



# Progress

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## OUR PHILOSOPHY

**We believe** that the Earth is the birthright of ALL MANKIND.

**We recognise** that for most purposes it is essential for individuals to have exclusive possession and security of tenure of land.

**We believe** that those who have exclusive possession of land should COMPENSATE SOCIETY for being excluded therefrom.

**We believe** that such compensation paid annually would meet the costs of Government and permit Society to abolish all taxes on LABOUR and on goods produced by labour.

## THE POVERTY OF ECONOMIC PHILOSOPHY

By Karl Williams

*The year is 2092 and Kerry Packer IV has again increased every Australian's air levies. Some whingeing malcontents question our Airlord's right to privately own what was once considered to be the natural birthright of every person, but they are soon convinced that Kerry's great-grandfather worked extremely hard for the billions with which he bought the rights to purchase the Southern Pacific air licences in 2002. In return for his contractual obligations to maintain a specified level of air cleanliness, he won the "right" to extract an annual air rental from every air-breathing human residing in his dominions.*

### LOOK AROUND YOU, STOGES!

Feeling a bit hot under the collar over this opening number? Do you reckon you'll look for a loose brick the next time you pass one of Packer's shining glass buildings? May I suggest, then, that you open the other eye and seriously question the justification for land ownership?

As no person ever produced land or natural resources, should they like air be the equal and common inheritance of all humankind? Is land something exceptional (or sacred, according to many indigenous peoples) or merely another commodity to be bought, sold and used as a means to profit? Does the Earth belong to us OR DO WE BELONG TO THE EARTH?

Despite the lack of pre-industrial technology, there have indeed been relatively peaceful and prosperous civilisations on this planet, when every person had equal access to work through free access to that essential factor in all productive effort land. He/she repaid the community or feudal lord for the use of this scarce resource, in proportion to the agricultural productivity or locational value of the land through their annual land taxes (more

properly called land rentals). Idle holders of note were thereby forced to put their lands to good use, or pass them on to those who would. In such societies where this large natural fund was collected for social welfare, as well as the maintenance of basic infrastructure and defensive needs, all other forms of taxation were unnecessary. In the West, this era ended in about the 13th century, with the gradual enclosures of The Commons.

### CHANGING TIMES, TIMELESS PRINCIPLES

'Hang on, boy,' I hear you say, 'we're now living in an industrial society where different land uses and economic relationships have meant that we're playing a different ball game.' I grant you this, but as long as we're bound to these physical bodies which are in turn bound by gravity to the Earth, are we not just as dependent as ever on the Earth for our very existence? Here in our "land of sweeping plains" do we not find that all the seats are taken and as a result have to spend many years working to purchase "our" block. Concerning third World countries (where too often a handful of land-owning families "own" the land), Old World countries (with the titled land

barons and dukes) and outrageously expensive cities such as Tokyo (where unearned speculative profits for the few mean losses for the many), the issue of land ownership, and the whole economic system that is built upon it is more pressing than ever.

### THE THIRD WAY

Western economies are controlled by economic quasi-illiterates, with little sense of history and even less understanding of a true sense of social justice. The few who have pleaded with Boris Yeltzin to NOT privatise Russian land, have been but voices in the wilderness — soon the rural families who have worked the land for generations will most likely be beholden to absentee landlords, who will progressively raise

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  - Dates for your Diaries
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the rents as tax-funded infrastructure increases the value of their land.

Again, land has been confused with capital. Leave aside the philosophy for the moment – land is vitally different from capital because:

- it is relatively fixed in supply, and becomes a scarcer “commodity” as populations rise;
- the occupier does nothing to improve its value – this can only be done by the presence of surrounding population and infrastructure;
- it is essential to all forms of terrestrial life.

Marx wandered from this fundamental distinction, as have all prominent 20th century free-market economists. The last major economist to restate this distinction, was the American Henry George (1839-1897) who elaborated on the enormous consequences of basing a whole new civilisation on this timeless principle. How then do we translate these insights into a comprehensive, coherent and socially-just economic system? Here I'll simply assert that it has been done, but I'm not even going to start to explain how virtually every economic and social principle by which we live would be turned on its head. It's no panacea of course, (in fact most students of Georgist Economics readily acknowledge a number of mistakes in the original theory) but it holds out the equity of socialism and the liberty and prosperity of the free market system. If it could be briefly explained, it would have been adopted long ago, and to attempt such a simplification makes it sound very Mickey Mouse.

#### OUR MONASH MENTORS

It's very strange, don't you think, how our enormously influential economists, be they politicians or academics, have not seriously overhauled their theories despite decades of proven policy failures? This writer has this year personally approached every professor and almost every lecturer in the Economics Department in an attempt to open up the discussion on Georgist Economics. With five or six notable exceptions, he has been met with examples of the narrowest academic orthodoxy, outright hostility due to plain ignorance (about half of our learned teachers had not even heard of George or his predecessors) or mental ossification (i.e. “too old to change”). How much of their reaction was due to them protecting their absurd livelihood is difficult to ascertain. I was continually refused the opportunity for peaceful and polite discussion, much less

open public debate in our so-called “open learning institution”. At least no-one tried to burn my books!

#### SO WHERE TO NOW?

For the immediate future, there seems little hope of reforming our economics curriculum while those who have “sold out” continue to set the agenda. Those of you who wish to begin the private study of this philosophy and economic theory may contact me on (03) 754 8356. There's a lot in it for Greenies and peace activists, too. But for those mindless masses of soulless profit-seekers, I suggest you get in early and make a killing on the stock exchange if a public offer is made to subscribe to Packer Air Holdings. You mightn't have long to wait – the British Tories are at this moment seriously considering the privatisation of their water supplies.

Monash University,  
“Lot's Wife” 19/10/92.

#### WHAT MADNESS IS THIS?

Some strange historical sources may shed some light on what is presently happening in the State of Victoria. We have the new Kennett government promising not to raise taxes before the election, actually raising one billion dollars in extra taxes immediately after. Of course, this was justified by the much worse state of Victoria's economy, purportedly only discovered after the election. This is just “the old trick of turning every contingency into a resource for accumulating force in the government” (James Madison, 1794). Every increase in taxation leads to an increase in the power of the state with a corresponding decrease in the taxpayer's income and consequently a decrease in control over his/her life.

How have we got ourselves into this mess? For at least the past thirty years there has been a steadily increasing percentage tax take from the nation's wealth. The consequences of such a phenomenon have been known for over a century.

“The immense and ever-increasing sums which the state wrings from the people are never enough for it; it mortgages the income of future generations, and steers resolutely toward bankruptcy.” (P. A. Kropotkin, *Paroles d'un révolté*, 1884) or take the following: “Taxes are paid in the sweat of every working man who labours. If those taxes are excessive, they are reflected in idle factories, in tax-sold farms, and in

hordes of hungry people, tramping the streets and seeking jobs in vain. Our workers may never see a tax bill, but they pay.

They pay in deductions from wages, in increased cost of what they buy, or in unemployment throughout the land.” (F. D. Roosevelt, October 19, 1932) Shades of Victoria?

So how do we solve Victoria's problem? Well for the Kennett government it's obvious. Raise more taxes.

Australian Adam Smith Club  
Newsletter,  
Melbourne, 1992.

#### COMMENT

Site value revenue is of course radically different, and is either ignored or not understood by the author.

#### HK LAND OWNERS FACING \$1BN GROUND RENT HIKE AFTER 1997

Hong Kong land owners will be confronted with a new ground rent amounting to \$HK5.5 billion (\$A1 billion) a year in 1997 when the British colony becomes a special administrative region of China.

While landlords now pay a nominal sum – from \$HK100 to \$HK1000 – to the Hong Kong government, they will pay three per cent of their property's net rental value to the future government.

Under the Sino-British agreement, which provides for the return of Hong Kong to Chinese rule in 1997, all leases north of Boundary Street, Kowloon, and the New Territories, will be automatically extended for 50 years after the handover.

Instead of paying a nominal ground rent, lessees will pay three per cent of the property's rateable value.

Senior partner at agency Brooke Hillier Parker, Mr. Nicholas Brooke, said he had evaluated building stock and concluded the administration would receive about \$HK2.5 billion a year from ground rent, compared with present income of about \$HK300 million.

“If you consider the leases which have been granted since 1984 up to 1997, we reckon they are likely to produce an additional \$HK3 billion, so the total is around \$HK5.5 billion based on today's values,” he said.

Mr. Brooke said that under the existing system, most land in Hong Kong was sold by auction or by tender and the Government extracted a premium up front.

“The Australian”,  
2/11/92.

## THE FUNDAMENTAL LAW OF POLITICAL ECONOMY

From "The Science of Political Economy" by Henry George

The only way man has of satisfying his desires is by action.

Now action, if continued long enough in one line to become really exertion, a conscious putting forth of effort, produces in the consciousness a feeling of reluctance or weariness. This comes from something deeper than the exhaustion of energy in what we call physical labour; for whoever has tried it knows that one may lie on his back in the most comfortable position and by mere dint of sustained thinking, without consciously moving a muscle, tire himself as truly as by sawing wood; and that the mere clash and conflict of involuntary or undirected thought or feeling, or its continuance in one direction, will soon bring extreme weariness.

But whatever be its ultimate cause, the fact is that labour, the attempt of the conscious will to realize its material desire, is always, when continued for a little while, in itself hard and irksome. And whether from this fact alone, or from this fact, conjoined with or based upon something intuitive to our perceptions, the further fact, testified to both by observation of our own feelings and actions and by observation of the acts of others, is that men always seek to gratify their desires with the least exertion.

This, of course, does not mean that they always succeed in doing so, any more than the physical law that motion tends to persist in a straight line means that moving bodies always take that line. But it does mean the mental analogue of the physical law that motion seeks the line of least resistance – that in seeking to gratify their desires men will always seek the way which under existing physical, social and personal conditions seems to them to involve the least expenditure of exertion.

Whoever would see this disposition of human nature exemplified in trivial things has only to watch the passers-by in a crowded street, or those who enter or depart from a frequented house. He will be instructed and perhaps not a little amused to note how slight the obstruction or semblance of obstruction that will divert their steps; and will see the principle observed by saint and sinner – by "wicked man on evil errand bent," and "Good Samaritan intent on works of mercy."

Whether it proceed from experience of the irksomeness of labour and the

desire to avoid it, or further back than that, have its source in some innate principle of the human constitution, this disposition of men to seek the satisfaction of their desires with the minimum of exertion is so universal and unailing that it constitutes one of those invariable sequences that we denominate laws of nature, and from which we may safely reason. It is this law of nature that is the fundamental law of political economy – the central law from which its deductions and explanations may with certainty be drawn, and, indeed, by which alone they become possible. It holds the same place in the sphere of political economy that the law of gravitation does in physics. Without it there could be no recognition of order, and all would be chaos.

Yet the failure clearly to apprehend this as the fundamental law of political economy has led to very serious and widespread mistakes as to the nature of the science; and has indeed, in spite of the vigorous assertions and assumptions of its accredited professors, prevented it from truly taking in popular esteem the place of a real science.

### HARE-CLARK BOOK LAUNCHING

A major, high quality book on Tasmania's Hare-Clark electoral system was launched at Parliament House, Hobart, on 26th August. The book, entitled *Hare-Clark in Tasmania: Representation of All Opinions*, is the first to fully detail the history of the Hare-Clark system, and it thoroughly explains its intricacies, subtleties and virtues. Chapters include the results (in graphs, etc.) of over 30 Tasmanian elections. The book will become an important reference work and authority on the subject.

Mr. Terry Newman, the Parliamentary Librarian, wrote the book, and Mr. Neil Robson, former Tasmanian Electoral Minister and Tasmania's prime champion of the Hare-Clark system, recognized as such by the three major groupings in the present Parliament, gave the keynote address at the launching.

A feature of the launching, which was a measure of the pride Tasmanians have in their world-leading electoral system,

was the attendance of the Premier of Tasmania, the Hon. Ray Groom MHA (Liberal), together with all six surviving former premiers of Tasmania. Their ages spanned 40 years and their terms ran from 1958 to 1992. The only gap in the sequence was the late Mr. Bill Neilson (ALP). They were, in chronological order of first attaining office, Mr. Eric Reece (ALP), Sir Angus Bethune (Liberal), Mr. Douglas Lowe (ALP), Mr. Harry Holgate (ALP), Mr. Robin Gray (Liberal), and Mr. Michael Field (ALP).

Mr. Robson described Hare-Clark as "the best system in the world". He rejected as a myth that "it's a cranky system, a Hare-brained system, and only Ireland and we would put up with it." Certainly none of the former premiers, who had each headed major party governments, gave any credence to ignorant claims sometimes heard in other States that "PR gives unstable government" or "PR discriminates against the major parties".

Pleasingly the book reproduces material from three separate PRSAS publications and makes frequent mention of the late Mr. J. F. H. Wright's book, *Mirror of the Nation's Mind* (\$7 post free from PRSA).

The 320-page soft cover Hare-Clark book is available by writing to the Tasmanian Parliamentary Library, Parliament House, HOBART TAS. 7000, enclosing a cheque or money order for \$39.95 (includes postage) payable to "Tasmanian Parliamentary Library".

"Quota Notes",  
September 1992.

### BRITAIN'S BIG ISSUE

While thousands of homeless people sleep in the streets at night, over 760,000 houses and flats stand empty in Britain. There are an estimated 638,000 empty houses owned by private landlords, 83,000 by local councils, 31,000 by government departments and 16,000 by housing associations.

"Land & Liberty"  
May/June 1992.

On page 8 of this issue readers will find the adjusted membership fee, and the new subscription rates for "Progress".

## PRESS LETTERS

### LAND LEASE, LESS TAX

Whether we believe in creation, evolution, or neither, the fact remains that we are here with land provided for us. How we handle that gift to all mankind is what is plaguing the world today.

Land must not be a commercial commodity. There is no justice in that. All who would use land would have the security of a lease on their needs and the revenue thus raised would eventually replace all penal taxation.

Denmark proved it can work. It is as simple as that. In 1957 the Justice Party had the necessary legislation passed, and by 1960 their economy was in excellent shape. However, at the election of that year, the land-owning lobby reduced the Justice Party's numbers by half – the legislation was reversed and they went back deep into the red. Of more recent times they started GST at 10 per cent but at last report it was 22½ per cent.

Charles Somerville,  
Carnegie.

"Caulfield Southern Cross",  
28/10/92.

(also "Malvern/Caulfield Progress")

### DON'T BLAME IT FOR NATION'S AILMENTS

SIR: The front page of *The Northern Herald* (September 3) featured an amazing and unjustified attack on land-value taxation. Sir John Cramer is quite wrong in claiming that land tax "does irrevocable damage to the welfare, growth and employment of Australia".

A uniform site-value tax (without thresholds or exemptions) is the fairest, most ethical and economic revenue. It encourages the efficient use of all sites and encourages full employment. It causes prosperity.

The real cause of bankruptcies and high unemployment are the taxes on transactions (payroll, finance and stamp duty, sales, PAYE, and GST and VAT).

Our whole prosperity depends on buying and selling the results of each others' efforts, but the bad taxes act as deterrent fines on those transactions.

Sir John obviously speaks on behalf of the few privileged families who hold very large amounts of the land value of Australia.

Those values are continually maintained by government expenditure on bridges, tunnels, roads and highways, schools, police, subsidised transport, parks, gardens, hospitals, entertainment, sports facilities, and many other items which all provide benefit and services in locations.

A main cause of the high unemployment and recessions since 1970 has been the policies of governments reducing land tax and increasing other taxes.

Before 1970 we were the "lucky country" with three per cent unemployment and three per cent inflation. Governments have been going the wrong way. A good government will gradually broaden the land tax base and gradually increase the intensity; and reduce taxes on transactions.

S.S. Gilchrist,

Roseville, N.S.W.

"Northern Herald", 17/9/92.

### RATE RISES VERSUS LAND PRICES

Rates are in the news again, as councils strive to keep rate rises below the annual increase in the CPI.

Unfortunately, success in that endeavour will only prolong the recession or make it worse, because rates are only one side of a very important equation.

The other side of that equation is land price, and if rates rise more slowly than inflation, then land prices rise more swiftly than either earnings or the price of goods and services. That pushes property prices up, adds to mortgages and to the amount of interest paid, and creates homelessness and unemployment by driving potential home owners and employers from the real estate market.

Low rates allow landowners and investors to withhold idle or under-used land from prospective purchasers or tenants, while waiting for prices or rents to rise. This creates an artificial scarcity of land and adds further dollars to the price of many sites.

Low rates also create anomalies in valuations, with the price of some land being even more inflated than the price of other land, depending on its attractiveness to investors from home and overseas.

Australians have a choice – high rates and low land prices or low rates and high land prices.

A sharp increase in rates, accompanied by a substantial lift in the threshold for income tax, would bring land prices and mortgage costs down, give the building industry a boost, foster self-employment and the creation of small businesses, and allow more Australians to own the land on which they live and work.

The alternative (low rates and high land prices) favours the wealthy (including multi-national corporations and absentee landlords) who can more easily pay a high capital price for land. Therefore, protests against rate rises help turn Australia into a banana republic, with a few rich landholders and a multitude of landless poor.

For prosperity, we must protest against income tax, sales tax, petrol tax, consumption tax, etcetera, and support a steep increase in rates, accompanied by measures to ease any distress thereby imposed on pensioners and the farming community. That is the only way to overcome the recession, and keep Australia in Australian hands.

Dr. Les Hemingway,  
"Warrnambool Standard",  
13/10/92.

### BUCKLEY'S CHANCE

SIR, If John Legge (*AFR*, October 8) doesn't understand that taxes and tariffs penalise producers, and that capturing for revenue the surplus product known (even in the late 20th century) as economic rent cannot penalise them, he has Buckley's chance of improving Australia's value-added activity.

Bryan Kavanagh,  
Glen Waverley, Vic.  
"Australian Financial Review",  
8/10/92.

### NO CAUSE FOR REJOICING

The news (September 30) that Box Hill has acquired a facility for more readily collecting a variety of taxes is not a cause for rejoicing.

Current taxation deters productivity and commerce, is increasingly intrusive and so bewilderingly complex that more people are obliged to employ tax agents. The average fee paid to tax agents by 60 per cent of taxpayers is estimated at

\$238 over and above the taxpayer's time in preparing the raw data. All the paper shuffling involved does not enhance Australia's standard of living; on the contrary, the inhibiting effects of current taxes lower it.

There is an alternative: collect the community created site values as the primary source for community revenue (estimated at 25-30 per cent of the GNP). This is simple to administer and impossible to avoid; it would ensure optimum use of sites, especially those surrounded by community amenities; it would stimulate, not retard, genuine economic activity.

G. Forster,  
Secretary, Tax Reform Australia,  
Hardware Street, Melbourne.  
"Progress Press" 28/10/92.

## LETTER TO THE EDITOR

It is easy to conclude, as an abstract problem, that the earth belongs to all the people. However, you and I are individuals, we are not all-the-people. These are the reactions of two intelligent individuals whom I asked what they thought about Henry George's ideas. They had never heard of him, and I had to explain it to them.

One: "I own land worth at least \$200,000; with this land-tax idea my land would become valueless. I would lose \$200,000 for which I worked and saved for many years. The present system with all its shortcomings is still the best system known."

Two: "I own no land. If I could get the use of a piece of land for land tax only it would be lovely – but isn't it a pipe dream? Why did it fail in Denmark? The economy was blooming, the people were happy. Obviously, the rich are powerful. It may not be possible to fool all the people all the time, but the majority can be fooled for a long time. It took us thousands of years to realise that dealing in human beings is morally wrong, and it may take us another few thousand years to realise that dealing in land is wrong. We can only hope that we will not have killed each other before then."

William Zimmerman, B.A.,  
Caulfield South, Vic.

### COMMENT

While the earth, in a sense, belongs to all the people, it is appropriate for individuals to have exclusive occupancy of particular sites, provided they pay to the community an appropriate "site rent" or "ground due" for the

privilege. An amorphous social collective just doesn't work; individuals and groups must be given the freedom and scope to operate, provided they do not infringe the equal rights of others.

To the first comment: the annual value of your site would remain, though the capitalized price would tend to disappear. Remember that all other taxes (or the vast majority) would be cut down or cut out. Almost certainly, the change would be phased in gradually, giving time for adjustment.

To the second comment: Yes, the power of vested interests is very great. Any venture towards radical reform is a risk; there may be no success or else short-lived success. Part of being fully human is surely committing oneself to some worthy aim or ideal, irrespective of its chances of immediate success, just because it is intrinsically right or good.

## PROPERTY LEVY LIKENED TO THATCHER POLL TAX

By David Porter

The Victorian Council of Social Service has likened the State Government's planned \$100 state deficit levy to the unpopular poll tax in Britain ("Age", 27/10/92).

The council's executive director, Mr. Robert Hudson, said yesterday that the levy was "clearly unfair and regressive".

"Under this proposal a millionaire who owns a large block of prime real estate in Toorak would pay exactly the same amount as a sole parent struggling to pay off a mortgage on a small block in Sunshine," Mr. Hudson said. "It should be based on the rateable value of the land or income."

Mr. Hudson said the levy would be similar to the poll tax which the former British Prime Minister Mrs. Thatcher tried to introduce in Britain. "It would be much fairer to raise the money by increasing the revenue from land tax which is targeted towards those who have substantial assets of wealth – \$126 million could be raised simply by fully indexing land tax instead of providing land tax concessions."

## GEORGE GOES JAPANESE

A classic 19th century book on political economy written by social reformer Henry George has been republished in Japan. *Progress and Poverty*, originally published in 1879, became one of the best-selling non-fiction works ever – and one of the most

widely-read books on economics. It has now been translated by Prof. Yoshisaburo Yamasaki, emeritus professor of Kobe University, and published last year in Tokyo.

In Budapest, the Hungarian translation of Henry George's *The Condition of Labor*, has also been reprinted. This was followed by the publication of a book which was written by the late Sos Aladar 50 years ago. Mr. Aladar was an advocate of the philosophy of Henry George. Because of the world war, publication was interrupted, and the MS gathered dust until last year. It was presented to the press by Goncz Arpad, the President of Hungary, who had been a friend of the author.

According to Balazs Konya – who is now seeking support for the publication of his Hungarian edition (with an English translation) of *Perspectives of Henry George's Thoughts and Ideas* – the new interest in the Georgist philosophy is timely.

He told *Land & Liberty*: "The very rapid political changes occurring in the world – especially in Eastern Europe – make it necessary to reappraise all the practical possibilities concerning Henry George's teaching."

## NEW INTERNATIONAL BODY MAY ADOPT QUOTA-PREFERENTIAL COUNTING

Professor Peter Singer, of Victoria's Monash University, is a key figure in the planned establishment of a new international body – the International Society for Bioethics. He has contacted the PRSA for advice on the wording of clauses in the Draft Constitution of the proposed Society that would provide the fairest and most flexible electoral system to ensure that the Boards to be elected would properly represent a range of viewpoints, and their incidence, around the world.

After considering the PRSA's advice, Professor Singer has included in the draft constitution a clause that requires that votes be counted by the quota-preferential method of proportional representation, in accordance with the Proportional Representation Manual of the Proportional Representation Society of Australia. The meeting to adopt the constitution is to be in the Netherlands, whose national electoral system uses the inferior and indirect form of PR, the party list.

"Quota Notes",  
September 1992.

## SOME BASIC REQUIREMENTS

The following was presented to the Unitarian session on 3CR by Dorothy Davies, and subsequently broadcast. It has been slightly abridged.

I listened with interest to your last three programs on 3CR and found the story of the American minister and his fight particularly inspiring. Because of it, I am surprised that you do not appear to be aware of, or don't speak about, the other equally devout American, the philosopher Henry George, who spent his life crusading against poverty in the midst of affluence. His book, "Progress and Poverty", sets out in detail the reasons for his conclusions and how he reached them.

You asked for responses to your program, and most definitely I reject all of the proposals of the political parties. Basically, there are four requirements:

1. A twenty hour working week for everyone (no overtime);
2. A guaranteed Minimum Income;
3. Proportional Representation for all elections;
4. Citizens' Initiative.

It is very important to disseminate widely the fact that technology and automation have destroyed and are destroying so many jobs that *there will never again be full employment under the current system*. Very few hours are required to manufacture all needs. A permanent pool of unemployed is totally unacceptable. Andre' Gorz in his books "Paths to Paradise" and "Farewell to the Working Class" discusses this in detail and outlines possible alternatives. The democratic one is to halve the working week. A twenty hour working week would put most of the unemployed to work. With the agreement of the workers, rostered hours need to be agreed upon so that husbands and wives can schedule their time for one to work while the other cares for the children, thus dispensing with the need for child care – the best child care is the parent anyway. This proposal needs widespread airing and discussion. It is a recorded fact that productivity has increased throughout the century each time working hours have gone-down. Therefore, a 40-hour wage for a 20-hour week should be possible.

In addition to the foregoing, there needs to be a Guaranteed Minimum Income for all from birth to death, abolishing the various pensions that are at present provided. A G.M.I. would allow those who wish to work at art, music, dance and other creative activities of all types to do so, leaving the small number of jobs available to

those who want to do them. This G.M.I. could be paid easily from the revenue the collection of site value rating on all land would provide (see Henry George). This revenue is not being collected at the moment and, because it attacks the assets of the wealthy and the privileged, it will not be introduced without a struggle. No other taxes would be required.

It seems to me that Proportional Representation for all elections, municipal, state and federal, is essential to enable the people to have what they consider fair and just legislation adopted before much change can take place. As well, I believe Citizens' Initiative legislation needs to be drafted and discussed for adoption.

## GENOCIDE

### SPECIAL REPORT – ARGENTINA 1992

On January 1991 was inaugurated in Argentina the "Menemomics" (in honour of the "peronista" President Menem). This new economic experience, with the assistance of the International Monetary Fund and the blessing of the American Government, is an Argentine version of Reaganomics. The results are:

1. Privatization of State monopolies (telephone, railways, airlines, oil, iron, etc.) which passed to private monopolies and oligopolies hands.
2. 50% annual inflation average (cost of living) according to official estimates.
3. 200% increment in housing rentals, 70% in food, 60% in educational and health services, according to private estimates.
4. Paralysis of production and inflation with recession (stagflation).
5. Industry in general and building construction paralysed too. Great housing shortage: 75% of population need new houses. Increase of homeless people.
6. Dollar frozen (1 American dollar = 10.000 Argentine new "pesos").
7. Free open importation of goods (especially from U.S.A.) Invasion of video games and electronic play machines.
8. 80% of population living in poverty including 25% in extreme poverty.

9. 12 million people from a total national population of 33 million inhabitants are unemployed (two thirds of economic active population).
10. Under-employment: 10 million people get salaries below the poverty line.
11. Low wages, retirements and pensions: The minimum wage had to be US\$800 according to the cost of living. The reality is otherwise:
  - (a) Average worker wage: US\$250 which lasts a couple of weeks.
  - (b) Minimum retirement: US\$200 which lasts one week.
  - (c) Minimum pension: US\$140 which lasts few days.
12. Disturbing suicide rates, especially among retired people and youth.
13. Increasing human exploitation, slavery, impoverishment, starvation and mendicity.
14. Increase of the so-called "street children".
15. Illnesses increasing. For example – cholera and meningitis.
16. Public hospitals and health centres for the poor without resources.
17. Public education without resources. Schools, colleges and universities don't function, and teachers and professors move to other jobs. 60% of population is illiterate.
18. Increasing emigration to other countries.
19. Strikes are a daily event.
20. Violence, robbery, crime, sexual violation and prostitution increasing.
21. Urban and rural land monopoly at its apogee.
22. Justice, Security, Police, Politics, Syndicalism and Public Administration at their lowest levels, technical and ethical.
23. Corruption generalized from the top to the bottom of society. Government officials and top politicians involved in narcotraffic and dirty businesses.
24. Foreign debt of 65 billion dollars.
25. Argentina has about 60 taxes at National, State and Municipal levels, all of them on production and labour. "Menemomics" emphasizes two: "Added Value Tax" and "Goods and Services Tax", through which try to get unsuccessfully the 70% of national resources, but it is impossible because people can't pay and the Government answers with an army of inspectors.

## SUPERFICIAL

A consideration of the "boom-busts" of history was presented by David Walker in "The Age" of 30 October. What is the link between, say, the October 1987 sharemarket crash and the economy?

The current jargon for market crashes involves "asset price deflation". According to certain experts, "a sort of madness" erupts.

The theory is that "when asset values fail . . . companies and households start concentrating on paying debt. Lower spending depresses activity, which depresses spending, wages and asset prices and makes debt repayment both harder and more pressing. This in turn depresses activity, which depresses spending . . . and so on."

The obvious weakness here is, just what is an asset, or for that matter, an asset value?

Underlying this is a failure to define fundamental terms. If the gurus of today went back to recognize land, labour and capital as the primary factors of production, and recognized that the topics so often discussed are secondary, tertiary or even more remote, then there might be some hope of understanding and controlling (or better, preventing) extreme booms and busts.

The role of land prices is the crucial, yet neglected factor. See Fred Harrison's "The Power in the Land"; or Bryan Kavanagh's article in the May 1991 issue of "Progress".

Because they understood the impact of land prices, Georgists were able to predict the current recession/depression some years ago. Monetary policies and influences play their part, but they are not fundamental.

Until there is a wider and deeper understanding of humanity's relation to the earth (including, especially, the role of location), we are indeed, as David Walker indicated, "doomed to repeat the boom-busts" of history.

Geoff Forster.

## THE ONLY CURE FOR BOOM AND BUST

By Herb Meyer

According to the London Planning Advisory Committee, London's new strategic plan for the year 2000 and beyond "must avoid an office boom and bust cycle". In the current fin-de-siècle this is like "planning" for apple pie, motherhood and clean streets. There can never be an end to the boom and bust stop-go cycle until its causes are understood by all.

The only economist who clearly stated the cause of recurring industrial depressions was Henry George. He understood the origins of social inequalities, which drive workers to the wall and bankers to Wall Street. If the LPAC wants guidelines in the preparation of its Almanac for the Millennium it could do worse than read *Progress and Poverty*.

The cause of social inequality is political injustice. How do we now institute social and political justice and thus achieve true equal opportunity?

That it must be done and done quickly, Prague, Sarajevo, Cotgrave, Los Angeles, Bradford, Oxford and the gathering world-wide depression and economic collapse demonstrate only too clearly; for, as the Reverend Jesse Jackson stated in Brixton in 1984, "The price of peace is justice."

In *Progress and Poverty* Henry George demonstrated the remedy for the periodic industrial depressions of the current economic system. He further showed how all the other panaceas would fail.

In 1992 we have had "cuts", the greatest number of high-qualified unemployed, "trainees" ad nauseam, record "savings", trade unions and co-operatives galore, a welfare state and even in some limited areas "a more general distribution of land. None have cured the problem of poverty amid plenty as Henry George foresaw. And he saw what would happen if his

remedy was *not* implemented. In *Progress and Poverty* George prophesied, "how modern civilisation may decline".

"What has destroyed every previous civilisation," he wrote, "has been the tendency to the unequal distribution of wealth and power. This same tendency, operating with increasing force, is observable in our civilisation today, showing itself in every progressive community, and with greater intensity the more progressive the community. Wages and interest tend constantly to fall, rent to rise, the rich to become very much richer, the poor to become more helpless and hopeless, and the middle class to be swept away . . . there are indications that we are actually turning back towards barbarism . . ."

There is always a political choice available. The choices for urban design form in the coming millennium, which is rapidly approaching, are three. We could continue as players in "the landlord's game", that is, we could allow land value speculation to reassert itself after this critical depression.

The roller-coaster ride of boom and bust could carry on, with ever-accelerating booms of higher intensity but shorter duration, to be followed by ever-increasing slumps of deeper depression and longer extent.

One of the alternative scenarios volunteered as an antidote to this is for the world to re-enter the era of "altar and crown", where all become subjects to the Prince's "urban villages". Sterile, illiberal, sited on Sitte's pro-medieval aesthetics. Prince Charles' urban villages lack, as so perceptively noted in a recent letter in *Building Design*, the fundamental basis of all true garden city design; land value taxation. Without such a Georgian basis, the Prince's urban village becomes but another more

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intensely developed and highly density garden suburb. The banality of both Poundsbury and the urban village "Greenville" match that of Prince Albert's 1851 Great Exhibition model cottages.

But there is a third alternative. Progressive radicalism can still triumph over royal reaction, unrepentant charity, or unreformed laissez-faire. We could all become free citizens of a new Broadacre City, a true garden city.

We could return to the essence of Georgism - apply the single tax on the unimproved site value of land, reduce densities to manageable numbers, build to a human scale of not more than ten dwellings per acre, set out cities out in the American democratic grid which belies hierarchy, orthodoxy, rigidity and status.

We could re-introduce that important concept of the mediator between public and private - the house porch. We could reduce the road system to a rational network tamed to suit the pace of the pedestrian and the scale of low-density living.

Plato's City of Health, More's Utopia, Garnier's City Industrielle, Frank Lloyd Wright's Broadacre City would encompass the dream and prophecy of Henry George and give us all an insight into the absolute moral strength of land value taxation.

As Professor Roy Douglas reminds us: "The Elder Mirabeau, we are told, ranked the proposition of Quesnay, to substitute one single tax on rent, 'L'impot Unique', for all other taxes, as a discovery equal in utility to the invention of writing or the substitution

of the use of money for barter."

The last fin-de-siècle ignored Henry George and brought us to the First World War and Hitler, Mussolini and Stalin, the previous fin-de-siècle ignored Mirabeau and brought us to the French Revolution and the Napoleons . . .

My friends, is strategic planning to achieve the City of God on Earth, a just and free society, too heroic a vision for the third millennium? I think not, and in Henry George's single tax we have a clear blueprint for a true Almanac for the Millennium. As my great friend, FDR, wrote just before he died: "The only obstacle to our dreams of tomorrow are our fears of today. Let us move forward with strong and active faith . . ."

Will we never learn . . . ?

U.K. "Building Design", 23/10/92.

**DATES FOR YOUR DIARY:**

- Lunch-hour videos, Series, 12.30 p.m. 1st Monday of month.
- Executive Meeting: 7.30 p.m., Thursday, February 11th.
- Melbourne School of Economics: 10.30 a.m. Wednesdays.
- TRA Annual Meeting: 8 p.m. Tuesday February, 16th.

*Wishing all readers a happy, healthy and safe 1993*

The views expressed in articles are those of the writers and not necessarily of Tax Reform Australia Inc.

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We regret to announce the death of Bill Mason. A contact address for A.C.T. will be given in a future edition.

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