

APRIL 1982

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

No. 839

APRIL, 1982

Published in the first week of every alternate month by
the Proprietors,

The Association for Good Government
Business and Editorial Offices:
143 Lawson Street, REDFERN, N.S.W. 2016
Editor: R. Giles — Tel.: 74 8815
Secretary: S. Gilchrist — Tel.: 419 3632

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VIEWPOINT

WHY PROGRESS IN THE THIRD WORLD DOES NOT
REDUCE POVERTY

THE GENESIS OF 'PROGRESS AND POVERTY'

In October, 1868, Henry George made the unusual prediction that the arrival of the transcontinental railroad in California would bring with it European conditions of poverty. This prediction was accompanied by the remark that 'high wages and high interest (are) indications that the natural wealth of the country (is) not monopolised...' Thus, for the first time, George suggested that between progress and poverty lay the monopoly of land. In 1869, as the Central Pacific railroad approached Oakland, where he lived, he saw for himself the truth of his idea. Riding many miles east of the city in the path of the coming railroad he stopped for breath and, for want of nothing else to say, asked a passing teamster about the price of land: 'I don't know exactly, but there is a man over there who will sell some land for a thousand dollars an acre', replied the man.

As he recalled later, it was this remark that was the seed of *Progress and Poverty* for, contained in it, is the idea that progress is intercepted by landownership, which absorbs it in rents. The key to understanding increasing poverty in an advancing society was in understanding what happened to rent. He was able to trace the effects of progress upon rent by his highly original use of Ricardo's 'law of rent'.*

The story of how 'undeveloped' Cali-

GOOD GOVERNMENT

fornia expectantly awaited the telegraph and the railroad from the 'developed' eastern states of America is the story of the Third World today. As then so now there has been the expectation that it will be increased production that will raise the standard of life in the Third World. Hence there is an impatient call for the 'Green Revolution' and for industrialisation. However, careful research confirms what Henry George saw when, in 1869, he himself stood at the threshold of development in California. Rapid growth will be accompanied by a worsening distribution of wealth.

The current of wealth flows inexorably towards whomsoever owns the land. This truth is immortalised by an ancient Indian inscription recording the grant of land:

To whomsoever the soil at any time belongs, to him belong the fruits of it. White parasols and elephants mad with pride are the flowers of a grant of land.

It is this recognition, however incomplete, which leads many to urge land reform. Those who urge this often oppose others who see hope in industrialisation and the 'Green Revolution'.

This issue of *Good Government* focusses upon poverty in the Third World and, in particular, upon the remedies of greater productivity on the one hand and land reform on the other.

Sun Yat-Sen is regarded as the founding father of modern China—by both Taiwan and the mainland. *SUN YAT-SEN: SYMBOL OF CHINA'S HOPES* by Dr Ken Grigg examines the connection between Sun and Henry George and, in this historical context, discusses the future of both parts of China.

*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.

** ** *

ANNUAL GENERAL MEETINGS

At 143 Lawson St., Redfern.

AUSTRALIAN SCHOOL OF SOCIAL SCIENCE

TUESDAY, 4TH MAY, 6 P.M.

HENRY GEORGE FOUNDATION OF N.S.W.

TUESDAY, 1ST JUNE, 7 P.M.

ASSOCIATION FOR GOOD GOVERNMENT

TUESDAY, 8TH JUNE, 7 P.M.

**SUN YAT-SEN:
"SYMBOL OF CHINA'S HOPES"**



SUN YAT-SEN (1866-1925)

'The teachings of Henry George will be the basis of our programme of reform. The land tax, as the only means of supporting the government, is an infinitely just, reasonable and equitably distributed tax...'

By DR KEN GRIGG

President of the Henry George Foundation of Australia.

PREFACE

In August and September, 1979, my wife and I went on a tourist trip to mainland China. As a Georgist rather than a Marxist, I visited that citadel of Communism with more than tourist eyes. From superficial reading I was aware that Tolstoy and Sun Yat-Sen were both strongly attracted to George's philosophy. So I made it my business to read up on Sun Yat-Sen in the Melbourne State Library. Here, of particular interest to me was a journal article by Professor Schiffrin on *Henry George on Two Continents* which dealt not only with George's influence in Great Britain but also with something quite unfamiliar to most Western Georgists, his influence in Japan in the first decade of this century.

I took with me to China a copy of the Centenary Edition of George's *Progress and Poverty*. It was known to me that Sun Yat-Sen's widow, Madame Soong Ching Ling, was alive at a ripe old age in Peking. I had had the copy inscribed to her in Chinese, 'in honour of Dr Sun Yat-Sen who was so greatly influenced by the author of this book'. I fed it into the system per medium of our tour guide in the last week of August, 1979, at the

precise time that the Centenary Conference was being held in San Francisco. Whether the lady actually received it I do not know. Having visited China and read more of the cruelties of the Cultural Revolution (as well as read of the unfortunate young journalist, Wei, who got a fifteen year gaol term for taking his rights of individual freedom after the Revolution too seriously) I was constrained to write a paper for the sake of formalizing my Georgist critique of the regime.

Having completed this paper, and having, in its concluding section, noted that the banner of Sun Yat-Sen continues to be held high in Taiwan, I considered that it would do no harm to send a copy to the Office of the President of the Republic of China in Taipei. Subsequently I received over the signature of its Chairman, an invitation from the Organising Committee of the Conference on the History of the Republic of China to be held in Taipei in August, 1981, to mark the 70th Anniversary of the founding of the Republic of China (in 1911). In accepting I adopted the attitude that the 'Chinese Connection' of George and Sun Yat-Sen would probably be unfamiliar to most contemporary Chinese historians. I would assert that it was not possible to understand Sun Yat-Sen without the study of George and of Christian missionary influences upon Sun.

SUN YAT-SEN'S LIFE AND WORK

Sun Yat-Sen was born of peasant stock in a village not far from Canton, in the year 1866, and not long after the Taiping Rebellion which ravaged Southern China for more than a decade. It had been a rebellion with quasi-Christian religious overtones about brotherhood, and sought the overthrow of the stultifying Manchu Dynasty. 'Chinese' Gordon, later of Khartoum, helped to quell it in the best traditions of British mercenaries. Hearing of these things from his uncle, it is not surprising that the young Sun Yat-Sen had the makings of a revolutionary.

At the age of thirteen he was sent to Honolulu for further schooling, under the care of his brother who, like many Chinese, had made good in business there. Sun Yat-Sen attended Iolani College, run by the Church of England, and as a result, went to St Andrew's Cathedral. The outcome was that he became a keen member of a Christian church youth group. Indeed, so keen a zealot was he that his brother packed him off back home for the good of his soul. One of his iconoclastic exploits which illustrates his rugged individualism was his exercise in breaking off the arm of the village idol — which improved neither his local popularity nor his parent's pockets!

Subsequently he went to school in Hong Kong, and came under the tutelage of a

Dr Charles Hager, a Congregationalist missionary who formally baptised Sun Yat-Sen into the Christian church. Then, as was the tradition of his times, at the age of 19 he was married by arrangement to a girl from his local village who was a Baptist. The next we record of Sun Yat-Sen is his commencing a medical course in Hong Kong under Sir James Cantlie, surgeon and authority on leprosy. Cantlie was a member of the Salvation Army. Finally, we have an account of Sun Yat-Sen helping Dr W.E. Macklin, a Disciples of Christ missionary from America and a dedicated Georgist, to translate *Progress and Poverty* into Chinese.

All of these factors are fundamental to an understanding of how Sun Yat-Sen, from his earliest years, was indoctrinated in libertarian ideals which stayed with him all his life. As Professor Schiffrin records, Sun Yat-Sen was virtually inoculated against Marxism; he was temperamentally averse to violence and always looked for the conciliatory answer, despite the need to organise revolutionary activity against the dead hand of the Manchus.

Sun Yat-Sen had, around 1905, crystallized his Three Principles of the People — Nationalism, Democracy and Livelihood of the People. The paper I delivered in Taipei bore heavily upon the third of these which involved Sun Yat-Sen's Georgist concept of the Equalisation of Land Rights.

During the confusion that came with the revolution of 1911 and the reactionary rule of Yuan Shi-Kai which followed, to which Sun had to defer, the 'Single Tax' had little chance. The brave attempts (c.1912-13) to put it into practice were futile against the odds stacked against them. The Western Powers would only recognise Yuan and Sun was forced to turn to Russia. In 1922 there was a programme for a 'Single Tax' enclave in the ex-German-leased territory of Tsingtau, under the guidance of Professor Schramall — only to be abandoned when he was killed in a traffic accident. Later, all of Sun's carefully collected books and his manuscripts for his major exposition of his Principle of the People's Livelihood were destroyed in an insurrection in Canton. Thus, even his *San Min Chu I* lecture was *ad hoc* and sketchy.

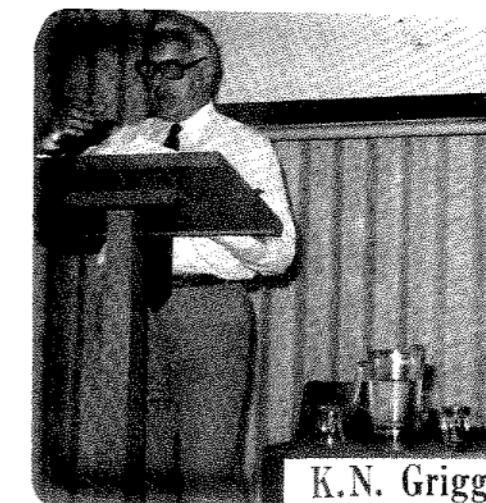
HIS SIGNIFICANCE

In terms of political power, Sun Yat-Sen never succeeded in the sense that Mao did. It was in the realm of ideas that he was — and is — most powerful. In this he may be compared to his mentor, Henry George. Despite the presence of extracts from *Progress and Poverty* in Sun's very first revolutionary journal, and of much debate about the 'Single Tax' in the 1900s, the deluge of events and

issues after 1911 were too much and, when Sun Yat-Sen died in 1925 his main accomplishment was to have been a dreamer of dreams for the development of his country. It is probable that he and his followers were quite unaware of the more solid basis for Georgism being laid during this time in Australia.

I have called Sun Yat-Sen the symbol of a nation's hopes. I do that for two reasons. The first is that the mainland is recoiling from the madness of ultra-Marxism and, as a result, Sun is again being looked at with renewed interest. My other reason stems from these words of Sun, himself, that symbolize hope for the world in the best Georgist tradition:

'Modern economic progress is caused by the harmony, not the conflict, of the economic interests of society. Why is there harmony? Because all men must live, and all men face the everlasting problem of livelihood. They either perish through conflict, or live through cooperation.'



K.N. Grigg

WHAT LIES AHEAD FOR CHINA?

The New York *Henry George News* (March 1955) contains an article by Dr S.Y. Wu who was a secretary to Sun and who was responsible for the subsequent drawing-up of land legislation.

In his article Dr Wu concluded to the effect that 'whether Karl Marx or Henry George prevail on land reform in China, only time will tell.' In the city of Xian, there was a faded propaganda billboard outside the tourist hotel at which I stayed in 1979. It read, 'The theoretical basis guiding our thinking is Marxism-Leninism'. As a confirmed Georgist, I made the mental note as I photographed it, 'and that's precisely what's wrong with this place'. Now in the fullness of time, Mao has been discredited and there is a resurgent interest in Sun Yat-Sen, particularly with the success story of Taiwan *viz* the mainland... It was with such thoughts in my mind that I boarded the plane to return from Taiwan to the mainland in 1981.

students attending the Symposium. I made reference to the fact that the lease on the New Territories will expire in 1997. The Territories will then be due to revert to mainland China. I painted a scenario in which Hong Kong and the New Territories continued on as an autonomous region—in which there is already a precedent in such regions as Tibet and Inner Mongolia. Indeed, I took the scenario a stage further and imagined a united China incorporating Taiwan which also came under the heading of an autonomous region. I painted this scenario leaving open the question of the political nature of China's central government. However, the key element in the scenario was the socialisation of the land rentals of each and every region. Part of the land rent would be earmarked for the needs of central government, part for county/provincial/autonomous regional needs, and part for local needs. The economic relationships between each part and the whole could then be stable and defined; and patterns of economic development which had already been evolving with the passage of time and with the requirements of rationality could be left undisturbed.

A very significant fact is the development of private entrepreneurship within Communist China, both indigenous and in combination with foreign investment. And as night follows day *rental advantage* in the operation of businesses is going to emerge, and competitive entrepreneurship is going batten right on to it and jockey fiercely to appropriate it. Now a freeway, financed from Hong Kong, is mooted, to run from Hong Kong to Canton, with a side-arm to Macao. Running through the rice fields, and linking two large cities, it will recapitulate the impressive Sun Yat-Sen Freeway on Taiwan. Perhaps it ought to be also so named! One is forced to think again of Sun Yat-Sen the visionary with his programme for the 'International Development of China'! And one is equally forced to think of his warnings in *San Min Chu I* about the effect of Western influences on the value of land in Canton—and, for that matter, Hong Kong. *That will be the eventual real payoff for investing in the freeway! Has Sun Yat-Sen's time, then, now come?*

One can envisage before very long the huge economic entity of Guangdong Province as a rich agricultural, manufacturing and commercial region, with advanced infrastructure, with Canton as its capital and Hong Kong as its seaport. The tremendously exciting factor in this prospect is that the land of Guangdong Province, being communally owned, need never be subjected to the ravages of land price such has stultified the economies of the West—and indeed bids fair to stultify that of Taiwan. Here is the perfect opportunity for the Georgist experiment on an economically viable scale

(ie. not as a mere enclave), provided that private entrepreneurship is freely allowed in Guangdong Province. This could be facilitated if the Province were to be declared an autonomous region.

The George/Sun Yat-Sen scenario would be that farmers could own their own farms, subject to payment of the annual site rental. But since the land is vested in the State, the conditions of tenure would virtually be perpetual leasehold. But they would have complete equity in all of their farm improvements and equipment. They would be free to sell their produce in the market on the best possible terms. Private manufacturing in Canton and other cities and towns would be free to compete with that in Hong Kong, whilst Hong Kong would also thrive as a free port. The whole capital outlay for infrastructure in the region—including the intercapital freeway—would be met from assessed land rentals, and rentals in Hong Kong and the New Territories would be required to contribute. By this Georgist means of the socialisation of land rent, the 'Communism' of Sun Yat-Sen would be attained; and exploitation, ie., the private capitalisation of community development, could not occur.

It has seemed to me that the original vision for leasehold in Canberra and the Australian Capital Territory is almost tailor-made for the projected requirements of the Guangdong Region: private use of land, both urban and rural, but the land to be held on leasehold title, the rentals payable to be the full market rentals, and freshly assessed every two years.

As a Georgist who is confident that the basic underlying theory is right, I envisage that such a proposal would work and become a model, not only for the rest of China, but for the whole world. Indeed, Taiwan would need to look to its laurels!

And so one looks forward to the evolution of free interchange between Taiwan and the mainland. People are people, and there is a unity in the culture of the Chinese people that is very obvious to those who have had the privilege of witnessing it on both sides of the Taiwan Straits.

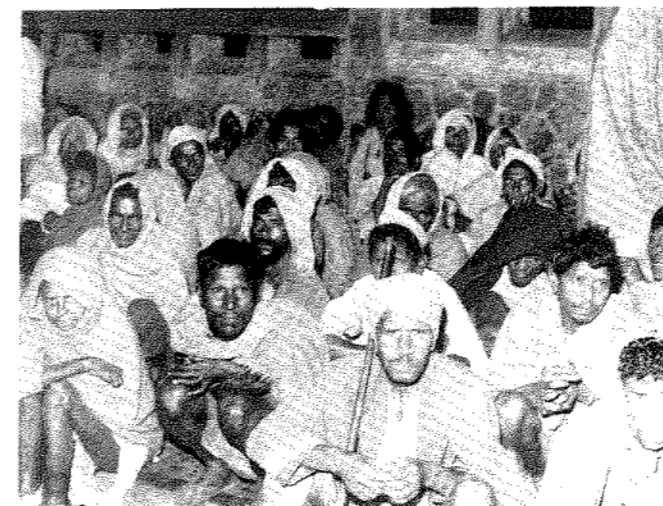
I believe that Sun Yat-Sen is the key to the building of the bridge across. There is an opportunity opening functionally in Guangdong to bring the lives and the livelihood of the people of Taiwan and the mainland closer together. Hong Kong now constitutes the intermediate physical link. Goodwill is needed to complete the bond. I cannot do better than close with a composite quotation from Sun Yat-Sen which spans his career, and which, I believe, says it all:

'Why has the West not solved the social problem? Because it has not solved the land problem... The poor have

no fields to till, and so they must crowd into the industrial cities for work... Class struggle develops when a social group lacks the means of livelihood and resolves as the last resort to use abnormal means of obtaining its livelihood. It is not the cause of social progress but a kind of social disease. Marx's trouble was that he mistook a social pathological condition for the cause of social progress.

Modern economic progress is caused by the harmony, not the conflict, of the economic interests of society. *Why is there harmony? Because all men must live, and all men face the everlasting problem of livelihood. They either perish through conflict, or live through co-operation.'*

** ** *



Some Views of the Third World

I

'The rapid overall growth of agricultural output and rural income has, however, been accompanied by a sharp increase (in the Philippines) in the degree of inequality in the distribution of rural income.'— *Growth and Inequality in the Rural Philippines.*

** ** *

II

'(The Green Revolution) has had the effect of extending rather than reducing the existing inequalities and does little for the relief of the rural poor.'

The Green Revolution, Oxfam
** ** *

III

'As long as there is private property with unequal distribution, social power will gravitate to the handful of those who possess the bulk of social wealth.'
— *One Step Forward, Two Steps Backward.*

** ** *

IV
'Now, the existence of this tendency (towards larger enterprises) shows two things: first, that any measures which merely permit or facilitate the greater subdivision of land would be inoperative and, second, that any measures which would compel it would have a tendency to check production.'— *Progress and Poverty.*

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Editorial Note

The use of the following informative and insightful articles does not mean complete agreement with their opinions. Readers of these articles are urged to also consider the review given under the heading 'Reform without Change'

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GROWTH AND INEQUALITY IN THE RURAL PHILIPPINES —

AZIZUR RAHMAN KHAN

From *Poverty & Landlessness in Rural Asia*, I.L.O. Geneva, 1977, Ch.II. (Abridged).

It is estimated that 43 million people lived in the Philippines in 1975, of whom about 68 per cent, or 29 million, were in the rural areas. Agriculture is the major source of employment in the rural economy. In 1972 about 55 per cent of the nation's entire labour force was employed in agriculture and closely related activities. Within the rural economy about three-quarters of the members of the labour force were employed in agricultural activities.

The rate of growth of the rural economy has been substantial in recent decades. Table 1 summarises some of the relevant data for the period beginning in 1957. This is the period on which the present study will concentrate because the available sources of data cover it reasonably comprehensively. The four Family Income and Expenditure Surveys (FIES) carried out by the Bureau of Census and Statistics (BCS) form much of the statistical basis of the present chapter. They provide information for the years 1956/57 (for the 12 months ending in February 1957), 1961, 1965 and 1979/71 (for the 12 months ending in April 1971).

All indicators presented in the table show that the rural economy achieved

rapid over-all growth during the fifteen years since 1957. Physical output in agriculture increased at an annual compound rate of 3.8 per cent between 1957 and 1971. Even allowing for the slower rate of growth in the early 1970s the annual compound rate of growth between 1957 and 1974 was 3.4 per cent, a significantly higher rate of growth than that of the agricultural population.

Column (2) of the table is even more unambiguous in that it records a rapid increase in real income per head of the rural population. (Note that the other three columns of the table show aggregates and not per capita quantities) This series, based on the four FIES, cannot be extended beyond 1971.

Per capita rural income in real terms, increased at a compound annual rate of

Table 1. Growth of agriculture in the Philippines

Year	Index of total agricultural production (base 1965) (1)	Real income per head of the rural population (at 1965 prices; pesos) (2)	Output of food crops (million tons) (3)	Output of cash crops (million tons) (4)
1957	79.9	254 ¹	6.5	2.9
1961	87.4	269	7.4	3.0
1965	100.0	309	8.5	3.8
1971	134.9	350 ²	10.8	4.8
1972	133.1	—	—	—
1973	136.6	—	—	—
1974	142.2	—	—	—

¹ March 1956–February 1957. ² May 1970–April 1971.

Source: Production data: Central Bank of the Philippines: *Statistical Bulletin*, Dec. 1974; Real Income: FIES values deflated by the cost-of-living index of the Philippines other than Manila.

THE WORSENING DISTRIBUTION OF INCOME

The rapid over-all growth of agricultural output and rural income has, however, been accompanied by a sharp increase in the degree of inequality in the distribution of rural income. This phenomenon has been widely noted and commented upon. Table 2 summarises some of the available information on this subject. These calculations were made by the ILO comprehensive employment mission on the basis of the four Family Income and Expenditure Surveys carried out by the BCS over the decade and a half.

The table indicates that there was a rather dramatic and steady decline in the share of the poorest 20 per cent of households in total rural income. The worsening distribution of income, however, was not confined to this group but adversely affected a much higher proportion of households. The share of income of the bottom 40 per cent clearly declined while the next 40 per cent was barely able to maintain their share. Only the top quintile of households succeeded in increasing their share of rural income. The combined effect of these changes is summarised in the

2.3 per cent between 1957 and 1971.¹ This, by contemporary Asian standards, was a very impressive performance.

¹ Column (1) of the table shows a compound annual rate of growth of physical output of agriculture at 3.8 per cent over the same period. The rural population increased at an annual rate of something between 2.5 and 3 per cent. Thus per capita physical output would appear to have grown at an annual rate of about 1 per cent. Note that this is not necessarily inconsistent with an annual rate of growth of per capita income of 2.3 per cent as shown by column (2). The difference is largely explained by the favourable movement in the terms of trade for the agricultural sector. Also, non-agricultural rural output might have grown at a faster rate than agricultural output.

What are the forces that might have created a less unfavourable change in the distribution of lifetime income as compared to that in current observed income?

It seems highly plausible that the difference is due to the increasing inability of poorer households to keep up with their consumption commitments. Thus the poorer a household, the greater would be the gap between its income and expenditure needs. The only

way this could be financed in the long run is by selling land and other assets or by becoming heavily indebted to landlords, perhaps to such an extent as to become some kind of bonded labourer. In either case the process leads to growing poverty of the deficit households, either through increased proletarianisation or through the lowering of wages in consequence of the exercise of monopsony power by the landlord.

Table 2. Rural household income distribution in the Philippines

Percentage of income accruing to	1956/57	1961	1965	1970/71
Lowest 20 per cent	7.0	5.9	5.0	4.4
Second 20 per cent	11.1	11.8	9.5	8.9
Third 20 per cent	14.7	13.5	15.3	13.9
Fourth 20 per cent	21.1	21.9	23.0	21.8
Top 20 per cent	46.1	46.9	47.2	51.0
Top 10 per cent	30.1	31.1	30.0	34.4
Index of quintile inequality	0.34	0.36	0.38	0.41
Gini coefficient	0.38	0.40	0.42	0.46

THE ABSOLUTE INCOME OF THE LOWEST 20%

Combining the income distribution data with information on rural incomes and the number of households from the FIES, and using an appropriate cost-of-living index, it is possible to ascertain the trend in real income of the various quintiles of rural households. The results of such an exercise are presented in table 3. The most important finding in the table concerns the real income of bottom quintile, notably the decline that has occurred in their absolute real income. Moreover, this impoverishment of the poor occurred in a period of fairly rapid increase in the average income of the rural population as a whole.

Over the entire period only the lowest quintile of households experienced a drop in real family income. The second lowest quintile experienced some increase in real income during the late 1950s but none during the 1960s. All the other household groups on average experienced a substantial improvement in living standards. This conclusion about the trend of household income also applies to the per capita income of households, since there is no evidence of a significant change in the average size of household in each quintile group.

According to the FIES of 1970/71 about a third of rural households were dependent on wages and salaries as the main source of income. About 14 per cent were dependent on wage and salary earnings in agriculture (as opposed to non-farm activities) as the chief source of income. A much larger proportion, 29 per cent, were dependent on wages and salaries in agriculture to some degree. In that survey year the annual income of an agricultural labourer, on the assumption of 280 days of employment, was 938 pesos.

Only 22 per cent of the rural households had incomes below 1,000 pesos. Thus an average agricultural labourer, working no more than 280 days and with insignificant income from other sources, would certainly be in the lowest quintile of rural households. An examination of the trend in real wages in agriculture should provide valuable insights into the reliability of the conclusions already drawn and the mechanism of change in income distribution.

SUMMARY OF FINDINGS

One must begin this summary by acknowledging the uncertain quality of the statistical information. The over-all weight of evidence, however, is too clear to leave anyone in doubt about the direction of change. While the statistical evidence cited above need not all be taken too literally, the major conclusions can be summarised with some confidence.

First, the living standards of the poorest groups in rural areas have declined absolutely. There may be controversy about the actual number of households and the exact extent of the deterioration, but there is little doubt that a substantial proportion of the rural households in the lowest income groups experienced a very significant decline in living standards during the last 15 to 20 years.

Second, the decline in the living standards of the rural poor has taken place despite rapid over-all growth of the rural economy. Output of agricultural goods per head increased rapidly until the beginning of the present decade. The value of agricultural output per employed worker, although subject to fluctuations due to such factors as

short-term changes in the terms of trade, also shows a clear tendency to increase over the long term. None of these phenomena is reflected in a corresponding movement of real wages. The inevitable conclusion is that the factor share of labour has tended to decline while that of land has tended to increase.

The declining factor share of labour and the consequent downward trend in real wages are not difficult to understand even within an orthodox analytical framework. Labour supply increased rapidly as a result of demographic factors.

Demand for labour within agriculture lagged far behind output. While some lag would be inevitable even under ideal circumstances, the dramatic decline in the demand for labour for such operations as land preparation can only be explained by the rapid tractorisation promoted directly by government policies.

If the forces of the market were too powerful to prevent a downward slide in real wages, there were few attempts to offset them by compensatory actions. It is well known that minimum wage legislation has little impact on actual wages in an underdeveloped economy, especially in the unorganised rural sector. Such legislation rarely is anything more than an expression of interest of the government. In the Philippines, minimum agricultural real wages actually declined in spite of minimum wage legislation. This fixed levels as follows at current pesos per day:

6 April 1951	2.50
8 August 1963	3.50
21 April 1965	3.50
17 June 1970	4.75

Table 3. Real incomes in the rural Philippines. (1965 pesos per family)

Household	1956/57	1961	1965	1970/71
Bottom 20 per cent of rural households	494	446	439	439
Second 20 per cent of rural households	784	892	834	888
Third 20 per cent of rural households	1039	1020	1324	1387
All rural households	1413	1511	1755	1996

THE GREEN REVOLUTION

From *Land, People and Power*, Oxfam, 1977.

The recent introduction of the Green Revolution strategy in India has tended to accentuate rather than relieve the problems that are predominant in Indian agriculture. Involving a technological package which requires considerable investment, its use and its benefits are limited to the already wealthy, large and middle sized farmers. Consequently, it has had the effect of extending

Since 1963 the levels so established by law actually resulted in a minimum real wage that was lower than the real wage previously established.

Another possible way of counteracting the tendency for real incomes of the rural poor to fall would be by introducing land reform. The increase in the share of land rent in total income led to sharply increased inequality in the distribution of household income because of the highly unequal pattern of land ownership. In 1960, 11.5 per cent of farms were below 1 hectare in size and together accounted for only 1.6 of the land. At the other extreme, 0.2 per cent of farms were above 50 hectares in size and these accounted for 12.2 per cent of the land. Detailed information on the distribution of land ownership as compiled by the 1970 agricultural census is not available, but there is little evidence of an improvement in the decade between censuses.

It was only in October 1972 that land reform legislation was enacted and it is too early to analyse its effects on the distribution of income. It is clear from the legal texts, however, that the objective of the reforms is to improve the condition of tenants by bestowing ownership rights on them. The landless labourers, the poorest of the rural classes, are not the intended beneficiaries. It is unlikely, therefore, that the land reforms will raise the living standards of those in the bottom quintile, although it may bring some improvement to those in the next quintile. The continuing sharp decline in rural real wages two years after the land reforms decree suggests that pessimism is justified.

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rather than reducing the existing inequalities and does little for the relief of the rural poor.

High Yield Variety (HYV) seeds were first planted in India in 1965. By 1968-69 HYV wheat and rice cultivation was 32% and 7% respectively of the total land in cultivation of the two grains. The results statistically seemed positive. The wheat crop which was 12.3 million tons in 1964-65 jumped to 16.5 million tons in 1968, 18.7 million tons in 1969 and 20 million tons in 1970. The rice crop rose at 5% per year.

However, these harvests were dependent on expensive complementary input. The HYV output could not have been realised without irrigation, drainage, fertilizers and pesticides, nor the use of

complex farm machinery like tractors for multiple harvest. The produce could not have been stored without new storage sheds. It therefore required considerable investment and technical know-how. This determined the beneficiaries.

Its use is limited to areas where water is readily available. Good irrigation is a prerequisite for the use of this type of seed. In only a few regions in India does this exist. HYV wheat cultivation is concentrated in Punjab and Haryana where soil is alluvial and fertile and canals provide a constant source of water. HYV rice is grown in small pockets of Andhra Pradesh and Tamil Nadu where the Godavari and Cauvery rivers provide water all year round. (For most rice growing areas, the HYV is unsuitable. 60% of the rice crop comes from regions which depend on the monsoons for water.) More extensive use of the seeds would require the sinking of tube wells which involves prohibitive expense. It can therefore be safely predicted that HYV seeds will be restricted, at least for several decades, to areas which are already productive.

HYV seeds are primarily used by wealthy farmers. The reason for this is simple: most cannot afford them. It is estimated that for a typical area, the capital required for the necessary inputs per hectare for HYV rice in 1971 was Rupees 1125. But in the same year the average per capita income was Rupees 600. It is clear that the technological package is unsuitable for most.

However for some—the large farmers with twenty acres or more—the Green Revolution has proved most profitable. Though it has required a large investment in equipment—for wells, ploughs, disc, harrows, seed and fertilizer drills, tractors and threshers—for many it has doubled or tripled output. Farmers with fifty acres or more have experienced a qualitative change in their standard of living. New levels of prosperity have resulted in new levels of consumption. Refrigerators, telephones and expensive cars, which were once limited to the wealthy in the cities, are a phenomenon in the villages.

What about the small farmers and the peasants? Will the Green Revolution better their position? Like the land reform schemes, this strategy is geared to the wealthy middle and large sized commercial farmers and does not offer the others much relief. For the peasants with at best a small plot, the Green Revolution is inappropriate. It can do little to raise their standard of living. In many instances it means increased hardships.

For as many as 65% of the rural population who hold less than 5 acres of land, and use traditional seeds, animal fertilizers, oxen to plough and rely on monsoons for water, there is no surplus,

if enough food for survival. They are either condemned to subsistence farming in the traditional way or must attempt to borrow money from banks or moneylenders to purchase the HYV seeds and the technological package. For those who try who try the latter, it is usually the road to ruin. Because the small farmers are a high risk borrower, they are subject to astronomical interest rates—as high as 100 or 200% per annum. On small plots, using a technology geared to large commercial farms, in most cases they cannot produce enough to cover high costs. Bankruptcy is often swift. Many are forced to leave the land.

THE FAILURE OF THE GREEN REVOLUTION

The Green Revolution is leading to increasing consolidation of land. Since the cost of imported manufactured fertilizers, pesticides and farm machinery has risen, some of the medium sized as well as the small farms are failing. This has allowed the richest farmers to buy up more land and is leading to the re-establishment of enormous estates. Recent studies in Punjab show that big farms (over 100 acres) increased their holdings about 40% between 1955 and 1968.

Many of the urban rich are also now investing in land. Drawn by the profit possibilities in commercial farming, many are now purchasing farms and using Green Revolution technology. The

shortage of land for cultivation is becoming more intense. Having lost their land, many peasants are forced to join the ranks of the agricultural labourers. But jobs are scarce. The increasing mechanisation has meant the opportunity for employment on farms has declined. This is forcing more and more people to move to the already overcrowded cities.

The Green Revolution, for both urban and rural populations, has forced the cost of food to rise. In India the government has instituted price supports to protect the investment of big farmers. It is also difficult now to purchase some types of food traditional to the Indian way of life. In some cases farmers have switched all their land into HYV grains which has reduced the cultivation of lentils, peas, beans and other pulses which provide vegetable protein. As animal protein is expensive and increased income has gone only to the wealthy minority, for many in both rural and urban areas this has resulted in more severe malnutrition.

The ecological effect of the Green Revolution technology in India has yet to be determined. Pesticides of a toxic nature, now banned in North America and Europe, are being sold in India in enormous quantities as required by the new HYV grains. These pesticides introduced in complex tropical environments could have disastrous long term consequences for the Indian people.

The Green Revolution as it is being used in India is obviously inappropriate. 'It simply reinforces the oppressive social conditions which already exist. It worsens the distribution of wealth geographically and by social class, causes disintegration of village life and the growth of urban squalor. At the same time it increases the wealth and power of the few ... It epitomizes misdevelopment.'

It is not the technology in itself that is bad but rather the use to which it is being put. As we shall see in the next section, a similar technological programme is being used with results that cannot be criticised. The Chinese use of HYV seeds, however, is part of a massive development scheme and follows a period of labour intensive agriculture. The increased output resulting from mechanisation is shared by all. In India the government is allowing a small minority of wealthy farmers to monopolise the benefits while forcing the majority of the population into increasing poverty.

SUMMARY

In China HYV seeds were developed locally and are used with technology from Chinese industry. In India, the Green Revolution is based on inputs that must be imported. It is a strategy developed in the U.S. that ensures huge profits for international agri-business corporations involved in fertilizers, pesticides and farm machinery. Massey Ferguson sold 5,000 tractors to Green Revolution farmers in India between 1965 and 1969. Standard Oil and International Minerals and Chemical Corporation are selling fertilizers. Transnational corporations like EXXON, CIBA, Mitsubishi, Hoechst, International Tractor all forecast high sales in Third World Green Revolution areas, though before the introduction of the strategy there was little or no market for their products. Besides encouraging foreign investment of transnationals in the Third World and contributing to their profits, the Green Revolution is responsible for massive outflow of foreign currency to purchase the needed inputs abroad. This has a negative effect on India's balance of payments position as well as curtailing capital available for the establishment of local industry and development programmes.

What is needed is a real land reform policy and an appropriate development for agriculture. The land must be redistributed so it can be utilised by all. Underutilised labour must be put to use in cultivation and work projects to open up more productive land. Capital, instead of going to augment the profits of foreign corporations, must be used for irrigation schemes, credit, loans and the establishment of local production of

fertilizers, pesticides and machinery suitable to labour rather than capital intensive agriculture. The standard of living of all Indians must be raised or economic development will continue to be distorted and elitist. Solutions like the Green Revolution as it is practised in India have no future.

Without a drastic redirection of policy, the government and the small elite may be sealing their own fate. With land reform legislation and the introduction of the Green Revolution, the rich have become richer and the poor poorer. This economic polarisation, however, has given rise to a parallel political polarisation. The destruction of subsistence farming which thrusts many onto the market as wage labourers, has opened many eyes. Social unrest is expanding. The breakdown of the system is apparent in starvation as it is in the looting of grain shipments, assassinations and repression.

Political struggle and mass mobilisation are becoming more regular. The Naxalites—a coalition of peasants and intellectuals—have embarked on a campaign of assassinations and land seizure in Bengal and Andhra Pradesh, two Green Revolution areas. In West Bengal, the conservative local Communist Party has attempted land seizure with considerable support. Some 10,000 are reported

arrested. Agricultural workers are striking for better conditions. The case of Tanjore, a Green Revolution area in the south of India is now well known. In 1968, The Kilavenmani villagers went on strike demanding higher wages from the landlords for their work. When strike-breakers were brought in, the strikers refused to let them enter the fields. In the repression that ensued the landlords killed forty-two. These are only some of countless examples.

It is apparent that if the government follows the present course, the problems of the Indian population will not be overcome. The land reform scheme and the adoption of the Green Revolution have proved totally ineffective and totally misdirected. Even as unlikely a critic of the strategy as the Vice-President of the Ford Foundation, Wortman has pointed out that if starvation is to be overcome and economic growth is to occur, governments must turn their attention fully to the task, as China has. They must devise a policy that aims at raising the standard of living of all people. For 'in nations where 60-80% of the people are in the countryside, their prosperity is the prosperity of the whole nation'.

The Congress Party has proved incapable of this. Its strategies, though acceptable to a small minority, for the most are bankrupt. As long as this party, representing a compromise between landed and business interests continues to hold power, economic growth will be distorted. 'Set up to guard and to abet existing

APRIL, 1982

property rights and privileges, Indian governments cannot become the architects of policies calculated to destroy the privileges standing in the way of economic development and to place the property and incomes derived from it at the service of the masses of India.' Indira Gandhi however seems to be resistant to change. The recent events, including the imprisonments of most of the Party's opposition in government, indicates she is not willing to give up power easily.

This may give rise to massive social upheaval. As one politician cautioned, 'Unless the Green Revolution is based on social justice, I am afraid the Green Revolution may not remain green.' He recognised the fundamental need for real land reform and a progressive agricultural policy which will bring justice to the people of India.

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THIS IS THE LESSON OF the centuries. Unless its foundations be laid in justice the social structure cannot stand. — Henry George

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WHY AID FAILS

A TRAGIC EXAMPLE FROM INDIA

The much-travelled and well-known author, Karl Eskelund, whose many books on foreign countries and their people have countless readers, describes the effort which a band of young American and English Quakers made in the way of assisting some of the Indian population, millions of whom live at starvation level.

The young idealists took up their task in 1946 at the village district of Pifa, which lies in the Ganges Delta, 45 miles east of Calcutta and four miles by bus from Basirhat railway station. They were fully aware that their work would test their patience, for in India you can get no results 'at five minutes past twelve'. But after having outlined their plans to the peasants, the fishermen and the land owners, which met with general approval, they organised a co-operative enterprise in cultivating the land and marketing the produce. They set up day schools for the children, evening schools for the adults, clinics etc. After overcoming the initial difficulties, they saw signs of progress; inspiration grew. Health conditions improved. All took greater interest in their work and their earnings increased. New ideas took shape—there was advance along the whole line—an advance, slow but sure.

Five years after the experiment began Karl Eskelund visited Pifa and, with one of the Quakers as his guide, he went through the village to see how it was

GOOD GOVERNMENT

faring. The Quaker had lost more than two stones in weight and was as thin and spare as the natives. But what was worse, he had lost heart because the experiment had proved a total failure. The day school still existed, but only one-fourth of the children attended it. The evening school was closed. The clinic was hardly used. Agriculture, fishing and trade were back again to old methods. The author asked for an explanation of this fiasco. The young Quaker offered quite a number of reasons, none of which he could accept. Finally he got to the root of the matter. This is what he says:

'In the first year after beginning the experiment, both peasants and fishermen earned more than ever before. What was the result? The large landowners at once raised their rents and smaller landowners followed suit. The peasants had to pay more for permission to cultivate the land. The fishermen had to find more money to buy permission to cast their nets on the flooded fields. In that way practically the whole of the increased earnings passed into landowners' pockets. The people of Pifa were unhappy at this. Nevertheless, in the next year they worked hard. Crops were plentiful; there was a rich catch of fish; good prices were paid for the produce. At once the landowners raised their rents still higher. The people then began to lose courage. What was the use if for all their efforts they got no benefit? The landowners waxed fatter. The peasants and fishermen did not become any thinner — they could not, for otherwise they would die.

'Indians are ignorant but they are not stupid. They can put two and two together. They had found themselves momentarily enriched by the new methods but in the end all the extra money went to the landowners. If one of the new ideas would not work, what faith could they put in any other novelties? Perhaps after all, the old methods were the best...'

Reprint from *Good Government*, March 1967.

ONE STEP FORWARD TWO STEPS BACKWARDS

ASHOK RUDRA

REFORMS AND LANDLESS

If a political party aims at majority support among the agricultural population, it cannot but in the ultimate analysis betray the most exploited and the most oppressed sections of the rural masses. This proposition sounds like an axiom, but can be derived from the last

APRIL, 1982

four years' record of the left government of West Bengal.

In the context of West Bengal today the most exploited and the most oppressed section of the rural population is constituted of agricultural labourers. These labourers constitute a very sizable proportion (about 25 per cent) of the working population in agriculture. They are however only one among the different sections of the agricultural population which constitute for the left-front the target groups for being formed into an alliance. As is well known, in contemporary Indian Marxism it is almost a matter of consensus that a certain landlord class constitutes the Principal Enemy for the rest of the peasant population. For some among these Marxists the enemy is defined even more narrowly, namely in terms of some so-called 'feudal landlords'. This implies that any strategy that is based on such a formulation of the principal contradiction has to involve a common front that would include landless labourers in one extreme and rich peasants at the other, if not also the so-called capitalist landlords. Such a strategy cannot but recognise that here are contradictions among the classes and segments attempted to be mobilised under a common front banner, but treats those contradictions as secondary. What we are saying is that in dealing with these contradictions within the alliance one has and is continuing to sacrifice the interests of the agricultural labourers.

Why is it that it would necessarily be the interest of weaker sections of the alliance that would be sacrificed when they come in conflict with interests of the stronger sections? This also is not difficult to understand. These weaker sections are much less organised than the middle peasants and rich peasants. The Kishan Sabhas during recent years have honestly recognised that till now they have been representatives of the middle and rich peasants. Agricultural labourers have hardly received any attention from them. A second factor is that the stronger sections are also capable of providing more material help to the political parties. They have more resources. And resources are required by all political parties, whatever be their programmes and professions. This has meant that even members of the top layer of landowners can buy sympathetic treatment from these parties through extending monetary as well as other material help. A third factor is that very widely the rural rich still continue to have their hold over the rural poor, so that it is sometimes easier to reach the rural poor by making use of the channel of the rural rich. A fourth factor, not to be underestimated, is that the leadership of the parties and the bulk of their old cadres mostly belong

to the urban middle class and they have got ties of kinship and other social links with precisely the upper layer of the rural population.

We shall try to substantiate our contention in terms precisely of those agrarian programmes of the government which are being publicised as the most significant achievements of the ruling Front, namely, Operation Barga, Panshayati Raj, and the Food for Work programme. Before coming to these specific programmes we may briefly review those other programmes that are conspicuous by their absence, over which one has maintained a significant and total silence. These programmes are: enforcement of ceiling laws and confiscation of land above the ceilings for distribution among landless peasants; imposition of tax on agricultural income, and enforcement of minimum wages.

About the programme relating to land confiscation and distribution, there was quite a bit of talk during the first two years of the new government. The figures given out at that time were as follows. In an article published in the official organ, *Paschim-Banga*, of January 13 1978, it was stated that by that time the government had acquired over the entire period following the first land reforms legislation of 1953 a total of 1,068,000 acres of above ceiling land and of that 625,000 acres had been distributed among landless peasants and marginal farmers. That very organ stated that the number of families which constituted the target group for land distribution 35 lakhs*. It was not shown how all these 35 lakh families were to be benefited by the land distribution programme. Calculations were presented to show that the potential of further land acquisition was only of the order of 5 lakh acres. Despite these yawning gaps between requirement and availability, of which neither the government officials nor the party leaders nor their enthusiastic supporters showed any awareness, a climate of grand hopes was built up about the release of a vast movement of land redistribution. It was emphasised that this would be no anarchic and chaotic short-lived affair like several earlier spurts of land-grabbing actions. It was stated that this movement would be conducted methodically and systematically through the state administrative machinery; the guarantee of success was stated to lie with the new wing of the administration that was being developed in the form of the 'Panchayats'. Panchayats have by now been not only formed but have also got consolidated and entrenched. Yet hardly anything has been heard of any massive attack on the problem of land confiscation and distribution. For all intents and purposes the programme has been kept in cold storage.

* Lakh: 100,000

LABOURERS

Tax relief given to the big farmers is by itself sufficient to prove that the present rulers are concerned with protecting the interests of big farmers. Further corroboration of the same class orientation is provided by the latest change in policy with regard to agricultural prices. As is well known, the central leadership of the CPI (M) has fallen in line with all kinds of different parties and organisations in supporting the demand of the big farmers for a rise in the procurement price. It should be mentioned in fairness to the Left-Front in West Bengal that it has till now remained divided on this particular issue. It can, however, be taken that the dominant section of the dominant party constituting the Left-Front has managed to swallow this blatant pro-kulak political line. Of course, their theoreticians have not lacked in efforts at making rationalisations along the expected lines of argument, namely it is not only the big farmers but also the rich peasants and to some extent even the middle peasants who sell a part of their produce and therefore stand to benefit from a rise in the procurement price. However, even these past masters of rationalisation cannot but concede that the poor peasants and agricultural labourers would have to pay higher prices for their food. The simple point is that the interests of both sellers and purchasers of food-grains cannot be simultaneously and equally served. Their interests are in direct antagonistic contradiction with each other. The interests of one of these two parties has to be sacrificed. In this particular case the party that is chosen for being sacrificed is the poor peasants and agricultural labourers. This incidentally may be recognised as an illustration of the axiom-like proposition with which we started.

It is the logic of common front working, rather than any lack of love for agricultural labourers. These labourers obviously have got direct and antagonistic contradictions with whoever employs them. And those who employ agricultural labourers in West Bengal are by no means only the so-called landlords or the so-called rich peasants. A considerable amount of labour employment is carried out by middle-sized farmers. Any attempt at raising wages by a significant amount would certainly antagonise not only the landlords but the entire bulk of the peasantry other than the poor peasants. Political parties who require to enjoy the support of all sections of the peasantry excepting the landlords in view of their electioneering strategy simply cannot afford to do any such thing. The force of this logic is so strong that even those sections of the erstwhile Marxist-Leninist party

which have changed their line from election-boycotting to participation in elections have also given up any slogans for wages.

SHARECROPPERS

Let us now come to Operation Barga which the supporters of the Left Front publicise as the central plank of the revolutionary agrarian programme of the government. There is no denying the fact that a registered share-cropper enjoys far greater security than an unregistered one; and it would be petty-minded to speak of the programme as if it were of no significance. There is no question that Barga registration is a progressive measure for which the Left government can take credit.

Having said this, one cannot but point at various connected matters which limit the benefits that may be expected of this operation. These caveats would not have been necessary but for the fact that the spokesmen of the Left Front have been systematically indulging in propaganda to the effect that the Operation is in fact bringing about an all-round revolutionary transformation of West Bengal agriculture. This of course can be nowhere near the truth. As a matter of fact the Barga system is by no means the foundation of West Bengal's agriculture; Bargadars are by no means the most important section of the toiling masses in agriculture. We do not want to engage ourselves in the frustrating numbers game about number of Bargadars and the amount of land under Barga cultivation. Even if one takes the outside limits of the figures given out by the enthusiastic supporters of the Operation, the fact would remain that Bargadars are much fewer in number than agricultural labourers and the land cultivated by Bargadars is much less than the land cultivated by farmers using family labour or hired labour or a combination of both.

Secondly, a point to be noted is that Operation Barga does not aim at abolition of tenancy; its aim is perpetuation of tenancy. Thus by the yard stick of land-to-the-tiller this Operation aims only at limited reform. Thirdly, the Bargadar, even after his registration, has not gained much in terms of income. The legislation does provide some upward revision of the tenant's share. He is supposed to receive 75 per cent share provided he bears all the costs of cultivation. It may be recalled that similar revisions were made even in the legislations that were made in the 50s and the 60s. The share-proportion has not, however, followed the directions laid down in law. Even the spokesmen of Operation Barga have not claimed that registered Bargadars are receiving 75 per cent of their produce anywhere in the State.

As a matter of fact, if anything, the Bargadars have suffered a setback in terms of their income. That is because while the Barga legislation has got some provisions about crop-share, it has got none whatsoever about any share of the cost of production to be borne by the landowner. During the ten years or so prior to the Barga legislation an important development that took place in tenancy relations is that of cost sharing between the owner and the tenant, particularly in respect of such new items of input as chemical fertilizers, high-yielding variety seeds, etc. This cost sharing arrangement was largely accompanied by production advances made by the owner. The arrangement worked in this manner. The owner did not make only money available to the tenant. He purchased the entire amount of seed, fertilizer or some such raw materials and made it available to the tenant with the understanding that he was paying for his own share as well as the tenant's by way of a loan and this was recovered at the time of harvest-sharing, by the tenant's share of the crop being reduced by an amount equivalent in value to his share of the raw materials. This arrangement made possible the use of expensive inputs on the tenant's farm which would not have been possible if the tenant had to depend solely on his own resources. For very understandable reasons, this arrangement is breaking down between landowners and those tenants who have gone through Barga registration. There has however not been any opening up of new sources of production advances to the tenant. The failure of the banking system to make credit available to small farmers, whether tenants or owner-cultivators, is by now a universally acknowledged fact and there has been no exception to this under the Left government in West Bengal. It may, therefore, be presumed that tenants who have registered themselves as Bargadars have been able to use less of modern inputs than before and as such their income-level has gone down.

Finally, Operation Barga does not seem to have in any way weakened the grip in which rich farmers hold the village community. This is reflected in the fact reported by the spokesmen of the government themselves that the tenants who have registered themselves as Bargadars are probably no more than 50 per cent of the total number of tenants as departmentally estimated by the government. What could probably be the explanation for the Bargadars being so reluctant to undergo registration if it were to mean such radical improvement of their conditions?

An indication of the level of class consciousness and absence of militancy may be had from the explanation for their inaction that is readily forthcoming from Bargadars who have not

registered themselves: 'No, we have not registered ourselves! We have not done any such Adharma! Why should we take away the lands belonging to the masters? They have been good to us from our fathers' time. It is to them that we turn whenever we are in any difficulty. It is thanks to them that we survive.'

Those who do not come forward to register themselves must be holding back either because they see no advantage in such registration or because they are afraid of the consequences. In either case this clearly indicates the undiminished power of the big landowners of the village, both in respect of their own tenants and in general terms in respect of the village community as a whole. The first aspect of their power, namely that in relation to their own tenants, can be reduced only if alternative institutions are built up for providing the tenants with consumption loans as well as production advances. The Operation Barga does not include any provisions for building up such institutions. As to the power over the village community in general it might be expected to remain intact even if it were to be weakened in its specific relation with tenants. That is because the typical big landowner in a West Bengal village does not derive all his income from investment in tenant cultivation. He typically distributes his investible funds in an assortment of channels, with widely differing characteristics. As a corollary, these people derive their social power through multifarious channels from widely-differing fields of activity. A Jotedar who finds that investment in tenant cultivation has become less comfortable and less profitable would rather withdraw altogether from that line of investment, even if it means some loss to him in the short run, and divert his efforts and resources to other channels. The loss he can inflict on the tenant by this means is much more than the loss he himself suffers; while he can derive income from various other sources, the tenant's capacity to survive without the patronage he receives from the landowner in the form of consumption loans and production advances is very limited indeed. It is this phenomenon which explains the fact that a large number of landowners are refusing to take any crop share from his tenant after Barga registration. It is a kind of scorched earth policy adopted by the landowners, based on his confidence that even the full share of the crop would not compensate the tenant for the loss of patronage that he would have to suffer.

LOCAL 'DEMOCRACY'

We may now come to an assessment of the 'Panchayati Raj' in its new incarnation under the left government. There is not much of facts and figures of est-

ablished reliability on which one can base the assessment. We are obliged to take resort to reasoning on class theoretic basis. It is a central principle of Marxian political theory that as long as there is private property, democracy cannot be ensured merely by the adherence to the principle of one vote for one individual. One would not, surely, expect us to repeat the arguments as to the elected parliament of India and the legislative assemblies in India or in any other country with unequal distribution of private property does not ensure any kind of real democracy? The parties of the Left Front are certainly all wedded to this philosophy. The onus therefore lies with them to explain how their expectation of the Panchayats becoming organs of peoples' power squares with their idea that neither the legislative bodies nor the Parliament are such organs of peoples' power. Does the explanation lie with the fact of the Panchayats being extremely small bodies and being all too close to the grass-roots? But this requires to be elaborated. On *prima facie* grounds it would seem that the smallness of the organisation would make it all the more vulnerable to be captured by the members of the rural rich. If the Parliament and the Central government are supposed to be instruments which are manipulated by remote control by the ruling classes, e.g. the monopoly capitalists, would not the same logic make the Panchayats become an instrument to be manipulated by not-so-remote control by the rural rich?

In this connection reference may be made to the class composition of the elected members of the three-tier Panchayat organisation. It has been pointed out with great enthusiasm that those belonging to the rural rich constitute a negligible proportion of these members. One has not asked the question: So what? Surely the class composition of an elective body has got very little relation with the class interests served by that body? Surely, most of the members of our Central Parliament or the state legislative assemblies are neither monopoly capitalists nor kulaks or jotedaras? A point that should be remembered here is that an elected member of a body charged with the control of any social activities soon ceases to be a representative of the class to which he might have belonged before his election, having acquired certain vested interests of his own in his new role as an intermediary between the ruling classes and the masses. This is not only true of MLAs and MPs but also of wholtime Trade Union workers whose interests are by no means identical with those of workers. There is no reason why the elected members of the Panchayats would not be acquiring vested interests of their own

which would make them alienated from the interests of the classes of their origin.

CONCLUSION

As long as there is private property with unequal distribution, social power will gravitate to the handful of those who possess the bulk of social wealth. —*Economic and Political Weekly*, June 20, 1981.

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'SLAVES' OF INDIA RISE IN PROTEST

By SARAH SARGENT who recently visited the scene of some of the worst labour exploitation in India

On Monday (Dec.7 1981) thousands of bonded labourers will march on the Indian Parliament in protest at the system under which an estimated five million people have to work in near-slavery.

The Parliament, in which each member represents more than a million people, will be forced to explain why a system which was outlawed in 1976 still persists. The march will mark the climax of months of activity in different regions throughout India. Representatives of Bonded Labor Liberation groups from all affected areas will meet this weekend to consolidate the national action network.

The convenor of the seminar is Swami Agnivesh, Hindu monk and Janata Opposition MP in the prosperous State of Haryana. Agnivesh's work has landed him in jail 11 times, led to police harassment and even threats on his life. He has clashed with Haryana's Chief Minister, who has publicly denied the existence of bonded labour in Haryana.

Agnivesh's first-hand reports lead him to estimate that 10,000 men women and children are forced to work 14 to 16 hours a day for little or no wages in the area contained within a 200km radius of the capital Delhi. In his office/flat near the Lak Sabha (Parliament) one night last week, the urbane Agnivesh described the sub-human conditions of employment. In the next room sounds of coughing and groaning could be heard. A dozen recently liberated bonded labourers were sleeping fitfully.

On the brick-kiln sites, a worker is legally entitled to a wage of 20 rupees (\$2) per thousand bricks. But this minimum wage, set in 1974, is rarely paid. According to Agnivesh, the usual payment is between 13 and 15 rupees per thousand bricks. This would provide only the barest subsistence income for the worker as the minimum cost of a kilogram of rice is 3½ rupees. A family working a 14 to 16-hour day can make 2000 bricks even in the extremes of Haryana weather. It is an arduous task to mould the clay by hand, but now, in the cold winter when work begins at dawn without breakfast, day in and day out, the labour taxes even the relatively-fit worker.

EXPLOITATION

There are two customs in the brick-making industry which make the workers' payment even more uncertain. 'Paria' insures the brick-kiln owner against rain. The bricks are laid out in the sun to dry for two to four days. If, in that period, a drop of rain falls, the brick-makers get paid only for half the total number of bricks they have made. 'Pana' is another form of insurance for the brick-kiln owner. He deducts 30 bricks per thousand from the total produced by the workers in all three stages of the process. Thus the brick makers have 30 bricks per thousand deducted from their total. The same happens for the kiln loaders, and the same again for the people who unload the kilns and pile the bricks onto trucks.

On the stone quarry sites, the legal rate of payment was set in 1974 according to the size of a standard truck. But the quarry owners often use trucks which are 1½ times the prescribed capacity, so those who load the trucks have to work 1½ times as hard.

The Harijans (Untouchables) and Adivasis (tribals), many of them women and children, who carry the stones from the quarries to the trucks, earn one token for every 20 'rounds'. A 'round' may be a distance of 300 to 500 metres, often uphill—a long way to walk with a basket of stones on your head in the bitter cold or stifling heat 150 or more times a day. In an average day a stone quarry worker might earn three to four rupees and in a seven-day week 21 to 24 rupees.

But they do not receive cash. About 15 rupees go to pay for the meagre supplies of rice, wheat and salt which have to be purchased from the quarry owner's shop.

The balance the quarry owner withholds, to keep the labourer in Bondage.

ORIGINS OF BONDAGE

How these people come to be trapped as bonded labourers on the brick kilns and stone quarry sites for months, years, even generations (children of bonded parents are born into bondage and debts can be carried from generation to generation) is one of the ironies of India's ill-distributed national income.

In many of the rural regions, especially those prone to drought, employment is only available for part of the year. In search of work, the landless or marginal farmers travel to the prosperous States of Haryana, the Punjab and Delhi. On arrival at the stone quarry and brick kiln sites, in a different environment and often unable to speak the local language, they are forced to sign a blank piece of paper. Later, a false debt is drawn up on these and the worker has to remain in bondage until the debt is repaid.

GOOD GOVERNMENT

They are kept on the s... which are frequently far from towns or villages, by force, guarded by Goondas (thugs). Attempts to escape are mostly futile, resulting in lashings and rape. Intimidation by the Goondas armed with staves, and sexual abuse, are common methods of forcing work. When a bonded family has an urgent need to return to its village, only one member is allowed to go, The others are kept hostage.

When the long and costly legal action through the various courts of law fails to secure better conditions for the workers, Agnivesh and his team make twilight swoops to rescue the imprisoned workers. This is the first national demonstration to be held on bonded labor.

The problem is not confined to the small exploitative industrial enterprises. Agnivesh's field reports of bonded labour on large farms are corroborated by a study which was published in June. The study, which was conducted by the Ghandi Peace Foundation and the National Labor Institute, surveyed 10 of the 25 States. It found that 2.6 million agricultural labourers were bonded. Here they often take out a loan but have to go into bondage to repay it.

In 1976, the Government passed a progressive Bonded Labor System (Abolition) Act. Today, none of its provisions have been implemented. According to Agnivesh, support for the abolition of bonded labour is growing in the Parliament, but in many areas of India lawlessness manages to sustain the system.

INTIMIDATION

Asked whether he is frightened by the threats on his life and the allegations that have been laid against him, Agnivesh quickly replies: 'Not the least.

I have been dubbed a Naxalite. I have been threatened with arrest under the National Security Act and my belongings, including the documentation on bonded labour, have been confiscated by the Government. The Haryana Government is trying to implicate me in some murder cases. But that has not deterred either me or my other colleagues from pursuing this work. We feel stronger and encouraged that we have been able to hit the right target.'

From *The Weekend Australian*, December 5-6 1981.

** ** *

REFORM WITHOUT CHANGE

A Review of the Remedies of Land Reform and the 'Green Revolution'. R GILES

I

'The rapid overall growth of agricultural output and rural income has, however, been accompanied by a sharp increase (in the Philippines) in the degree of inequality in the distribution of rural income.'—Growth and Inequality in the Rural Philippines.

When this occurs the first object of attack sometimes becomes progress itself or the multinational companies. Some part of this attack could very well be that international companies buy the best land and convert it to the production of non-food items—tobacco, cotton, flowers, etc.—forcing farmers onto the marginal wastelands to grow their food crops. The indigenous agricultural labourers are exploited and the profits taken out of the country. (It is salutary to think that every tourist or agency on behalf of tourists does the same thing in the Third World—either knowingly or unknowingly—and boasts later, not of 'exploitation', but of bargains and a 'cheap trip').

It must certainly be true that multinational companies, simply by virtue of location and efficiency, exploit local inhabitants more than others. My own experience has convinced me, however, that foreign companies also pay marginally better than local firms and provide better working conditions. It has also convinced me that in the Third World all join in the exploitation. It must be so since, in order to get a livelihood, there is always someone willing to offer his services or goods for a cheaper price than someone else. It is by this mechanism—as it is anywhere else—that exchanges take place.

What is really so wrong in fact is not that there is progress. What is wrong is that there is a tendency of what is produced to go to those who don't do the work. In Columbia (4.3% of the landowners hold 67.5% of the land) 'land is used to grow carnations that bring 80 times the price of wheat, but the money doesn't go to the farmers that do the work, It goes to the absentee landlords'. (*Witt on the World* by Bishop Howell Witt)

In India (thanks partly to the efforts of the British to create a 'landed class' who could hold the countryside quiet in some kind of paternalistic vyce), semi-feudal landlords in 1947, who constituted only 2% of the agricultural population, held almost 60% of the land

GOOD GOVERNMENT

often in unproductive idleness.

II

'As long as there is private property with unequal distribution, social power will gravitate to the handful of those who possess the bulk of social wealth.'—One Step Forward, Two Steps Backward.

In these circumstances, which are absolutely general in the Third World, the obvious course to take is land reform.

The mere announcement of land reform, as in Pakistan in March, 1972, is enough to thrill the countryside. As the *Pakistan Times* proclaimed, 'The dark night of feudal tyranny is over. The people's age has dawned.' Careful research, however, does not confirm that this is what follows land reform. As usually conceived, land reform is an attack on 'feudal landlords' and, as such, it commonly comes to grief. Because large owners divide their estates among their relatives and retainers, the government resorts to complex legislation to wrest their grasp from the land. But the frustration that then attends lengthy court battles concerning each large estate often leads land reform agencies to enclose public lands instead. On the other hand powerful landed interests have a variety of ways of undermining land reform agencies. Acting through the 'establishment' funds are restricted, compensation exaggerated so as to reduce the scale of reform, directors frequently changed or corrupted. The result is that land reform agencies often end up dormant. (In El Salvador, where administrative areas of the government correspond to the large estates, 'security' is virtually in the hands of the landowners and larger farmers. These form the 'death squads').

The most successful ploy of landowners, it appears, is to divert legislators from land reform to land use. There is the effort to build into land reform the limitation of 'social function' whereby many estates are exempted because of their efficient land use. In other words, the attention of legislators is distracted from the object of social justice to efficient production. The string of smallholders who go bankrupt paying off their land adds grist to the mill. Sometimes with good reason the government becomes more preoccupied with adding to food production than with adding to small farms. The large, mechanised farms are claimed to be more productive. This claim is most certainly one of the biggest obstacles which large landowners can put in the way of land reform.

In any case the way land reform is conceived, that is, as an attack on large estates, usually means that even the most daring reform only widens the distribution of land. Private

property is still unequal. Middle-sized farmers are more numerous. Now the landless and the landpoor say of this class (as they used to say of large landowners) 'It is to them that we turn whenever we are in any difficulty. It is thanks to them that we survive.' Both articles in this issue on land reform demonstrate the same thing: that the landless labourer still exists and is growing poorer; but now this is due to the fact that he is being exploited (more than ever?) by smaller farmers.

Only now, of course, the landowners are a group large and powerful enough to dominate politics 'democratically'—as they do through the Congress Party in India. To protect their interests food prices are artificially raised on the domestic market with the terrible result that, although food is abundant in India, nearly a quarter of the population are starving. But this is not the only result of price-fixing. Because more must be spent on the necessities of life industries such as textiles languish almost as they would if India itself suffered from famine. Unemployment results on a tragic scale. Cheap food is an absolutely necessary precondition for industrialisation to occur.

III

'(The Green Revolution) has had the effect of extending rather than reducing the existing inequalities and does little for the relief of the rural poor.' — Oxfam

This is so because all the advantages of the existence of a community adhere to the land and are enjoyed by the holders of the land. The Green Revolution is one such advantage. In Indonesia (which appears to have few large landowners—at least in Java) government applied the 'miracle seeds' to irrigated and fertile land close to transportation and markets. This was only sensible not least because here the results would be the most spectacular and therefore the most impressive to farmers. Here, near to towns and cities, rents have grown enormously. Here, '...there is a transfer of opportunities to work in rice farming from those who have relatively more land to those who have very much less or none.' That is, a class of absentee landlords have been created who have also taken to moneylending with their surplus wealth. How has progress affected rent? Rent has risen in step with progress and absorbed it. In Indonesia the result is that there are a greater proportion of rural poor amongst the agricultural population of 'developed' Java than there is in the Outer Islands of Borneo, the Celebes and Sumatra.

IV

'Now, the existence of this tendency (towards larger enterprises) shows two things: first, that any measures which merely permit or facilitate the greater subdivision of land would be inoperative and, second, that any measures which would compel it would have a tendency to check production.'—Progress and Poverty.

The upsurge of indignation and combatant attitudes on behalf of the rural poor against the oppression and the fraud of landowners—so that argument is sunk into the issues which this oppression and fraud raise—often prevents the issue of land reform from being clearly seen. Clearer analysis shows that it is most often physically impossible to provide land for all in the countryside who want it (but then what of town labourers?) History in recent times shows that land reform can only reach a certain point before a 'democratic' majority of landowners are entrenched in power and frustrate further reform—accusing any who protest as communists. Those who exploit the landless the most tyrannically may not be the transnationals but small landowners.

Then also there is the view, certainly held by some reputable economists, that 'economies of scale' which permit more division of labour, more mechanisation and greater bargaining power, make larger agrarian enterprises more productive than smaller ones. Indeed, to the careful reader of Karl Marx, it is obvious that Marxists have no objection to large enterprises but only to their ownership by 'capitalists'. In fact the most horrible suffering among masses of the rural population in recent times has taken place in those socialist countries where 'collectivisation' has been practised upon a rural population attached to the private ownership of land. It has been estimated that 22 million people died during the collectivisation of agriculture in Stalin's Russia. (Indeed, nationalisation itself has placed untold power within the grip of officials)

The current of wealth continuously flows toward the owners of land. Those who sense this in the Third World wish that everyone can have land. Yet this is often physically impossible and location makes equality of land rights impossible in any case. Governments in the Third World have done little to prevent the damming of wealth by those that hold land. Governments in the West have scooped up wealth as it flows through production and trade so that much of it now never reaches the landowner. Yet this has had a definitely deleterious effect upon the economy and an especially destructive effect upon marginal producers. Surely the simple thing to do is to allow wealth to gravitate to landowners and then to take it as rent for the

community. The enthusiasm for anticipating progress by buying up the land upon which it will occur will then be dissolved. The link between progress and poverty, which is land monopoly, will then disappear. Progress will then be progress.

** ** *

EXTRACTS FROM 'WITT ON THE WORLD'

Mostly, overpopulation doesn't come into the situation. We might do well to stop trying to force our ideas of birth control and family planning on poorer nations. When we get hung-up on this issue it becomes easy to opt out of our greater responsibilities.

History shows that even when family planning services are made available, human fertility does not begin to decline until certain basic social needs have been met. Birth control alone is not enough. When standards of living rise, the birth rate takes care of itself.

The message of the poor is clear. Basic equality is a sounder solution than birth control. From 'Witt On The World' by Bishop Howell Witt. Available from *World Vision of Australia*.

** ** *

YES, WE HAVE many sacred cows in our own society: a healthy bank balance, a house of our own, a sleek motor vehicle, a good job, freedom to go where we like. Then there are our household pets. Imagine being told to give up one of these things as a condition of receiving aid. At such a suggestion we would probably use words like: 'arrogance, insensitivity, and injustice'.

— Bishop Howell Witt
** ** *

AUSTRALIAN WHO WANT to live with a sense of world community, should remember that all systems on this planet suffer from the human failings of greed and corruption. But this is no excuse for turning our backs on people in need.

— Bishop Howell Witt
** ** *

Letters

A MONSTER

Sir—The Treasurer, Mr Howard, is correct (Herald, March 3) when he says that the high price of land and houses and not the high interest rate prevents the acquisition and construction of homes and has put the building industry in the doldrums.

Land price is a result not of an investment in industry but of an investment against industry and is the symptom of an economic disease which no liberal or person believing in the freedom of enterprise should tolerate. It creates unearned income, destroys the freedom of the market and is an assault on the returns to capital (in its true sense) and labour. Land values have created a financial monster battenning on the producer, and the solution is the public appropriation of the economic rent or site rent, which would destroy land price, and to that extent abolish taxation.

LIONEL BOORMAN Eastwood NSW
(From the *Sydney Morning Herald*, 6.3.82)

** ** *

COAL ROYALTIES

Sir—I understand that at a recent Canberra gathering of Georgists one of nineteen in attendance raised the question of the application of land value taxation to a coal mine and received eighteen different answers.

To my mind all one need do is to apply Ricardo's Law of Rent which in this case would be:

'The rent of a coal seam is determined by the excess of its produce over that which the same application can secure from the least productive coal seam in use'.

In other words there is a margin of production in the coal industry which determines wages in the coal industry and all above that is economic rent or surplus product—not produced by the coal industry but as a result of the superiority of some productive locations over other productive locations.

The effect would, of course, be that the margin would move in on to better coal seams. In other words read *Progress and Poverty* and substitute the word 'coal' for 'land'. One should also substitute the words 'public appropriation of the economic rent' for 'land value taxation' wherever appearing.

LIONEL BOORMAN Eastwood NSW

** ** *

LAND VALUE

Sir—As a greater and greater number of Georgists now realise, our objective should be to destroy the selling-value,

ie. the exchange value, ie. the price of land. It is a value from obligation of gigantic proportions, by which the human race is enslaved and overburdened and impoverished.

The price of land is not the cause of our basic social evils, but is the effect of the greatest of all injustices — the disinheritation of the people from the land, ie. the earth.

It is regrettable that Henry George did not pay more explicit attention to this subject. But in view of the wide range of his magnificent achievements as an economist and a teacher it is not surprising. He was not omniscient or pre-scient. But there are sufficient guide-lines in his books to lead us in the right direction, and there are also very clear direct statements.

In *Social Problems* he says: 'What the farmer who owns his own land would lose (ie. by the introduction of the basic reform) would be the selling value of his land, but its usefulness to him would be as great as before.' (p.194)
W A DOWE Lakemba NSW

** ** *

LAND TAX CAN BE A FRIEND

Sir—Mr K.A. Millar's indignation over the Land-tax, though understandable, is mostly out of place (Letters, Feb. 13)

It is true that in NSW a very good land-tax potential has been bungled, but not for the reasons advanced by Mr Millar. By legislative ineptness the tax now contains graduations and exemptions, and its incidence is now on land-value instead of on site-rent.

The incomes received by land-owners, as such, are not earned by them but by the enterprise and efforts of the whole community. The rent-incomes should therefore be collected by the community through a levy on site-rent alone (ex-

cluding houses and buildings), and the revenue should be accompanied by an abolition, or reduction, of the unjust and oppressive taxes now levied on private incomes and property, such as sales tax, payroll tax, tariffs and stamp duty.

To substitute a site-rent for other taxes would end the appalling bureaucracy and totalitarianism of our almost innumerable taxation offices, and the multitude of the public employed at great cost in fighting and evading taxes. The Government which in a true democracy is our friend has become our enemy. The land-tax, to the extent that it is amended to become fair and efficient, will also be our friend and remove our fiscal enemies.

Mr Millar is incorrect when he claims that the land-tax is savage indirect tax. Nothing could be more direct than the land-tax, which cannot be passed on.
W A DOWE Lakemba NSW
(From the *Sydney Morning Herald*, 8.2.82)

** ** *

LABOR'S CURIOUS ECONOMICS

Sir—So Mr Hayden told the National Women's Labor Conference that it was grossly unfair that a typist pays the same price for health insurance as does the Prime Minister.

Is it not also 'grossly unfair' that she pays the same price for a loaf of bread, a litre of milk or petrol or a Holden?

Is Australia, under Mr Hayden, to show the world a new economic system where prices of goods and services are set according to each buyer's ability to pay, rather than by the value of the labour and material put into their production—a curious philosophy for a labor leader?
DR PETER ARNOLD Rose Bay NSW

(From the *Sydney Morning Herald* 1.2.82)

** ** *

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. The great weakness of site rent when compared with Assessed Annual Value taxation is that it makes no allowance for 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'? — August 1981

3. When site rents are entirely appropriated the selling price of land will completely disappear. Now, if the selling price disappears what interest will landowners have in collecting the site rent. — February, 1982

** ** *

ANSWERS

Sir—1. Improve the zoning regulations. The council has to zone the 'old buildings of beauty or historical significance' specifically for that purpose. It will appear on the land value map with a small figure—may even be a negative figure, with the effect of a subsidy.

2. The poor widow: Changes in land value will be gradual and therefore most poor widows will meet them. In rare cases ad hoc treatment may be necessary.
J J POT Lunteren, Holland

3. When site rents have been publicly appropriated and the selling price has disappeared who will have an interest in owning land?
LIONEL BOORMAN Eastwood NSW

** ** *

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