how much 'we' will get, and may have to fight for it, or take under advisement a class action suit for damages resulting from a conspiracy of silence.

In the wake of 1964 Civil Rights legislation came 'affirmative action' whereby employers were ordered to hire by percentages whether or not applicants are at all qualified. A recent Supreme Court decision in favor of Allen Bakke, a white, rejected entrance to a medical school and now winning entrance, and a Chicago Police class action of several years (promoting minorities who scored much lower than a large group of whites) are very upsetting to Daily World. How we struggle and fight over effects instead of correcting the cause! Equality of job and home opportunity can be ours through land value taxation. We need no quota, demonstration or conspiracy to take over a community, industry or union. If right to use of our land is granted, there will be job opportunity for all. That is the message we'll try to impress on pedestrians listening in on our Henry George Day Rally.

After the event I'll get back to you with an evaluation  
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## FROM OUR NEW ZEALAND CORRESPONDENT

From time to time the desirability of New Zealand and Australia getting closer together gets an airing in our press. The present airing shows that the idea is receiving a far more sympathetic reception than it did formerly. Indeed, some correspondents have granted that New Zealand must eventually become the seventh state of a reformed Commonwealth.

One of your senators, Colin Mason, has advocated a sort of federal union for Australia, New Zealand, and the Pacific Islands. Mason hails from Auckland; he is an authority on East Asian affairs. Now that he is in the seats of the mighty let us trust he doesn't forget the long-term interests of his adopted and his native country.

It is certainly in the interests of both countries that we get together. Our politicians pretend they are; but their efforts are pitiful; indeed, there is good reason for thinking that all too often they lack sincerity. In both countries, both major parties are too deeply tinged with the socialistic philosophy for any confidence to be placed in their much-publicised trade agreements.

Yet both countries by concentrating on what each produces best both peoples would benefit greatly. There are no geographic obstacles hindering the closest co-operation. Wellington is closer to Canberra than is Perth. Both are separated by seas; in one case a sea of water, the other a sea of sand.

In any proposals for New Zealand becoming the seventh state one New Zealand fear must be removed—that we would be dominated by Australian interests, in some cases unscrupulous interests. This country will not submit, except to overwhelming international pressure, to become a suburb of Sydney, Melbourne, or Canberra. Here is where we single-taxers have a worthwhile contribution to make. To reap the benefit from any form of co-operation we must have a common, scientific taxation system.

A scientific taxation system is needed for reasons other than making co-operation between our two countries work to the benefit of both peoples; the future of our so-called democracies depends on Government getting its necessary revenues without meddling with the lawful day to day activities of its citizens.

The present wrangling between the Federal Government and your individual states over the sharing of the Commonwealth purse shows the pressing need for a scientific taxation system. Unless it is put into operation the little independence that states foolishly imagine they have will soon disappear. Deakin foresaw it over seventy years ago. For a successful co-operative effort between Australia and New Zealand a scientific taxation system is a must.

To ensure the success of any form of union the central government in Canberra must be denied the right to tax goods in any form, and of collecting taxes directly from the individual. The first leads to the disruption of industry; the second, to a large fund that is available on those triennial auction sales we call general elections for the buying of votes by the contending political parties in their endeavours to secure the treasury benches, the source of all power.

Canberra, in which New Zealand representatives would be there, would draw up its budget for the year, then proceed to distribute it amongst the states or provinces, for them to add their state or provincial expenses, (for such things as universities and base hospitals), and have them hand the total to the district councils for collection from the individual at the grass roots. Believe me, under such a system only one system of taxation would be tolerated—unimproved values.

A revolution, you may say. It would be. But we are in revolutionary times. "Make big plans" said Daniel Burnham, the rebuilder of Chicago, "small plans have no magic to stir men's blood".  
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## PROPORTIONAL REPRESENTATION SOCIETY OF AUSTRALIA

### NSW BRANCH

#### ANNUAL REPORT 1977-1978

In the last Annual Report, we referred to an important adoption of the quota-preferential method in New South Wales, for local government elections. Again this year, there has been another significant advance. Subject to a Yes vote in a referendum to be held on 17 June New South Wales voters will for the first time be able to elect Members to the Legislative Council by the quota-preferential method, so that they will have a real choice and a high probability of an effective vote.

When the last Report was presented, we had just learnt that the Bill to provide for direct election of the Legislative Council was to incorporate a party-list method of election. The Bill was introduced on 1 June 1977 and was designed to lead eventually to a Council of 45, with 15 seats to be filled at each regular election. The whole State was to be a single electoral district and a crude party-list method was specified. This method would have allowed voters only a choice between parties, and votes for 'groups' of one or more candidates which received not more than a sixteenth of the total vote were to be discarded. There was no provision for indication of preferences either between candidates or between parties.

The Branch, which had previously presented its views to the Premier and to all Members of both Houses, immediately took action aimed at securing amendment of the Bill to provide for

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the use of the quota-preferential method. An approach was made to Mr John Hatton, Independent Member for South Coast in the Legislative Assembly, who agreed to discuss possible amendments. These discussions led to an arrangement for the Branch to assist Mr Hatton by preparing a statement of the requirements for amendments to the Bill to provide for the quota-preferential method. Members of the Committee discussed this proposal with Mr Leslie Katz, Senior Lecturer in Law, University of Sydney, and the necessary changes in the long and complicated Bill were given to Mr Hatton in a form suitable for passing to the Parliamentary staff for formal preparation of the amendments. We are greatly indebted to Mr Katz for his help, which involved many hours of skilled work.

The Bill was dealt with in a few days in the Legislative Assembly and passed to the Legislative Council, which set up a Select Committee to examine it. The Branch Committee made a submission to the Committee in July and the President of the Branch gave evidence to the Committee on 27 July.

As the Legislative Council had 'failed to pass' the Bill, the Government re-introduced it in November. When Mr Hatton moved his amendments, the entire Opposition, in spite of strong criticism by its members of the list method, joined with the Government to vote against the amendments, leaving Mr Hatton unsupported. Once again, the Bill was passed unamended and sent to the Legislative Council. The Council, in a special session in January 1978, heard the Report of its Select Committee, which recommended that the Bill be rejected and that a Constitutional Convention be held to resolve the matter. The Council rejected the Bill and, as this brought the two Houses into deadlock, a 'free conference of managers' was arranged under the provisions of the Constitution Act for the resolution of deadlocks.

For reasons not yet fully disclosed, the conference resulted in an agreement between the three major parties for the Bill to be amended to provide for the use of a quota-preferential method of proportional representation similar to that used for New South Wales local-government elections. The parties also agreed to change the deposit from \$500 per group, irrespective of the number in it, to \$200 per candidate, as had been provided in one of the amendments moved by Mr Hatton. The proposals resulting from the conference were presented to Parliament in the form of three Bills on 8 March and these were passed by both Houses. The Bill must be approved by a majority of voters in a referendum to be held on 17 June. Mr Hatton and the Society seem likely to have the satisfaction of seeing the introduction of a method of election only slightly inferior to the one specified in the amendments he moved. While the Society cannot claim all of the credit for this very

significant advance in electoral practice in New South Wales, there is little doubt that our efforts had a substantial effect.

We were pleased to have discussions with representatives of the Australian Institute of Actuaries and to note that the Institute had decided to adopt the quota-preferential method for its elections.

The Branch arranged a display in the exhibition staged by Citizens for Democracy in Sydney Town Hall under the title 'The Struggle for Democracy in Australia 1788-1977'. The Branch's exhibit traced the history of representative government from 1856 to 1977 under the caption 'Taking Part in Government—So Far, So Good'. It pointed out that, although Australia has pioneered many desirable electoral practices, we still have to achieve effective voting in all elections through the use of the quota-preferential method.

The Branch made a further submission to the Minister for Local Government in relation to areas where the majority-preferential method still applies. The 1976 amendment to the Local Government Act provided for proportional representation for all elections in which three or more vacancies are filled in a single electoral area. The majority-preferential method is still used in areas where there are single-member or two-member Wards or Ridings. We pointed out to the Minister that the policy of the Society is for the use of electoral areas large enough to return at least five Aldermen or Councillors but suggested that, while two-member Wards or Ridings exist, the Local Government Act should be amended so that the quota-preferential method would be used in them.

The 3rd Edition of the Proportional Representation Manual was published in November 1977. It is a much more attractive booklet than the earlier Editions but contains substantially the same material. One important change has been made in the Rules for Conducting Elections. On the basis of experience in conducting elections with small numbers of votes, the sub-committee decided that the rule providing, in cases where the quota is less than 100, that counting can be done in hundredths of a vote should be changed to provide for counting in thousandths. This is certainly desirable when quotas are very small and, with a slight change to the rule relating to the transfer of surpluses, involves very little additional work or time.

The interest in electoral methods resulting from the discussion on reform of the Legislative Council and other recent events provides the Society with excellent opportunities for further work. In particular, it is now important for the Commonwealth Electoral Act to be changed to remove the requirement for showing preferences



for all candidates in Senate elections and to provide for proportional representation in elections for the House of Representatives.

OFFICE BEARERS 1978-1979

At the Annual Meeting of the New South Branch of the Society, held on 25th May, 1978, the office-bearers for the ensuing year were elected as follows:-

- PRESIDENT -- Mr J Wright
  - VICE-PRESIDENT -- Messrs J Webber and E Haber
  - SECRETARY -- Mr J Randall
  - TREASURER -- Mr J Webber
  - COMMITTEE -- Mrs K Wright, Messrs J Bonwick  
N Biffin and J Baglin
  - AUDITOR -- Mr E B Donohue
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**ECONOMIC BLINDNESS AND THE ALP**

*By S S GILCHRIST*

Is it appalling blindness to the facts which leads spokesmen for the ACTU and the Labour Party to advocate increased deficit budgetting as a 'cure' for unemployment?

Even if logical, economic arguments are ignored, surely it is obvious that deficit budgetting has never caused prosperity; for it *has been tried* and failed, not once, but over and over again; not only in recent decades in UK, USA, and nearly all European and South American countries, but also throughout all history (look what happened to Marie Antoinette!).

But merely balancing the budget does not cause prosperity either! Although it may make things fractionally better to have a stable currency. Lack of prosperity is caused by all the laws which governments pass to prevent, restrict, restrain and discourage people from using sites and resources, and from working and producing, and from buying and selling goods and services, and thus employing each other.

Most of those laws are passed in order to give privilege and economic advantage to some group of able-bodied people at the expense of the rest of the community (quotas, licenses, subsidies, patents, 'closed-shop' organisations, patronage, sinecures, protection, monopoly rights, concessions and titles to land and resources, etc). Thus some able-bodied people are receiving large amounts of such tribute, and many are getting small amounts, (and all are pressing for more!), and of course many are deprived and pay tribute.

We cannot all live by receiving forced tribute from the rest of the community (legalised robbery). Conservative governments seek to reserve such privilege to a select group (mainly the holders of titles to sites and resources); but the Leftists want everyone to live at the expense of the community. However, robbery is an uneconomic transaction whether it

is legalised or illegal, and the more theft there is in a community, the lower the standard of living. That is why Communism is an economic failure in optimising living standards and in allowing people to satisfy their desires.

Transactions made under threat of force are uneconomic. And that is where our main forms of taxes are so wrong. Income Tax, Sales Tax, Payroll Tax etc, confiscate money just because it is changing hands! These taxes nearly always act as punitive fines which discourage, and even prevent effort, enterprise, and the exchanges of goods and services by which we employ each other and which are the basis of prosperity. No wonder there is unemployment.

To achieve prosperity, governments must ~~steadily remove privileges and they must reduce~~ taxes on normal economic transactions. Sales Tax and Income Tax must be steadily reduced, and be replaced by steadily increasing site-value taxation at a uniform rate on all sites without exemption. Site taxation is a tax which removes privilege, and it is an incentive to prosperity, to the full reasonable employment of resources, and to full employment opportunities for people.

The government granted permanent titles to sites and resources cause the biggest economic advantages for some; and the biggest disadvantage and undeserved poverty to the unprivileged. The title holder to land does get a 'free lunch' at the *expense* of the community.

One wonders whether the Left wing in advocating deficits is hoping that the government would thus make conditions more distressing and so discredit itself, to the opposition's advantage. The left wing and some union officials would appear to have a vested interest in maintaining discontent, and in causing free enterprise to fail.

Neither in government, nor in opposition have the Labour Party ever done anything to reverse the ever increasing issue of special privilege which costs us *all* so dearly.

Probably the fundamental problem is the failure of our education system to lead people away from the absurd idea that we can all live at the expense of the 'government'; maybe our educationalists are corrupted in some way by privileges?

It is only in the current century that a moderate semblance of democracy has evolved to replace ruling class governments. It may take many centuries for the 'people' to learn how to govern themselves well, having learned from repeated errors.

The prime function of government is to protect us from each other, and the corollary is that government must not use its powers to issue any privilege to some at the expense of others. Nor should the community as a whole

take advantage of any individual.

It is obvious that the private enterprise system will fail (as will any system) if it becomes corrupted by much special privilege; but if private enterprise can eliminate government granted privilege then it can provide a far better living than socialism or communism.

If the Labour Party genuinely wants fuller employment to be achieved (even while the Fraser government is in power!) they will campaign strongly, in Parliament and out, for the cancellation of the 2½% of income tax which is granted to local governments, and which has allowed councils to reduce site value taxation in a large part of Australia. They will reverse the trends of the aristocratic land-owner government which is steadily reducing the revenue from land-privilege, and is steadily increasing the taxes on labour and productive enterprise—(just the thing that caused the French Revolution).

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## FRESH APPROACHES TO THE PROBLEM OF PROMOTING KNOWLEDGE OF SOCIAL PRINCIPLES

In the December, 1977 issue we invited readers to contribute their ideas on the problem of expanding our area of influence. Two widely divergent articles are published below and again we invite comment on them or the submission of different views. EDITOR.

## SPECIAL PUBLICITY

By G HARDY

The 'Special Publicity' effort is based on the view, that our Georgist message needs to 'get across' to the community effectively if we hope to influence the thinking and policies of society.

I have envisaged that alongside the on-going usual publicity methods we shall explore alternative lines of publicity approaches, so as to multiply our results and to reach such groups of the public which do not respond favorably to current Georgist publicity.

My view is that many additional converts can be made, if we use a round-about way of stating our case. It is very difficult to overcome the hostile opposition to our views of almost all authorities: it is very difficult to convince the public and especially young people with a description of the future benefits of Land Tax, when the media is reporting the hardships caused by the present Land Tax, when the Premier describes it as a 'bad and iniquitous' tax; when economists, Taxpayers organisations and other specialists ignore or deprecate us.

The 'Special Publicity' effort is an attempt to express Georgist philosophy in modern terms, to relate it to everyday socio-economic problems and to express it in relation to such issues and subjects which are in the centre of public interest already. We had to take into consideration the absolute lack of manpower for any new, additional activity. A great number of appeals failed to bring forward volunteers even for such simple tasks as pinning pamphlets onto Notice boards or regulars to address envelopes etc.

1. Proposals to overcome this, with the use of an automatic, memory storage word-editing machine have been rejected up to now, and instead a subsidised junior typist was employed for a period of 6 months. She has discharged part of the general office duties and in the rest of her time she was available to type work for this publicity activity.

2. I am writing a weekly column in the Toorak Times, a suburban paper with app. 100,000 circulation. The column is entitled "Social Conflicts". The column deals with current topics and I interpret them from a Georgist point of view. Whenever possible, the problems are related back to exploitation through monopoly and proposals are put to introduce land tax on site values. In many instances, the League's address is given, and readers are encouraged to read Georgist books. According to the tally kept by *Progress* on 'Favourable Press Publicity', during the six months between April and October 1977, I was responsible for more than 1,000 column/cm.

3. On the introduction of Mr Morrie Williams, I was interviewed at length by the Editor of Maroondah Ass. Newspapers: "Lerwick", who published in 6 associated papers under the headline: "DO YOU KNOW HENRY GEORGE?"

4. Within a few months 'Libleader', the official monthly of the Victorian Young Liberal Movement has published two articles from us: 'Tax Reform For Social Justice' and 'Land Speculation: A Moral Issue'. They are likely to publish several other articles submitted.

5. Recently we have sent out several circulars using *Personalised Addressing*. This was an attempt to assess whether circulars, which appear to be individual letters instead of duplicated circulars, do in fact have advantages over duplicated circulars. The result of the most recent missiles is not known yet, but one circular sent partly on League and partly on 'Anti-Monopolist' letterheads, attracted replies well above the usual response/acceptance rate. Amongst those who replied to our offer for 'Budgetting Policies' were: the Vic. Young Liberals Policy Committee; Dr Doug Everingham, former ALP Minister for Health; Mr Killen, Minister for Defence; Mr Hamer, the Premier and a number of other serious policymakers.

6. 'THE ANTIMONOPOLIST NEWSLETTER' has up till now been a single handed effort. It is a journalistic exercise, designed to capture the interest of people who are concerned about social injustices, monopolies, consumer protection, finance, unemployment, taxation, land-rights—but who are not aware of the relevance of land monopoly to all of these problems.

- (a) We have obtained postal registration as 'Category B' and pay only half rates.
- (b) Compiled an AddressList consisting of approx. 1,500 addresses, divided into such groups as Media; Policy Makers; Students; etc. This enables us to direct various newsletters to relevant interest-groups; to achieve maximum effect with minimum cost.
- (c) 9 issues have already been sent and 2 others are ready to be sent.

The titles were: 'The Way-Out From The Australian Recession'; 'Consistent Liberalism or Land Speculation?'; 'Fiscal Policy No.1—To Reduce Inflation And Unemployment'; 'Economic Policy No.1—To Increase Purchasing Power'; 'Purchasing Power Down—Unemployment Up: Why?'; 'How To Get Cheaper Housing'; 'Equal Rights—Yes; Discrimination—No!'; 'Fiscal Policy No.2—A Budget For Prosperity'; 'Land Rights To Space-Ship Earth'; 'Guaranteed Minimum Income Or Guaranteed Minimum Social Welfare?'; 'Death Duties—Justified Private Property'.

RESULTS

(a) Several of the above issues have been requested/ordered by our NSW and QLD brother organizations. "Good Government" has reprinted Newsletter No.3 with praise and encouragement in its December 1977 issue. The QLD Branch has reproduced several articles also. Evidently, our publicity is approved and used by other Georgist organizations.

(b) The Newsletter aroused the interest of Broadcasters and as a result I was invited as guest to 3 programs.  
 3 AW—Radio Station: 40 minutes interview and talk-back session with Geoffrey Powell as compere.  
 3 RMIT/FM Community Radio Station: 15 minutes interview.  
 3 LO—Radio Station: 'Yarrabank' 20 minutes talk-back session with Elizabeth Bond as compere. There are negotiations for a 'spot' on 3CR community radio. These appearances reached large audiences free of charge and resulted in a number of inquiries: personal, telephone and mail—to the office.

(c) The Newsletter aroused the interest of our NSW Organization and as a result, I was invited to speak at the Australia Day Summer School in Sydney, organized by the Australian School of Social Science on the subject of 'The Third Road'. (Jan. 1978)

(d) Perhaps the most satisfying response came from schools and colleges, because I believe that we must gain the interest and support of students. I was invited to speak to Politics students on the subject; "Why Is Georgism The Third Road Between Capitalism And Socialism?" I spoke to Economics students, who wanted to hear about industrial and trade union monopolies — and have shown why there can be no just income distribution without tackling land monopoly. Students studying Consumer-Protection heard not only about my experiences as the organizer of the Melbourne Consumers' Organization, but learnt also about the importance of removing all restrictions on the free supply of goods and services; the most important being land monopoly which creates the high price of land.

(e) None of these new contacts, students, teachers, journalists, radio-commentators have heard of Georgism before. None of them were interested in land monopoly. Had we approached them offering to talk about that, they would not have invited us. We would have lost opportunities to win new friends. As a direct result of this new 'Anti Monopolist' approach they started to think about Georgist ideals.

(f) It is not possible to evaluate the cost/benefits of this special publicity effort exactly. But if we compare the known results of having gained responsive new audiences, free radio-time, new interest from policy-makers with the very disappointing results gained from costly advertisements—I believe that the results fully justify the expenditure.

(g) We are definitely reaching additional new audiences with these new approaches. The Georgist message: to eliminate social injustices and exploitation through collecting the benefits of monopolies and privileges—beginning with the collection of land-rent; by ensuring equal rights and responsibilities through good government, has been spread to many thousands of readers, listeners, commentators, teachers and students

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PRICE OF WHISKY

(Published in the Sydney Morning Herald 22/7/78)

Sir — Scotch whisky could sell at \$2 a bottle, giving the retailer a 33 1/3 percent mark-up, if it weren't for the Federal Government's persecution of our kilted Scottish friends. Let me point out the facts on margins, duty, sales tax and, to a lesser degree, State licence fee.  
 Basic wholesale price \$18 a dozen. Federal duty adds \$36.50 to make \$54.50. Sales tax adds 15 percent, \$8.17 to make the price \$62.67. Then the State licensing fee adds 8 per cent, \$5.01, and the cost increases to \$67.68. Retail mark up of 33 1/3 per cent, \$22.56, brings the final cost to \$90.24 a dozen, or \$7.52 a bottle.

(Cont. on page 12)

So on a basic price of \$18 we have \$49.68 worth of taxes and one cannot blame the retailer for maintaining his margins at 33 1/3 per cent, \$22.56. I don't say that either these prices quoted or margins quoted are adhered to, but the example is none the less quite frightening. It underlines the effect of a tax on a tax on a tax.

In 1973 the duty element was only \$16.50 and rose some \$20 a case in a very short time from \$4.81 a litre of alcohol to \$10.75 a litre.

I don't know what the duty was in 1953 but even if it were nothing, the rate of increase a year to 1973 would have been 24 cents a litre of alcohol.

Continuing on that rate we should only be paying \$6.01 a litre of alcohol in 1978 or \$20.43 a case duty, and in effect should not be due for an increase in duty for another 19 years.

Mr Howard should leave the kilted gentlemen alone this Budget.

R D SPRATT  
\*\*\* \*\* Brookvale NSW  
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LETTER TO THE EDITOR

Sir - Imagine that the oil sheiks of Arabia had bought up all the land of Australia, and then leased it out to us, the local peasants, to live and work on.

How much would our new landlords be collecting from us annually in the rent? Well, on current valuations, it would run into thousands and thousands of millions of dollars per year.

The people of any country, by their very presence, living and working, buying and selling, themselves collectively make the land of their country valuable. Land value is really 'people' value. The rent of the land of a nation—the thousands of millions of dollars referred to earlier—should not be allowed to flow into private pockets, but should be channelled into the public Treasury as the natural source of revenue for the nation.

Thus the selling price of land would be forced down—and that's good news for a lot of people.

The onerous taxes that at present fall upon incomes and goods could then be largely done away with. Industry and enterprise would be encouraged; goods and services would be cheaper; and living standards and expectations would rise in a perpetual boom.

It would be a perpetual boom because the insane speculative fever of land value gambling would no longer be a feature of the economy. No longer could governments demand that high wages take the blame when the real enemy had been the unreal high price demanded for land.

For instance, Melbourne's new Westgate Bridge should be paid for out of a State land-rent fund, the people should be able to travel over the bridge free, land in the areas opened up by the bridge would be much cheaper for home sites;

and the speculators, forced to pay their full share of the increased land rent that the bridge will generate, will be lamenting.

K N GRIGG  
\*\*\* \*\* Melbourne  
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THE LAND QUESTION AND THE CHURCH

By Rev. W H HOWARD

This earth, with all its utilities and beauties, is the common abode of all men. We are here for a short time only and, as Christians, we must believe that God meant all His children to share freely and equally in these bounties.

Scientists rightly declare that all Nature is subject to law. These eternal and unalterable laws apply not only to inanimate things, but to the physical, mental, moral, political, commercial, and spiritual realms. To assert that law applies to one realm and not to another is unscientific. Scientists call these laws the "Laws of Nature" but to the Christian the laws of Nature are the "Laws of God."

When a law of Nature is broken harm follows. When it is obeyed good follows. Man is endowed not only with instinct, but with mental power to observe and to discover the working of these laws. He then has the moral responsibility to obey them. He has also the power to obey or disobey them. Of all living creatures man alone has the power of choice between what he considers right or wrong.

The so-called laws of man, unless they are in accord with the Laws of Nature, must produce harm and not good. As Nature's Laws apply to all alike, so Nature's opportunities must apply to all alike. If any law of man denies to some the opportunities that were meant for all, that law must be a harmful thing and will bring disaster.

One other observation. The human family is one whole. The negro is our brother whether we like it or not. A natural law must apply to all nations, to every race, to every individual. Education, or if you like, civilization, has enabled some nations to control to their own advantage the rights of weaker or less civilized nations. In the same way clever men can control, to their own advantage, the rights of simple men. All this is contrary to that Natural Law that demands equal opportunities for all. Here will apply those Natural Laws that rule the moral, political or spiritual realm, and they demand that we come to the aid of such nations or persons, and not join in sharing the spoil.

The terrible evils in the world today compel every thoughtful man to come to the conclusion that these evils result from the breaking of some fundamental Law of Nature, and he will feel

further compelled to seek to discover that law, so that by obedience these evils may be rectified.

The great evils of today, such as poverty, workless men, hungry children, ignorance, trade restrictions, wars, are all rooted in some form of injustice, and this injustice and the suffering that follows is caused, not by Natural Laws, but by man's laws, and the consequent evils can only be rectified by a return to Nature's beneficent law of equal opportunities.

This fundamental broken law is evident in every land to those who search beneath the surface. Some nations, and some men of every nation, have been able by force or fraud or cleverness, some would say by law—man's law—to deny to others the supreme right of equal opportunity of access to land, the only source of life's necessities. Without land man is helpless. He can only live by having access to land. It is his birthright. To deny it is to make him a slave to those who have such access.

It is said that in the multiplicity of of callings in modern civilization it would be impossible and undesirable that every man should live directly from the land. This is true, but it does not meet the question. All live directly or indirectly from the land. The holders of land, without losing their rights of possession, should be required to pay an annual rent to the Government (the People) proportionate to the value of the site occupied, whether in town or country.

This rent would be the necessary revenue of the State, and consequently taxes and tariffs would not be required. It is this remission of taxes and tariffs, and substituting land rent, that restores to every man his equivalent to actual access to the soil. Then the wages of the worker, from the Prime Minister to the ordinary labourer, would be his by natural right, without any deduction. In other words he regains his birthright in the soil of his native land. It is a transfer from injustice to justice. The effect of this on individual and national character cannot be over-estimated. It opens a door of freedom that has hitherto been closed.

If considered honestly and carefully it will be evident that under these new conditions the evils before-mentioned would gradually cease to exist.

Let those who call themselves Christians, especially the leaders, ask themselves such questions as these: Why has the Gospel ceased to be 'heard gladly' by so many? Why have they lost faith and refuse even to listen to Christian teachers? The answer is, they see on every hand injustice and oppression, ignored and unrebuked by the Church. They are told 'God is

love,' 'God is just,' 'God is no respecter of persons.' To them it is not true. Then logically follows this reasoning: No faith, no God, no future life, let us make the most of this life, every man for himself, let the weak perish and the strong survive. This is the evil doctrine that is gaining ground. This is the soil in which all social evils root deeply and thrive. This is the menace of the world today. Injustice is the cause. Justice is the cure. To tell the poor or the oppressed to be contented under injustice is to mock them.

Some may reply that the true cause of these evils is not that the masses have no claim on their native soil, but it is the inherent selfishness in human nature, a selfishness that includes envy, greed, covetousness, cruelty, ambition. On the surface this also may be true, but again, looking deeper, it does not meet the question.

Are not these very evils the certain result of the doctrine 'No God,' 'No faith,' 'Every man for himself'? Remove injustice by just laws and straightway you make it possible to restore faith in a beneficent Creator. It will then again be possible for men to believe 'God is love,' 'God is just.' This is the faith on which a better world can be built. Justice makes this faith possible.

Whether men realize it or not, it is a sin to retain for exclusive use the natural gifts of God, such as sunshine, air, water, land, etc., which were meant equally for the benefit of all. No Christian dare deny this. Yet Christians are practically doing this very thing, and then try to find some other answer to the question, 'Why does God allow the sufferings and wrongs of the world?'

No Socialism, or Communism, or Nationalization of land, or any other artificial remedy will put this thing right. There is only one remedy and that is justice. In recent times a few honest thinkers, by their writings, have drawn very close to its solution, but it remained for Henry George to show clearly and simply, to the Church and to the world, how this justice could be realized without causing any social upheaval. If this solution be of men, it will come to nought, but if it be of God, men may delay it, but they will never overthrow it.

It has been said that no great thinkers have ever approved the principle of Land Rent. This is very far from the truth. I mention in recent years, Winston Churchill, Albert Einstein, the late Archbishop William Temple, and the late Sun Yat Sen, of China.

Land Reformers have looked to the Church for a lead, and looked in vain. They accuse the Church of preaching a Gospel for the next world, hence not all, but hundreds are working

(Cont. on page 14)

independently of the Church. On the other hand the Church accuses the Land Renters of preaching a Gospel for this world only, and will have little or nothing to do with them. In each case the conclusion is wrong. Some day, please God, they will understand each other and work together. The world needs both. It is then that we may expect to receive an answer to the oft-repeated prayer, 'Thy Kingdom come, Thy will be done on earth as it is in heaven'.

Do not be 'too busy' or 'too proud' to study this subject. In it you will find the pure gold of Christianity.

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## money

One of the essentials in the study of economics is a clear understanding of the nature and function of money, particularly the distinction between money and wealth.

Economics is the science or study of how men economise, by association, in the production of goods and services. Money is one of the economic devices universally adopted in this process. Everybody who earns his living does so economically, i.e. by exchanging his products or services for the products or services of others. By using some articles (coins or notes) which will be accepted by everybody in exchange for his goods or services, and as the measure of value adopted by everybody for exchange purposes, an enormous amount of effort in exchange is eliminated and far more exchanges (and consequently far more production) are made possible.

### DEFINITION

Money may thus be defined as anything which at any time and place is accepted by all as the medium of exchange and the measure of value. It plays a most important part in modern life, and it presents no special difficulties as long as its part in the economic order of social life is understood. The trouble begins in the political sphere, when political forces are used to introduce privilege into the economic scene, so that *legal rights* which are not goods or services but legal privileges—not the products of economic labour—are by political power made to come on the market where they are bought and sold along with goods and services.

### MONEY IS ECONOMIC

Money is merely an economic device used to facilitate the exchange of those things which people desire to buy and sell and which are available on the market. It is neither moral nor immoral. Neither money nor the market is responsible for what the market offers for sale and purchase. The economic products of labour (which are beneficial to all) and the anti-economic privileges created by politics (which benefit a few at the expense of the many) are alike advantageous to their owners, and the

public do not discriminate between them. Money always operates as an economic device, facilitating the exchange of whatever is available on the market. It is in no way a political device. How mis-government deals with money itself we shall see later.

In the meantime the following points are important:

a. People do not work for money but for the products (goods and services) and legal rights offering on the market in exchange for their own products or legal rights. They use money only as a medium of exchange and a measure of value in the exchange of whatever labour products (goods and services) and politically-created privileges (legal rights) are offering. People work economically, i.e. by exchange, for the things which they desire and which are available on the market.

b. Money does not purchase anything. In the last analysis the products of labour (goods and services) exchange for everything, labour being the purchasing force and money an economic device used in the exchange transactions.

c. Money is not a factor in economic distribution. By natural law in the economic order, the total social product is distributed into individual wages (termed wages) and social wages (termed rent). Money operates solely in the production, including the exchange, of labour products. The reader must master the distribution of wealth before understanding this essential point. Read 'Progress and Poverty' Book III.

### FREE MONEY

Money has no function apart from trade, and free trade (trade by free people) includes money not under governmental control, i.e. issued and used by free men. It is people, of course, not money or trade, who are free or not free. Everybody who wishes to trade, with or without the use of money, should be free to do so. This freedom is secured by good government, to which everybody has a right. Good government is positive in establishing and maintaining equal rights and also positive in prohibiting infringements of those rights. At present it is a widespread and fatal phenomenon that government is perverted by governments, i.e. that governments who are elected or appointed to the high office of preserving human rights make themselves the instruments by which people are deprived of those rights. Bad government is the perversion of government. One serious example of this is the subject of Dr H G Pearce's article on Coinage in Issue, i.e. the almost universal tendency of government to assume control of the currency and coinage and to debase and inflate it for the governments' advantage against the interests of the people.

The only complete remedy for mis-government is complete freedom, i.e. the legal right, recognised and enforced by government, to do

MONEY

anything one pleases which does not infringe the equal right of others. Freedom includes the right to issue one's own money if others will accept it. Competition is the life of trade, and free competition in money and banking is essential to free trade and the elimination of the monopolistic evils which are at present notorious in the world of currency and banking.

Although the banks are the natural business organisation for the issue of currency, there would be no objection to the sovereign issuing notes or coins for the use and convenience of the community if free competition prevailed, i.e. if everybody who wished to issue (and accept) them were permitted to do so. With governmental monopoly the public is constantly subjected to a gigantic dose of fraud and totalitarianism which amounts to savage taxation of both rich and poor, chiefly the poor. Under competition, any debased coinage or inflated currency will be driven out by the better article. Free trade is the only fair trade.

The shambles created by governmental rampages in the field of money, banking and finance, and the radical but only remedy therefor, will (we hope) be the subject of further articles in subsequent issues of 'Good Government'.

W A DOWE

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LETTER TO THE EDITOR

Sir - There have been recent complaints about State land tax. It is at present largely a manipulated grab for money, and its rules, rates, exemptions, etc, are adjusted in accordance with what the government hopes to get away with.

Instead however, there should be the collection of a genuine land tax as the basis of Government Revenue, but in place of income tax, sales tax, payroll tax, stamp duties and taxes penalising production.

A genuine land value tax is based on the rental of land, and it collects for government revenue the value increases which go under the present system into the pockets of lucky individuals and companies.

It is repeatedly asserted and complained that increased land tax will be 'passed over' to the consumer and that it will increase the cost of building blocks by something like \$1,000. This is simply not possible.

The bulk of the land tax is collected from three groups: (1) the central city business district; (2) property companies; (3) land developers and speculators. All these groups are in direct competition on the open market with other suppliers in cheaper locations. Although their cost will increase, they cannot increase their prices beyond what the market can bear.

City stores will not be able to charge more for the same goods than what suburban stores (with lower land tax costs) charge. No property company will be able to raise its rents higher

than what the market can bear. And land developers and speculators cannot raise their prices as long as there is plenty of land on the market.

Instead of passing it over to the consumer, land tax will in fact effectively reduce the price of land! This is why some landowners are worried!

Present administrative weaknesses should not obscure the essential virtues and advantages of a properly applied land value tax.

M PINCOMBE

Melbourne

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LAND RIGHTS TO "SPACE-SHIP EARTH"

What is the similarity between Mr Galarrwuy Yunipingu, the Aboriginal leader of the Northern Territory Lands Council, Kuwait's oil Sheiks, and a land-speculator?

The similarity is, that they make a fortune out of vast price increases in some kinds of natural resources.

They have the privilege to collect a fee from all other travellers in Space-Ship Earth, before those are allowed to share in the benefits of natural resources.

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Our task is to restore government to normal, i.e. freedom, rather than to reshape society.

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1st Monday, 6 p.m.

Australian School of Social Science. (No January meeting)

2nd Tuesday, 6 p.m.

Henry George Foundation and Association for Good Government.

3rd Wednesday, 7.45 p.m.

Social Science Club. (No January or February meeting) October meeting is held as The Henry George Commemoration. December meeting is held on 2nd Wednesday.

LAST Thursday, 6.15 p.m.

Proportional Representation Society. (No December meeting)

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