

Tolstoy

Good Government

A JOURNAL OF POLITICAL, SOCIAL
AND ECONOMIC
COMMENT

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AUGUST 1981

COMMEMORATIVE ISSUE

GEORGISM TODAY
THE TRUTH ABOUT ARBITRATION
HENRY GEORGE AND LEO TOLSTOY

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OUR OBJECT

"We would simply take for the community what belongs to the community — the value that attaches to the land by the growth of the community, leave sacred to the individual all that belongs to the individual" — Henry George.

PRINCIPLES OF GOOD GOVERNMENT

GOOD GOVERNMENT RESTS ON THESE FOUNDATIONS

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 programme of education in the economic facts of life to enlighten the electorate.

GOOD GOVERNMENT

(Incorporating "The Standard",
published since 1905)

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

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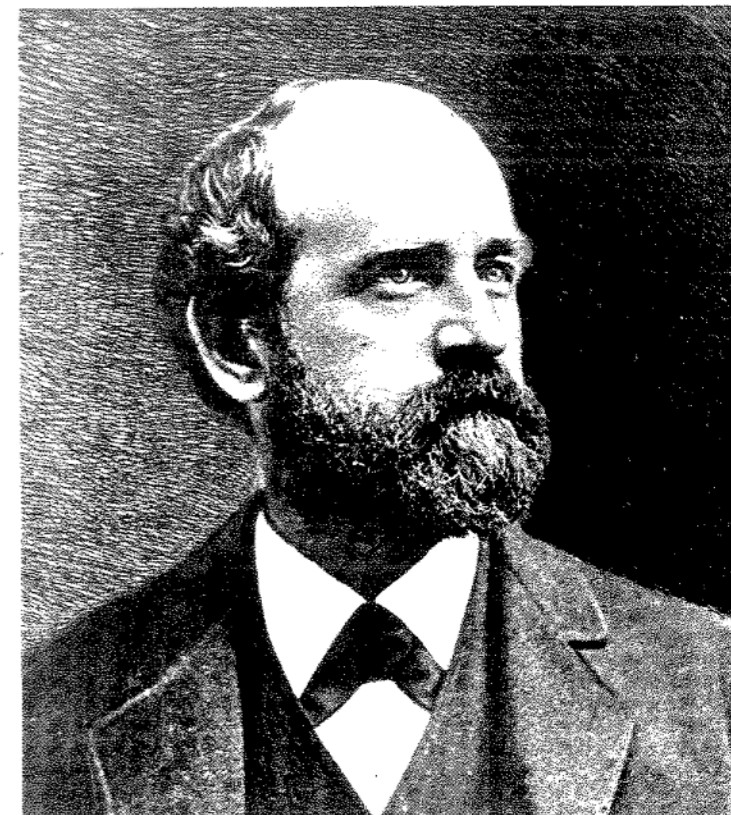
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what they produce or accumulate, but in proportion to the value of the natural opportunities they hold. It would compel them to pay just as much for holding land idle as for putting it to the fullest use.

THE TAXATION OF LAND VALUES, THEREFORE, WOULD:

1. Take the weight of taxation off the agricultural districts where land has little or no value, irrespective of improvements, and put it on towns and cities, where bare land rises to a value of tens of thousands of pounds per acre.
2. Dispense with a multiplicity of taxes and a horde of tax-gatherers, simplify government, and greatly reduce its cost.
3. It would do away with fines and penalties now levied on anyone who improves a farm, erects a house, builds a machine, or in any way adds to the general stock of wealth and employs labour. It would leave everyone free to apply labour or expend capital in production or exchange without fine or restriction, and would leave to each the full products of his toil, whether of hands or brain.

It would, on the other hand, by taking for public uses that value which attaches to land by reason of the growth and improvement of the community, make the holding of land unprofitable to the mere owner, and profitable only to the user.

It would thus make it impossible for speculators and monopolists to hold natural opportunities—such as valuable land—unused or only half used, and would throw open to labour the illimitable field of employment which the earth offers to man.

AUGUST, 1981

Commemorative Issue

It is fitting that the commemorative issue in a Georgist magazine—to celebrate the birth of Henry George in September, 1839, should be the occasion for a new format for the magazine. More important, the time is fitting to restate our object.

OUR OBJECT

A Tax on Land Values is not a tax on land, but on the value of land. Thus it would not fall on all land, but only on valuable land, and on that not in proportion to the use made of it, but in proportion to its value. It would thus be a tax, not on the use or improvement of land, but on the ownership of land, taking what would otherwise go to the owner as *owner*, and *not as a user* of the land.

In assessments under the Taxation of Land Values all value created by individual use or improvement would be excluded, and the only value taken into consideration would be the value attaching to the bare land by reason of neighbourhood, public improvements, etc. Thus the farmer would have no more taxes to pay than the speculator who held a similar piece of land idle, and the man who on a city lot erected a valuable building would be taxed no more than the man who held a similar block vacant.

The Taxation of Land Values, in short, would call upon men to contribute to the public revenues, not in proportion to

GOOD GOVERNMENT

REALITY AND APPEARANCES

It is not the misappropriation of rent that seems to be the cause of the ailments of this complex society. But, as George Bernard Shaw correctly observed, Henry George would not have reached his solution if he had not been a close reasoner with the ability to see beneath the glittering surface. Being in America it was admittedly easier to see the original thing 'that went wrong'. It is the way in which governments have tried to compensate for this deviation from justice which, more directly and obviously, brings the difficulties. 'The government's solutions are the problem'. The government's solution is that 'all shall be winners'. If we cannot retract all the unearned gains from those to whom we originally gave privileges we shall invent new privileged classes and print money for those who still remain disadvantaged.

HOUSING

The shortage of housing at rents that they can afford has forced thousands in NSW to apply for Housing Commission homes. The waiting list is now 45,000. The problem is compounded by the fragmentation of families—40% of applicants are single parents. During the last year rents have been rising steadily. Canberra experienced the sharpest increase (29%) though Sydney (whose rents increased 21%) maintained its position as the country's costliest city. The median price for a home in Sydney is \$79,000.

Housing is in some respects a mystery area. There do not seem to be any serious studies covering a wide range of issues connected with it. For example, what motivates persons to buy or sell houses? What conditions the price of a house? It does appear that the price of homes is only limited by how much finance the buyer can raise. In most cases this rests upon what the bank or finance

house or building society considers is 'free' after the individual has met his week by week obligations. The increase in interest charges will lower the amount of a loan available for the actual purchase price of the house. The price of homes may therefore tend to fall—there are reports of a general fall of ten percent in the last couple of months. Nonetheless, the increasing number of applicants for housing commission homes suggests that, with the contraction of the market, more people must rent their accommodation. A rise in the cost of rented accommodation cannot mean any fall in the price of homes in the inner suburbs, which contain the bulk of rented houses.

Should the government come to the 'rescue' with allowances for home buyers (press and radio teem with suggestions) sellers of homes will, thankfully, be saved from any need to consider reducing their prices.

DEPRESSION?

The recent explosion of prices for precious metals, which was accompanied by a rush to buy old furniture, stamps, coins, horses and, of course, real estate, showed a serious lack of confidence in money. This has been remedied somewhat lately by very high interest rates. This has deepened the lack of interest in industrial stocks—as witnessed by the widespread fall of stocks on the Sydney Stock Exchange. Many investors would rather invest in fixed deposits on the short term. However, these factors must make it difficult for firms to function profitably. (Not all their interest charges can be passed on to consumers.)

The failure of Wall Street in 1929 was, after all, only the general failure of those betting on stocks and shares. Yet it caused financial collapse as everyone hastened to retrieve their debts. Do the present circumstances presage some similar failure of credit?

THE 'POST-INDUSTRIAL' SOCIETY

As the terrifying prospect of a world run by technologists, largely for the benefit of a small elite of technocrats, scientists, politicians and monopolists comes ever nearer, they are questions all Georgists must be asking themselves.

A world in which the masses of ordinary people are either unemployed, and alienated from society as they drag out their days in boring emptiness, or are engaged in dull soul-destroying, thought-inhibiting, button-pushing jobs is a fearsome outlook. So unrelated to human need and the human condition that it is hard to see how it could survive more than a brief time.

It gives new meaning to George's prophecy: 'From whence shall come the new barbarians who will destroy this civilisation—from our ghettos and slums'. Already widespread disrespect for the law, industrial strife, selfish pressure groups, inflation, high land prices and interference with trade are tearing our society apart.

So I very much sympathise with Dr Grigg who is concerned that 'We are debating questions that people aren't asking'. We just must communicate. But how?

THE GEORGIST STARTING POINT

The problem, as I see it, is that very few people today understand, and even fewer want to live by, the philosophical concepts on which Henry George's proposals for economic reforms are based. So let's look at them.

First and foremost he believed that there was a 'right order', a moral order, without which no society could prosper economically. Justice, and its corollary freedom, he sees as the essential basis of a good community. He believed in equality of opportunity; he did not believe in equality. He believed in the State dispensing justice and the individual dispensing charity.

But these beliefs did not stand by themselves. They were firmly rooted and indeed the outgrowth of his belief in Absolute Truth and a beneficent Creator of Heaven and Earth whose intention it is that individuals should be free and responsible and live harmoniously in a just society. The early chapters of the *Science of Political Economy* in particular deal with these ideas and explain very clearly how they inevitably lead to Georgist thinking on economic matters.

THE STARTING POINT TODAY

Today all these premises are either not thought about, or not studied, or rejected. The under 50's at least have been taught all their lives that 'God is dead', that moral values are only relative, that ethics are situational, that factional strife over who should get a bigger share of the 'cake' is normal and natural, that being free means doing one's own thing regardless of other's rights, that there are no inherent human rights but only rights conferred by society, and that laissez-faire is the facade for a system of exploiting the weak and manipulating the economy for the benefit of the few.

To compound confusion even further, the enormous faith people put in the ability of science to solve all human problems has not been justified and in increasing numbers people have come to believe that the solutions to our present and future economic problems lie not in reasoned thought but in emotional responses—charity and kindness to the deprived, the use of more force by the

State, positive emotions or whatever. With electric and electronic gadgetry providing instant solutions to practical problems, they want economic solutions neatly encapsulated in slogans which save them from the weariness of labour and the loneliness of thought.

So while Dr Grigg is entirely correct in saying we are debating questions people aren't asking, it's not at all easy to see how Georgists can meet non-Georgists 'where they are at'. Thomas Paine said that to attempt to talk with a man who had renounced the use of reason was like talking to one dead, yet this is what we have to do when trying to discuss social, moral and economic issues—as distinct from discussing purely professional and technical ones.

Lord Keynes with his very quotable quotes: that if one took all the economists of the world and laid them end to end they still wouldn't reach a conclusion, and when there are six economists there are sure to be seven opinions, hasn't helped.

The real questions of life: Why am I here? What is life all about? What do I owe, if anything, to my fellow-man? are certainly still being asked by intelligent young people but all too soon many of them cut out, disillusioned by the diversity of 'solutions' given by economists to economic questions and the sterility of modern philosophies—added of course to all human beings' inclination for a comfortable, easy life.

DILEMMA FOR GEORGISTS

So we are, to use that dreadfully hackneyed expression 'in a catch 22 situation'. If we attempt to explain the need for the reforms proposed by Henry George, people do not understand their significance because they do not have the necessary philosophical or religious background. If, on the other hand, we attempt to explain first the philosophy which underpins Henry George's economic proposals we are thought to be irrelevant, unrealistic, off the point.

'POST-INDUSTRIALISM' NOT A WHOLESOME SOCIETY

Dr Grigg says he 'senses that the Georgist answer to unlimited production with little human labour is that there is going to be enormously increased Rent which could then be distributed as a social dividend...' Surely not. Surely there is no Georgist answer to a society dehumanised by robots except changing it into a just, moral and humane one. A society in which it is widely understood that cooperation and competition and not force should be basic. One in which there is a wide diversity in lifestyles because it is generally understood that each individual has a right and a duty to live as he thinks best—provided he harms no one. For the Georgist, as I see it, equity in earthly possessions is not

Georgism Today

By Betty Noble

In this important article Betty Noble takes up two questions: Is Georgism relevant to a post-industrial society? and, given the premises of people today, Can we communicate?

'What kind of a world is the technological revolution leading us into?' Do Georgists, living in the post-industrial age, need to rethink or modify some of their concepts? How can we present Georgist ideas in such a way that they are clearly seen to be relevant in today's society? On these questions, posed in the April issue of 'Good Government', I would like to comment.

an end, it is a means to a free, just and wholesome society.

So it's a non-question to ask a Georgist how we suggest 'he or she may fully share in this Utopia'. Because a dehumanised society is not a utopia at all.

All I have said does not mean that I think we are entitled to settle into a 'poor little us' mentality content to talk to each other and sympathise with each other while the world heads for calamity. Certainly, first we must try to address ourselves to those questions people are asking whenever we can. Second, we must also inform ourselves and deepen and widen our knowledge of economic theories and the practical problems involved in implementing the reforms we advocate. We must at every opportunity push back the frontiers of our own and other people's minds. But, we mustn't get too disappointed, or blame other Georgists, if progress towards the genuine Utopia is pitifully slow. Certainly there are 'no glib and facile answers'.

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THE EARTH CANNOT be any one's property; it cannot be bought and sold any more than water, air, or sunshine. All have an equal right to the advantages it gives to men. — Leo Tolstoy.

COMMENT ON W PITT'S 'THE VALUE OF A NAME'

By W A DOWE (Director, Australian School of Social Science)

I wish to support and emphasise some good and necessary points on VALUE made by W H Pitt. For many years I have been trying to draw attention to this subject with little noticeable effect.

The whole of economics, without exception, is based on the Law of Economy of Effort.

The meanings of words are all-important, and some tricky and very damaging points have arisen in the Georgist world in consequence of the change of meaning of the word Land-value since George used it in *Progress and Poverty*. Taxing land-values has a totally different meaning today from its meaning in 1879, and many Georgists seem blissfully unaware of this and its consequences.

I cannot agree with Mr Pitt, however, that the vast majority of references to land-value in *Progress and Poverty* are references to land-price. I have found a great number of the very numerous references. They show that in almost all cases George meant 'economic rent' when he spoke of land-value. He frequently used the phrase 'rent or land value'. Such usage was general with Adam Smith, economists and the public, but by 1900 a change was taking place and by early in

this century the usual meaning of land-value (in Australia at any rate) had become 'the selling price of land'. Important legislation in New South Wales was based on this meaning, and Georgists gave it their approval.

When Henry George advocated taxation of land-values (the 'Single Tax') he meant taxation of economic rent. I find no indication that he was aware of the change I have mentioned. But in his major works he showed that the selling-price of land (exchange value) is a value from obligation and is not wealth. The whole Georgist philosophy of freedom and justice is against land-value in its present sense, and our object is to destroy it. No Georgist should be in any doubt about this, and the Melbourne Georgists (including Mr Pitt) some few years ago produced a pamphlet, 'The Price of Land is Your Enemy'. It is time that Georgists ceased to urge that we derive our social revenue from an anti-social source. As Mr Pitt points out, the error is well ingrained and its removal may be difficult. But in plain modern English, rent is social and economic and is the true social revenue. Land-value arises from the world's greatest robbery and is against society. It is as simple as that.

Another point is that for popular success it is fatal to be seen as a tax movement. Rent is not a tax in the ordinary sense, i.e. a compulsory contribution to public revenue. And even if we succeeded in levying a land-value tax which collected the full economic rent for one year it would defeat itself by destroying the land-value. Rent cannot be so destroyed. This has often been explained by Georgist writers, but even the most able Georgists often have a blind spot. Lest I have a blind spot, I await a refutation of my thesis.

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I SEE IN HENRY GEORGE'S proposal an effort to establish a principle which, when established, will do more to lift humanity from the slough of poverty, crime and misery than all else; and in this I recognise it as one of the greatest forces working for temperance and morality.

FRANCES E WILLARD

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Rent And Industrial Capital

By R GILES

INDUSTRIAL 'CAPITAL' IS RENT ?

'Henry George only saw the monstrous absurdity of the appropriation of rent, overlooking the fact that as practically all industrial capital is saved out of rent, no government could nationalise rent without undertaking the investment and control of industry as well.'

This opinion by George Bernard Shaw caused little comment in the *Standard* when it appeared. In August, 1948, this same opinion, repeated in a letter to an American Georgist, was passed on to the editor of the *Standard* for comment. This time Shaw says:

'Henry George in his *Progress and Poverty* repeated Mirabeau's mistake of overlooking the fact that if government confiscated rent and then simply sat on it instead of immediately undertaking and carrying on all the industrial functions discharged by the rentiers the country would starve.

The operation is impossible unless private property in rent is replaced by Socialism. I, like Voltaire, pointed this out and went on to Marxism.'

What must surprise the reader of the *Standard* is that this serious criticism drew no correspondence at all. No doubt some Georgists would have thought that Shaw was being simply a plausible nuisance. But the point is so obvious that it is remarkable that Georgists had not made it themselves.

Mr Huie concluded his answer to Shaw in 1937 in the following way:

'Wages or earnings are rightfully the property of the worker. It is the business of those who earn wages to arrange for their investment. They will have no difficulty in doing so if land rent goes to the community instead of to private individuals.'

Dr Pearce, in 1948, goes out after what Shaw says of value later in his letter and spends no time with 'the industrial functions discharged by the rentiers' except to say that landlords have no such functions:

'And this was luminously illustrated during the war when our newspapers carried whole pages full of the various kinds of human functions which were needed for defence...For out of the thousands of trades and professions in demand, the landlord did not even receive honourable mention.'

Mr Huie had allowed the truth of some of what Shaw had said:

'Ask yourself, is practically all industrial capital saved out of rent? We question whether even half of it is the proceeds of ground rent.'

So, Huie agreed, when the appropriation of rent gave to the labourer his full wages, 'capital' would be entirely the product of labour. That is, 'capital' comes from wages borrowed or 'ploughed back'.

If we assume for the moment, however, that Shaw was more correct; That is, that

'capital' in the main is unpaid rent, will it follow that this must lead us to State Socialism? The argument advanced here is that, if 'capital' is unpaid rent, this does lead us to 'State Socialism' or to an enquiry to discover a new source of credit.

WHAT DO BANKS 'LEND'?

Here we enter well-trodden ground. Mr Craigie (in 1940) wrote a pamphlet 'Costless Credit' in which he denied that credit came from any other source but borrowings. In an article entitled 'Does Money Come Out of the Ink Pot' Mr Huie (in 1944) attacked as a 'fairy tale' the idea that bank loans did not come from deposits. He also defended the idea of interest since, if banks wrote out advances from nothing as it were, and had not loaned anything, it did not seem that the banks should receive 'interest'.

It has been alleged that the Bank of England at its inception in 1692, had not loaned 1,200,000 Pounds to William of Orange. The depositors, its Governors, had printed banknotes for the King to use. They charged the King 8 percent p.a. interest but, really, it is said they were charging the King 8 percent for the credit which the King himself had created. Others would accept such banknotes because of the confidence that the State and society of England engendered. (As we know, the Stuart kings engendered no such confidence in the State at all). When banks 'loan' money is the loan simply backed by the confidence people have in the currency and not by bank deposits? In a world where site rent is used for public revenue and where deposits fall short of the amount of credit required by the economy this would have to be the case. Where else would the credit come from?

There seems to be a feeling of long-standing among some Georgists that there exists a similarity between interest and privately appropriated rent. The example of the first action of the Bank of England does indeed show that there is a connection. While the bankers appeared to be lending their deposits to the King in fact he had been handed his own credit. This would be proven could we see those banknotes of the Bank of England. If they resembled the coinage and banknotes throughout history they would carry upon them the government stamp. To repeat: the banknotes (debts) were accepted because both the prosperity of the country and the integrity of the government were evident to those who accepted the notes. The community had in fact created the credit. Yet the bankers reaped the reward because, like the landowners' land, it was accepted that it was their credit.

When bankers form the impression that a person is credit-worthy they pass onto

that person the credit of the nation. In other words, they confer on him the privilege of access to this credit. If this were not done there would be no

credit, for there would be little production or trade. By and large, therefore, these persons repay the community in goods and services that maintain national credit. Interest is what bankers get for having the power to withhold credit. It exceeds the cost of the bankers' service in the same way as privately appropriated rent exceeds true rent in a society where there is no free land.

So: if one accepts that the law of rent operates in a situation where all land is monopolised, it follows that, as Bernard Shaw says, that 'practically all industrial capital is saved out of rent'. This does not mean it necessarily follows that 'if government confiscated rent and simply sat on it instead of immediately undertaking and carrying on all the industrial functions of the rentiers (that) the country would starve.' It could be that wages would suffice for development as Mr Huie argued. Access to land is sufficient for the development of 'capital'. However, should it be considered that wages will not suffice (and this is not proven), then there is a gap which permits one to argue that the 'fairy story' is that deposits are in any way related to credit.

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**AUSTRALIAN SCHOOL OF SOCIAL SCIENCE
SPRING SCHOOL**

SCIENCE HOUSE 35-43 CLARENCE ST
(near the Harbour Bridge)

ON SATURDAY 24 OCTOBER 1981
2p.m. — 5p.m.

MAIN SPEAKER: DON ARCHBOLD
Dept of Economics Macquarie University

SUBJECT:
'FREEDOM TO CHOOSE'
WITH SPECIAL REFERENCE TO THE
IDEAS OF MILTON FRIEDMAN

Enquiries:
(02) 750-9110 759-1120 419-3632

U.S.A. LAND GRAB

Admiral Byrd, the American explorer, has laid claim to an area of more than 200,000 square miles in the Antarctic, in the name of the United States. There is no population around the South Pole at present, but, in the event of scientists discovering a means of modifying the rigours of the climate there, population will begin to settle and, as usual, land rent will arise and keep pace with the growth, enterprise and development of the community.

— Commonweal, Dec. 1934

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WHERE WOMEN OWN LAND AND MEN

During his recent visit to London, Tunku Abdulrahman ibn Almarhum Tuanku Muhammad, the Yang di-Pertuan Besar, or the All-Highest Overlord of Negri-Sembilan, in the Malay States, one of the few countries in the world where rank and property are inherited through the female line, said in an interview: 'Women have been landowners since the seventeenth century, and the custom still persists. The land passes from mother to eldest daughter. If there are no daughters the land does not go to the sons, but to the nieces.'

'As a result, a woman is queen in her own territory. If she doesn't like her husband she has the legal right to chuck him off her land.'

'Then, after six to nine months, she can divorce him for lack of maintenance and marry another man.'

'Ownership' of land always involves the ownership of man, since he cannot live without it. The women of Negri-Sembilan are masters of the situation just as Land Lords elsewhere are.

— Commonweal, Dec 1934

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ROOM WITH A VIEW

The Sydney Daily Telegraph, 3.11.39, had quite an interesting cable message from London:

'Air-raids are proving such an attraction in Scotland that enterprising people are making money out of them. Residents of South Queensferry at the southern end of the Firth of Forth bridge, are advertising rooms at high rentals for grandstand views of air raids.'

Surely this is one of the queerest ways on record of the landlord's power to capitalise his position and to make the people pay. Here is another paragraph:

'A tea-shop proprietor said that his trade had improved considerably since the raid. All my accommodation has been booked out. I have refused numerous applications for rooms. My shop is crowded at weekends.' — The Standard, Nov. 1939

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NO MAN'S LAND?

Our contemporary, Progress, has the following in its December 1917 issue:

Mr Holman, Premier of NSW, has lately returned from visiting the soldiers in the firing line in France and Belgium, and has been giving his experiences and impressions. Commenting on these, the Sydney Bulletin of November 8 says:

'War is a queer business; but the queerest aspect of it came under Mr Holman's notice in the payment of rent for the ground where Billjim has his little dugout.'

'The Belgian and French farmers and land-owners, instead of going to their own governments and making claims which would be settled with the British Gov-

ernment, personally came to the British adjutants, or other officers on the ground, and begin to haggle about the trench rents and rent for other occupied territory. So Australia pays its share to the British Government. The Belgian and French peasants are sometimes grasping and show themselves in their worst light.

'Holman found a few things that made him wonder whether the organising genius he had heard about wasn't a myth; but he reckons this method of settling the rent payable for a battlefield is well able to hold its own for foolishness.'

— The Standard, Jan. 1918

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GREEN REVOLUTION NOT HELPING GAYESHPUR

It seems the Green Revolution, which promised so much for the food needs of the underdeveloped countries just a few years ago, is sputtering. Western scientists had developed new strains of rice, wheat and other crops, but growing them requires extra-large quantities of water and fertilizer. The water supply has been reduced by recurrent droughts, especially in this last year, and the fertilizer has become increasingly expensive since it is most often made from oil and natural gas. Western scientists are now working on new ways to solve these problems, but that will take time.

Meanwhile, we read in the US News & World Report (7.28.80) about the supposedly typical situation in Gayeshpur, India:

"The Indian government lists some nearby villages as 'electrified', which would seem to suggest that power is available to run irrigation pumping equipment. Electrification, however, often means a single drooping power line that supplies power for a couple of land lords' homes, a shop and perhaps a Hindu temple.

"What will Gayeshpur do if the drought lasts for years and hunger becomes more severe? 'What we have always done,' says Mukherjee (a local peasant), 'Share what there is, try to earn a little more by working for somebody better off. And beg'."

So—the land rent in Gayeshpur is being used to electrify some homes while there is an adequate electricity to run the irrigation pumping equipment. Could that be why the peasants are going begging?

— Incentive Taxation, Feb. 1981

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OBITUARY

JOHN THOMAS (JACK) CURRY

Way back in the grim dark days of the depression, during the late twenties, a then young and enthusiastic lad was frustrated by the incredible state of the economy. The hardship and poverty everywhere appalled him to such an extent, that he was determined to unearth the problem.

One Sunday at that time, he visited the Sydney Domain, where many groups, on soap boxes, were protesting against the prevailing chaos. In the Domain, for the first time he listened to the father of Georgism in Sydney, the late A G Huie, Editor of the Standard, the counterpart of our present journal Good Government. The passages quoted from Progress and Poverty so impressed Jack Curry that from that time on he was a constant friend and pupil of the Editor, who introduced him to the dedicated Georgists of the time. Amongst these were Dr Henry George Pearce, author of Value; Mrs Ivy Akeroyd who produced many pamphlets; Dr W E Culley, who founded the foundation of Australia; Mr W A (Arthur) Dowe who founded the School of Social Science in NSW, and many other dedicated fighters for natural justice.

Over the years he contributed countless letters to the editors of various newspapers, mostly in the western suburbs of Sydney. He served for almost a lifetime as member Director of the Georgist movement where his contributions were always constructive and informative. He at all times refused to depart from the true philosophy as advocated by Henry George.

Part of a recent letter from his good wife, Ethel, expresses well what kind of man Jack was. She says:

'He did not seek anything for his personal advantage... He lived and breathed Henry George. He was truly a great advocate for Good Government so land site rent is practically a household word in this family. He was a wonderful husband and father, never too tired to give of himself to us. His strength of character brought out all his courage and bravery and his uncompromising nature enabled me to nurse him until his death. I admired your phrase "a true moral economist", he would have been proud to have read that statement.'

His passing is a sad loss to the Georgist movement.

— Tom Perry

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The Truth About Arbitration

By W A DOWE

The sixth in a series of radio talks given over 2 SER FM on 22 October 1980.

WHERE WE ARE NOW

Most thinking Australians are now painfully aware that our much-vaunted legalistic and highly expensive industrial arbitration system, which for nearly a century has been accepted in Australia (but nowhere else) as the answer to strikes and industrial strife, has come unstuck and that the already disastrous consequences are becoming catastrophic. I invite you to examine the situation with me, trying to think radically and logically. There must be a harmonious solution to this problem.

I hope to show you that the idea of compulsory awards of wages by governmental bodies is an immature concept, misconceived and contrary to the natural laws of the economy. I hope also to show that there is a simple natural law which correctly and without governmental interference fixes wages at their highest possible level consistent with our productive capacity. Our so-called scientific age has not yet become aware of the natural laws of the economy, in spite of the labours and teachings of an army of eminent economists. Instead, our age is obsessed with the distorted and anti-social ideas applied by monotonously unsuccessful party politicians. They ignore the massive evidence that state intervention in all its guises is always detrimental to the producers, both employers and employees and the self-employed, and therefore to the consumers also.

THE STARTING POINT IS 'WAGES'

In our total confusion the only hope to find a solution is to start at the beginning.

So let us start THERE, at the beginning. WHAT ARE WAGES?

The commonest answer is 'Wages are what is paid by an employer to an employee'. But in truth wages are, as Adam Smith said, *the natural recompense for labour*, i.e. they are the PRODUCT of labour. No system, therefore, which does not give to the producer or labourer the full product of his labour is just and natural.

In the last analysis, nobody works for money, but in order to produce something useful to others. It is what he receives on the market in exchange for the products of his labour that constitutes the real wages of every worker. By increased efficiency and technology wages become greater.

OUR PRIVILEGED CLASSES

At first sight it seems that wages must be constantly rising. And so they are. BUT there is a great snag. It is this. A

great army of people who have not contributed any labour come in and get a greater and greater share of the wages. The reason why the producers get so much less in wages than what they produce is that the non-producers get so much more.

Who are these non-producers, and what magic do they wield which enables them to share in the wages of others? Are they armed invaders of our shores, or bandits or burglars? No. They are our fellow-Australians who are 'looked after' by our present system at the expense of the producers. Governments grant them privileges which the producers as such do not possess. And the governments are not foreign oppressors but OUR GOVERNMENTS—no matter which party happens to be in control of parliament.

We can see who the privileged people are if we look carefully. There are many of them. Occupying pride of place, historically and socially, are those who own the choicest and most profitable sites in our cities and towns. Without taking any active part in production they receive as their private incomes the site-rents which are often enormous and which keep increasing as the population increases and the community progresses. These site-rents now amount to many thousands of millions of dollars per annum in Australia, all of which is produced by the efforts and enterprise of the active producers. Where else can they come from? They are a SOCIAL PRODUCT and should be taken by our governments as public revenue. If this is done there will be a great reduction of taxes and thus a great rise of wages. If it is not done wages can never rise to any appreciable extent. A very conspicuous recent example is the great rise in the rents of the petrol stations caused by the recent big increase in the price of petrol. Stifling bureaucratic controls follow. The wage-earners are hit again. However, the non-producers continue to reap a big profit.

As if the privilege of owning the lands were not sufficient there are other privileges, though less fundamental. The *protected manufacturers* are quite an affluent class, deriving their unearned profits through restrictions and taxes upon imported goods.

Other people who are enabled by kind governments to reap without sowing are the *holders of licenses* which enable them to follow occupations which other people are prohibited from following, e.g. running a taxi service. Because only a restricted number of licenses are permitted the price of a taxi-plate or license has become astronomical in Sydney, competition is prevented, and the non-worker who owns the license reaps the rewards.

ARBITRATION HAS NO EFFECT UPON THE PRIVILEGED CLASSES

Because the products of the work of the producers are made by governments to flow so freely into the pockets of non-workers it is inevitable that the workers are plainly the poorer class, while those who receive the patronage and privileges are plainly the wealthier classes. While this persists, it is obviously impossible for an Arbitration Court to set things right. All they do is to 'grant' the employees more MONEY, which the workers put into a bag covered with holes. The 'rise' in wages is immediately absorbed into higher prices, and the benefit quickly transformed into higher site rents.

Workers, who are naturally the strongest class in the community and its natural leaders, are by this whole process reduced by unjust government into the weaker class exploited by the privileged.

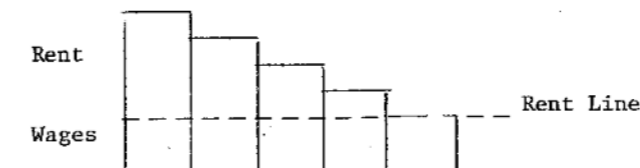
To what conclusion should our discussion have led us? First, that compulsory arbitration is a delusion and a fraud, merely adding yet another group of non-producers to those receiving high salaries. Secondly, that the way to raise real wages is to introduce laws which ensure to everybody equal rights and not special rights. In particular, our equal rights are to the enormously valuable trading sites and to wages without taxation.

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THE LAW OF RENT: A SUMMARY OF DISCUSSION

This article attempts to summarise the discussion of the law of rent which has so far occurred in Good Government since August 1980.

THE LAW: 'the rent of land is determined by the excess of its produce over that which the same application of labour can secure from the least productive land in use'. Its usual representation:



CRITICISMS:

1. The wording may not be Ricardo's. (It cannot be found in Ricardo's *Principles of Political Economy and Taxation*).
2. The wording is 'bucolic'; that is, its wording restricts it to land of varying fertility.
3. Its weakness is in the phrase 'the same application of labour'. To compare

sites at the same application is absurd' First, labour is always more intense on better locations. Second, if the application were the same we could never end up with anything like the difference between the rents of sites that we know exists.

4. Any 'Law' is unnecessary. First, the market will determine rent. Second, Henry George does not really rely upon Ricardo's wording in his analysis.

IMPLICATIONS:

1. What is the source of the definition that Henry George uses in Bk III Ch.11 of *Progress and Poverty*?
2. Either we accept the wording is 'bucolic' or we do not.
3. As in (2) we accept the wording or we do not. If we remove 'same application' what happens next? for example, do we proceed to (4) and do nothing more — accepting that any 'Law' is unnecessary? Or, do we reformulate the Law of Rent to take account of its weakness?

THE RENT LINE

Mr S Gilchrist in a recent letter reiterated his general criticisms of the law of rent as well as calling for the redrawing of the traditional diagram illustrating the law:

'In the April issue of Good Government you publish repetitions of Ricardo's law (some in letters) including also a traditional diagram in which the 'Rent Line' is shown as horizontal.

Repeating the law does not make it correct. Those who seek to defend the use of the word 'same' are confusing two different things:

- a. the wage paid per person.
- b. the total wages paid on a site.

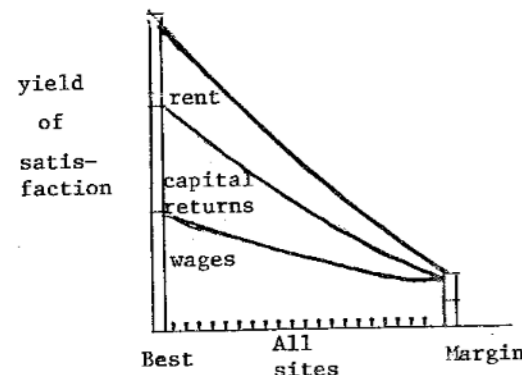
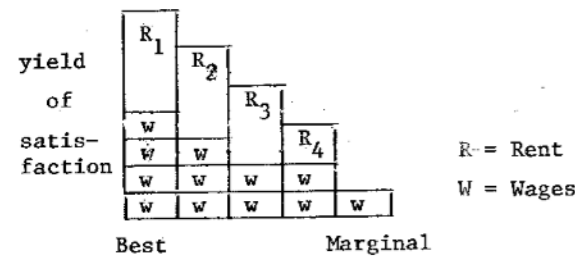
'The wage paid per person may well be virtually the same on all sites, but the total wages paid on various sites differs widely because the number of workers obviously differs. There may be a thousand workers on a site in the city while there may be only one (or less) on a similar area in the outback.

'I suggest the following diagrams as a truer representation. They are still simplifications, the first being an adaption of the traditional diagram. The second diagram is somewhat more detailed but still does not tell the full story, because the ideal situation (Georgist) is shown with all sites being used at full capacity; a more complex diagram would be required for existing conditions where some sites are not used to full capacity, and the margin is 'pushed further out'. Nor are the effects of heavy confiscatory tax shown. The relative amounts of rent, wages and return on capital are explained by the theory of marginal utility, but there is no need to seek to make calculations on such a basis, because the market comes up with

results (including monopoly effects).

'However, the main point is that the total wages on various sites, varies greatly, no matter whether the term 'wages' is regarded as a cost to the entrepreneur or as a share of the total yield as reward for effort.

'The rent line is not horizontal.'



This second diagram illustrates the curved nature of the Rent Line.

DEFINITIONS OF ECONOMIC RENT

Several definitions emerged from discussion of economic rent:

1. Rent is a surplus product arising from the joint activities of producers on the more advantageous sites.
2. Site rents originate in the economy of effort that is available at the superior locations.
3. Rent represents economy of effort by virtue of location.

THE LAW OF RENT—RUSKINISED

By W H PITT

For the followers of Henry George, economic rent is the key piece in their proposal for the attaining of freedom and equal opportunity for the whole of mankind. Therefore it deserves the closest study—by Georgists and non-Georgist alike.

Because of the lack of that study, economists in general have far too frequently been astray in their thinking and what they say is often a string of contradiction and confusion. Often, too, the Georgist writers have been not far behind them.

Fortunately, the tangle can be sorted out by the device of using the words 'value', 'cost', and 'price' in their correct connotations. The start should be made with that last one.

PRICE AND THE MARGIN OF PRODUCTION

Looking at the market, we see that the price which is accorded to a commodity is the cost of producing that last small segment of supply that comes from the sites best suited for its production and that are, for that product, available rent-free. It is this 'rent-free' cost that sets the levels both for 'wages'

and for 'interest' remembering that, in strict terminology, interest is the return for the use of the product of past labour and therefore is but a part of the overall return to labour.

RENT AS THE 'DISTRIBUTIVE PART' OF PRICE

Next, every bit of the supply that comes to the market has the same value in the eyes of the consumer and it all therefore sells at the same price as does the 'rent-free' segment of the supply. The wheat that, so to speak, is gleaned from near the fence line is indistinguishable from, and fetches the same price as, the grain that is harvested so very much more readily from the centre of the paddock. It is a matter, everywhere, of economy of effort and, in the total productivity, all those 'community' factors such as roads and other communication systems contribute their share to an added ease in production and make for an increase in the surplus that the vast bulk of supply yields above its cost. The 'surplus' relates to economy of effort and, reflecting lowered costs, appears as rent.

Please remember that what is being considered is not the production cost on lands of differing soil or climate but on land that differs only because of the economic advantage of its location! Henry George has a magnificent picturing of this in his description of the Boundless Savannah (*Progress and Poverty* p.235) where every acre was similar to the next in its bounty, except in that, for the second comer, a location alongside the first comer was infinitely preferable to any other—because of the greater economy of effort that it proffered.

Keep in mind, too, that the science of economics is a twofold thing and that our use of terms must ordinarily be that applicable primarily to 'distributive' economics, thus to separate our thoughts from the problems of the 'productive' side of the science—for these merely touch upon our real subject.

Thus, while the producers who supply the market will always reckon their rent as a cost, this is in their separate accounting, not in the community's books. There, the rent that is proffered is a distributive part of price and is dictated jointly by what the producer considers the site to be worth to him in the saving of his time and effort and by what he sees other would-be producers being ready to give for it. His personal

concern dictates that he must pay—but pay as little as possible.

Produce from the least economical sites that are in common use contains, in its price, no element of rent, but, at that price, will continue year after year to yield wages and interest: produce from every site of more economical location yields, additional to wages and interest, also a rent.

The proportionality is sorted out in the everyday processes of the market where everything has a constantly changing monetary figure. There, the distributive function of 'price' determines, for scholar and businessman alike, just what can be earned by labour and just what will be taken as rent. Businessmen know all about cost, all about price, all about value. But the scholar, the economist who looks at the subject as a science, has not in the past been punctilious in his usage of the words and often has failed to use them in their correct places.

REWORDING DEFINITIONS

John Ruskin saw this in 1872 and established impeccable definitions. Unfortunately, these had not taken hold when, in 1879, Henry George wrote his *Progress and Poverty*, so he is to be forgiven for not spotting the slippery patches that the common—but quick—indiscrimination slops onto our path.

The breadth and depth of George's analysis, plus the 'religious conscience' evinced by his general uprightness of outlook, earn him a place in economic history that excels all others. The re-discovery, now, of Ruskin's discriminating definitions enables us to add polish to the lustre. Firstly, let us reword the Ruskin definitions so as to incorporate George's concept as to value and then let us rewrite the Law of Rent so as to incorporate what Ruskin saw.

Using George's perception that Value relates to labour *avoided*, the Ruskin definitions become:

VALUE is the amount of labour that anything will enable its possessor to avoid.
COST is the amount of labour that the possessor expends for it.
PRICE is the amount of labour that he will accept in exchange for it.

Then, returning to George:

THE RENT OF LAND is determined by the economy of effort that its occupancy will give as compared with that given by the least economical sites that are commonly in use.

THE RENTAL for any particular piece of land does not relate to the economy of effort that the occupier considers that it will hold for his particular operation, but will be just in excess of what he considers that the nearest competing bidder is likely to proffer.

The bucolic phrasings of Ricardo and others make for ease of understanding

but fail to comprehend the true market processes and thus produce wordings that mislead and theories that do not hold together. Henry George perceived that there is no essential difference between the operations of the grazier and those of the wool scourer or the tailor and saw that the Law of Rent, the Law of Wages, and the Law of Interest have equal application to one and all.

The Ruskin definitions (*Munera Pulvaris*), so long submerged, allow the clarity of Henry George's analysis to be displayed in its full force and without intruding any errant or misleading thought.

Economics has erroneously been called 'The Endless Maze'. Henry George proved it to be otherwise. Ruskin's careful language gives us the spotlight that we need for the dark and slippery patches; they enable us, without losing ourselves, to swing from pure theory to the everyday commercial practices, thereby to check on the practicality of our theorising.

With Henry George and John Ruskin together, no economist—whether academic or amateur—need ever again be afraid.

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Letters To The Editor

AUTOMATION AND 'SOCIAL DIVIDENDS'

Sir—Ken Grigg in his letter (G.G. April) has not only raised the question of the effect of automation on employment but also the effect of 'automated' automation on employment.

Although advances in technology in the past have displaced some people they have, in the long run, opened new avenues and brought new opportunities to most. The invention of the wheel, the steam engine, the railroad, the motor vehicle and the computer have opened continents and through trade have brought to all well governed people an abundance of goods and services for the satisfaction of human desires which are unlimited.

But will we ever "proceed to the extreme position where nobody has to 'work' for a living"?

Dr Grigg senses that the Georgist answer is 'that the enormous increase in productivity arising with such great saving in effort, is going to be, in the nature of RENT and could then be distributed as a social dividend in cash...'

An increase in productivity does not necessarily increase rent because the rent of land is determined by the excess of its produce over that which the same application can secure from the least productive land in use. If the margin of production is low, rent (in relation to wages) is high and if the margin is high, rent in relation to wages is low and if rent were publicly appropriated thereby

destroying land price with all its attendant evils, rent would not necessarily rise but in all probability would fall.

If Ken Grigg can proceed to the extreme position where nobody has to work, perhaps I can proceed to the extreme position where all land is of equal productivity in which case there would be no rent. The whole of the cake would be wages.

The present automation is merely a further advance on past technology and the possibility of a future tourist being able to witness an automatic Toreador fighting an automatic Bull is so remote that I do not think that we need try to seek an answer. The answer is already there and it is Georgist.

The question is not so much how much rent would be collected by the community or to what use it would be put. It is the beneficial economic effect of collecting it that matters. In a free society who would need a dividend anyway?

LIONEL BOORMAN Eastwood NSW
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THE EFFECT OF PRIVILEGE UPON RENT

Sir—I would like to write in support of Mr W H Pitt (April '81) where he says that 'man's distinguishing feature is that he seeks a minimising of effort in the satisfaction of his desires'.

So does a dog. Or a cat. Or a tree. Or a stone rolling down a hill.

This statement of minimising effort is George's first axiom, the other two are no less important in understanding George and lifting man above the dog.

They are:
2. That his desires expand infinitely.
3. That man alone of all species innovates or improves his technique to minimise effort, to any significant extent.

Town planning (which it isn't) trade licensing, patent protection and educational work permits (qualifications) severely suppress the third potency of man as defined by George while impeding the first and accelerating the second.

From this we can see that a man who is qualified (i.e. has an appropriate work permit) who is licensed to trade, has a protected income (public servants) or can obtain planning permits can afford to pay higher rents or prices for land than the ordinary citizen.

The higher prices these privileged groups pay for land is extrapolated through the valuation system and the ensuing rates become a hardship for the ordinary man without privilege as to income and action.

Until Town Planning and the other forms of privilege or internal protectionism came along, men's opportunities were more equal except for land owned,

and land tax would have been the great equaliser, the stern disciplinarian and the merciful benefactor.

Now, the extrapolated high valuations of land and the ensuing high rates, render increasing numbers landless and make it increasingly difficult for lower class workers to hold their land. To place a high land tax on people who are not allowed to rise to the occasion is absurd. Henry George did not support 'the survival of the fittest and the devil take the hindmost' he supported the survival of the fittest to survive in a fair field and no favours.

The answer is not to exempt home sites but to abolish them and the concept of zoning by land use. Home sites are still land, exacerbated in value by unjust laws and privileges. It is in attacking these that the Henry George Movement has failed abysmally over the last fifty years. It has not really identified the 'mark of the beast'. Now that it is making love to the universities its ultimate demise as a force for freedom can be foreseen.

E F DUGDALE Canterbury VIC
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NOT ROBBERY BUT BAD GOVERNMENT

Sir—In the December issue one contributor has the temerity to suggest that P & P might have to be rewritten to accommodate his ideas on rent in a fully automated economy. Then we read in a transcript of a radio broadcast that government is accused of stealing because it has to resort to taxation for its revenue. What a way to win friends and gain supporters! It is true that taxation, as Georgists see it, is a form of legal robbery imposed on earnings, but this is no justification for a public charge of stealing against our elected legislators who, in their ignorance, are merely carrying out a mandate received from a no less ignorant body of electors. And it is not only government but landowners also who are branded as thieves. The latter are vilified on the grounds that they are exacting tribute from the landless through the privilege of ownership granted by the State, and so causing a general lowering of the standard of living.

What nonsense! those using land under tenancy from a landlord have no moral claim to economic rent and hence suffer no loss when they forfeit it to a landlord. Moreover, it is only by forfeiting the rent that equity can be maintained in their ranks. Therefore, the exercise of the power now vested in landlords to appropriate and retain the rent does not constitute a robbery nor is it in any way to be seen as a payment for the use of the earth as so many prominent Georgists will persist in asserting.

However, allowing landlords to retain the rent gives rise to speculation in

land as men compete—not for land—but for the privilege of ripping the rent off land users, rent being as Mr Dowe observed, the natural trading bonus that arises from the economic exchanges of the whole community. And it is only then that land users are obliged to pay for the use of the earth through the exacting of a speculative or spurious addition to the normal rent line set by producers in competition for sites. Hence, it is bad government—the failure to provide that landlords shall pay the rent into the Treasury—that is the sole cause of our economic ills and for this the blame rests, not on a few landlords, but on the whole community.

The whole grandeur of an exchange economy as it was envisaged by Henry George, with the market organism distributing equitable rewards to all suppliers of goods and services through price, is entirely lost where there is no clear grasp of this fundamental relationship between rent and land use. The exclusive title to land, far from being a privilege, is a simple, effective and most essential requirement for ensuring economic stability in an exchange economy.

E B DONOHUE Croydon NSW
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BOOK REVIEW

THE RESPONSIBLE SOCIETY: by Stephen Roman and Eugen Loeb.

Reviewed by E P Middleton.

This interesting and unusual book is the result of three years collaboration by two remarkable men, one a former high-ranking communist government official, the other a multimillionaire businessman described by the publisher as 'a key figure in the capitalist establishment' of Canada and the US.

At first glance it might well appear that their conclusions amount to nothing more than a modern form of Christian Socialism; and, after all, the major concerns which the authors see as remaining unsolved by modern politico-economic action are practically identical with the aims of that movement of the early years of the twentieth century. The 'Responsible Society' is still to be based on 'full employment', 'stable prices' and 'profit sharing', and the making of technology the servant of all mankind in his God-given right to subdue and utilise nature for the benefit of all.

The aspects of modern society which Roman selects as its failures are discussed in his opening 'Credo': inflation, unemployment, crime and depersonalisation. He sees them as symptoms of the modern socio-economic disease, not its causes. 'The ideals and values from which this civilisation emerged have been lost in a flurry of scientific and technological development, and the

products of these developments, while designed to serve man, have become a threat to his existence.'

And he sees in the 'Judeo-Christian philosophy of man' the appropriate system of thought by which the failure of our civilisation may be retrieved. 'Although the ideals of that philosophy have been all but eliminated from the day-to-day workings of our social system' he says, 'it is also my belief that, as human beings living in a culture whose roots spring from this philosophy, deep in our hearts we long to see these most human ideals resurrected.'

ADAM SMITH AND KARL MARX

The authors proceed to consider the respective alternative theoretical systems of Adam Smith and Marx, and to enquire into the failure of both to produce a society manifesting the aims and ideals of either of them. Adam Smith's society of free men and free enterprise—a philosophy of humanism, as they describe it—'turned against humanity and created the great social and economic crises of today'. Where did capitalism go astray? The depression of the 'thirties is used to claim that Smith's 'invisible hand' was an assumption that proved wrong.

Marx's philosophy is stated as 'accepting laws more or less identical with those of nature and perceiving the history of mankind as the history of class struggle'. The form of ownership is supposed to determine human behaviour; a more humane society will emerge if we change the forms of ownership of the means of production... we will become a humane society as a kind of by-product of changing the forms of ownership. The catastrophe, they say, 'that Marx's philosophy brought on mankind is no deviation from his ideas but the very consequence of its application'.

But both systems are declared as contradicting the very essence of the Judeo-Christian philosophy, 'both that of the deeply religious moral philosopher, Adam Smith,' and also that of 'the atheist scholar, Marx, who deeply sympathised with the acknowledged victims of the system he observed'.

POSITIVE MEASURES

The authors state their intention 'not merely to present a critique of traditional economics, but to put forward positive measures leading to the humanising of our economy'. The measures they propose will, they say 'guarantee full employment, the stable purchasing power of our currency and a concern for the natural environment and the scarce resources needed for future generations'.

The tools for achieving these goals 'will be totally new concepts of money, credit and taxation. We will replace government spending with government lending, and will introduce a new concept of profit sharing.'

FINAL ASSESSMENT

Whatever success these 'ists may have in sell economic system' to t highly doubtful that, foregoing 'new concep achieve the millenium despite the very plau supported in support book. They apparently knowledge and understanding or economics on the standard textbooks of the day; they do not seriously question the exist- ing confusion between economics and politics, they do not question the role of government in controlling the money machine. As for the significance of Rent and the pursuit of spurious wealth through the 'land values bonanza', they do not appear to have even heard of either. And without an understanding of that fundamental problem, they will not get far with their revolution.

What is of real value in this book, and which should engage everyone's serious support, is the importance attached to the recognition that people are first and foremost human beings with needs and aspirations above and beyond those ascribed to them by the economist. That people are not statistics. 'Statistics do not express the anxiety that a world devoid of values and per- spectives, a world without directions or goals, creates among people'.

For this service to modern thinking about economics and human values this book deserves high praise. Its ultimate value, in the opinion of this reviewer, will prove to be the effect it has in 'humanising' economic concepts, in ill- uminating the changeless principles which alone will sustain humanity in its quest for universal peace and prosperity: freedom, justice, compassion and truth.

THE RESPONSIBLE SOCIETY by Stephen Roman and Eugen Loeb, published by Regina Ryan Books/Two Continents Publishing Group Ltd, New York 1977; price \$6.95

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'ALL THIS (exploitation) would have been avoided if we only had the sense and foresight to insist that the land should remain national property, that all rents should be used for public purposes. If this had been done there need have been no slums, no ugly, mean streets and buildings, nor any rates and taxes. Everybody would benefit by the rent, everybody would contribute to it by work, and no idler would be able to live on the labour of others.'—G B Shaw

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HENRY GEORGE AND LEO TOLSTOY

The following account of the relationship of Leo Tolstoy to Henry George is reprinted from *The Standard* of 15 Dec. 1910.

On the 20th of November Tolstoy, the great Russian, passed away. Lengthy acc- ounts of his life, and appreciative references to his literary triumphs have appeared in the public press. But the daily press omitted to show his attitude on the land question, or to say that he commended Henry George's prop- osals as the best yet devised for est- ablishing the right of the people to the soil. We yield to none in our admiration of the life and work of Tolstoy, but to us its chief glory is in his clear recognition of the real cause of social injustice and the only remedy for it.

Others have told of his early life, how he became a soldier, when he was married, of the books he wrote, of how he renounced his wealth and lived like a peasant, and of his efforts to literally live up to the teachings of Jesus. We propose to try in some measure to fill the space left vacant and to show his attitude on the land question. This can easily be done by quoting from his writ- ings, from which we give a few extracts.

In 'How Shall We Escape?' he wrote: 'It would seem that deliverance from land slavery could be easily effected. The only thing required would be the recognition of a self-evident truth which men would never have doubted if they were not deceived,—namely, that every man that is born has the same right to support himself from the land as he has to the air or the sunlight;— and that therefore no man has the right to regard the land he does not cultivate as his own, or to prevent others from cultivating it.'

'About thirty years ago, Henry George suggested, not only a reasonable, but a perfectly practical scheme of emancipat- ing the land from private ownership. But neither in America nor in England (in France it is not even spoken of) has this scheme been accepted. Various refu- tations of it have been attempted, but as they failed, the idea was simply boycotted.'

Writing to a Russian peasant, Stundist, he says: 'If a revolution is to be con- trived, but the land is still to remain private property, then certainly it is not worth while contriving it. We have our brothers living abroad in Roumania, and it is said that there there is a constitution, there are parliaments, but the land is almost entirely in the hands of the landlords;— then of what use to the people is this parliament?'

'The land is generally let for half of the harvest to the peasants, and gener- ally only for one year. If the peasant has well cultivated the land, then the second year the landlord sows it himself,

and gives the peasant another allotment. These poor men live a few years with one landlord, and in the end remain his debt- ors. The Government deprives them of what remains for taxes...So much for your parliament!

'Land is the primary necessary which the people should endeavour to obtain. Mines and factories, it seems to me, will of themselves pass over to the workers. When the labourers shall obtain the land, they will work on it, and freely live upon their labour. Then many will refuse to work in factories and mines, therefore there will be less competition amongst the workers.'

In the 'Great Iniquity' he wrote: 'But men, especially those who profit by the advantages of landed property—the own- ers themselves, as well as those whose interests are connected with this insti- tution—are so accustomed to this order of things, they have for so long profit- ed by it, have so much depended upon it, that often they themselves do not see its injustice, and they use all possible means to conceal from themselves and others the truth which is disclosing it- self more and more clearly, and to crush, extinguish, and distort it, or, if these do not succeed, to hush it up.'

'Characteristically was this the fate of the activity of the remarkable man who appeared towards the end of last century—Henry George—who devoted his great mental powers to the elucidation of the injustice and cruelty of landed property and to the indication of the means of correcting this evil by the help of the State (?) organisations now existing amongst all nations. He did this in his books, articles, and speech- es, with such extraordinary power and lucidity that no man without preconceiv- ed ideas could, after reading his books, fail to agree with his arguments, and to see that no reforms can improve the con- dition of the people until this funda- mental injustice be destroyed, and that the means he proposes for its abolition are rational, just and expedient.'

'The chief weapon against the teaching of Henry George was that which is always used against irrefutable and self- evident truths. This method, which is still being applied in relation to George, was that of hushing up...'

'The question will be solved, not by those who will endeavour to mitigate the evil or to invent alleviations for the people or to postpone the task of the future, but by those who will understand that, however one may mitigate a wrong, it remains a wrong, and that it is sense- less to invent alleviations for a man we are torturing and that one cannot post- pone when people are suffering, but should immediately take the best way of solving the difficulty and immediately apply it in practice. And the more should it be so that the method of solv- ing the land problem has been elaborated

by Henry George to such a degree of per- fection that, under the existing State organisation and compulsory taxation, it is impossible to invent any other better, more just, practical, and peaceful solution.'

In his letter 'To the working people of all countries' he said, after out- lining the various schemes for improving social conditions: 'But the most just and practicable scheme is, in my opinion, that of Henry George, known as the Single Tax system. Personally I regard Henry George's scheme as the most just, beneficent and, above all, practicable, of all the schemes I am acquainted with. After giving an outline of it, he contin- ues: 'This scheme is just, and benefi- cial, and, above all, easily put into practice everywhere, in all communities, whatever may be their present instituted system of ownership of land.'

In writing a preface to the Russian edition of Henry George's *Social Problems*, he wrote: 'Henry George's Scheme, which overturns the whole order of life of the nations for the benefit of the crushed, voiceless majority and to the prejudice of the ruling minority, is set forth with such convincing and irrefutable arguments, and, above all, so simply, that it is impossible not to understand it. And having once under- stood, one cannot help trying to carry it into effect. Therefore, there is but one remedy against it—and that is, to misrepresent it, or to ignore it. Both methods have been applied to Henry George's theory for over thirty years— with such success that it is difficult to induce people to read attentively what he has actually written, and to think about it.'

Writing to a German reformer, he says: 'It is Henry George's merit that he not only exploded all the sophism whereby religion and science justify landed property, and pressed the question to the farthest proof, which forced all who had not stopped their ears to acknowl- edge the unlawfulness of ownerships in land, but also that he was the first to indicate a possibility of solution for the question. He was the first to give a simple, straightforward answer to the usual excuses made by the enemies of all progress, which affirm that the demands of progress are illusions, impracticable, inapplicable.'

'The method of Henry George destroys this excuse by so putting the question that by to-morrow committees might be appointed to examine and deliberate on his scheme and its transformation into law...To humanity the indispensableness of this reform is demonstrated, and its feasibility is proved (emendations, alterations in the single-tax system may be required, but the fundamental idea is a possibility); and therefore humanity cannot but do that which their reason

demands. It is only necessary, in order that this idea may become public opinion, that it should be spread and explained precisely as you are doing, in which cause I sympathise with you with all my heart, and wish you success.'

In a letter to a Russian peasant he summarises the advantages of the Single Tax system as follows: 'The advantage of such a system will be -

1. That no one will be deprived of the possibility of using land.
2. That idle men, possessing land, and forcing others to work for them in return for the use of the land, will cease to exist.

3. That the land will be in the hands of those who work it and not of those who do not.

4. That the people, being able to work on the land, will cease to enslave themselves as labourers in mills and factories and as servants in towns; and will disperse themselves about the country.
5. That there will be no longer any overseers and tax collectors in factories, mills, stores, and custom houses, but only collectors of payment for the land, which it is impossible to steal, and from which taxes may be most easily collected.

6, and chiefly. That those who do not labour will be freed from the sin of profiting by the labours of others (in doing which they are often not to blame, being from childhood educated in idleness, and not knowing how to work); and from the still greater sin of every kind of falsehood and excuse to shift the blame from themselves; and that those who do labour will be delivered from the temptation and sin of envy, condemnation of others, and exasperation against those who do not work; and thus will disappear one of the causes of dissension between man and man.'

'ELECTING A REPRESENTATIVE HOUSE'

This is the title of an article written by three members—E.W. Haber, B. Musidlak and J.F.H. Wright—and published in the most recent issue of the 'Australian Quarterly' (Autumn '81).

In the same issue of the Quarterly there is another article entitled 'The Value of the Voter', written by Kenneth Grigg who is a prominent member of the Victorian Branch. (Proportional Representation Society)

Pending approval of the publishers, both articles will appear soon in 'Good Government'.

*** **

AWKWARD QUESTIONS

1. The law of rent would work inexorably to destroy old buildings of beauty or historical significance in order to make way for ugly high rise apartments.

2. In the April issue we had another Georgist 'puzzle'. There were no replies. It can be presumed that the question was too difficult. Here it is again. The great weakness of a site rent when compared with Assessed Annual Value taxation is that it makes no allowance for the ability to pay. What happens, for instance, to the poor widow who owns or occupies an old house on a prime site? What happens to the concerned church that shields its poorer tenants in the inner suburbs who are occupying 'low cost housing'?

*** **

SOCIAL SCIENCE CLUB

SEPTEMBER MEETING — WEDNESDAY 23.9.81

GUEST SPEAKER

Mr J. Wright, President, NSW Branch of the Proportional Representation Society, who will speak on his recent visit overseas.

J. Randall; 90 4951 (Bus. 43 0422)

HENRY GEORGE COMMEMORATION

THURSDAY 15TH OCTOBER

CAHILL'S DUTCH VILLAGE RESTAURANT
27 Park Street, Sydney

After an informal meal at 6pm the Meeting will commence at 7.30pm

SPEAKER: DAVID SMILEY

RIGHT IN LAND is equivalent to the right of robbers to a road which they have taken possession of, and along which they allow no one to pass without a ransom. — Leo Tolstoy.

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