

# Good Government

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## Viewpoint

The title 'Justice', which we confer on our superior court judges, can on occasions be most puzzling to those lay people who still equate justice with the traditional Australian belief in 'a fair go'.

The gap between these two concepts was emphasised in the recent settlement of the petrol truck drivers' strike over which Justice Sir John Moore presided. The public, as always, bore the brunt of the difficulties and inconveniences of the strike but were not made privy to the details of the settlement, probably because it was feared that there could be reaction to its contempt of Mr Laidley's rights and interests. Politicians are frequently grossly insensitive in these matters but on this occasion the government was sufficiently disturbed to 'persuade' the Court and the parties to the settlement to give it a copy of the terms of settlement. To Mr Frazer's credit he was quite scathing in his condemnation of the settlement and undertook to try to strengthen Mr Laidley's position by amending legislation. To the extent that such legislation follows the established patterns of the government and concerns itself with effects rather than causes little can be expected from it except a lot of huffing and puffing.

Mr Laidley is an oil agent operating in the outer suburban area of Leppington. He also has a substantial interest in a retail service station at Canley Vale. He offended the petrol truck driver employees of one of the major petrol suppliers by using his own tankers and drivers to supply this service station and, as a result, all supplies of petrol and oils to his depot were stopped. He sought the protection of the court under Section 45D of the Trade Practices Act against the Transport Workers Union and the

court granted him an injunction restraining the union in their action. The union responded by stopping all petrol deliveries in the Sydney, Newcastle and Wollongong.

In a different jurisdiction viz. the Arbitration Commission, the matter was referred to Sir John Moore as an industrial dispute conciliation. Mr Laidley was not involved in the hearing notwithstanding his key role in the dispute. A settlement was arranged, an element of which was the alacrity with which certain major oil companies agreed to the striking tanker drivers by refusing supplies of petrol and oil to their depot. Mr Laidley, and thus putting him out of business. This agreement was registered with the imprimatur of Sir John Moore who observed that it was no part of his duty to protect the rights of Mr Laidley. Certainly a trade industrial dispute had been quietened but must remain the disturbing awareness of the individual with law and commonsense who was treated with extreme callousness under the auspices of a man to whom the honorific is accorded. One could infer unpleasant comparisons with an infamous act of nearly two thousand years ago when the victim washed his hands of the fate of an individual while appeasing a clamorous group.

Rather than embarking on further conciliatory legislation to prevent this type of thing it would be most fruitful for the government and other concerned people to re-examine the frustrating maze of existing legislation in such a comparatively short time to give this great country of opportunity to which men look at one another with jealousy and suspicion because they believe there is not enough work for all.

### THE PRINCIPLES OF GOOD GOVERNMENT

1. The true function of government is to maintain peace and justice. This does not include in national or international trade or commerce, or in the private transactions of its citizens only as these threaten peace and justice.
2. A democratically controlled and just revenue is available to governments by the collective 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 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 elector

Henry George and others have repeatedly demonstrated and emphasised that work is not an end but a means of satisfying material wants, and that until all such wants are satisfied there can be no real shortage of work. In fact the intelligence of people causes them to strive to reduce work by exchanging their products and services and by inventing and using labour saving devices to the extent that they soon tend to lose that awareness of dependency on land that was so pervasive when agriculture was the dominant occupation. It is nevertheless true that, although with economic progress the farm is refined and sub-divided into sites and opportunities for business, commercial and industrial production, such sites and opportunities must remain readily accessible to producers and not become the means by which a few can extract huge unearned incomes at the expense of those who want to work on them. If would-be producers can be held to ransom or otherwise disadvantaged in getting onto productive opportunities there will be unemployment and the value of work for its own sake will be exaggerated.

Ultimately the government can overcome the problem raised by the case of Mr Laidley only by legislating to ensure that the rent which is generated on these sites and opportunities by the collective activities of the community is collected for social purposes instead of taxes. This will make the sites and opportunities readily available on equitable terms to those who want to use them and will promote the natural situation in which there are more jobs available than people to fill them. In that happy state of affairs there would be gratitude rather than concern if a worker were relieved of any part of his work.

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### JOB OPPORTUNITY

#### ECONOMIC HISTORY RESEARCH ASSISTANT

Duties: To search archives for historical material to assist in the preparation of a book concerned with the influence of Henry George in Australia.

The work should commence March 1980, and should take about 3 months. The research will be directed by Dr D.L. Clark, Senior Lecturer in Economic History, University of NSW. The work would mainly be at Public and University Libraries, and at the library of the Australian School of Social Science, which is sponsoring the project.

A good remuneration is offered. Preferably the applicant should be a graduate or near graduate in Economics or Arts; some knowledge of Australian history and economics is desirable. Applications should be made to Dr D.L. Clark, Economics Dept, University of NSW, Kensington, NSW 2033.

### ANNUAL GENERAL MEETINGS

School of Social Science	5
Assoc. for Good Government	13
NSW Henry George Foundation	10

VENUE: Association Rooms, 143 La  
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### MONTHLY MEETINGS HELD AT 143 LAWSON STREET, REDF

1st Tuesday, 6 p.m.

Australian School of Social  
Henry George Foundation  
Association for Good Govern

2nd-Last Wednesday, 7.45 p.m.

Social Science Club  
(No February meeting  
October meeting is held as the  
Commemoration.  
December meeting is held on 2nd  
LAST Thursday, 6.15 p.m.

Proportional Representation  
(No December meeting)

### COLLECTIVISED CHRISTIANITY

By FRANK DUPUIS

'Church leaders never consider he  
be enabled to rely entirely upon  
efforts.'

The waning influence of Christ  
conduct must disturb many people  
their religious views, value the  
Western civilisation. That civil  
developed, was strongly influenc  
ideals, however defectively expo  
occasions. If the teachings of C  
could be effective at that time,  
arises why does it fail to be ef  
Church leaders themselves are co  
appear to think that all the sit  
is to seek shelter under the sam  
stage pop music in churches and  
collectivist views which, as the  
increasingly accepted, have coin  
evidence of progressive decay in  
institutions. People are justifi  
religious as well as other ideas  
'By their fruits ye shall know t

It is difficult to imagine how  
occasions in the past, suffering  
looked to Christian principles a  
against the injustice of their r  
days of Wycliffe and John Ball,  
first began to circulate among c  
as distinct from the intelligent  
circles, interest in Christianit  
lively for the comfort of the ch  
governors. To be reassured that  
the Lord's bounty to all men and

HOWEVER CLEVER, AND THAT SOCIETIES WHICH TRY TO improve on the will of God must expect tribulations—these must have awakened much discussion among the yeomen and craftsmen of the time. They must have thought that those texts meant what they said and that to do as you would be done by and to respect the rights and earnings of others equally with one's own, should refer to the rulers as well as the ruled. When the peasants rebelled against oppression they asked: When Adam delved and Eve span, who was then the gentleman—the person privileged to live on the earnings of others?

History shows that insofar as the conditions of the natural order are respected, thought and knowledge advance themselves to a higher stage of individual development. But modern Church leaders never consider how people might be enabled to rely entirely upon their own efforts.

If one imagines a band of aggressors falling upon a free society, history easily suggests the methods they would pursue to gain their selfish ends. The first step would be to seize the land, the source of all things, and, by charging rent, live at the expense of others thus impoverished. As developing society required a fund for public purposes, an arbitrary levy would be imposed on people's earnings, leading to further impoverishment. Thrift would be penalised and difficulties would arise in industry and trade

leading to demands for monopoly power; the value of earnings would be further reduced. Poverty would become obvious and clever people would devise elaborate schemes to alleviate it. But would not the simple, honest Christian support the demand that justice be done and freedom be restored so that all received the natural reward for their exertions obviating the need for elaborate schemes to protect them?

But more recent history shows that politicians do not start from such principles. Instead, accepting the *status quo* of injustice, they impose further taxes on earnings so as to obtain a fund from which they can distribute relief to the poor both directly and indirectly, so concealing poverty that people think the problem is solved.

Monopolistic maladjustments in industry and trade are 'solved' by similar methods of subsidies and privileges and are operated by an instrument called economic planning which, as it remains a mystery to the general public, can violate any principle of freedom or honesty without being called to account. No distinction between public and private property is recognised and individuals, feeling less and less responsibility for their thoughts and actions, regard themselves only as units in a collective body. The effects on character and even on intelligence are obvious.

Faith in this combination of expedients, which is fostered by state education and the mass media, makes the recognition of any higher form of law almost impossible. If politicians and experts can devise a providence that is superior to that which is part of the nature of man, then

Yet Church Leaders do not seem to this stumbling block to any honest seeks in Christianity some guide that might be raised from present corrupt higher condition. For all the social exist, they endorse more and more. Thus Christians, led by collectivists, identify the message of Christ with fashionable opinion and state. Already in Scandinavia the Churches subsidised by the state, and clerical other government officers, form to promote their special interests. For Christianity which was once identified independence of thought and character destined to fade out as a subordinate of the welfare ministry.

This 'with-it' interpretation of is not new in religious history. An example occurred when the French nationalised the Church. Then many discovered that their views, like the Vicar of Bray, happened to have changed the same time. But while the Talleyrands rattled their way to power and wealthy village priests, even under persecution remained true to their old fashion, today in Britain isolated clergymen protest against the collectivist view higher ranks.

It is encouraging to notice that the protest has gone further; it has that Christians, instead of accepting the dictates of economic experts, themselves study economic law, and Opitz of the Foundation for Economic has made a notable contribution. In literature, some laymen publish the *Christian Economics*—although one might infer the inference that a science requires endorsement.

These American Christians expose absurdities of what is called social leftism, but tend to forget that the object is only to protect capitalism word that they associate with explicit real question is what was and is the unnatural poverty which induces people these absurdities because they see alternative.

The evidence points to monopoly, with land monopoly, as the cause, it develops another factor must be correct taxation. Historically the British people have preserved their liberty refusing arbitrary taxation. They resist it but if a just principle were generally recognised they might Governed on a just fiscal basis and allowed to reap the full rewards of people might develop a greater sense reliance. With this would come the and the respect for others that accompany message of Christianity.

(Reprinted from *Land And Liberty*, N  
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# ON BUYING A JOB

By PETER L SWAN

Reviewed by E P Middleton

The full title of this excellent monograph is *On Buying a Job: the Regulation of Taxi Cabs in Canberra*. It represents a study in depth of one of the worst monopolistic rackets in Australia. Its author is a senior lecturer in economics at the Australian National University, where he was also educated. It is published by the Centre for Independent Studies (whose address is PO Box 32, Turrumurra, NSW).

One feels compelled to congratulate both author and publishers on the fact that here is an example of an economist doing the kind of useful examination of a public problem which may well be expected of the profession but which is so rarely undertaken, most economists seeming to be content to discuss the complexities of politico-economic theory in the pages of learned journals or politico-economic policies in the jargon of economic commentary in the daily or weekly press.

In an introduction to the work Professor Ross Parish, of Monash University, refers to the significant fact that governments that regulate the taxi industry usually operate and heavily subsidise public transport services. He also notes that the regulation of taxis stifles innovation in taxi operation such as one may experience in other parts of the world; in many Asian cities, he points out, taxi-type transport is as varied as human inventiveness may devise, often intermediate in cost and service between taxis and buses. His final comment is; 'Much of the urban transportation problem is of our own making'.

Peter Swan asks the rhetorical question: "Would you outlay in the vicinity of \$40,000 for a piece of stamped metal sheet costing about fifty cents to produce which entitles you to spend another \$7,000 to \$10,000 and work up to eighteen hours a day, seven days a week, for a return reputed to be little more than that received by a 'pick and shovel' labourer?" Most of us would scorn the suggestion when put in those raw terms; yet this is just the kind of madness associated with entry into and operation within the taxi industry in Canberra — and anywhere else in Australia, for that matter.

To what purpose? To provide the public with an expensive form of transport, not always with a high degree of comfort, courtesy or ready availability, a living of sorts to the drivers and a fat investment for the licensees; offset by a heavy tax burden for the whole community in the shape of a heavily subsidised bus service. A perfect example of the stupidities inherent in what passes for a 'free enterprise' system, by which government regulation works to benefit only monopoly.

As the author shows by a diagram, the 'service' is not even keeping pace with the natural growth of the population expected to make use of it, the number of taxis operating in Canberra per

10,000 people having gradually declined from a peak of 7.8 in 1965 to 4.7 in 1979. The 'entrance fee' into the racket, hand— or because of this—has increased from zero to around \$40,000 in 1979 (where it was 7.8 in 1969, the cost of a plate \$16,000).

Interesting comparisons are given for other cities around the world. In New York, for instance, the average price of a plate was \$50,000, in Boston \$40,000, in London \$57,000. While in London, where the ratio of taxis to population is 12.5 per 10,000, there are no restrictions on cab numbers, in Canberra a plate is zero.

The price of the plate is of course reflected in the fares demanded to keep the racket. It is pointed out that, but for the return on the investment at current rates, fares could be cut by as much as 50 per cent, even within the existing inflationary situation.

By contrast with the Canberra system, the author quotes the free market conditions operating in some Asian cities, such as Singapore, where fares are the subject of mutual agreement between passenger and driver according to current conditions (e.g. traffic congestion). In Canberra, a market-oriented system, the author, would be strongly opposed by cab-owners and 'leave the regulator to do nothing to regulate'. Which of course is the only way to preserve a pity!

One of the supporting pillars of the Canberra system is the system of allotment of plates on a seniority basis. This was originally introduced to introduce a degree of fairness into the system to counteract the upward pressure on prices, but it has worked only in so far as preserving the status quo.

The cause and effect relationship between taxi service and the public bus service in the ACT is demonstrated in considerable detail. The author, the salient features of that, whereas the taxi users pay a premium for the privilege, he also, as a taxpayer, contributes his share of a \$10 million annually to keep the bus service in commission. The bus works out at \$46.3 annually for every adult and child in the ACT. As it happens, the burden is borne by the taxpayers of the Canberra Territory. If it was solely borne, as would be the case in other ACT ratepayers, the outcry could be expected to force a drastic change in the system, the effect of which would most likely be to reduce the increased demand for taxis. In that event, the ultimate beneficiary would be the holders of the plates. The latter's position is therefore assured so long as regulation by the Transport Department continues, against the dissatisfaction of the unprivileged. The latter is incapable of effective expression of protest. Lobbying of well-entrenched groups and a monopoly will always triumph over unorganised opposition of an amorphous 'the public' whose only means of protest is the support of a disinterested press.

OF PRESENTMENT WILLING TO BEER HIS POLITICAL  
neck out.

Peter Swan has performed a valuable public service in exposing in such detail the nature of this particular racket. It is now up to those who have to pay for its upkeep to take what action is open to them. The effectiveness of this will depend on how painful the increasing burden of its price will be. This in part depends on the outcome of the race between inflation and incomes; the Commonwealth taxpayer would seem to be a long-suffering and patient victim of exploitation.

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## THE USES AND ABUSES OF ECONOMICS

A book by ERIC ROLL: Review by W A Dowe,  
Director, Australian School of Social Science.

### WHAT IS ECONOMICS?

'Salt makes your potatoes nasty when you don't put any in.' Every good thing can be used and abused, but (1) the nature of a thing determines its use for the benefit and welfare of human beings and its abuse consists of any 'use' which is harmful to human beings, and (2) it is important that the thing which is being used or abused should be correctly identified and true to label.

Most of the topics with which this book concerns itself are in some way related to economics because everything is in some way related to everything else. But the general theme of the book is not economics but politics (a very great and plain distinction which very few so-called economists understand) and politics is not part of economics. If surgeons are forbidden by law to perform certain types of operation, this is not a matter of surgery but of law-making which is a matter of politics. It is a decision of government, not of surgeons. Similarly, trade is an economic affair, but 'protection' is political; it is both non-economic and uneconomic.

Economics is a science which deals with economy of effort and nothing else. And not with every form of economy, but only with the great social economy called exchange or trade. Everything in genuine economics is concerned with trade, and thus the world of trade is rightly called 'the economy'. When a pirate intercepts a ship and sinks or robs it his actions have nothing to do with economics, although he is (or thinks he is) satisfying his desires with the least effort (avoiding productive effort). All economic terms, such as land, rent, wages, capital, investment, price, value, are economic terms and have no economic relevance except when they relate to the exchange of products.

### SCIENTIFIC FREEDOM

Just as Galileo as a scientist studying the pendulum could never have effectively studied it if some prankster or enemy (or well-meaning assistant) had constantly diverted the pendulum by physical interference, so no economic scientist can effectively study the economy if

WELL-MEANING POLITICALS, EVEN WITH intentions, are constantly interfering. The exchanges which constitute the ec be, at least substantially, free. Oth the charts, statistics, books, lectur committees of enquiry and parliamenta elections are misdirected and valuea genuine economist, if he cannot find economy to study, must study those pa economy which are free (and every eco be substantially free, otherwise it c exist), supplementing his investigati insight, general knowledge and imagin laws of thought (logic) make impossib study of the economy except on the as that it is free from interference (wh us of the physician who displayed a n asking patients not to exchange sympt confused him). To 'study' the differe and degrees of interference with and of the economy in different countries dignified into a study of the economy why Marx is not an economist, expert have been in studying the pathology o and distorted 'economy'.

Perhaps the grossest and most absur mental gymnastics of the 'orthodox ec is their 'study' of wages in circumst legal enactments or 'wage-policies' h permitted people who do not engage in and exchange to have a legal 'right' from the economy a substantial portio profits (wages) of those who are enga e.g. where site-owners are permitted appropriate the economic rent.

### THE MAIN ESSAY

The book derives its title from the essay. It displays great learning and of the author's 'interest over some f in what he mistakenly believes is 'th development of economic thinking'.

His fervent belief that the State i with an explicit role of 'promoting t economic activity', and also of prote everybody from all the evils which, a knows, follow the State's well-meant interferences makes him quite blind t famous and eloquent words of Adam Smi quotes in the interesting essay on *TH Nations*. In paying some able tributes great economist, Roll says that Adam "provided a brilliant critique of the absurdities to which the strict regul business activity under the mercantil led. ...Smith believed in the natural ...There is a natural order which if assert itself without let or hindranc soon show its superiority over any or on artificially created man-made laws there be no interference with the fre these forces and each individual will an invisible hand to promote an end w part of his intention". But unfortun Smith's brilliant critique was not su brilliant to counteract in Roll's min and all the other 'authorities' of hi

## EXACT THINKING

The adoption of socialistic thinking is virtually to abandon economics in any real sense of the word. This is shown, of course, in Roll's terminology. A striking example is shown in the following (page 31): 'Adam Smith's great achievement was to have identified (to identify) human labour (more generally we would now say economic activity) as the source of wealth'. To qualify labour by the adjective human is not only pedantic but a retreat from or scaling down of established elementary economic terminology. But to describe labour as the source of wealth is far more serious, for labour is not the source (passive factor) in the production of wealth, but the active factor. Land, an economic term which we surely do not need to re-define, is the source. The one acting upon the other is the producer of wealth.

There are almost innumerable other errors of terminology in Roll's book. On the same page 31, commerce and production are set as distinct from each other, whereas one is a vital part of the other. It would be wearisome to exemplify further.

Greatly as we admire the great advances in the standard of living due to Adam Smith, we find the following somewhat extravagant: 'Keynes could rightly say that all that had happened in, say, the four thousand years before the eighteenth century in regard to the standard of life was as nothing compared with what has happened since' (p.31). Did not the great and manifold discoveries of ancient times, such as fire, the wheel (thought by H G Wells to be the greatest discovery of all time), glass, the hammer, saw and nail, not to mention the great advances in thinking generally discussed under logic and philosophy, raise the standard of life to an incalculable extent? What Roll might find it difficult to realise is that the great social advances since the 18th century are very largely due to the growth of the economy, in spite of the well-meaning efforts of Keynes & Co. to spike it.

## INFLUENCE

To Roll the 'new economics' is essentially and completely 'governmental policy'. It is not only not new, having been considered as the only economics for many centuries prior to Adam Smith, but it is not economics, as it is devoid of any scientific concept. Its confusions culminate in the absurd notion that masses of learned government employees, politicians and 'policy-makers' can serenely and safely abandon natural law as the basis of economics, as it is the basis of all science, and substitute 'governmental direction' (strewed through history with bungling disaster and oppression, and not accidentally so but of natural necessity) for science.

But Roll is read by hordes of students, and no doubt swallowed by many of them, for examination purposes at any rate. Henry George, who vindicated Adam Smith and completed the establishment of the science of political economy, but who is regarded by Roll as a

supreme example of muddled thinking comparatively few. So Roll wins, being, in influence. Mankind will conceivably path (as the late Dr remarked) before they find the more intriguing form of self-torture.  
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## POVERTY BEFORE POLITICS

By COLIN CLARK

Reviewed by E P Middleton

Professor Colin Clark is well known to Australians, having been for some time financial adviser to the government of Queensland and at various times a lecturer at the universities of New South Wales, Sydney and West Australia. Also, he is the author of a number of books and articles on various aspects of economic problems and taxation.

Georgists will recall that at one time considered that Colin Clark was, in fact, and purposes, a Georgist, or at least in sympathy with Georgist aims. Several of his earlier works made unequivocal statements on 'the land question', which led some to think he would end up a thorough advocate of collecting the economic rent as a source of revenue. Unfortunately, such hopes were unjustified by later attitudes, and he assumed some of the features of the theory of whom George described as 'The Peripatetic Philosopher', Herbert Spencer.

An example of Colin Clark's latest work to be found in this Hobart Paper is for a 'Reverse Income Tax', a British equivalent of the American 'Negative Income Tax' which has its supporters in Australia.

The most important thing about this is argued and well researched pamphlet is a thorough expose of the stupidities of the present system in which the cost is borne largely by those who are its beneficiaries, and which is progressively breaking down standards of economic and political integrity and public administration.

In an opening statement headed 'Politicking Since Ancient Rome', he sets out 'two concepts of social services: one, he says, 'is to make provision for the real need who cannot help themselves by the philosophy of true charity and 'the other is the concept of something called 'The Welfare State, in which even the State to make his normal welfare for him'.

How far countries like Britain and Australia are not far behind) 'progressed' under constant socialist (either under socialist government or governments which have adopted socialist policies as a matter of political



demonstrates with some startling evidence.

'For a hundred years or more' Clark says, 'Parliament has been enacting measure after measure with the laudable object of using public funds to help the poor. The consequences of these measures have been: to incur inordinate costs, to transfer large sums of public money to people who do not need help, to blunt or even reverse incentives, to provide employment for an army of administrators while still leaving many families hard pressed.' As an outstanding example of the truth of this statement, he refers to that monument of fatuity and hopelessness, the Supplementary Benefits Commission, whose 1975 Report, from which he takes much of his statistics and comments, discloses that, at the end of 1975, it employed a staff of 91,300 who provided 'supplementary benefits' to no less than 2,793,000 people, of whom 60 percent were pensioners and 20 percent unemployed, at a total cost of £1,420 million, the administration costs being £190 million.

The Government's instructions to the Commission were "to deal with poor families 'exceptional needs'". Under the pressure of inflation, of course, 'exceptional need' gradually took on an ever-widening definition. Pensioners could not meet heating costs, help was needed to purchase children's clothing, and so on, down to 'removing dead elm trees from backyards'. Inevitably, says Colin Clark, 'to an increasing degree officials had to be given discretionary powers'. And under the welter of conflict between unhappy, dissatisfied claimants and harrassed, overworked officials, 'the Commission set out to draft more and more elaborate rules in an attempt to secure *uniformity* in the treatment of every *exceptional* case'. Discretion, 'because it makes decisions harder and calls for experienced officials and a lot of visiting, is very expensive in staff to administrate' says the Commission's report, 'yet still we cannot be sure that it gives help to those in greatest need'.

As a measure of the ramifications of the Welfare State, this booklet publishes a list of no less than 44 types of benefit available to the public, 13 of them administered by central government, the remaining 31 by local authorities. The former cover assistance in the categories of free food, hospital and sickness benefits, travelling expenses and legal aid, education and trade training; the latter an astonishing variety of benefit including rate rebates, free school meals, meals on wheels, education awards, accommodation for the elderly, the homeless and the mentally disturbed, rent rebates, day nurseries, recreation facilities, aid for the handicapped, home helps, chiropody, recuperative holidays, adaptation of houses and family planning.

So low is the level of income assessable for income tax, that it 'provides a disincentive to claimants considering a return to work, and raises the hostility of low-paid workers towards claimants and the benefits that support them' says the Commission. They state their dilemma in

claimants cope with every aspect of the and secure all the services they need, we confine ourselves to provide an assured minimum of income?'

Professor Clark says 'But the strongest condemnation of the present policy is that we are giving poor families not what they need but what politicians and bureaucrats think they need most' a presents the obvious conclusion 'that the best way to understand their most urgent needs is to let them poor themselves' and says that they 'would have allowed the freedom to choose the services that best suits their needs'.

So we have this eminent professor of economics not devoting his knowledge and expertise to the task of exposing the basic cause of poverty in the modern state and its elimination, but producing a mathematically devised plan for reforming the very system (taxation) which is one of the main contributors to that cost. It is a plan to make taxation less painful and less wasteful. In fact, a highly sophisticated palliative, which will do nothing to reduce the numbers of the poor or the unemployed, but will require intervention of the politicians and bureaucrats in their destructive activities in the name of government.

Despite the elaborate and complicated provisions of this Reverse Income Tax scheme, its author admits that there will be 'inevitable' which will profit the unscrupulous and the need which still will not be met because of the difficulty of assessing the need. Also, the point at which the benefits will cut-off represents a 'problem of the first order' a percent cut-out, for instance, could 'be expected to have an extremely damaging effect on the incentive to earn'. The success of the scheme will still require 'solving the problem by systematic observation and analytical reasoning tempered by common sense'.

The design of a system of Reverse Tax, says Clark, 'is bound by certain unavoidable arithmetical imperatives'. The ideal of a rate of payment to families with little income, a low cut-out rate for anything additionally earned, with low costs (to the national exchequer) and not applying to a large proportion of the population' 'are objectives that are irreconcilable'. 'You end up 'paying Reverse Tax to a third of the entire population to be met out of tax by the remaining two-thirds'.

Dear to Colin Clark's heart, as a Catholic, the inference in the proposals that a large place is primarily in the home. At present, says, all the economic incentives are directed in favour of working for gain. Under Reverse Tax 'the incentive to the wife/mother to stay at home is much augmented'.

Many of the anomalies in the present taxation system in Britain are referred to by Clark in the course of this pamphlet; for instance, the surcharge on investment and the tax deductibility of unequal incidence,

to favour the rich. Nowhere does he even hint at the idea of taxing the profits of speculation in 'land values'.

As to the cost of the scheme, this is estimated to be £3.26 billion, apart from the cost of financing a system of 'annuities' for elderly people and the cost of existing age pensions. This, of course, compares favourably with the (1975) cost of 'welfare' as a whole: £9.6 billion.

One of the most important elements in the 'poverty trap' says Professor Clark, 'is the provision of rent rebates and their cutting-out as incomes increase. The rental market is now completely disorganised, some families paying too much and some too little. The reorganisation of the rental market is a task which has to be undertaken'. One feels impelled to ask the Professor when, in his memory or at any time in the past century, has the rental market been anything but disorganised, or a basic cause of the 'poverty trap'? It is only fair to assume that he has read Henry George, however long ago it may have been, from which he could hardly have failed to recognise the vital importance of the ground-rent system in the perpetuation of the class structure of Britain, so that the 'housing problem' on which millions of taxpayers' money has been spent over the professor's lifetime has had no better effect than to keep the land value racket thriving and the 'housing problem' likewise.

Other forms of income supplementation are examined by the professor, such as the 1972 Tax Credit Scheme, for which he says 'the claim is not made that they would abolish poverty'. Neither, wisely, does he make such a claim for his Reverse Income Tax proposals. One hesitates to question how sincere is his wish to abolish poverty, but there is nothing in this publication to indicate that he has any such aim. He is not alone in that, of course; who among his professional contemporaries can be said to be actively devoted to such an endeavour? 'The poor you have always with you' seems to be the accepted maxim to justify less arduous pursuits.

Professor Clark's final statement in recommendation of his scheme is 'the ultimate object is for people to pay charges for *some* or *all* of what they receive in education, health, pension rights, etc.' (my italics). Not an extravagant requirement really, assuming a healthy society which had a healthy, responsible attitude towards what could reasonably be considered the ordinary mode of living. But the society is far from healthy and the people's sense of responsibility has been largely corrupted by the delusion of 'welfare' crazily built on a foundation of political exploitation and cargo-cult government. What the late Herbert Marcuse described so accurately in his *One Dimensional Man*.

(Hobart Paper No.73, a publication of the Institute of Economic Affairs, London.)

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## POLITICS OF TAXATION

By S S GILCHRIST

The Institute of Political Science interesting conference on 'The Politics of Taxation' at the National University on 26th, 27th, 28th January, and attended by several hundred people including prominent in various fields of public industry and accounting; also academic representatives of small business; members of Parliament. There seemed representation of the 'working class' referred to as 'salary and wage earners' although mention was made on how these people were by taxes as compared to those who could 'evade' or 'avoid' taxes. Speakers emphasized how this class pushed into 'underground cash' transactions other devices to avoid taxation, 'do-it-yourself' instead of the better process of exchanging goods and services.

It was sadly ominous to hear someone casually mentioning, without approval, they expected severe unemployment of currency would continue for many years. It reminded one of the remark reputedly made by Marie Antoinette (not long after her head was lopped off): 'Why don't you eat cake?' In fact much of the discussion had been in the discussion in those pre-revolutionary Parliaments.

### POLITICS

One description of 'politics' is that which sectional groups can each pressure the government to use its power to give a particular group at the expense of the rest of the community.

Politics is of course the opposition to the government. The interesting thing was scientifically looking at the 'politicizing' on the community as a whole. Nearly every one was practising the art of protecting privilege. For anyone seeing politics in action, the conference was a magnificent example. A possible parallel might be a conference on criminology at which gangster bosses, who were really practising the rackets.

### VAGUE AWARENESS

There seemed a vague uneasy awareness among the politically privileged that too many others were trying, and too many were getting into the privilege racket. The community were robbed too hard by the rackets would collapse. Some suggested that the rackets used to give privilege to some in the expense of others, and some that the rackets were suffering to support unnecessary service bureaucracy and welfare. There were attacks and gently indignant defence of interests. There was rivalry between building bureaucrats and private enterprise to maintain their government-granted privilege but only some seemed to realise that the privilege would be enhanced if it were reduced.



Lord Harris, especially invited from England, was the lead speaker and one of the shrewder politicians. He wanted to severely reduce all taxation because of its bad economic effects, and virtually everything he said was sound. However although he was happy to reduce privileges of others, he was most careful not to mention the huge amount of privilege which he was representing, namely the land-owning establishment. When it was suggested in discussion that his failure to mention site value taxation was a grave omission he replied that he had once been strongly attracted to Henry George's proposal but he now considered them unpractical. One must agree that if one wishes to please the Establishment, one does not advocate George.

In a private discussion, Harris was asked if he had written anything to support his claim of the unpracticality of the Georgist proposal which he had obviously studied. There was no such writing but he promised to write one. It will be interesting to see the outcome.

#### HARRIS AND KEYNES

Harris is a severe critic of Keynes but there is a quaint parallel. Keynes was made a Lord by the Establishment for his preventing almost revolutionary conditions, by convincing people that unemployment could be controlled by debasing currency, and for his clouding the teaching of economics with rubbish which has been regurgitated by graduates for decades. He particularly misled Labour politicians who were willing to be brainwashed to get their degrees. At least Harris is seeking to get bad taxation removed even if he is leaving the one great cause of poverty and unemployment more strongly entrenched.

#### FAILURE OF INCOME TAX

The second main speaker Professor Russell Mathews also severely criticised Income Tax for its indefiniteness in the concept of income, and difficulty in defining it for tax purposes, without loop-holes and risk of evasion. It had also failed (as a method proposed by do-gooders) to 'provide equity' by 'redistributing income from the rich to the poor'. In fact it was shown to be increasing the load on the lower paid workers. There were other bad effects such as the deterrent effects on effort and on investment in improvement capital.

It was obvious that any government that did not show interest in changing this situation might be thrown out. Any alternative had to be found and Prof. Mathews headed a committee to find something.

#### VALUE ADDED TAX AND WEALTH TAX

The committee came up with a package deal consisting mainly of two taxes 'Value Added' and 'Wealth'.

VAT was suggested as a flat rate tax, which would fall on transactions and affect everybody in proportion to their purchases; while the wealth tax was expected to provide redistribution to give 'equity'. It was claimed that VAT could not be evaded, but the

Professor's committee may not have done the home work, because a later speaker's studies in France and Italy revealed that 50% of potential tax was being evaded by accountancy. The Professor failed to mention the depressing effects of fining economic transactions. It would also seem that VAT would mainly fall on goods and materials, not on services such as domestic, medical, which again might favour

The suggestion of a wealth tax is a sop to the unthinking socialists. The Professor criticised wealth tax as being wide the net, holes, falsification, evasion, pro-deferred definition, and just as liable to be avoided as Income Tax as a 'redistributive tax to equity'.

One speaker feared that we would have a package, but only the VAT, and the redistributive part of the package would be too many difficulties' and be quiet.

Practice what you preach? This I doubt seems highly justified when one considers that the Professor is closely associated with that rather devious body, the Grants Commission, which has the duty of arbitrary division of income tax so that a proper share of tax can be reduced. The load of income tax has been made more severe by 1.2%, 1.5% in the last few years, so that local taxation, mainly on site value, could be correspondingly increased. How can we trust the Government of a policy to increase property tax and actively implementing and supporting the opposite policy. One wonders why people do not select such advisers who can look in opposite directions.

Another possibility is that VAT might be introduced before Income Tax but government would then find it too many bad taxes; it has happened so often.

#### AN ALTERNATIVE

It was suggested to Prof. Mathews that not wealth which should be taxed, but the value of government-granted privileges should allow unearned wealth to be taken from the community. Site value taxation was suggested as an equitable economic, clearly-based source, which it is not possible to evade which is an incentive to economic growth. The Professor ignored the proposal and gave a general reply.

Other main and subsidiary speakers discussed many details of taxation scales, for families, single people, married women, employed and in 'home duties', and disincentives for unemployed going to part time employment.

One gentleman vehemently reiterated that income tax was outright robbery; and that else said that paying tax was our duty and we should be happy and grateful for the chance to contribute to our country.

Many other aspects were discussed including the interests of mining and multiple

RELEASED BY FEDERAL GOVERNMENT, AND THE UNITED STATES OF AMERICA  
government management as compared with private enterprise; and also the implications for political parties seeking power.  
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LETTERS to the Editor

Sir—A Century has gone by since the appearance of *Progress and Poverty*, but throughout the world there has been comparatively little response to the principles enunciated therein. There was a flourish for a while and the introduction in local government of a taxation on the UCV. The public, generally, however knows little or nothing about the matter. Who is to blame?

Every time I receive my copy of the journal I read good letters and articles and have it impressed on me more and more that the right people are not even reading it.

The 'right people' are the politicians who control countries. If ever the principles are to be introduced it will be done by politicians. By all means go on trying to educate the man in the street and the academicians, but we *must* educate the rulers of our lands.

Many of those fine letters and articles should be reproduced and sent to people who count for something. Keep on pestering them until they come to their senses.

An effective way of doing this also is for eligible Georgians to work together in groups and enter politics. The party of their choice is of little importance. They might even choose to enter as independents. Whichever way is chosen, at every opportunity they should speak up loudly and clearly. Make nuisances of themselves if need be, but get the message across.

PETER SMITH Warrimoo NSW  
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PREPARING FOR WAR

*(Submitted to the Sydney Morning Herald)*

Sir—Lester Pearson of Canada said: 'We are like precocious giants in preparing for war and like retarded pygmies in preparing for peace'.

No Anti-Russian government is reacting to the Russian aggression in Afghanistan by giving a lead in demoting war and promoting peace. They all very immaturely imagine that they can promote peace by increasing the world's already horrific stock of super-lethal 'defence' weapons.

Mass-thinking, i.e. no thinking, is much less effort than thinking. Let's pass the buck!

One great change that would put an end to war, and also to communism, is the abolition of unemployment with its attendant poverty and hunger. But the governments of the world reflect the world's mental vacancy by resolutely refusing to trace the causes of unemployment which they persist in regarding as insoluble. Instead, they adopt enormously expensive palliatives and so substantially contribute to war. But unemployment is unnatural and can be

DISSEMINATED BY REMOVING THE BASIC HUMAN DENIALS OF HUMAN RIGHTS WHICH HAVE UNEMPLOYMENT.

An astonishing fact is that our governments, all of which profess to be Christian, unanimously repudiate the ethic set out in the Sermon on the Mount. Individual Christians profess not to understand it, while the Christian churches, committed to Christianity, openly, if 'reluctantly', support war.

Would not the USA greatly reduce the risk of a nuclear war by ceasing its lavish irresponsible supply of the world's sophisticated and inhuman armaments sundry?

Would not Mrs Thatcher, emotional about Russian military oppression, make a better impression on the less civilised world by the British military occupation of Northern Ireland and by severing her alliance with the fundamentalist and noble-minded 'Christian' Ian Paisley?

W A DOWE

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RECONCILIATION

*(Published in the Sydney Morning Herald)*

Sir—In a world which has long since abandoned ideals for political one-upmanship and for gain, the modern Olympic movement can be considered an anachronism. And yet it is man's noblest efforts to foster friendship, understanding and reconciliation among the peoples of the world. There is now a danger of its being foolishly destroyed.

The International Olympic Committee should accept any nation as a participant, regardless of its politics or sporting philosophy. In my view, all else is sophistry—in a world where whites are said to persecute blacks, where the Arab-Israeli conflict is thrown in Belfast, the Arab-Israeli conflict drags on and British nineteenth-century amateurism is no longer acceptable. There is this business in Afghanistan.

As an honorary member of the International Olympic Academy, my view is that the end to the political and philosophic and provisos of human beings in this world, if all these are heeded, the modern Olympic Games must end as did the ancient Games. The ancient Olympics lasted for more than 1000 years. Ours will not have survived 100!

Politicians who threaten the withdrawal of their athletes from the Games should be placated—no matter how good their intentions—and how disturbing the threat to the host organisers. And this should apply to the coming Commonwealth Games in Brisbane.

The United States, Australia and Great Britain, with Greece and Switzerland, are the nations never to have missed a modern Olympic Games. They should be there again, this coming year.

G H G DYSON

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## SIGNS

(Published in the Sydney Morning Herald)

Sir--Analogies have been drawn between the 1936 Berlin and 1980 Moscow Olympic Games. I wonder if the Soviets will erect similar notices outside the Olympic arena as did the Nazis before the Olympic Games of 1936. Hitler's signs said 'Dogs and Jews not allowed'. Perhaps the 1980 fashion could be 'Dogs and dissidents not allowed'.

JOHN J COSGROVE

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## NEW BOUNDARIES

(Submitted to the Sydney Morning Herald)

Sir--Of the many popular delusions relating to our voting and electoral systems, perhaps the quaintest is the belief that the new boundaries will confer on the electors equality of voting strength. We already have one man one vote, but we have nothing remotely like equal votes for all in New South Wales.

In every single-member electorate, under preferential voting, a large minority (up to one-half of the voters) have no voting strength at all. They elect nobody to be their representative. If you vote for a loser you might as well have stayed at home. The 'closer' the contest the more votes are wasted.

It is even worse than this. Over the whole State it is possible for the government to be elected by a minority of the formal votes cast, while the majority are treated as losers. The new boundaries will not change this.

The fact that many electorally backward countries, which use 'first-past-the-post' and other mediaeval systems, regularly achieve more undemocratic results than we do is no excuse for us. When we consider the havoc wrought in these backward countries by their crude voting systems, such as the destruction of the Liberal Party in Britain and the unwarranted return of the Malan Party in South Africa in 1947, we should insist on Proportional Voting for all Australian elections and so replace electoral injustice and confusion with fair results and harmony.

W A DOWE

Lakemba NSW

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## ALEXANDRA TOLSTOY

The daughter of Leo Tolstoy, Alexandra, died September 26, 1979 at the age of 95, at the Tolstoy Foundation in Valley Cottage, New York. Deeply committed to her father's philosophy, she also endorsed his acceptance of Henry George's philosophy, and had spoken on occasion at Georgist events. She founded the Tolstoy Foundation to aid refugees from Soviet Russia.

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## A MORAL SIN

The Uniting Church of Australia has branded 'tax-avoidance' a moral sin, and has called on all Christians to bear their tax responsibility

GOOD GOVERNMENT

(Sydney Morning Herald, 14.8.79). Inference is that the tax-avoidance is the government.

An old sincerely Christian friend that his conscience kept prickling one occasion, when accosted by a man all the money he could find and if he had any more, he replied 'No, untrue, thus defrauding the bank if he knew the bandit's address I'd give him the money he had defrauded from me.'

The first duty of law-makers is to create a system which transcends all other duties. By the persistent perversion of the system have wreaked every conceivable kind of suffering on their helpless and defenceless subjects as well as on 'foreigners'. These perversions of government include the imposition of taxes which violate the rights of property and tend to wreck the economy and impoverish untold millions, thus causing incalculable waste and financial corruption of government. We do not hear any criticisms of this by the Church. They mistakenly view tax avoidance only means available to government as a just sharing by all citizens of the wealth of government, and probably they believe because the taxes are legal every citizen has a moral obligation to obey them.

It was of course a moral sin for a man to escape from his slavery and so debase himself as 'owner'. At least so all the churches of the Southern States taught less than a century ago.

What does the Uniting Church think of the Christians who when confronted by a tax essentially just proposal for substantial sound public revenue, based on the principle of a fair share for our present 'legal' taxes per capita, are opposing the Georgist proposal, and doing so without any investigation?

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## POWER AND SOCIAL FREEDOM

'To frame a philosophy capable of dealing with men intoxicated with the prospect of unlimited power and also with the prospect of powerlessness is the most pressing task of our time. ... To formulate any satisfactory philosophy of human relationships' (i.e. social relationships) will be essential to recognise the limitations of men's power over their environment, and the desirable limitations of their power over each other'. (Bertrando Russell, *History of Western Philosophy*, 756)

A completely social philosophy of power is a society without power in the political sense, i.e. without social inequality. In a 'social society' men's power over their (i.e. physical) environment would be greatly increased though never unlimited. This progress would then be beneficial. The social 'wedge' which now elevates the strata (or classes) and depresses the

strata (or classes) would be eliminated.

The Georgist philosophy and proposals will achieve this true social progress by establishing the socially free society.

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WANTED

A copy of Progress and Poverty in Ital W A Dowe, Box 175, P.O., Lakemba, NSW Australia. Phone (02) 750-9110.

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TRUTH AND ERROR

In 1628 William Harvey MD, Professor of Anatomy in the London College of Physicians, published his famous Anatomical Disquisition on the Motion of the Heart and Blood in Animals, one of the landmarks of the history of civilised man. We reprint the following extract from the introductory Dedication on account of its intriguing parallel to the well-known passage in George's Perplexed Philosopher recently quoted in this journal (December 1979):

' True philosophers, who are only eager for truth and knowledge, never regard themselves as already so thoroughly informed, but that they welcome further information from whomsoever and from wheresoever it may come; nor are they so narrow-minded as to imagine any of the arts or sciences transmitted to us by the ancients, in such a state of forwardness or completeness, that nothing is left for the ingenuity and industry of others. On the contrary, very many maintain that all we know is still infinitely less than all that remains unknown; nor do philosophers pin their faith to others' precepts in such wise that they lose their liberty, and cease to give credence to the conclusions of their proper senses. Neither do they swear such fealty to to their mistress Antiquity, that they openly, and in sight of all, deny and desert their friend Truth. But even as they see that the credulous and vain are disposed at the first blush to accept and believe everything that is proposed to to them, so do they observe that the dull and unintellectual are indisposed to see what lies before their eyes, and even deny the light of the noonday sun. They teach us in our course of philosophy to sedulously avoid the fables of the poets and the fancies of the vulgar, as the false conclusions of the sceptics. And then the studious and good and true never suffer their minds to be warped by the passions and hatred and envy which unfit men duly to weigh the arguments that are advanced in behalf of truth, or to appreciate the proposition that is even fairly demonstrated. Neither do they think it unworthy of them to change their opinion if truth and undoubted demonstration require them to do so. They do not deem it discreditable to desert error, though sanctioned by the highest antiquity, for they know full well that to err, to be deceived, is human; that many things are discovered by accident and that many may be learned indifferently from any quarter, by an old man from a youth, by a person of understanding from one of inferior capacity.'

W.A.D.

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PROPORTIONAL REPRESENTATION SOCIETY OF NSW BRANCH

PRESIDENT'S CONVALESCENCE

All members and friends will be relieved to hear that our President, Jack Wright, reported to be making a steady recovery in health after a bad turn on the morning of the 1st. It was to be Jack and Katie's first day in the Warrumbungle Ranges on holidays following retirement last August. The thought of those mountains proved too much for Jack and instead he finished up spending his time in hospital in Coonabarabran (where he is heard to be making overtures to the local country folk regarding the merits of the

Undeterred by the experience and over the country hospitality, Katie and Jack declared their intentions to try again in the future.

TRIUMPH FOR REASON

A recent attempt by councillors on Sutherland Shire Council to convert the existing system of three five-member ridings to a three-member ridings was thwarted (until the next election, at least) by the timely intervention of our President (prior to his illness) at the request of a determined and enthusiastic group of local activists who opposed the proposed change. They argued convincingly of the dangers of dilution to proper representation on the Council and appealed to the PR Society to intercede by way of an appeal to the Council and the affected council by a local press campaign. As well as the Council, Jack Wright spoke personally to independent councillors whom it was hoped would not be as fixed in their ideas and thus amenable to change. At least one independent councillor was sufficiently convinced of the merits of the existing system. When a rescission motion concerning this matter was brought on at a Council meeting of October 8, reason was given for the shire President's casting vote for further consideration of the proposed change to the electoral system has been deferred until after the next local government election in September next year.

TASMANIA

There has been much debate and action concerned with the electoral laws of Tasmania emanating from the Apple Isle since the State Election held on July 28. Further discussion does not entail any alteration of the highly successful Hare-Clark system which has been in operation in Tasmania since 1954. Further refinements to the existing system designed to eliminate any anomalies.

The most recent amendment to the Electoral Act to come before the Tasmanian Parliament is designed to overcome the phenomenon of the 'donkey vote'; or at least spread it evenly amongst all candidates within a group so as to obviate any particular candidate being the beneficiary of the 'donkey vote'. This is achieved by printing several different ballot papers with the various names within each group rotated to produce a different order on each separate print run. An interesting side-effect resulting from the random distribution of ballot papers forwarded to each polling booth is that the design of any how-to-vote cards is rendered well nigh impossible.

The other significant development involves the setting-up of a commission of inquiry into limitations upon electoral campaign expenditure following in the wake of a series of charges laid for exceeding the existing \$1500 limit at the recent election.

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#### LETTER TO THE EDITOR

Sir— If the Arabs owned all of Australia and then rented back the land for us, the local peasants, to live and work on, then their rent roll would run into thousands of millions of dollars. This fund can be termed 'the rental value of land'.

The economic advantages of all social and scientific advance will, ultimately and inevitably, become capitalised into the selling price demanded for land unless the rental value of land is continuously appropriated into public revenue.

For example, what price land around Portland, over 200 miles from Melbourne, at the merest whisper that Alcoa Aluminium will be opening a smeltery there.

Now the employment of labour or the employment of capital depends upon opportunities to produce 'wealth' in the form of wanted goods and services. But when wealth production is lessened because part of the best land is speculatively held out of use, and when the cream of production is skimmed off in mortgage and interest repayments (which are really rack land rent in disguise) then there will be unemployment of both labour and capital.

At Point Lonsdale, near Geelong, vacant building blocks are being given the price tag of \$20,000—\$30,000. At Geelong, tradesmen carpenters are walking the streets, looking for work. Is it just possible that there might be a connection?

K N GRIGG  
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Melbourne

IT IS NOT LABOUR IN ITSELF that is repugnant to man; it is not the natural necessity for exertion which is a curse. It is only labour which produces nothing—exertion of which he cannot see the results. HENRY GEORGE: *Progress and Poverty*, p 467.

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## THE REBIRTH OF LIBERTY THE FOUNDING OF THE AMERICAN REPUBLIC

By CLARENCE B CARSON

Reviewed by E P Middleton

The author of this comprehensive surveys events leading up to and during the separation of the American colonies from England. He is the author of several similar works on other aspects of American history, and has a distinguished academic career.

The book surveys the British-colonial relationship against the background of the European scene of the 17th and 18th centuries which had a formidable effect on that relationship, especially through the mercantilism of the time. It then explores several threads comprising the pattern of the developing revolutionary situation—the independent spirit of the colonists, the resentment of the various Acts passed by the British parliament amounting to intolerable abuses of imperial power, and the gradual uniting of the colonies in a determined resistance, culminating in the Declaration of Independence, the War of Independence, and the creating of the American Constitution.

It is an epic story to which the author has done full justice. The book is embellished with reproductions of all the relevant documents including the Declaration of Independence, the Constitution of 1787 plus the first ten amendments.

The story of the gradual coming together of a people of diverse religious and political persuasions, most of whom already belonged to century-old communities spread over the continent, under the mutual urge to demand rights and liberties for which many of them certainly their forefathers, had left the Old World, to enjoy the New World of their own creating, makes fascinating reading. The story of a gentle progression in sweet light towards a planned goal. It was not that. Much argument, pro and con, in the various colonial legislatures, rhetoric expended and many theories devised in a situation in which a large portion of the population remained loyal to the British crown despite all the oppressive acts of the British institution. It was really the turning of thumbscrews by the purblind authority of Britain, under the hand of the despot George III, that achieved the unity that not have eventuated for another generation which produced, out of a diversity of general will to oppose the tyranny, was necessary, or, as in the words of the sentence of the Declaration of Independence 'with a firm reliance on the protection of Divine Providence, we mutually pledge to each other our Lives, our Fortunes and our Honour'.

The desperation to which their situation had driven them may be gauged by the fact that they faced that situation poorly equipped in every way to win the revolution to which they were now committed. They confronted the formidable power of the British army and navy with a partly trained militia and a handful of ships, scarcity of ammunition and stores and with a sizeable body of 'loyalists' to hamper their efforts. As the war progressed, they suffered innumerable defeats and the hardships they bore are legendary, until under the genius of the leadership of George Washington and a handful of courageous generals, the final victory was achieved.

Then followed the more dangerous era in which the peace achieved had to be consolidated and the revolution saved from the chaos and anarchy which so often have been the bitter aftermath, resulting in a despotism worse than before. That this was avoided in the case of the American Revolution is due to the determination of the majority under the wise leadership of strong and intelligent men who, recognising the dangers, spelled them out and wrote the American Constitution—the rules by which the nation could survive and prosper.

Great names abound among the signatories to the Constitution, attested 'in the twelfth year of the Independence of the United States', 1787, at Philadelphia, led of course by George Washington, the first President and delegate from Virginia: names like Roger Sherman, Alexander Hamilton, Benjamin Franklin, Jared Ingersoll, James Wilson, Gouverneur Morris, John Dickinson, James Madison, Charles Pinkney, all known for their sterling work in the creation of the Union from the beginning.

What this reviewer finds particularly interesting in their story are two aspects of it which are stressed by the author as being of special significance. These are the basing of their resistance to British oppression on the theory of 'natural laws', and the stress laid on 'property' in the innumeration of the rights of man in the defence of which they were prepared to fight and die.

As Carson points out, the 'natural Law' philosophy was given due prominence in the very preamble of the Declaration of Independence, in the sentence 'the separate and equal status to which the Laws of Nature and Nature's God entitle them'. Professor Rossiter, an historian of the Revolution, is quoted as saying that the habit of the people of that time had 'a recurring to first principles, of appealing to basic doctrines.... the rules of justice which were considered to apply to all men everywhere'.

It is in the light of this philosophy that Jefferson's phrase 'all men are created equal' must be read; they were created equal in their equal right—to life, liberty and the pursuit of happiness', in their equality before the law.

It was, of course, on the basis of the  
GOOD GOVERNMENT

existence of Natural Law that Henry VIII propounded his theory of man's right to the fruits of his labour, and thus unfettered right of access to the soil, wealth, the land to which his labour added and the Natural Law by which, in doing so, seeks the line of least resistance, as George put it, 'seeks the satisfaction of material desires with the least expenditure of effort' (the basis of the 'free market').

It was Natural Law on which the Founding Fathers based their concepts of justice, freedom of speech and of religion, of assembly and the right of assembly. A metaphysical concept, says Carson, yet 'self-evident', as Jefferson declared, and immutable.

But when we come to consider their concepts of the rights of property we are faced with a strange ambiguity. There are numerous references to property throughout this book, both in historical record and in the language of various supporting documents. But for a clear definition of property we have only one (page 62): 'the right to property is the right to the fruits of one's labour'. This definition completely at variance with the obvious meaning of many of the other references to property which quite plainly refer to ownership or possession of land. (My

We do, however, have a very clear explanation of the generally accepted meaning of 'property' in a discussion of rights (page 169): 'Some recent writers have said that the Founders distinguished between 'human rights' and 'property rights', but he says that should be clear from the passage just quoted (from the North West Ordinance) that property was, however, freed from feudal restraints during this period, and more fully the possession of the individual holding title to it. The most general encumbrance on property ownership was quitrent—a periodical payment due to the proprietor on land, a payment that originated in the late Middle Ages as money payment for personal servitude. Such claims were extinguished following the break from feudalism and land thereafter was held in "fee simple". Carson then refers to the ancient institutions of 'primogeniture' and 'entail' and says these, too, were abolished as support for 'perpetuation of a class structure', and quitrents as 'devices for maintaining aristocracies'.

What emerges from this is that, in breaking themselves from the yoke of fealty to the King of England, they destroyed the ancient concept of land as being held 'of the Crown',



quitrent was a recognition of the nature of land holding as a trust, and instead of translating this concept into a trust in the name of the Commonwealth, to which the quitrent would continue to be handed over as the basic revenue of the nation, they destroyed this obligation inherent in land holding and paved the way for the full and free private enjoyment of the Surplus Product which is so glaring a feature of present-day America and the basic reason for, as Henry George put it, 'the persistence of poverty in the midst of plenty'. Carson says (page 171) 'American opinion of that time accepted differences in wealth and social station as inevitable and desirable results of differences in ability and effort', and refers to those who might covet 'what was not theirs'—portions of the wealth and estates of others—but who were 'either inarticulate or ashamed to profess their views'. (my italics)

Thus the ambiguity of Carson's interpretation of property stands clear, and his reference to the quitrent being replaced by the 'fee simple' a nonsense. If property is, as he suggests, 'the fruits of man's labour' it cannot relate to the ownership of land, either in the physical sense of the term or the economic, for no labour of man ever produced a square foot of land any more than it did any other of the natural elements embraced by the economic term 'land'.

Carson is at pains to deny the inference of some historians that the Founding Fathers were revolutionaries in the accepted historical sense, yet it is clear that in one sense they undoubtedly were, in that they destroyed the ancient doctrine, embedded in their own religion, that 'The earth is the Lord's and shall not be sold forever' (Deuteronomy), the concept that the rent of land was the property of the sovereign, for the purposes of government. Their revolution was to deny the biblical injunction and to declare the land of America private property which could be bought and sold. The Constitution is specific in its recognition of this principle: in Section 8 of Article 1, in references to "the purchase of 'places' for the erection of forts, magazines," etc, and in Section 2 of Article III, in litigation between citizens 'claiming lands under grants of different States'.

This criticism of the author's interpretation of the nature of the American Revolution should not be taken as in any way denigrating the magnificent presentation his book gives us of the founding of the American Republic. It is a narration of that great epic of modern history in every way worthy of its theme. But one cannot but accept the title of the book with some irony; the *Rebirth of Liberty* is surely a euphemism for the rebirth of liberty for some, as the history of the modern United States of America has only too well demonstrated.

Published by the Foundation for Economic Education Inc, Irvington-on-Hudson, New York,

USA, 1976

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GOOD GOVERNMENT

Letters to the Editor

Sir—Recently it was suggested that proportion of income tax allotted to Commissions for Local Government increased from 1.52% up to 2.0%.

Such a change would do only one thing: it would increase the taxes on wage earners and reduce the taxes on the holders of property, which are Government-granted privileges, not in the interest of the community.

The correct action for sound government is to stop using income tax for local government and thus to reduce income tax (particularly the lower half of the income scale), and let local government collect its revenue from site value rates, the system used by Australian municipalities. The community as a whole would benefit, because site value taxes cause prosperity.

Site value taxes are payments for the advantages, opportunities and services provided by the community at the community's expense, according to the market worth of the privileges. Surely that's fair! The value of sites is generated by community effort.

Site value taxes encourage full employment and opportunities because they encourage people to use all sites reasonably fully.

On the other hand income tax is a tax on discouragement to economic activity. It is people making ordinary transactions and sales tax reduce the number of transactions and thus cause unemployment.

Site value taxes cannot be evaded. In a prosperous community, a uniform site value tax should be made (with the local government to provide State revenue, and should be increased while reducing payroll tax, stamp duty and sales taxes.

H B EVERY

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LIBERTY! It is a word to conjure with, to vex the ear in empty boastings. For Liberty means Justice, and Justice is the Name of the Law of health and symmetry and of brotherly fraternity and co-operation. HENRY GEORGE, *Progress and Poverty*, p 546.

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JUSTICE IS DIVINE

'Did not your father eat and drink justice and righteousness? Then it was his will for him. He judged the cause of the poor then it was well. Is not this to know the Lord.' — *Jeremiah 22, 16-17.*

'If ye thoroughly execute justice between man and his neighbour; if ye oppress not the stranger, the fatherless and the widow, and shed not innocent blood...then I will cause you to dwell in this place for ever and ever.'

— *Jeremiah*

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