

Good Government

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Viewpoint

The most heart-rending evidence of the evils of bad government have recently been featured in the press and on television. From backgrounds in various parts of Asia, many of them formerly richly productive areas, multitudes of ill and starving human beings have been shown to have been reduced to sub-human levels of degradation by wars of 'liberation'.

During the past and present century and accompanying the burgeoning growth in the world's production, hordes of refugees have become an almost permanent and thoroughly melancholy feature of our human society. They have originated, not only in what are now called 'the emerging nations', but also in countries with the longest traditions of economic, cultural and theological development. To a large extent the impact of this social problem was cushioned by the availability of the USA as a sanctuary for the victims of spoliation and oppression and it was these victims that transformed that great country into the richest and most productive place on earth, something they could have achieved just as readily in their home countries had reasonably enlightened conditions prevailed.

Ultimately production and expansion in the United States were checked by spiralling land values and all their anti-economic concomitants and this great refuge for the disinherited began to show the same oppressive symptoms of poverty and unemployment that had exacerbated refugee movements in other countries. Eventually its ports and borders were closed to mass immigration and the refugees, particularly in the post war surge of 'nationalism' masquerading as economic freedom, have become as acute embarrassment to the governments that have

caused them and to those who, in the absence of another America, do not know what to do with them.

Television has shown the stark horror of their predicament and there has been an unequivocal appeal to the pity and generosity of the more fortunate which has brought on a quick response in the form of shipments of food and medical supplies. Whether these shipments will be allowed to reach all those who are really in need of them appears to be in the hands of the gangster governments which continue to cause the misery.

Whatever the fate of the provisions may be, the readiness to respond reflects one of the most appealing aspects of human nature and it differs only in degree to that which prompts people through their governments to support welfare to those of their own countrymen who become victims of poverty and unemployment. The great danger in both these situations is of course that, despite the tacit recognition that such aid can never be a valid substitute for independent self support, the inability to see through the problems that give rise to the need for aid, tends to give permanence to such aid. Whether it is unemployment relief or refugee sustenance the perception must be maintained that the real needs of those to whom succour is given lie in the removal of the disabilities that prevent them from looking after themselves.

The means of bringing this about may be obscured in the remoteness of overseas countries, devastated by years of war and instability, but if the conditions are first examined that keep our own unemployed in conditions of dependency and anti-economic impotency it is possible to

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

throw light on the path to rehabilitation generally including that of dispossessed people in other lands.

There are various discouragements to employment in this country, all attributable to bad legislation, but by far the most devastating is the avoidance by governments of the collection of their natural revenue of site rent and the substitution of taxes on production. In the hands of those who are legislatively protected in the plunder and enjoyment of this huge publicly created fund it is transmuted into a saleable privilege which extorts from those who actively produce goods and services to the extent that industry and jobs are restricted and unemployment appears.

This process could be reversed by insuring that the recipients of site rent account for it to the public and so set free from anti-economic speculation the sites and opportunities that form the only basis for employment. The price of land is the enemy of labour and this could be corrected in one wholesome act that would also eliminate all the frustrating and crippling taxes that presently rob and inhibit producers.

With equitable access to opportunities and sites the greatest demand for welfare, certainly that associated with unemployment, would vanish and the real area of charity would fall into proper focus.

The importance of pushing through this reform here where the opportunity is available reaches beyond our own underprivileged in the only way in which we can offer hope to the more distant refugees. Our local action will remove unemployment and involuntary poverty and will be a practical demonstration of what can be done to rehabilitate people who have been dispossessed and shut out from the bounty of nature.

As the United States beckoned to these people in an earlier era, other countries whose opportunities had been unlocked could welcome them now; not as liabilities on the mythical capital funds of the economists but as producers fully capable of producing their own wages and supporting the atmosphere of prosperity around them. Not many of them would have to emigrate before the potential of their own country would be obvious to all.

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CENTENARY CONFERENCE

In further celebration of the centenary of the publication of *Progress and Poverty* a national conference was held during the week-end of the 20-21st October.

The sessions on Saturday the 20th October were held at the Australian School of Social Science premises at Terrey Hills. In the afternoon Mr S S Gilchrist gave an interesting report on the World Conference held in San Francisco in

September and showed a well presented movie film specially produced in America to mark the centenary.

The evening session was conducted by Mr Allan R Hutchinson of Melbourne. He spoke on a paper which he had prepared for the San Francisco conference on the incidence of land value taxation in Australia. The carefully detailed information brought together by Mr Hutchinson stimulated keen discussion.

On Sunday the 21st October Mr and Mrs Lionel Boorman were the hosts at their Eastwood home for a festival celebration of the centenary. This was a social gathering which brought together many old and new friends and after an informal afternoon the guests sat down to a most enjoyable dinner.

In the course of the meal various brief addresses were made and toasts proposed. These were led by Mrs Ivy Akeroyd and Mr Arthur Dowe. Details will be published in a later issue.

There were many highlights of the evening, memorable among them being a presentation to Arthur Dowe in appreciation of his untiring work over many years, and the expressions of thanks to all who had co-operated in making the week-end so enjoyable and successful.

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HENRY GEORGE: A FORERUNNER

By TERRY T SCHANSMAN

(Reprinted from 'The Beacon')

The economic problem is the major world problem at the close of a major world period. It dominates and includes, philosophically, scientifically, and even from the standpoint of religion, all the other problems. On its solution the survival of humanity depends.

To contribute to the solution of the economic problem was the mission of Henry George. He became aware of his mission when he visited New York City in 1869. Many years later he described the occasion as follows: 'Years ago I came to this city from the West, unknown, knowing nobody, and I saw and recognised for the first time the shocking contrast between monstrous wealth and debasing want. And here I made a vow from which I have never faltered, to seek out, and remedy if I could, the cause that condemned little children to lead such a life as you know them to lead in squalid districts.'

And he did identify the cause and the remedy and published them, one century ago, under the title *Progress and Poverty*. It became the economic treatise most widely read by ordinary people. It gave Henry George the opportunity to dedicate his remaining years to distributing the wisdom given to him. He summarised the scope of the problem and the essence of the cause in a later work: 'Do what we may, we can accomplish nothing real and lasting until we secure to all the first of those equal and inalienable rights

with which, as our Declaration of Independence has it, man is endowed by his creator--the equal and inalienable right to the use and benefit of natural opportunities.'

Henry George (1839-1897) was born in Philadelphia of middle class, deeply religious parents. As is evident in any of his writings, he himself was also deeply religious but, typically, never belonged to any church. 'In some things your church is very attractive to me; in others it is repellent. But I care nothing for creeds. It seems to me that in any church or out of them one may serve the Master..' Even though he was a quick, bright student, he convinced his father to allow him to leave school before he was fourteen years old. After working a while in various clerical jobs, he fulfilled a boy's dream and went to sea. The voyage lasted over a year during which time he worked as a foremast boy. When he returned he was barely seventeen years old. On the insistence of his father he became a printer's apprentice. 'The father's idea in putting his son there was threefold: to keep the boy at home, to give him a trade, and to teach him to spell.' This marked the beginning of a career as a printer, editor, and writer, which thoroughly prepared him for his mission--revealed to him on his trip to New York.

Leaving school for good did not interrupt his real education. He had acquired a fondness for reading, while still in school, which remained with him the rest of his life. This coupled with an extreme intelligence and inquisitiveness allowed him to attain a thorough knowledge and understanding of history, philosophy, politics, economics, as well as the physical sciences. Although his lack of formal education was later held against him by his academic critics, his writings show a depth and breadth of knowledge, a clarity of thought, and an erudition rare even among academicians.

Henry George's life was never easy. He lived separated from his family (whom he deeply cared for) for extended periods of time, first in order to make a living, later to lecture all over the world. Financially he barely scraped by for most of his life. Not that he did not try. He went gold prospecting, he participated in several newspaper ventures, he speculated many times in mining stocks, but never had anything to show for his efforts. Neither were many other ambitions fulfilled. He hoped for a chair in political economy, but never received it. He ran hard for political office, but never won. He wanted to write a definitive text on political economy, but died before he could complete it.

One major ambition was, however, fulfilled: the completion, publication, and wide distribution of *Progress and Poverty*. In this work Henry George treated the most burning economic issue of his time as well as our time: the fair distribution of wealth. We recall the following statement: 'The mineral wealth of the world, the oil, the produce of the fields, the contribution of the animal kingdom, the riches

of the sea, and the fruits and the flowers are all offering themselves to humanity. Man is the controller of it all, and they belong to everyone and are the property of no one group, nation, or race.'

It was towards this recognition that Henry George pointed when he stated: 'We have traced the unequal distribution of wealth, which is the curse and the menace of modern civilization, to the institution of private property in land... There is but one way to remove an evil--and that is to remove its cause... We must make land common property.' How was this to be done? Not through 'equal' division, neither through state ownership. 'The laws of the universe are harmonious. And if the remedy to which we have been led is the true one, it must be consistent with justice; it must be practicable of application; it must accord with the tendencies of social development and must harmonize with other reforms.'

In the course of reasoning through to the cause, the remedy, and the practicable application, Henry George touches upon many other subjects which are topical today. For example, he spends several pages on what is now known as 'appropriate technology'. As he summarises it: 'These (production) modes, which require little capital, are in themselves rude and inefficient, but when the conditions of such communities are considered, they will be found in reality the most effective.' In a chapter titled 'Insufficiency of Remedies Currently Advocated', we find the same remedies which are being discussed today as well as very lucid arguments against them. In one of the last chapters of *Progress and Poverty* he proposes 'The Law of Human Progress': 'Men tend to progress just as they come close together, and by cooperation with each other increase the mental power that may be devoted to improvement, but just as conflict is provoked, or association develops inequality of condition and power, this tendency is lessened, checked, and finally reversed.'

What has happened to his teachings? The season for the application of his remedy is yet to come. Much was gained during his lifetime, much was forgotten after his death. His writings are kept in active print, however, through the Robert Schalkenbach Foundation in New York City. Many communities around the world have successfully implemented his remedy. And only recently a conservative economic institution recommended that 'one type of tax, however, would preclude tax avoidance and tax evasion: taxation of the site value of land. This tax does not vary with the use a particular owner makes of his land, but with the best economic use that any owner could make of that land'. This was the practical implementation which Henry George proposed one hundred years ago, to make private property in effect common property. But as Henry George realised: 'The truth that I have tried to make clear will not find easy acceptance. If that could be, it would have been accepted long ago.'

If that could be, it would never have been obscured. But it will find friends—those who will toil for it; suffer for it; if need be, die for it. This is the power of Truth.
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THE BASICS OF INFLATION

By OSCAR B JOHANNSEN Roselle Park, N.J. USA

(Reprinted from *The Georgist Journal*)

Inflation is the nation's No.1 problem, so we are told. And the government, much like Don Quixote, has mounted its white charger and is riding off in every direction tilting with miscreant windmills (businessmen and labor barons), in its mighty crusade to slay the dragon of inflation.

But what is inflation? The Germans found out the hard way in the early 1920's. They took their money to the store in a huge shopping bag and brought home their purchases in their pockets. They learned that inflation is too much money chasing too few goods.

But we are told by eminent authorities that inflation is rising prices. From the government's viewpoint this definition has a signal advantage. It makes people angry primarily with businessmen for obviously they raise the prices of the goods they sell. To a lesser extent, it makes the people also angry with labor barons for they are always calling out their members to strike for higher wages, which translates subsequently into higher prices for goods.

For the government, to define inflation as rising prices has the advantage that it takes the government off the hook. It makes it look as though business and labor are responsible for inflation and not the government.

Actually the government is the villain for it has made money its monopoly. By means of the Federal Reserve System, the US government, in effect, is constantly printing more and more money. The money of a nation may be likened to a huge pond. As ever-increasing streams of money flow into the pond, the level rises. This rising level constitutes the rising prices which we all experience.

To stop inflation is simple. Just stop increasing the money supply. If it is that simple, why isn't it done? Because the result would be a serious depression, and no politician wants to be blamed for a depression. All one needs to do is to look at the figures to get some idea of the problem. The so-called money supply, which is classified as M1 which consists of currency plus demand deposits of commercial banks, is the enormous sum of \$360 billion. In the past five years, it has been increasing at an average rate of about 6.6% annually, whereas production of industrial goods has had an average rate of increase of about 2.6% annually. Consumer prices on the average have increased by about 8½% annually.

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Prices tend to parallel the increase in the money supply. However, when people become aware of inflation, prices will tend to increase at a faster rate than the money supply because people anticipate. Since they expect prices to rise,

they do not defer purchases which they really do not need. Instead they adopt the motto: buy today what you need tomorrow. It is believed that many people bought in 1978 the cars which they would have bought this year.

What is the likely scenario for the future? Alternations of increasing and decreasing the rate of additional money into the money pond. Right now, the government has been, in effect, slowing the rate at which money is printed. The result is that interest rates tend to rise, for with demand remaining the same or increasing, and with supply diminishing, interest rates rise. This may affect such industries as housing, causing a slowdown. This snowballs downward as related industries are affected. Unemployment tends to rise, and with it comes an insistent cry to the government to do something.

It does. It will increase the speed of its printing presses, that is, increase the money supply. This will temporarily reduce interest rates, and presumably encourage businessmen to build more capital and houses, and so prevent the depression from worsening, and possibly induce a boom. The government will try to time these events to the recession period which occurs in an off-election year, as is the case this year, with the boom occurring next year.

Of course, with the inflated money supply, prices will continue to escalate. The government will blame business and labor and after asking for voluntary wage and price restraint, will institute mandatory controls. This is equivalent to putting a ceiling over the money pond while at the same time pouring more money into the pond. Something will have to give way. What will happen is that the price controls will have to be eliminated or at least raised.

This alternation of increasing and decreasing the rate of increase of money will go on until the dollar becomes worthless. How long that will take is anyone's guess. One can make one's own guess, however. It is said that today one has to pay \$1.00 for what in 1939 would have cost 21¢. Thus the dollar has lost about 80% of its value in forty years.

Can one protect oneself against the ravages of this inflation? It is possible if one is lucky and smart enough to invest in things, as gold, which will be desired as the inflation worsens. However, inflation should be looked upon much like an epidemic. In an epidemic even as knowledgeable a person as a physician may be among the first to succumb, while another person who takes little or no precautions may live through it quite well. Similarly, in an inflation those who have studied past inflations and try to protect themselves by investing in foreign currencies, real estate, or gold and

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silver may wind up losers while someone who by sheer luck does the right things may be a winner. No two inflations are alike, although there are similarities. But the differences may mean a person may come out well or may not.

Inflation is worse than a depression, but only those who have lived through one knows this. We in America fear depressions more than inflation, so we are going to learn the hard way, as did the Germans, the agony of having too much money with too little goods.

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THE CRISIS IN AUSTRALIAN CAPITALISM

By PETER ROBINSON

Reviewed by E P Middleton

Recently the *National Times*, a leading Australian weekly, published a series of articles on the state of the Australian economy by a distinguished economic journalist, Peter Robinson. These articles created considerable interest, one consequence of which is their publication in book form, together with a selection of the correspondence engendered thereby.

The book, carrying the above title, is written in a succinct and forthright style, sharpened by the demands of the newspaper paragraphic format, presenting a graphic picture of the crisis which Robinson rightly claims is of great significance for the future prospects of Australia.

The book, by the way, is one of a spate, one almost said a flood, of such books by the more thoughtful observers of the world scene. I have two such before me as I write—*Can Capitalism Survive?*, By Benjamin A Rogge, a prominent American academician, and *Rethink*, by Gordon Rattray Taylor, an English intellectual who has become famous for his work in scientific programs on British television, he is also the author of *The Biological Time-Bomb* and *The Doomsday Book*. The list of such titles is being added to almost daily. Dr Schumacker's *Small is Beautiful* will be remembered as a particularly stimulating contribution to the genre.

Peter Robinson's main concern is a more narrow one than that of the others mentioned in that he concentrates on the Australian economy and, in particular, on the effects of present policies and practices by which, in his opinion, Australian industry is being emasculated by tariff protection and other forms of political intervention. He does not have much to say about inflation although he obviously recognises its evil effects, nor does he, not surprisingly I suppose, in view of the general guilty silence on the subject, discuss the vital factor of the 'land values' racket except for one brief reference to the 'high cost of land'. He does, on the other hand, devote some of his severest strictures to the character and damaging behaviour of the great Australian bureaucracy.

The main weakness of the book, as this reviewer sees it, is the fact that Robinson is as preoccupied as any politician or economist with preserving the macroeconomic system with its concern with growth. He does not mention Keynes but quite obviously he is uncritical of

the legacy of Keynes, only of some of its more glaring defects. Thus, while he writes of the market in terms of its strangulation by government intervention and bureaucratic muddling, he fails to indicate an understanding of what the economy really is, that is to say whose interest it exists to serve.

He rightly exposes the efforts of protected groups to establish a case for such an anachronism as 'a fair share of the market', as sheer mercantilism. But his answer to this is to propose a vigorous concentration on exports. Australian industry, he says, must become more export-minded and face up to the increasing competition of the modern-minded entrepreneurs of the countries surrounding Australia whose export activities, he claims, will force our own industrialists to reverse their policy of reliance on government handouts and protection and to get out and work for a living.

Naturally enough, Robinson is greatly concerned with the unemployment problem. In a devastating expose of the falsity of the claim that protection is a safeguard of employment, he quotes the figures to show the very concerns most enjoying protection, such as the footwear and textile industries, are shedding employment as fast as they can adopt the latest fruits of mechanisation.

Among the letters to the editor of the *National Times* in response to Robinson's articles, included in this book, are two most revealing examples of the specious arguments offered in defence of protectionism. These are written by Ray Aitcheson, Executive Director of the Australian Confederation of Apparel Manufacturers—significantly date-lined Canberra where he operates one of the most powerful lobbies in Australia. He adopts a line of levity in rubbishing Robinson which recoils on his own head under a more serious contribution by the General President of the Farmers' Union of West Australia, W Boetcher, whose opening statement is 'I can well understand Mr Ray Aitcheson's chuckling in Canberra about Peter Robinson's article (No.3: 'The Tariff Bludgers'). No doubt as a member of an industry which is the recipient of a net subsidy equivalent of \$560 million a year, he has much to laugh about'. And he goes on to quote the extent of government assistance to the textile, footwear and clothing industries, and of the cost in terms of supporting their employees which destroy any vestige of credence in the protectionist case. When the cost of protection in terms of cost per employee kept in a job 'ranges from \$3,800 to \$20,000 a year' the limit of madness has surely been reached. This is 'welfare' gone berserk.

Unfortunately, not even Mr Robinson seems

aware of the depressing effect on the economy generally of the huge burden carried by the taxpayer as a result of these handouts, and of the consequent lowering of the consumer's ability to support these highly favoured industries in the market. Not only is the taxpayer's income reduced by the cost of these subsidies, but his reduced income has to cope with the artificially high price of the goods he needs. Robinson appears to accept the limitations of the local market without discussing this aspect, and concentrates his main argument on the need to export. It is left to another of the correspondents, R S Beckwith, to attack the preoccupation with 'growth' theory. He reminds us that 'the economy includes people as well as property'. He says 'Our fixation on growth has led to the absurdity of measures whose sole possible virtue is that of, possibly, stimulating growth.' He suggests that it is vastly more urgent that we should devote attention to 'the existing maldistribution of Australia's present considerable income'.

It seems to occur to no one to look at the part played in the cost of production of the price paid for the land without which production is impossible. Yet it is a matter of elementary arithmetic that the purchase price of land is reflected in the figures for mortgages and loans without which no business in Australia appears to be able to function, on which interest has to be paid and becomes therefore part of the overall cost of production. This cost factor is of course duplicated by the fact that, because the price of land represents the failure of the government to collect its rightful revenue, the economic rent, taxation is imposed as a necessary consequence. If the high cost of the bureaucracy required to administrate the taxation system and all the support to industry, is taken into account, also, some idea of the impossibility of the market to sustain, let alone nourish Australia's industries becomes clear.

In his reply to correspondents, Robinson insists that Australian capitalism has reached the point of no return, that a change of direction and outlook is imperative. But his proposals for meeting the demands of this change are inadequate. The situation presents two alternatives which his compromise proposition will not dispose of. These are: the completion of the socialist takeover which is rapidly developing of its own volition, spear-headed by the Parkinsonian self-growth of the bureaucracy, or total collapse through the inability to curb the growth of inflation. As another correspondent asks 'How much of its own tail can a snake swallow?'

Avoidance of either of these alternatives is only possible by a complete revolution in thinking about the real meaning of 'the economy', its *raison d'etre*, its purpose in terms of satisfying the needs of the human beings of whom it is comprised and which it exists to serve — not the mechanism of the macroeconomic state.

The first essential is to go back to Adam Smith and his exposition of the natural laws by which the exists and operates. The second is to turn to Henry George's prophetic work *Progress and Poverty*, for a clear picture of the inevitability of collapse of systems, world-wide, if we continue to pursue the insane traffic in 'land values' as the spurious form of wealth creation which it is, and to throttle industry and trade and the enterprise and initiative of ordinary people by taxation and all the mad paraphernalia of tariff protection, quotas, subsidies and money manipulation in the interests of political theorists and power groups.

As Marx said, 'Capitalism contains the seeds of its own destruction'; but it also contains the seeds of its own regeneration. It is in the hands of the men and women of this, as of any other nation, to cultivate these seeds of regeneration before it is too late.
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ENVIRONMENT

By the REVEREND WALTER H HOWARD

(From *THE LAND QUESTION AND CHRISTIAN JUSTICE*)

Be aware of your environment. We are prone to accept without question the ways, habits, customs, thoughts, opinions, politics, laws, religion, etc. in which we have been brought up. Henry George writes: 'Only the strongest intellects can raise themselves above the accepted opinions of their times.' There are occasions, however, when conscience is a better guide than intellect.

It is difficult to convince ourselves that something in the past which we and our forefathers believed and practised was, after all, wrong. Look back on a few of these—burning witches, slavery, hanging for sheep stealing, little children working in factories, and the press-gang. All these, and many more were taken for granted at the time, until a few cried out loud enough and long enough to awake the public conscience.

Knowing this, let no one, even now in these so-called enlightened times, think that no evil can lurk unrecognised in our midst. Possibly we ourselves may be tolerating some wrong, taking it for granted because we happen to be living under its environment. The object of this short essay is to reveal such an evil, and with other like-minded, to call loud enough and long enough upon the conscience of the nation until it awakes and casts out this long hidden injustice.

There is always a tendency to justify what we are accustomed to. I quote two of the wisest men of ancient times. They lived in an environment of slavery, and in spite of their great intellects, saw no wrong in it owing to the environment in which they were born and educated. 'It is evident that by nature some men are free, others slaves, and that, in the case of the

latter, slavery is both beneficial and just.'

Aristotle.

'It is right that Greeks should rule over barbarians but not barbarians over Greeks; for those are slaves, but these are free men.'

Euripides.

Here is a modern example of unrealised moral blindness owing to environment:

"In 1730 in Barnstable, Massachusetts, John Bacon left a woman slave, Dinah, to his wife. His will read: 'If at the death of my wife, Dinah still be living, I direct my executors to sell her and to use the money for which she is sold, in the purchase of Bibles, and to distribute them equally among my wife's and my grandchildren.'" This man evidently saw no wrong in slavery. He was probably a kind and considerate owner. St. Paul was a man educated, sincere, zealous, but he was brought up in a Jewish environment, and it took a miracle of grace to make him a Christian.

We have been brought up in an environment that goes back hundreds of years, in which what is called the 'private ownership' of land has been a recognised part of our civilization. Laws have been made regulating this supposed right. We find the land is 'owned' by comparatively few, the many are landless. Yet everything we need *must* come from the land.

We in Australia have inherited this view of land from our British ancestors. Whence did they get it? When William of Normandy, in 1066, conquered England, he claimed to be the owner of the land thus taken by force. He divided the greater part of England among his Barons on condition that they rendered him certain services when called upon. Gradually these services were not enforced, but the holders still claimed the land in what is known as 'fee simple', implying that the Crown could call on them for services, if demanded. Even this fell into abeyance, though we still retain the words 'fee simple' as a title to land.

It will be seen that the Crown, that is the Government—the people—have still the control of land. It is verifiable law that all holders of land hold it from the Crown; that means, in a Democracy, the people deciding that the holders of land should pay a rent to the Crown in proportion to the value of the site they occupy; not of course on any improvement on that site, the Crown having no claim on this. In this way the land of a Democratic country would be restored to the people, which is their original and natural right.

All wealth is obtained from land. By this original and natural right three things follow:

1. The rent of the land goes to the Government for revenue purposes.
2. The profit of working the land goes to the land user.
3. The wages of the worker goes intact to the worker.

Taxes and tariffs on production would cease.

Here then are the two systems:

1. Land monopoly for the few.
2. Land rent shared by all.

In a Democracy the people may have their choice, but they have been in the environment of Land Monopoly so long that they are not yet awake to its injustice.

'Those who make private property of the gift of God pretend in vain to be innocent. For in thus retaining the subsistence of the poor, they are the murderers of those who die every day for want of it.'—Pope Gregory the Great.

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SOUND IDEAS, BY GEORGE

By Economics Editor EDWARD NASH

(Reprinted from the ADELAIDE ADVERTISER 25/8/79)

In San Francisco this week one of the most original economic thinkers the US has produced was being remembered. Week long celebrations mark the publication 100 years ago of *Progress and Poverty* by Henry George, a man whose theories on wealth and taxation, unlike those of most of his contemporaries, are still vigorously debated.

Appropriately, the celebrations are proceeding in California, the US State which headed a tax revolt on the widely publicised Proposition 13. Equally appropriate, Proposition 13 concerned taxes on property—and that is what Henry George's theories are all about. In essence, Henry George argued that the introduction of a single tax based on unimproved land values would allow the lifting of all other taxes and solve the recurring problems of poverty, unemployment and recession.

Australia and New Zealand are among the few countries which have adopted, but only at the local council level, George's idea of taxing unimproved land values. No doubt this was a direct result of the American's lecture tour of Australia in 1890. He spoke to three public meetings in Adelaide, the last in June. Copies of Henry George's books and pamphlets and other biographical data are on display at the State Library until the end of this month to mark the occasion.

The survival of the American's ideas to this day says something about their appeal, particularly since his radical views appear to strike at the very roots of the private ownership of land. Support through the intervening decades could not be expected from the landed gentry. Yet, Henry George's views were far from socialistic. A contemporary prophet, Karl Marx, described him as 'the capitalists' last ditch' while George considered Marx 'a most superficial thinker, entangled in an inexact and vicious terminology' and 'the prince of muddleheads'.

The philosophical base for George's economic views was simply that a landholder had no more right to charge rent for land he did not create

than he would have to monopolise the air and charge others for the right to breathe it. Here is how he put it: 'If we are all here by equal permission of the Creator, we are all here with an equal title to the enjoyment of His bounty... There is on Earth no power which can rightfully make a grant of exclusive ownership in land... for what are we but tenants for a day? Have we made the Earth, that we should determine the rights of those who after us shall tenant it in their turn?'

With that philosophy and an abiding belief that the ownership of land and property granted the owner benefits disproportionate to his contribution to the community's well-being, George came up with an original 'remedy'. He rejected the usual alternatives of dividing of nationalising the land. He saw the first as unworkable and superficial. The second proposal violated both George's profound belief in free enterprise—so long as the rewards were truly earned—and his equally profound distrust of government.

This led to his proposal that private ownership of land should be allowed but that society rather than the owner should collect the unearned rent on that land through taxation. 'It is not necessary to confiscate land: it is only necessary to confiscate rent.' The rent to be confiscated was the amount the owner could collect by renting out unimproved land, or if he had improved or built on it, that part of the rent attributable to the land alone.

George argued that the owner should not be taxed on the improvements because they were the products of his own efforts. Thus society would recapture the land values society itself had created and the owner would be forced to put the land to its best use or give it up, since hoarding land would no longer be profitable.

The rent or tax should, in George's view, be high enough to cover all government funding so that neither capital nor labor would have to be taxed on their just earnings. The 'single tax' would solve all of society's problems. It would, he said, 'enormously increase production, secure justice in distribution, benefit all classes and make possible an advance to a higher and nobler civilisation'.

Whether the benefits George foresaw would eventuate will probably never be known. The self-educated son of a middle-class Philadelphia family, who rose from cabin boy to managing editor of the *San Francisco Times*, he died on October 29, 1897 while running his second campaign seeking the mayoralty of New York City.

The single tax movement survived for about 20 years after his death as a major political force. Supporters fought and lost referendums in several US States and cities, notably Oregon where four polls were taken. But today there is some evidence of awakening interest in George's teachings. Some US economists appear to be

GOOD GOVERNMENT

coming to the view that taxing land rather than the improvements on the land would revitalise the decaying centres of major cities while curbing the urban sprawl.

In SA, home owners whose council rates rise according to the improvements they make to their properties will see greater justice in taxing the land, either improved or unimproved, at the same rate. Those holding vacant blocks will hardly be so enthusiastic. But, of course, George envisaged the rent or tax being collected by a national government.

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GEORGISTS' PLEA FOR JUSTICE

TWO LETTERS PUBLISHED IN 'CHURCH SCENE' MELBOURNE AND 'AUSTRALIAN CHURCH RECORD' SYDNEY

Sir—In what is the most commonly used service, the Australian Prayer Book has a supplication for guidance so that we 'may share with justice the resources of this earth, work together in trust, and seek the common good'.

Early this century, the Rev. Walter H Howard, an Anglican priest in South Australia produced a booklet *The Land Question And Christian Justice*. (Copies are available at the Henry George League, 31 Hardware Street, Melbourne). Leaving time aside, for the question is timeless, perhaps today's prayer is an outcome.

Whatever their church affiliations, Georgists will all say 'Amen' to it, for they claim a reform program that is directly in line. Their proposal is to leave every landholder in secure possession of his property but, on an annual basis, to charge him for its 'site' value.

Automatically, this would secure what the prayer seeks: a) Individuals could use, as they deem best, whatever land they have need of; but competition within the community, with complete justice, would fix the annual charge for its worth. b) Spare money would not then be invested in land. This would end today's monopoly both in land title and monetary capital. It would permit the whole community to 'work together in trust'.

c) The community produced site rents would not go to private enrichment but would finance 'the common good' through pensions and other services. None would be harmed. All would be enriched.

Today, title holders have their own labour and the land on which to apply it. Their rental incomes represent labour other than their own. At the mercy of monopoly, those without land title achieve lowered living standards in the midst of an increasing plenty. Is this not the basic injustice?

We ask those who join in the prayer book supplication to answer that question.

Two Georgist Anglicans,

J H MORRIS

Moreland Vic

W H PITT

Bayswater Vic

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LAND AND CHRISTIAN JUSTICE

Sir—The letter from the two Georgist Anglicans (12th July) was timely and stimulating. As I have often discovered, the apathy of clergy and laity on human rights in the earth, which is the

indispensable gift of our bounteous Creator to all humans, is extraordinary.

By a slow but drastic process over 600 years the English people, who had risen from the days of conquest into the golden age of the 13th century, were tyrannically disinherited from their own land. In the 16th century the great Hugh Latimer described the spoliation as follows (Green's Short History): 'Land which went heretofore for twenty or forty pounds a year now is let for fifty or a hundred. My father was a yeoman, and had no lands of his own; only he had a farm at a rent of three or four pounds by the year at the uttermost, and thereupon he tilled so much as kept half a dozen men. ... He kept me to school; he married my sisters with five pounds apiece, so that he brought them up in godliness and the fear of God. He kept hospitality for his neighbours, and some alms he gave to the poor. All this he did of the same farm, where he that hath it now payeth sixteen pounds rent or more by the year, and is not able to do anything for his Prince, for himself, nor his children, nor give a cup of drink to the poor'. And so, writes Henry George, 'from the stuff of the Latimers and Mores were evolved thieves and vagrants, the mass of criminality and pauperism that still blights the root of England's rose'.

The Industrial Revolution greatly worsened the plight of the disinherited, and although the welfare state has diminished the extreme sufferings of the poor it has not changed the disinheritance. Until the rights of the people in the earth are restored no relief or charity schemes, public or private, can solve the problems which are visibly eroding and destroying our whole civilisation. If the Church of England, which has had so discreditable a record in its official alignment with the spoliators during the 600 years, now reversed its alignment and took a positive part in seeing that we all share with justice the resources of the earth, its influence in restoring the rights of the people and in reversing the growing appeal of communism would be enormous, and the masses would take more seriously its essential gospel message.

In 1979 the centenary of Henry George's *Progress and Poverty* is being celebrated. In that great book not only are the rights of the people in the land convincingly advocated but a simple and effective method of restoring those rights without injustice or revolution is demonstrated. Will any significant number of Anglicans heed that message and take seriously the prayer that we share with justice the resources of the earth?

Accept my thanks for publishing the letter from Messrs Morris and Pitt. As my response to the centenary I have composed a hymn-prayer which I append and hope that you will print.
W A DOWE
Lakemba NSW
*** **

Centenary Hymn

INSPIRED BY THE CENTENARY OF THE PUBLICATION OF
PROGRESS AND POVERTY: 1879—1979

Father of men, whose gifts unstinted fall,
You gave the rich and fruitful earth to all
That all of every race and creed might find
Rewarding fields for toil of hand and mind,
Pardon the thefts and crimes of those, we pray,
Who from their brothers take those gifts away.

You gave the earth that all its boundless store
Through peaceful trade be shared by rich and poor,
Free from all fear of want and needless strife
In harmony and plenty all their life.
Forgive the trampling down of rights that made
'Ownership' of the earth, restricted trade.

When men are free, and justly ruled, the earth
Yields rent and wages—all men's right by birth,
The wages every man's reward for toil,
The rent the social product from the soil,
Wages to enrich his family's private life,
Rent to replace taxation, waste and strife.

To transform all our poverty and woe
May Henry George's message brightly glow,
Let brotherhood replace the nations' hates,
Unite again our tariff-ridden States,
Let all our nuclear armaments and death
Fade into nothingness with Freedom's breath.

So shall the Sermon on the Mount restrain
Our senseless craze for heaping unearned gain.
Those gains the millions into suffering toss
And on us all rebound with heavy loss.
May all men learn the devil's paths to shun
And say, like Henry George, **THY WILL BE DONE.**

W A DOWE 1979

(Copies available from Box 175, Post Office,
LAKEMBA, NSW 2195, Australia.

*** **

Letters

Sir—When I was participating in the celebration of *Progress and Poverty's* Centenary, I learned that OPEC-dollars, now in the amount of \$40 billion, are invested in real estate in US and other Western countries.

That this of course has a great impact on the accelerating speed of land value rising, causing an accelerating speed in inflation, is beyond all doubt.

This means that, first, the Western countries have to pay a kind of land value taxation to OPEC, as oil is a land derivative. Next, the same money is used for land speculation in the oil-consumer countries, so that the OPEC have started up a new 'oil well' or gold mine, if you like, so they can not only cash the annual rent of the property bought, but also move the land monopoly beyond their own barriers, so the oil consumers thereafter have to pay higher consumer prices for everything, not caused by the rising oil prices, but caused by the increasing land value rising.

This should be a very strong argument for the introducing of a really yielding land value taxation, so that the OPEC only get their monopoly-profit once. But remember that the revenue should be used entirely for the reduction, by the same amount, of the income taxes, in order to make balance and reduce inflation.

KNUD THOLSTRUP Denmark
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Sir—As regards unemployment, government should not be asked so much to create jobs; rather it should repeal laws which deliberately restrict and prevent employment opportunities. This can be illustrated by examples, without suggesting that these examples are any worse than in many other industries.

In New South Wales for instance, production and sale of milk, and investment in the industry is prevented by government-issued milk quotas. The privilege of holding a milk quota has a transfer price of many thousands of dollars. These quotas have forced some dairymen out of production, have reduced the milk supply and increased its cost to the community—caused unemployment.

There are many laws which prevent the expansion of many industries and professions, and these keep people out of employment:—Licenses, quotas, registrations, zonings and of course titles to sites and resources. Nearly every industry and trade has an organised pressure group to force government to give it privilege to prevent anyone else investing or working in that field. Not only industry and agriculture, but also professions such as G.P.s and specialists, barristers and solicitors, and even trade unions with various demarcations.

There would be more jobs available if the government restrictions were removed. The continuance of a large pool of unemployed is used as an excuse for holding wages down unfairly, except in some powerful unions which have some monopoly privilege. These general low wages affect a large number of ordinary working people. The fact that they might work in a privileged industry does not really help their security or wages at all. The whole benefit mostly goes to the holder of the special license or registration. Nor does it help the investor in genuine capital equipment.

But a major obstacle to employment is the high price of land, which can best be reduced by an annual land rental payment by landholders— together with reduction of taxes on labor and industry.

A SCHMID Melbourne
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MONEY TREE

(Published in the Sun Herald)

Sir—Why doesn't the Government implement the principles of Henry George to raise revenue?

On numerous occasions I have written to the Prime Minister direct, and at other times to his ministers, or through the local member about this. None has been prepared to commit himself.

H R G SMITH Warrimoo NSW
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GOOD GOVERNMENT

Sir—The terms 'equal access to land'— 'free land free men'— 'the privilege of holding land' and such a question as to whether or not the issue of a land title is a privilege or a right have done as much harm to the Georgist cause as other wrong catch-cries and slogans.

Making comparisons between the system under which the aborigines lived and the system under which we live is also quite futile. In fact the aborigines did not have equal access to land and there was trouble if a tribe encroached upon the territory of another tribe. The coastal tribes lived comparatively well with their nightly fish supper compared with many inland tribes who were out on the margin.

It is equally futile to point to the Mosaic laws and the re-distribution of land at the Jubilee, or to the Maori system. They present no illustration or comparison in our industrialised computerised society where, subject to proper town planning and regard for the environment, security of tenure by an indefeasible title is essential.

If the Georgist movement is to survive it will have to get rid of its obsession with land and land titles and the question of whether holding it is a privilege or a right. It will have to get rid of its obsession with urban renewal, with putting land to its best use, with the little old house in the main street, with harbour views and whether it is public expenditure or private expenditure that creates land value.

What Lord Macaulay's schoolboy will understand is that the cause of involuntary poverty is the private appropriation of the economic rent. The cause is not the denial of equal access to land (which is impossible anyway) but the failure of government to collect its true revenue.

The moral justification is not 'The world is mine and the fulness thereof' or 'The land shall not be sold forever' but 'Thou shall not steal the surplus product'.

L BOORMAN Eastwood NSW
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PROPORTIONAL REPRESENTATION SOCIETY OF AUSTRALIA
 NSW BRANCH SEPTEMBER 1979

YOUR OFFICEBEARERS

At the Annual Meeting on 31 May, eight members were elected to the Branch Committee and at the following Committee Meeting, the individual officebearers were appointed. The Committee is as follows.

President	Mr J.F.H.Wright
Vice-Presidents	Mr J.T.Webber, Mr E.W.Haber
Secretary	Mr J.Randall
Treasurer	Mr J.T.Webber
Members of Committee	Miss M.Pillinger, Mr J.Bonwick Mrs K.M.Wright, Mr K.J.Baglin

TASMANIA

Once again, the Hare-Clark method has proved itself accurate and reliable in the election of Tasmania's House of Assembly. In the election held on 28 July, voters in all five electoral districts had a choice of at least seven

SUGGESTED CONTRIBUTION FROM NEW ZEALAND
FOR COMMUNITY COMMENT

Hello! I'm Betty Noble of Brooklyn.

It is hard to imagine any doctor who would be so foolish as to examine a patient and then treat each symptom in isolation—as if it were unrelated to all the patient's other symptoms, or to his general condition.

But most people who write about the economy seem very like such a doctor. They examine one sign of our sick society—say the balance of payments, or inflation, or unemployment, and then propose a policy to deal with it as if it were quite independent of all our other problems. In this way politicians sometimes succeed in suppressing for a time one evil—but only at the expense of exacerbating others. So we ricochet from unsustainable exchange rates to rising prices, to balance of payments problems, to enormous overseas and internal debt, to a combination of them all. That is our present situation. Hence the gloom and doom all around.

But I am convinced that all our economic woes do in fact have a common cause, and that that cause is wrong attitudes to land. These wrong attitudes lead to high land prices and to burdensome taxation on wage and salary earners, the self-employed and the retired.

Land is rarely mentioned by politicians and others who talk about our economy, yet it is a fundamental fact of life. Every one of us must use land every moment we live. For city and factory, for farming and fishing, for mining and forestry, for horticulture and industry, for homes and workplaces, for cultural activities and sport. It is in the interests of all land-users for land to be cheap, and suitable land to be readily available.

Now land has no cost of production—unlike everything else. It is supplied free by providence. But to increase its usefulness the public pay for amenities such as electricity and services such as mail collection and delivery. When the community has paid for these things out of taxation, the land is more useful and therefore more wanted. So the landowner finds he can put up the selling price, or increase the rent if he is leasing the land—or—and this is terribly damaging to the economy—he may hold the land out of use in expectation that even more amenities will be paid for out of taxation, and even more people will want it, and he can make even bigger unearned gains later on.

Meantime the public is unable to get suitable land for their needs at economic prices—and it's the taxes they have paid which have pushed up the price of the land. Productive workers, squeezed between heavy taxation and high land-prices for homes, farms and businesses, are going overseas. They may not find things any better there. But when they come back, if they do, they will find the rich are growing richer, and fewer, and the poor are growing poorer, and more numerous.

candidates of each of the two major parties as well as other candidates. Over the State as a whole, 79.3% of the voters saw the election of their first-preference candidates and 95.6% will be represented either by their first preferences or other Members closely associated with their first preferences. In every district, well over 70% saw the election of the candidates they supported.

The ALP, with 54.3% of the votes, had 20 of its candidates elected and the Liberal Party, with 41.3%, won the other 15 seats. Two women were elected, both in the same electorate, Bass. One Minister was not re-elected and was replaced by another candidate of his own party and another two Members were replaced by others from their own parties. Altogether, there are seven new Members in the House of 35.

PR IN THE AUSTRALIAN CAPITAL TERRITORY

Another recent demonstration of the effective representation given by the quota-preferential method was the election of the ACT House of Assembly of 2 June. Each of the House of Representatives districts Canberra and Fraser returns nine Members to the House of Assembly. Both Labor and the Liberal Party won seats in both districts as did the Australian Democrats and Independents. The result was ALP 8 seats, Liberals Party 4 seats, Democrats 2, and Independents 4.

NORFOLK ISLAND

The Norfolk Island Legislative Assembly was elected by the quota-preferential method on 1 August. Unfortunately, the method was introduced without adequate explanation and there was some suspicion about its fairness. The result should have dispelled any doubts. Voters whose first-preference candidates were elected amounted to 81.2% and a further 10.4% saw the election of their second-preference candidates. The *Norfolk Islander*, which carried an Editorial expressing doubts about the desirability of the method before the election, commented afterwards 'Our first Legislative Assembly, the beginning of a new era in Norfolk Island's history, comprises a wide range of beliefs and personalities—and maybe in the long term this is one of the benefits of Proportional Representation voting'.

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"The bad news that business has been reporting is inflation. So we find Government spokesmen telling the people that the real villains in this inflation story are the businessmen who are raising their prices and the labor unions that are raising wages. When any Government tries to eliminate inflation by controlling wages and prices, what it is really doing is asking all of us to suppress the bad news that it has printed too much money. The reason we have inflation is that since 1967 the Government has caused the money supply to grow three times as fast as the goods and services that can be bought with it.

W WRISTON Chairman, Citicorp
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That is, of course, unless we stop penalising with heavy taxation those who produce goods and services and start taxing the community-created value of land.

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RENT AND 'LAND VALUE'

Sir—I am interested in Knud Tholstrup's thoughtful comment on my assertion that 'land value will disappear when economic rent is the sole revenue of the community'.

The basis of the point of view which he offers, from Danish experience with LVT, is simply that we are talking about two different things—rent and 'land value'. The confusion over these two phenomena—to which Henry George unfortunately subscribed in *Progress and Poverty* by using the one in substitution for the other—is widespread throughout the Georgist movement, as instanced by the otherwise excellent statement by Harry Pollard reprinted in the August *Good Government* (Land Use Patterns: Influence on Transport).

The problem is capable of clarification by the use of the term Surplus Product, which George himself adopted from the Physiocrats, in *The Science of Political Economy*, and I have urged this upon fellow Georgists at frequent intervals. By using the term Surplus Product as the appropriate name for economic rent—properly recognised by such as Samuelson, for instance, despite his own confusion as to things that constitute economic rent, such as the Mona Lisa and Miss Sutherland's voice—we emphasise the role of Rent in production, its basis in production, and its role in distribution through the market. As Harry Pollard says, rent is not subject to the price mechanism because it is monopolised.

It is because the Surplus Product is so monopolised, that is, it is retained by the holders of land as income, that 'land value' arises, the price of monopoly, the capitalisation, not of rent as Harry Pollard suggests, but of the ransom price—'land value'.

When the Surplus Product—that part of the 'profit of association' which is tangible, i.e., realisable in money terms, as distinct from those intangibles such as the benefits of mass production, mass transport, education and community services of various kinds—is fully collected as national revenue, 'land value', the price of monopoly, will disappear, simply because the monopoly will have been broken. Rent, on the other hand, will continue to rise with the continuing progress of the society (assuming of course we do not destroy ourselves in the process) and, as George foresaw, will become an expanding benefit to be applied to whatever field of endeavour or interest the society sees fit to encourage, after the basic cost of whatever government is considered necessary has been provided for.

E P MIDDLETON

Norfolk Island

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TAX DEDUCTION

Sir—I believe that if UCV rates and land tax are a payment to the government on account of economic rent such payments should be a deduction against an assessment of income tax and not merely a business expense or a deduction against assessable income.

In other words, if a city store pays \$100,000 in rates and land tax and receives an income on assessment of \$1,000,000, a deduction of rent paid should reduce it to \$900,000.

Apart from being just, the effect of the deduction would be that the present objections to the payment of rates and land tax would disappear and any increase in rates or land tax would be painless.

L BOORMAN

Eastwood NSW

*** **

THE TARGET IS HAPPINESS

By OSCAR JOHANNSEN

(Reprinted from *Henry George News*)

Aristotle, the noted Macedonian philosopher, said '...happiness, above all else, we choose always for itself and never for the sake of something else.' In other words, in the last analysis, all of us seek to be happy.

Yet, what makes one person happy, may make another miserable. Our differing ideas as to what will give us the greatest pleasure means each of us must have the maximum possible degree of freedom to pursue our individual goals.

But the necessity for freedom rests on other equally important criteria. Each individual possesses unique talents. Just as no two individuals' fingerprints are the same, neither is the complex of abilities of any two people the same. To develop one's capacities, one must have the freedom to perfect them. He who has a broken leg, or is in jail, has his freedom of action so restricted that he cannot hope to be as happy as if he were not confronted with such impediments.

While it can never be proved, it appears that you tend to be happiest when you use those talents which you consider to be your best. If your artistic abilities are such as to make your heart bound with delight at the thought of an artistic career—but poverty forces you to become a bookkeeper—your life may be contented, but it is not likely to be filled with happiness.

To Georgists, it may seem that an abstraction, such as happiness, while interesting, is not particularly germane to the problems of society—especially the problem of involuntary poverty. But, after all, is not the eradication of such poverty merely a means to attain that end of all ends—happiness? *And is not the essence of Georgist philosophy the implementation of freedom so the individual can be happy?*

And to be truly free, one must have not only those freedoms which all of us generally assume

are basic—freedom of speech, press and assembly—but economic freedom. Without liberty to make a decent living, history sadly proves that most people willingly give up their basic freedoms to some dictator who promises them the 'crust of bread' they need.

While not generally perceived by most people, fundamental economic freedom implies that freedom of access to the land exists on equal terms for all. George proved that, in effect, this means the land must be divided on a just basis among the equal claimants to it. In a civilized society, this is accomplished by having the economic rent collected by the community.

Because the productivity of land varies, the rent from place to place is different. Those with the greatest abilities are able to pay the highest rent, so they will obtain the best land. Land represents opportunity, and superior opportunities require top notch talents for maximum performance. In employing their capacities to such exacting challenges, those gifted people capable of handling them will probably be the happiest. But their efforts will also make others happy. When Beverly Sills sings, those unable even to hum a tune, cannot help but be thrilled.

And those graced with lesser abilities cannot afford the higher rents. This limits them to opportunities commensurate with their capacity. As they will be applying their energies in areas within their competence, they may well be as happy, or even happier, than those with superior ability, for they will not be frustrated trying to do what for them is impossible. A bush league player would suffer agonies of frustration in the big leagues.

So, although George's professed aim was the eradication of involuntary poverty, he builded better than probably he realised. He gave us a philosophy which, when implemented, would not only abolish destitution, but also provide the freedom necessary for each individual to develop those talents which would make him happiest.

What goal is greater than this?

*** **

CAN CAPITALISM SURVIVE?

By BENJAMIN ROGGE

Reviewed by E P Middleton

Benjamin A Rogge, according to the publishers' blurb on this book, is a 'distinguished professor of political economy at Wabash College, Crawfordsville, Indiana, USA. He is co-author with John V van Sickle of *Introduction To Economics*, a college-level textbook'. He is also, apparently, a popular speaker in great demand, and this book is a collection of addresses he has delivered at various institutions, including lectures to college students.

The book's chapter headings indicate the nature of Rogge's scope and outlook on world affairs: 'The Philosophy of Freedom', 'On the Nature of Economics', 'On the Business System', 'On Labor Markets', 'Money and Inflation', 'On the Problem of Cities', 'On Education' and 'On What to Do'. A formidable list, but if any reader of this journal expects to find any reference to the fundamental solution, which Henry George made clear was the *sine qua non* of all attempts to solve world economic problems—the need to discover the meaning of Rent and its proper function in the true political economy—he will be sadly disappointed.

Mr Rogge is an active member of the Foundation for Economic Education and part of this book is devoted to extolling the work of this organization and, in particular, of its founder and president, Leonard Read. It can be assumed from this that Rogge and his colleagues subscribe to the theories of the group of economists known as the Austrian School, one of whose main concerns is protection of the right of private property, as opposed to the muddled concepts of property enunciated by socialists and Marxists. There can be no quarrel with this, so long as we know what we mean by 'property'.

To the Georgist, of course, property is anything of value, a product of labour applied to the resources of nature, capable of being exchanged in the market for other products and, thus, capable of adding to wealth. Such products are intrinsically 'private' since every man has the right to the product of his own labour, in any but a slave society, and the fact that he is prepared to exchange it for the product of someone else's labour is simply an extension of this right.

To the members of the Austrian School it would appear that this right of property is extended to include the natural resources upon which labour is expended to produce the exchangeable wealth. Thus, whether through a strange purblindness not to be expected in intelligent thinkers, or by deliberate distortion of moral philosophical principles, private property includes not only the factories and commercial buildings which modern man erects and utilises for the production of wealth, but also the land on which they are erected, *however acquired*.

Leonard Read, for instance, is very strong on moral philosophy, but one would like to know how he interprets the injunction in the Book of Deuteronomy 'The land shall not be sold forever'. Of course the real question to be answered is not about the right to occupy land but about the obligation inherent in such right, recognised since time immemorial until modern times, to hand over the Surplus Product to its rightful recipient, the State.

Mr Rogge's book, an excellent exposition of the principle of freedom and of the free market and limited government, thus fails to present the full logical picture of the truly free society, so long as it fails to provide the

equal freedom and justice for all its citizens, and equal freedom and justice demand that no member may hold another to ransom for the right to live, which is what the 'land values' racket is all about.

Published by Liberty Press, Indianapolis, USA;
my copy from F.E.E.

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ANTIDOTE TO MADNESS

By WYLIE YOUNG

Reviewed by W A Dowe

Through the observance of the centenary of *Progress and Poverty* this book came recently to our notice. It would make a very good introduction for any intelligent and sincere person who has had very little tuition in economic science. Well written, with any amount of punch, its main endeavour is to awaken the 'average' citizen to economic realities and to destroy the irrational beliefs and attitudes which are fostered by our false educational systems and our false political values.

In California in 1938 the number of different taxes on certain goods was:

Bread	52	Suit of Clothes	105
Canned Fruit	32	Cotton Dress	125
Sugar	45	Shoes	126
Beef	127	Overalls	148
Bar of soap	154	Wire Fencing	191
Motor car	145	Milk of Magnesia	172
Gas and Oil	205	Some other drugs	378

The difference between land, labour and wealth, and between revenue for taxes and revenue for rent, is clearly stated and driven home. Recommended to any new student as clear and simple. 106 pages. Price \$5 posted. Apply to Box 175, Post Office, Lakemba, NSW 2195

Published 1976 by Franklin Publishing Co.

Philadelphia

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RE-THINK

By GORDON RATTRAY TAYLOR

Reviewed by E P Middleton

To attempt the full review this book deserves would require more space than this journal could reasonably be expected to allot the task. Its scope is so wide, and it raises so many questions in departments of thought ranging from biology and psychology to sociology, history and economics, that one could fill a small volume discussing the author's main conclusions. With one exception, therefore, suffice it to say that this is a very important book indeed, challenging thinking human beings to really 're-think' their theories on life and the human condition on pain of witnessing the collapse of civilisation as we know it.

The one exception is that aspect of Mr Taylor's challenge expressed in terms of

economics, of special importance to readers of *Good Government*. And it is necessary to say at the outset that, unfortunately, like so many contemporary intellectuals, brilliant and well-grounded in one or other of the sciences, the author is sadly astray in the field of economics.

That part of the book containing Mr Taylor's concentrated thinking in this aspect of modern society is headed 'The Rat Race', and in the introductory section he leaves us in no doubt as to where and how he acquired his economic concepts. The first two people of consequence, appropriate to his theme, quoted on the first page, are Professor Donald Schon, author of *Towards The Stable State*, and G K Galbraith, author of *The Affluent Society*. Professor Schon is quoted as saying 'it is progressively harder for industry to discover new needs to fill.... it is no longer possible to say whether producing industries exist in order to satisfy consumers' needs or whether consumers, goaded by ever more persuasive advertising, exist as appendages to a system of industrial production'.

Next he paraphrases Galbraith in this statement: 'And of course it is even more ludicrous that, while industry has to stimulate appetites in order to dispose of its goods, schools are understaffed, housing is inadequate, mental health is neglected and so on. Clearly the money which goes to buy unwanted goods *must somehow be shifted from the bank accounts of those who spend it on trivia to the bank accounts of those who run schools, mental health clinics and the rest*'. (Italics mine)

And, as a summing up, on the following page he says this: 'As everyone knows, the rat race reflects the intensity of competition which occurs in any economic system in which one man's gain is another man's loss; what we may loosely call the system of private profit.'

Mr Taylor proceeds to analyse 'both the human and the organizational aspects of the profit system', and he does this on the basis of the assumption that 'there are two rival theories of economic behaviour' which he calls 'The theory of mixed motives' and 'The theory of pure profit'. The latter, he says, was 'invented by Adam Smith and Malthus and cast into its clearest form by Ricardo, a successful 19th century stockbroker'. Which is itself a somewhat mixed-up presentation of fact which should not be allowed to pass unchallenged.

The theory of pure profit, whoever invented it, is soundly based on fact, however Mr Taylor may urge exceptions as denying it. The fact that a producer allows a generous impulse to reduce the amount of his profit by making some unprofitable investment for a 'charitable' reason, does not affect his basic purpose for being in business or the mechanism he naturally uses in performing his function as a producer, i.e., in seeking a return on his invested capital. Much of the argument Taylor uses to show that 'mixed motives' operate to disprove the theory of pure profit is based on situations and considerations which

arise out of the completely artificial conditions in which modern business and production operate, conditions which distort the whole economic picture. Mr Taylor thus treats symptoms of economic sickness as causes, and condemns the system without understanding or making allowance for its distortion by non-economic factors.

As a simple example of this he condemns the 'taking over of firms not making satisfactory profits and rendering them into successes by ruthlessly cutting costs and exploiting markets'. This is emotional language used to give a biased emphasis to a procedure which has probably been forced on the firms concerned by the innumerable forms of political intervention in the normal processes of trade, such as the imposition of taxation, tariff and excise duties, quotas and the like, all calculated to hamper or distort the natural effect of competition in a free market.

This failure to understand the underlying principles of economic behaviour, of which the 'profit motive' is a fundamental phenomenon, is exemplified by the author's treatment of the subject of the price mechanism. In a section headed 'Myths of the Price Mechanism', he offers no less than nine cases in which, he says, the price mechanism either cannot work or breaks down—none of which is a legitimate example in support of his claim.

He begins with the most bizarre example of all — 'the government, the police and the armed forces, roads and street lighting and cleaning, and many other things which the public consume jointly'. Not one of these items can of course legitimately be considered as within the scope of the body economic. The first three operate purely within the political sphere, while the remainder, like education, housing and mental health, are non-economic items, in the sense that they belong in the area of consumption, that is they are nothing to do with normal market transactions. The fact that they are 'consumed jointly' has nothing to do with the case. The point is that they have nothing to do with the distribution of wealth—the *raison d'être* of the economy. If street lighting and cleaning are provided, as they should be, by contracted services, the result of open tender, the contractors operate within the market through competition and the price mechanism. The services are paid for out the personal wealth of the consumers, usually through some form of taxation.

Next he says that the theory pre-supposes that buyers are all-wise and are 'never taken in by poor quality or unjurious adulteration of goods'. Here he ignores the self-adjusting effects of competition in a free market which is where the price mechanism is supposed to work. The fact that the market is not free does not affect the theory any more than does the fact that political lobbying sets up monopolies or 'protected' industries which circumvent the free market.

Similarly with most of Mr Taylor's other examples, what he is in effect criticising is the existing state of affairs in which the free market—the essential condition for the operation of the 'theory of pure profit'—is corrupted by political intervention. He himself says that 'industry constantly works to create monopoly positions' as though this is a criticism of the price mechanism, instead of the system which we have allowed to develop by ignoring sound economic principles and allowing ourselves to be suborned by socialist philosophies, to which Mr Taylor, unfortunately, exposes himself as a victim by such inferential statements as this: 'It is truly incredible that *the right* can still advance naive cost arguments' (italics mine). This remark is made to clinch an argument about the lack of competition in respect of an airline or a railway system. Clearly, if a society decides to support such a utility irrespective of whether it makes a profit or merely provides an indispensable service, this decision does not abrogate or

(Cont. in next issue)

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*** **

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