

Our Australian Letter

THE greatest recent event in New South Wales was the defeat of the Labor Government led, or rather misled, by Mr. Lang, and the advent of a Ministry of all talents, with Mr. Bavin as Premier, comprising the pick of the two parties—Nationalist and Rural—whose united forces, acting harmoniously under a mutual pact, succeeded not only in driving the Government from office but in securing a majority of six, which should enable it to last the whole three-year term and to carry whatever measures may be brought forward for the country's good.

Labor's debacle was owing to a combination of causes, but mainly to the fact that the Labor Party had been captured by the "Reds," and that the extreme measures introduced at their bidding by Mr. Lang were not approved by the saner section of the Labor Party itself. The plan of campaign openly advocated by the Third International, of which Mr. "Jock" Garden, the secretary of the Sydney Trades and Labor Council, is the mouthpiece in New South Wales, is to place such heavy burdens on the capitalists that they will be forced to quit, when the workers will step in and take charge of the vacated posts. This was tried in Italy a few years ago with ruinous results till the Fascists in their turn drove out the "Reds" and re-established the order which at present exists. It has been tried in Russia with results which appear to have been equally disastrous, notwithstanding declarations to the contrary by the Soviet.

A similar attempt, although on a much smaller scale, was being made in New South Wales by the Lang Government with the result that important industries like the Mt. Morgan gold mine, the silver lead mines at Broken Hill, and the oil works at Newnes had to close down, while the farmers and other primary producers, on whom the protective tariff and the additional burdens imposed by the State ultimately fall, are being driven off the land.

DRIVING AWAY TRADE

Another very patent result of the extra burdens entailed by the reduced hours, increased wage, additional compensation to workers generally, superior accommodation for the rural workers, and child endowment was that large numbers were thrown out of employment, and it was increasingly difficult for those out of work to get anything to do. Sooner than meet all these heavy demands the farmers, and especially the dairy men, refused to employ anyone outside their own families unless it was absolutely required, and employers generally followed a similar course, so that instead of helping the workers the Lang Government really did them an injury. Trade, also, was driven to Victoria, where such onerous conditions did not exist, and "enterprises of great pith and moment," which would probably have been started in New South Wales, were diverted to the other States.

These circumstances, coupled with Mr. Lang's own domineering tactics, were responsible for an ominous split amongst the Ministers themselves and in the Labor Party as a whole, and for the fact that five of the metropolitan constituencies, which had previously voted Labor, went over to the Nationalists, and that the country generally followed suit.

A SIGNIFICANT DISCOVERY

The Country Party, which had done so much to secure Mr. Lang's defeat, was rewarded with four seats in the Cabinet, and there is every prospect of a three-year period of good government, marked by all the attributes, including common sense, which were conspicuous by their absence while Mr. Lang was in power. Mr. Bavin had hardly been in office a day when he discovered a letter from the Railway Commissioners to the Under Secretary for Works, which had apparently never been delivered to that officer but had been pigeon-holed by the ex-Premier, evidently for the purpose of preventing the public from learning that the shortened hours and other burdens he had imposed on the country had saddled the Railway Department with a huge deficit which had necessitated an insistent demand from the Commissioners that the freights and fares should be increased. The additional cost to the Railway and Tramway Department, due to the above and their causes, was stated approximately at £1,728,000, a perfectly staggering amount. The Commissioners wrote again and again to the same effect, without apparently receiving any reply.

The proposed increase in freights and fares is of the greatest moment to the farmers and other primary producers on whom the burden would principally fall, and, coming on top of the burdens already imposed, would be like the last straw on a camel's back. Protests against any further increase have been received from several quarters, and, as Mr. Marvin promised before the election that no such increase would be made if the Nationalists were returned to power, he will have to find some other means of meeting the tremendous additional cost which the Lang administration has entailed. All sorts of methods are proposed except the only economically sound one of making the interest on the cost of constructing the railways and tramways a charge on the land values which have been enhanced thereby.

A MISSING LINK

While on the subject of railways it may be mentioned that the long-awaited line between Condobolin and Broken Hill, the missing link connecting Sydney with South Australia by a second route, has at last been completed and is bound to have a stimulating effect on the trade between the two States, besides being very important from a defense point of view. The 700 mile journey will be made without stoppages for meals in 25 hours. There

will be a dining car on the train, but, as in most of our publicly owned railways in New South Wales, no sleeping berths will be provided for second class passengers although they will be charged £3 12s. for the trip. In South Africa and the Argentine, where equally long distances have to be traversed, second class sleeping berths are provided, but in New South Wales we are so hard up that second class carriages for long distance journeys are sometimes not even provided with lavatories!

STAGGERING INDEBTEDNESS

The first thing to face the new Ministry on taking office was that, instead of the boasted surplus with which Mr. Lang had been entertaining the electors, there was an empty treasury, and huge liabilities—amounting to between £30,000,000 and £40,000,000 for completing public works already commenced, such as the harbor bridge, the electric railways, the water and sewerage schemes—besides £115,000,000 worth of public loans which will have to be renewed, probably at an increased rate of interest, during the next three years. The State debt, by the way, amounts altogether to £240,000,000, which was increased to an unprecedented extent last year by £17,000,000. The deficiency on the State socialistic enterprises was £573,256, which was bad enough, but not nearly so bad as in the previous year when a loss of nearly a million sterling was incurred.

One of the very first measures adopted by the new Ministry was to link up with the other States—which Mr. Lang had previously refused to do—and join the Commonwealth scheme for placing all the loans on a uniform basis, limiting their extent, and providing for a sinking fund which would extinguish them within a given period. The total indebtedness of the Commonwealth and States amounts to the staggering sum of considerably over a thousand million pounds sterling, which has been reduced by about £17,000,000 since the inauguration of the National Debt Commission in 1923.

—PERCY R. MEGGY.

An Interesting Correspondence

MR. THORNTON COOKE is president of the Columbia National Bank of Kansas City, Mo., and he has had some correspondence with Mr. Harold Sudell, of Brookline, Pa. Under date of November 4, Mr. Cooke writes Brother Sudell:

"I appreciate your writing me about the subject of taxation. I am familiar with the writings of Henry George on the subject of Single Tax, but am not able to reach his conclusions, chiefly for two reasons.

"In the first place, it is not true that a tax on land values does not burden industry. The running expenses of the government are necessarily paid, not in land, but out of current or past production of wealth, that is out of savings or out of capital, and it seems to me essentially untrue to say that savings or capital can be so used without burdening industry.

My second reason is that the system would be impossible of universal, continuous application. The World War, for instance, could not have been fought by calling upon one class alone, the class of land owners, to meet the tremendously increased taxation necessary. Even if that class could, as a physical and financial matter, have met all the taxes, there would have been involved a most terrible injustice. In fact injustice did occur in that taxes on farm lands increased, while income was diminished after the war, and the results here in the Middle West were deplorable."

To this M1. Sudell replies as follows:

"Permit me to thank you for your very kind and courteous reply to my letter dealing with your Houston address. May I briefly comment on the points you raise.

"Naturally, as a banker, you are primarily concerned with the effect of the Single Tax on the investor in land. If the investor is a land user he will (except in a few cases) be benefited. If a speculator he will be hurt. It is unfortunate that we have by our tax laws, in the past, encouraged land speculation just as it was unfortunate that we ever permitted slavery. We abolished slavery and we will, ultimately, do away with land speculation.

"Our present taxes fall mainly on the use of land and in proportion to its use. The better the use the heavier the tax. The Single Tax changes this, taxing holding instead of use. In considering the effect of this change you must bear in mind that the Single Tax is what is called a natural tax inasmuch as it cannot be avoided. It must be paid to someone. If the state does not take it the individual will. Let me illustrate:

"A man in Kansas City desires a home. He purchases a lot for \$5,000 and builds thereon a \$15,000 house. He is virtually paying a perpetual ground rent of \$300 per year (the interest on \$5,000) to the former land owner. *This is the economic rent which the Single Tax would take.* But now the new home-owner is called upon to pay also a real-estate tax of about \$450 per year as well as multifarious taxes levied by state and national governments. Certainly there can be no doubt that the Single Tax imposes no burden here and it is equally true in every use of land.

"While we claim that the full economic rent of land is sufficient to meet all the ordinary normal expenses of government manifestly there is a limit. If a great emergency rose needing vastly increased revenue we would have to resort, as we did in the late world's war, to other taxes. What we want to collect is the economic rent of land—all of it and no more.

"The reasons for this are:

One—Land values attach themselves to the resources of nature to which all men have an equal right.

Two—Land values are a product of population and its activities multiply.

Three—Land values are like a looking glass inasmuch as they reflect the benefits of government. Good government invariably raises land values. Bad government depresses them.

Four—Land values depend for their continued existence on the fructifying effect of the regular expenditure of the public funds. If this issuance suddenly stopped in Kansas City and all governmental functions ceased your Kansas City land values would begin to melt away like snow in August.

In view of these plain facts it is evident that the economic rent of land belongs to the people and should be collected for governmental purposes."