

each plot and can be examined openly. Prospective purchasers can quickly ascertain the rent levels, tax liabilities and restrictions applying to any particular site. This is something that the UK would do well to copy.

The report itself states: "Sectional interests have maintained constant pressure on the Government, as the residual owner of all Crown land, to grant land at concessionary rates, and while, in the public interest, it has resisted these pressures, the Government has sought to meet all vital land requirements. While the main policy was laid down in the early years, principles have been built up by custom and precedent . . . Fundamentally the policy has been for the Government to allow private enterprise full rein, with minimum restriction, while retaining the long term interest in land in the hands of the Crown . . . Land has been from the earliest days of first importance in the life of the Colony and a source of great wealth and the policy has been to maintain a balance between the interest of the community and that of the individual."

While it is easy for us to fault the Hong Kong system in terms of pure economic theory and complete social justice the Colony remains an outstanding example of what can be achieved if the approach to problems stems from the right base and premises.

A SOCIALIST BACKS CAPITALISM

"All the statistics, national and international, all the research, agrees that what counts immediately is:

"Not the hours worked.

"Not the number of strikes.

"Not whether great or little muscular effort is exerted.

"Not restrictive practices by management or trades unions.

"Not the morale of the nation.

"Not whether the industry is publicly or privately owned.

"Not even whether or not the management is intelligent or energetic.

"Except in so far as all these things bear upon and affect the one thing that really does count, which is:—

"The amount of machinery, automation, electronics, horsepower the hand of each worker can command.

"In short, the less work by people and the more by machines, the higher the production. In other words, what counts is capital investment".

Hugh Jenkins, M.P.

A. G. HUIE

We regret to announce the death, November 7, of Mr. A. G. Huie, Australian vice-president of the International Union and for fifty years secretary of the Henry George League of New South Wales. A tribute to Mr. Huie will appear in our next issue.

Inflation and the Sordid Scramble

NOT THE LEAST SERIOUS of the consequences of having abandoned the policy of "sound money" has been adverse sociological reactions. Almost all inflations have some of the features of repressed inflation. And where "controls" intended to curb the effects of an increase in deposits and currency in circulation exist, enterprise tends to be diverted into blackmarket operations and to lobbying for licences, or dealing in them, etc. We all know that, as the necessary "controls" increase, opportunities for corruption multiply and the temptations to corruption are fostered. For this reason also the incentives to the investment of time, effort and money in skill acquisition are dampened through the resultant narrowing of the gap between the remuneration of skilled and unskilled work. But most important of all, cheap money tends to weaken the process of what Turrone has called "the natural selection of firms." The cessation of bankruptcies, which is so often and so easily hailed as evidence of "prosperity," properly seen, wrote Turrone, as "a symptom of the malaise of the economic system." It means that the incentives of both rewards for efficiency or success and penalties for inefficiency or failure of entrepreneurial activity are weakened.

Nor can we be blind to the distributive injustices associated with inflation; its merciless treatment of the politically weak; its tendency to reward those responsible for the dislocations which it so crudely rectifies; its penalisation of those whose actions have in no sense been responsible (those classes that loathe the idea of striking or threatening to strike — the salaried middle classes, the thrifty rentiers, the learned and charitable institutions that have relied upon interest on endowments, the pensioners, and so forth); its encouragement of a sordid scramble on the part of each organised group to get more for itself out of the common pool; its destruction of the motive to give of one's best in the common social task, particularly at the entrepreneurial level; its weakening of the rewards for ingenuity, enterprise and effort; its sapping of the incentive to thrift and growth; its discouragement of individual responsibility towards one's own future and that of one's dependants; its creation of resignation towards a taxation system that robs the community of capital for the financing of innovations; its encouragement of acquiescence in the squandering of the community's capital; its need, in practice, for a multitude of officials and controllers with delegated judicial and legislative powers, able to make or destroy fortunes and subject to the temptations of corruption; and the tendency it serves towards the degeneration of representative government into a system of vote-buying.

—W. H. Hutt, in *Keynesianism—Retrospect and Prospect*. (Henry Regnery Company, Chicago.)