



The article "Philosophy of Freedom versus the Single Tax" by Oscar Johannsen in the June HGN, in my opinion, does not help our common cause. His criticism of George's proposals to abolish all taxes except those on land values are based on the proposition that all taxes are immoral. The word taxation itself describes a process without implication of right or wrong. It is simply the machinery by which governments obtain revenue.

The real argument and source of dissatisfaction is not with the process of taxation in general but the subjects on which those taxes are levied. The moral principle which we (Georgists) urge is that governments have a moral right and duty to base their taxes on the publicly-created rental or capital value land—but have no moral right to base taxes on the privately created values of buildings, cultivation or production. This is a clear-cut principle capable of application at any time and with any level of government. It is the principle which Henry George consistently pressed.

One practical observation may be made on the auction method to determine rental values as distinct from sales value. If the rents are determined by auction as and when properties are up for sale there will be no practical difficulty in establishing a level of rental value any more than of capital values. But it would not be necessary nor just to require that all properties be put up for auction every few years to reassess rents as seems envisaged in Mr. Johannsen's paper. That would imply that anyone who bid higher than an existing occupier could dispossess him—though no doubt subject to compensating him for his buildings.

Wholesale auctions are not needed as land value gradients can be readily assessed by analysis of sales of properties coming on the market from time to time. Rentals of other properties can be adjusted according to these established trends without disturbing anyone's occupancy.

A. R. HUTCHINSON
Glen Iris
Victoria, Australia

"The end of the landlordism that has caused the peasant masses to live under oppression for centuries" was foreseen by the Indonesian Minister for Agriculture when he announced that 500,000 acres had been allocated to small holders, who are expected to intensify their own production. We hope this is the beginning of a thorough and permanent reform to be followed by right direction for the sake of the millions who for so long have been oppressed by basic economic injustice.

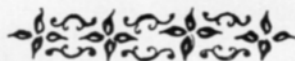
Java and Sumatra last enjoyed a respite from landlordism during Sir Charles Raffles' rule from 1811 to 1816. In this period he largely reconstituted the ancient land tenures that the Dutch and their predecessors had destroyed. In consequence of this and also of his wiping out a large number of onerous taxes, some millions of Indonesians returned from mountain areas to the lowlands from which they had been driven. This experience led Raffles, who established Singapore in 1819, to provide that the annual value of the land should finance the city's revenue. To this policy, which meant that land would be available without price and that trade and commerce could be free from restrictive taxes, can be attributed Singapore's subsequent growth and

prosperity. To the abandonment of this policy may be attributed the subsequent poverty and distress in Java and Sumatra.

It is always the income level of the agricultural worker that sets the "basic wage" for a country. Therefore, if Indonesia's present land-reform program is expanded to cover a significant proportion of the people, a high level of demand for consumer products can be expected, along with the industrial

educational and cultural advances that have so long been denied to the islands. And if the "land-reform" eventually extends so as to recover, for public revenue, the whole of the annual value of the land, city as well as rural, Indonesia will be a land that the rest of the world will envy.

W. H. PITT
Melbourne, Victoria
Australia



A CASE OF STOLEN LABELS

Milton Friedman, professor of economics at the University of Chicago, in an important book entitled *Capitalism and Freedom*, states as his basic proposition that "historical evidence speaks with a single voice on the relation between political freedom and a free market." He points up a fallacy in the slogan, "Human rights before property rights," which obscures the rightful basis of property, namely that a man belongs to himself or his Creator and therefor owns the product of his own labor, with freedom to trade it or do with it as he chooses.

The production of a person which he can keep for himself is his incentive for efficient work, and it is one of the most solid guarantees of individual dignity and liberty. In a socialist state, where a man is said to belong to the state, no one can criticize without endangering his job and his family. The author elaborates on this by stating, "so far as I know none of the people who have been in favor of socialism and also in favor of freedom have really faced up to this issue, or made even a respectable start at developing the institutional arrangements that would permit freedom under socialism. By contrast it is clear how a free capitalist society fosters freedom."

Thirty years ago the intellectuals who boasted of being "advanced" derided discussion of freedom as anachronistic, suggesting government control and planning as a substitute. Professor Friedrich A. Hayek's strong book *The Road to Serfdom* signalled the first revival of interest in defense of the private enterprise economy which Henry Georgists understand as being basic to freedom. The success of recovery in Germany under free enterprise stimulus has underscored this view.

Professor Friedman discusses social welfare measures in this excellent book, also the control of money, government's role in education, licensing of occupations and distribution of income using freedom as his yardstick of judgment. Quoting from A. V. Dicey's *Law and Public Opinion in England*, he states: "the beneficial effect of state intervention, especially in the form of legislation, is direct, immediate and so to speak, visible; while its evil effects are gradual and indirect and lie out of sight."

On how statists have stolen the term "Liberalism" the author quotes Joseph Schumpeter: "As a supreme, if unintended compliment, the enemies of the system of private enterprise have thought it wise to appropriate its label."

—Lancaster M. Greene