

Progress

First published May 1904

No. 983

MAY 1992

PRICE \$1 SUBSCRIPTION \$10 PA

Registered by Australia Post Pub. No. VBH 1433
ISSN 1035-1396

Editors: G. A. Forster, B.A., B.Sc.;
H. B. Every, Dip. E.E.; E. M. Best

POSTED WITHIN AUSTRALIA
(For overseas rates see last page)

**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.

SOME VITAL ECONOMIC INFORMATION

(The following is taken from some recent material issued by Dr. Les Hemingway)

Hypocrisy and Muddle-Headedness

Most professional bodies (for instance) behave like the Australian Medical Association, which is constantly:

- (a) helping its members to "make money" from real estate, by providing them with investment advice, and;
- (b) petitioning governments to provide health care for families — who would have ample funds for such purposes, if they were not forced to spend huge sums on housing by the very practices the AMA recommends!

The same hypocrisy or muddle-headedness is shown by businessmen who invest their spare cash in real estate, then wonder why there is a shortage of willing customers with cash in hand, and by persons who squeeze the last dollar out of anyone who buys property from them, but wonder why their children are financially crippled by housing costs!

Horrific Housing Costs!

In Australia in 1988:

- 1,657,100 home buyers spent an average of \$126 per week on housing — a weekly total of \$208,794,600,
- 1,188,500 tenants paid an average of \$88 per week as rent to private landlords — a weekly total of \$104,588,000,
- 628,500 government tenants and "other renters" paid an average of \$46 per week as rent — a total of \$28,911,000.

Therefore, Australians expended over \$342 million *per week* on housing in

1988. (*Australian Year Book 1990, page 581.*)

Lower Land Prices = Reduced Housing Costs

A modest fall in land prices could cut that sum in half.

This is shown by comparing a housing loan of \$80,000, bearing interest at 12 per cent per annum and repaid at \$815 per month, with smaller loans which bear the same rate of interest and are repaid in an identical way.

COST AND DURATION OF LOANS FROM \$80,000 TO \$60,000

Interest Rate 12% per annum
Monthly Payment \$815

Principal	No. of Payments	Interest Paid
\$80,000	402	\$247,230
\$79,000	333	\$193,620
\$70,000	194	\$88,376
\$60,000	133	\$48,425

Similar figures could be produced for loans of all sizes, over a wide range of interest rates. They show that relatively small amounts — lifted from the top of housing loans — could vanquish huge amounts of interest, while if one-quarter of an average housing loan was made to vanish, most of the interest would disappear as well.

Such savings could be achieved quite easily, by cutting back on income tax, sales tax, etcetera, and taking site rent as revenue instead.

In fact, if all site rent was collected as revenue, then the price of land would disappear — taking from twenty to fifty per cent of incoming mortgages with it. We can see why, by looking at site rent

and the way in which it is often "capitalized".

Site Rent

All land that is desired by two or more people has a *rental value*, which is the highest sum any potential tenant would offer in return for the use of the land.

The rent paid by such a tenant is *site rent* — which can usually be distinguished from rent paid for the use of buildings, machinery, farm animals, etcetera.

Site rent is obvious when land is owned by some persons and let to others, as tenants pay rent to landlords month by month and year by year, and the payments are universally described as rent.

However, site rent is also present when land is bought outright, and in practice land purchase is really the purchase of rent.

That is plain enough when tenanted sites are bought as an investment. In that event, purchasers buy a rental income which, hopefully, will cover their outlays and provide a profit eventually.

Strange to relate, persons who buy

INSIDE:

- GST would hurt families
 - Site Revenue and Ecology
 - Dates for your Diaries
- (See Back Page)

land for their own use are also buying a rental income. However, while landlords collect their rent from tenants, owner-occupiers receive site rent as part of any income gained on or from the site on which they live or work.

Virtually Every Income Includes Site Rent

In actual fact, virtually everyone who receives income receives site rent as part of that income. So the only real difference between tenants and owner-occupiers is that tenants pass the site rent to landlords, while owner-occupiers retain it for themselves.

APPENDIX

The claims made in this leaflet gain support from the following figures, which are drawn from various Australian Year Books and other official publications, from the Valuer-General's statistics relating to property sales in Victoria, and from guides issued by the Taxation Office. A full list of references is available on request.

Table 1 lists changes in the Consumer Price Index, in average weekly earnings for employed male workers, in productivity as measured by Gross Domestic Product per capita, and in overall taxation per capita – in Australia for the years 1977-1978 to 1987-88.

Table 1
CHANGES IN CPI, EARNINGS, PRODUCTIVITY AND TAXATION PER CAPITA AUSTRALIA, 1977-78 to 1987-88

Subject	1977-78	1987-88	Increase
Consumer Price Index	76.7	174.5	128%
Average Male Earnings	\$209.50	\$516.30	146%
GDP/Capita	\$6,584	\$17,840	171%
Taxation/Capita	\$1,887	\$5,661	200%

Table 2 gives percentage increases in the price of various classes of land in Victoria, for the same ten year period.

Table 2
PERCENTAGE INCREASES IN THE PRICE OF VARIOUS CLASSES OF LAND IN VICTORIA 1978-1988

Class of Land	Increase 1978-1988
Cereal Land	112%
Melbourne Home Sites	171%
Industrial Land	175%
Sheep Land	178%
Ex-Melbourne Home Sites	183%
Dairy Land	217%
Cattle Land	260%
Commercial Land	450%

Table 2 shows –
(a) with the exception of cereal land, the price of all land rose more rapidly than either average weekly earnings or the Consumer Price Index, during the "boom" that preceded and produced the current recession or "bust".
(b) commercial land (much sought after

by investors, including many from overseas) increased in price by a massive 450% – more than three times the rate at which the CPI increased, and:

- (c) taxation per capita rose more rapidly than either prices, earnings or productivity, and even outstripped many of the land price increases, as governments strove (vainly!) to overcome the ill-effects of soaring land prices – by lifting taxation and redistributing increasing quantities of wealth.

Melbourne Home Sites

The net effect of today's taxation and land prices is shown in Table 3. This compares the average cost of a Melbourne home site with after-tax earnings for employed males, at five year intervals from 1968 to 1988.

Table 3 shows that *sixteen months* of average after-tax earnings would cover the cost of a home site in 1968, but in 1988 that figure had "blown out" to *twenty eight months* – adding a whole year's after-tax income to the average cost of a home site in the Melbourne area.

Table 3
AVERAGE EARNINGS (AUSTRALIA) AND HOME SITE PRICES (MELBOURNE)

Year	Earnings	Tax	After-Tax Income	Home Site
1968	\$3,406	\$581	\$2,825	\$3,659
1973	\$5,278	\$1,010	\$4,268	\$6,925
1978	\$10,894	\$2,388	\$8,506	\$14,500
1983	\$19,438	\$4,663	\$14,755	\$17,674
1988	\$27,165	\$7,206	\$19,959	\$46,050

For anyone with eyes to see, Table 3 shows clearly why:

- (a) one wage was generally sufficient to pay out a housing loan in the 1960s, whereas two wages are barely adequate today,
- (b) there is a housing shortage, with many Australian families lacking basic housing, while others live in sub-standard dwelling and/or pay exorbitant rents,
- (c) there is a recession, with lack of work in the building trade, in all allied trades, and in many other sectors of the economy, and:
- (d) it is a pipe dream of the first magnitude to expect any "building-led recovery" from the recession, while land prices are allowed to run amok.

VOLUNTEER WANTED

To be understudy to Noel Wigmore in preparing wrappers for PROGRESS. Please contact Hardware Street office.

JOHN DONALD SHEDDEN 1917-1992

Don Shedden had established himself as one of the best-known Commonwealth public servants in Ballarat when I met him in 1966. He had served in the RAN, worked in real estate and had an intuitive feel for mineral exploration and small scale mining. He was also active in the Congregational church and, dearest to his heart, he was a Georgist.

In 1966 I started work at the Commonwealth Employment Service office in Ballarat and was at once attracted by Don's generous nature. I was fascinated to watch him interviewing depressed and unemployed workers and to see how he built up their self-esteem. I soon learnt that he was explaining to them how our society worked, how the economic and social forces acted without feeling or favour, and how the unemployed should not feel guilt or resentment toward any individuals for their situation. Don's talks had become well known in Ballarat and one of the city's leading doctors would send some of his patients to Don to talk through their problems.

Like many Georgists, Don saw only too clearly all around him manifestations of the maldistribution of wealth, opportunity and power which comes from society's failure to collect the economic rent of land. Don was a member of the Henry George Foundation and his Georgist activity included press letter writing. His great strength was his open and humane nature and his ability to convey Georgist ideas to others in discussion. Fresh from High School, I had never had an unconventional thought in my mind until I met Don: so I found it richly rewarding to talk with a real thinker, to someone who had answers to questions I had never dreamed existed.

In later years Don, always interested in man's spiritual nature, and always questing intellectually, became involved with a dedicated Christian community while retaining his faith in Georgism. He maintained his active life, taking up bee-keeping with the same rare commitment and search for understanding that he brought to his many interests.

Others will remember Don as a family man and a fine citizen; I shall remember him as the gentle Georgist, as one who shared Henry George's own grand vision of what might be, if only . . .

Keith Thomas.

GST WOULD HURT POOR FAMILIES, SAY ECONOMISTS

The Federal Opposition's Fightback proposals would make Australians pay the fourth highest tax in the Western world on their everyday food, a conference of Australia's top economists was told yesterday.

Dr. Terry Dwyer, a former Treasury economist turned private consultant, said 16 of the 20 Western countries with a consumption tax either exempted food or taxed it at a lower rate. Their average tax on food was seven per cent, less than half the 15 per cent proposed by the Opposition.

Dr. Dwyer said a Bureau of Statistics survey found that food made up 20 per cent of spending in poorer households, but only 11 per cent in richer ones. Excluding take-away food and restaurants, food made up 17.1 per cent of poorer households' spending, but only 7.8 per cent of spending by the well-off.

This meant that poorer households and large families, who spent much of their income on food, would be losers under the Opposition's proposals, he said. "The vast bulk of families will get no compensation for children except a small, six per cent increase in their family allowance."

While the Opposition has proposed compensating poorer families for the impact of the GST through a series of benefits, Dr. Dwyer said this would only create more "welfare dependency".

Families could become worse off the more money they earn, he said. Married taxpayers with six children would face marginal tax rates equivalent to about 80 per cent as their incomes increased from a third below average earnings to a third above it. Even beyond that, their equivalent marginal tax rate would be over 50 per cent.

Most speakers at the conference endorsed the Opposition's goal of introducing a broad-based consumption tax, but a number of them agreed that food ought to be exempt.

Dr. John Quiggin, of the Australian National University, said the Opposition had already exempted areas of spending consumed by the well-off, such as private health care, private education and overseas holidays. It could not argue that exempting food would create an anomaly.

"Age", 25/2/92.

SITE REVENUE AND ECOLOGY

Site Revenue as a taxation base would have an interesting effect on native forest logging.

There is the threat of a proposed land use the value of which does not approach the cumulative value of the land it is proposed to occur on. In the case of continued Australian native forest logging versus plantation forestry investment, Public Accounts Committees in N.S.W. and Draft findings of the Canberra Resource Assessment Commission have both concurred with the arguments of conservationists that the issue at protest in most forest logging flashpoints around the country is not impact on jobs, but the potential impact on the nation's public purse of sustaining what is in essence a land use that usually realises its full return in a 5, 10, 15, or 30 year period (plantation forest harvesting) being carried out in an "investment" that took 300 years to arrive at its current value.

Given a land valued tax based on the discriminatory recognition of a climax forest's productive economic value as a provider of vast ecological services, an unexploited reservoir of diverse products besides timber, and an incalculable resource of genetic stock, a woodchip or paper pulp operation that could just as profitably turn a five year old plantation into saleable products would not be in a position to afford the outlay to clear native forest, much less call for more of it through Resource Security Legislation.

If the forested land that the de-forestry industry proposed to harvest was valued according to its optimum productive value and the pollutive cost its harvest would cause, the industry wouldn't be able to afford such an operation, we would be spared the economic and ecologic cost such operations cause, and the industry would have a very real incentive to invest in a form of plantation enterprise that if not pursued more quickly nationally, will see the Australian timber industry lose its domestic markets to a flood of imported plantation timber now maturing in overseas operations around the world. A tax on the optimum use value of native forest land would help save an industry that is otherwise destined to disappear from the map about the same time that it clears the map's last forests.

(Extracted from a Sydney suburban newspaper.)

ANTIPODEAN DESPERATION: CANADA'S VIEW

Canadian political parties go to a lot of trouble to select their leaders: getting rid of them can be even more trouble, as demonstrated by the drawn-out campaigns to depose Tory leaders John Diefenbaker and Joe Clark.

How much simpler the Australian system, where the knives are drawn at daybreak and sheathed before sundown, the battle over with a minimum of bloodshed. No delegate selections, no instant party members, no conventions, no placards, no bands, no demonstrations, no speeches. Just a quick and dirty vote by the party's caucus of elected parliamentarians.

For Bob Hawke, after eight years in which he became Australia's longest-serving Labor prime minister, it was all over in a day - challenged for the party's leadership for the second time by his former treasurer, Paul Keating, and beaten this time by a mere five votes out of 107, 56-51.

The odds on Mr. Keating keeping the prime minister's job for long are probably no better. If anything he is less liked than Mr. Hawke, whose popularity rating had dropped to around 25 per cent. The Australian economy shows little sign of pulling out of a long recession, and an election must be held by early 1993.

Meanwhile, opposition leader John Hewson and his Liberal-National Party coalition are riding high in the polls even though he has promised a tax-reform package that includes a new Canadian-style goods and services tax. Australians must really be fed up with Labor to be ready for that.

From a Canadian Daily,
28/12/91.

IMPORTANT PUBLICATION

We have received a copy of "Land Value Capture" by P. D. Day, a report to the Local Government Association of Queensland, dated February 1992.

This 46-page report is an expert treatment of the relationships between town planning and land values, including problems and solutions, and contemporary practice in Australasia and various overseas countries. It is to be hoped that the publication will have a significant influence on current administrative procedures; these certainly need drastic overhauling.

THE NEW ARMS RACE

W. H. Pitt

For a century or more, it has seemed that commercial prosperity requires a large spending upon armaments and the 'defence' forces. Only WAR, and the fear of its unpredictable outcomes, has ever opened up the purse-strings of the nations and brought an allegedly full-employment that temporarily has hidden the horrors, the endemic poverty and depression.

In 1992, the memory of the Hitlerian and Stalinist period is still with us. Knowledge of events in Germany has long been more widely available and is better known than that of Russia, where the clamp upon history is only now relaxing.

The German people had suffered deeply both as immediate result of the 1914/1918 war, the destruction of their industry by the victorious Allies and then the deliberate inflation of their currency so as to wipe out the debts imposed by the Versailles Treaty. A maniacal speculation in land prices resulted, and then there came the 1931 commercial depression that engulfed the world. The suffering from all these was what brought acceptance of Hitler's messianic promise to the Germans that there would be both full employment and the restoration of 'their' land.

Hitler saw that with an enormous army and its attendant armaments industry he could strip the market of labour, thus raising the general wage level and giving an income of sorts to multitudes who otherwise would starve. He did not give many of them 'land' but he made a show of it by sequestrating the relatively insignificant holdings of the Jewish. He of course could not touch the enormous holdings of the Junker families or the armament makers who had financed him.

Nature having the habit of eventually excreting anything needless or harmful, Hitler and Stalin have gone and their stamping grounds are now ruled by a new breed of promise makers. To bolster their political grip, these now are all demanding arms, and munition makers everywhere are exultant. With 'tax the poor' policies sedulously cultivated by the monopolistic press, the employment situation everywhere is getting to be as bad as in the pre-war 1930s. Thus the regrowth of the armament industries can be portrayed as a regrettable necessity rather than the monster it really is.

The sad thing is that it all is needless. Why not go to the root of the problem and, in lieu of taxation, take site rentals for the public revenue? Would not this remove the basic cause of unemployment – the keeping of land so idle or poorly used that unemployment flares and the fear of it forces the acceptance of low wage levels? Relieved from the artificial restriction on purchasing power, employment would rise, commerce would flourish and we would have the pleasant choice either of further lifting our living standards or of enjoying more leisure that might even stimulate further prosperity.

To prevent a repeat of the horror that faced the generations around and between the two world wars, we must persuade our rulers that Site Rentals for Revenue proffers the only acceptable solution and that to ignore it is to court a disaster in the 21st century at least the equivalent of that which hit the 20th.

ABOLISH TAXES OR ALL TAXES BUT LAND TAX?

I believe that the Georgist movement should consistently as possible avoid the use of the term "tax" to describe what we propose. There are, I think, four reasons for doing this.

1. A tax is a levy by government upon private property. When we do not say "tax" we emphasise that the revenue we propose does not come from private property.
2. Avoiding the word "tax" helps us contrast what we propose with the present tax system. The phrase "an alternative to the tax system" is the best way to advertise our proposal in the press.
3. We appeal to people to think about what we offer. An unfamiliar term, like "site revenue", does keep people curious and open minded. The term "land tax" can close minds and arouse prejudices right away.
4. What is implied by land tax is a tax on land but according to us land is not wealth, and how can you tax what is not wealth? Land tax is surely not what we mean. Land value taxation is at least precise, but we really do not want land value taxation either. It does not work when it is applied beyond the irritant level. Consider: Russia may be adopting a three per cent land value

tax. Three per cent is well above the irritant level for land tax. It will reduce the selling price of land, collect less revenue than it is intended to, and so tend to frustrate those who use it. It needs compensating adjustments which, in any critical period, produces politically damaging results – continual and volatile changes in land value tax as we endeavour to follow the fortunes and try to tax continually changing and volatile land values. This leads in the end to quite publicly incomprehensible tax rates such as taxes of over 100 per cent. The coincident removal of what are taxes only helps to keep even experts guessing about what land values will be. This confusion among those setting land value taxes, the result of confusion in the land values market, is not what we want at all during any transition to the application of our principles.

If we want to raise the status of what we believe in we must be consistent about what we basically want. That is only to be reasonable. If we are really serious about our proposal it is just not good enough to keep this inconsistency. We either want to abolish taxes or all taxes but one.

Of course, if we are defending a land tax as the closest thing we have at the moment to what we aim at, then we must use the term. Nonetheless, while we say we want to maintain land tax, we should point out also that we agree that setting the revenue base upon land values does raise difficulties that would be removed if the revenue base were annual site rents. In fact, right now this change is one of the things our movement should be aiming at.

Richard Giles,
Enfield, N.S.W.

NEW SITE VALUE RATING PUBLICATION

"The Effects of Land (Site) Value Rating on New Norfolk (Tasmania)". Prepared by Ursula Munter for Municipal Reform Group and New Norfolk Municipal Council. Approx. 50 pages.

This is No. 28 in the Tasmanian series, and gives clear-cut empirical evidence of the benefits of site value rating for this municipality. In addition there are general appendices showing how site value rating benefits business establishments, urban dwellers, home owners and tenants, flat and unit owners and farmers.

This is a well-presented, most informative publication, and all concerned merit cordial congratulations.

PRESS LETTERS

PRIMING DOES NOT WORK

When interviewed concerning the reducing of poverty and unemployment, The Man of The Year coyly asked: what's wrong with a little pump priming? The answer is a hell of a lot, because it does not work.

History shows that Keynesian pump priming and deficit budgetting have been continually applied in Australia for 20 years, and there has been continuing high unemployment (6 per cent-11 per cent), and inflation (6 per cent-12 per cent). Pump priming has been tried in many countries, many times (USA, UK, Mexico, Argentina, Chile . . . even ancient Rome). It always failed; can't we learn?

But balanced budgets do not prevent depression either! Fiddling with money supply and interest rates are useless smokescreens.

The Archbishop mentioned the "disadvantaged", but what disadvantages them? It is the bad laws which give privilege to other people. The worst laws are those which tax employment and the transactions which are the basis of prosperity (payroll, sales, finance, stamp duty, and PAYE income tax). The bad deterrent taxes need to be steadily replaced by a slow increase in a uniform tax on all site values; governments have been going in the opposite direction since 1970. So we ceased to be the "lucky country".

Site value taxation is incentive to activity; it does not increase costs or prices. It is a just tax on the value of government-granted privilege. The Archbishop should be advocating the reduction of privilege which is the cause of poverty, instead of pleading with the privileged to give a charitable pittance to the disadvantaged.

S. S. Gilchrist,
Roseville, N.S.W.
"Northern Herald",
20.2.92.

ACT NOW, OTHERWISE WE MAY NOT SURVIVE

Mr. David Edwards, chief executive officer, Victorian Employers' Chamber of Commerce and Industry, is rather blase in his attack on Kenneth Davidson (Letters, 9/3).

The Canadian Federation of Independent Business in a report dated November 1991, described the imposition of a GST in Canada as a "National Tax Tragedy". The survey found that

70.6 per cent of business respondents found that the GST had a negative impact on their business, with eight per cent believing the impact to be positive while 14.4 per cent found no impact.

The report concluded that the first few months of the GST have been a nightmare for small firms, and indeed for virtually all Canadians. The poorly designed and hastily imposed tax has produced an inordinate cost burden for small and medium-sized businesses, has lengthened and deepened an already serious recession and has yet again picked the pockets of overtaxed Canadians.

Mr. Edwards might be more familiar with the views of business in New Zealand. New Zealand accountant, John Morine, writing in 'Australian Small Business and Investing' (January 1992), urged Australian business "if you and the other 800,000 or so small business proprietors throughout Australia do not succeed in getting the GST removed from the political agenda, you will rue the day you took no action. Act now. Otherwise you may not survive".

The experience from businesses that have had a GST imposed on them is hardly supportive or a ringing endorsement for such a change. One must wonder whether in speaking out in support of a GST Mr. Edwards speaks for small business or the coalition.

Peter Cleeland,
Epping.
"Age", 13/3/92.

REVENUE SWITCH TO CURE UNEMPLOYMENT

Home building is an obvious answer to our huge unemployment problem.

All the various trades are ready and waiting. All materials, furnishings, garden supplies, tools etc. (Australian) are immediately available.

To control the inflationary effect of a sudden surge in home building, all land should become Crown Leasehold, and all land users granted a lease for their needs.

The revenue collected for this leasing could eventually eliminate current forms of penal taxation. The Danish experience of 1957-60 indicates this possibility.

Current Government charges on purchase of land were recently reported to add 37½% to the total.

Finally, solar heating should be encouraged in the promotion of home building.

Charles Somerville,
"Herald/Sun", 28/3/92.

PRIVATIZATION IN NEW ZEALAND

Two Government MPs last night claimed that some cabinet ministers were secretly pushing plans to privatize New Zealand water supplies ("New Zealand Herald", 6/12/91).

The MPs said they believed a group of ministers were looking at ways to apply market principles to water resources so that water entitlements could be tradable.

Privatization of water supplies was recently advocated by the Melbourne-based Tasman Institute, whose executive director, Dr. Michael Porter, spoke in support of the idea at an Auckland conference in October.

The former Minister of Finance Sir Roger Douglas is associated with the institute.

The MPs said New Zealanders believed they had free and unrestricted access to the country's water supplies.

Any move to a trade in water rights or privatization of water supplies, they said, raised the prospect of large corporations – such as Electricorp – gaining control of the resource.

COMMENT BY THE N.Z. CROWN LEASEHOLD ASSOCIATION

All natural resources i.e. land, air waves, water rights and also state monopolies should be rented out to those who will use them, not sold to those who only trade, traffic or speculate in them.

Using natural resources is the basis of all other employment; selling them blockades labour from work until the ransom is paid, usually at a speculative price with borrowed money. A lower interest rate means a higher price.

The rent from those resources also relieves labour from taxes. It is society's true source of revenue.

"N.Z. Herald",
6/12/91.

U.K. POLL TAX

"Local councils in England are facing a crisis over poll tax debts from the last financial year because prosecution, imprisonment, attachment of income, and use of bailiffs are proving increasingly ineffective in making people pay."

– from the *Manchester Guardian*,
August 1991.

EXTRAORDINARY ORIGINATORS OF HARE-CLARK

By Rohan Greenland

Canberrans have voted overwhelmingly for the Hare-Clark electoral system, bringing it from Tasmania to the mainland for the first time. But who was Hare-Clark anyway?

In fact, Thomas Hare and Andrew Clark were two extraordinary people who – while living half a world apart – shared a profound belief in the entitlement of all people to take part in the democratic process.

Thomas Hare (1806-1891) was a talented English barrister and political reformer; Andrew Inglis Clark (1848-1907) was a Tasmanian lawyer turned radical politician who finished his career as a respected judge.

They never met, but they have been jointly credited with the development of what we know today as the Hare-Clark electoral system.

It was Hare who in the 1850s laid down the key features of the single-transferable-vote system of proportional representation. It was designed to give representation in the House of Commons to all social classes.

This system as set out in his work *Machinery of Representation*, published in 1857 and refined in his later publication *Treatise on the Election of Representatives, Parliamentary and Municipal*, published in 1859.

Though organisations and societies were formed to promote the system – described by one commentator as “the only remedy against the danger of an oppression of minorities” – it was generally deemed to be too complex to be practical.

Britain, of course, still labours under the primitive but simple first-past-the-post system, and as long as the two major parties continue to share nearly all the seats, they will have no inclination to adopt any system of proportional representation.

Hare was an enthusiastic author of reformist works, and his titles covered subjects including reform of navigation laws, development of wealth in India, housing, reform of local government and apprenticeships for children.

Clark was even more remarkable. Born in Hobart, he shared some of Hare's characteristics. He was bright and quick-witted, had a very sharp legal mind and a passion for reform.

He was said to greatly enjoy female company and vigorously defended women's intellectual equality – an early

example, perhaps, of the sensitive New Age guy.

He was elected unopposed to the Tasmanian House of Assembly in 1878, but was considered something of a radical with “very extreme ultra-republican, if not revolutionary” ideas.

In Parliament, Clark sat with the Opposition and was one of the few enthusiasts for moving private Members' Bills, securing the successful passage of a criminal-law amendment Bill in his first term.

Reform of laws relating to lunacy, trade unions, and cruelty to animals were among his successful humanitarian and social reforms. He was less lucky with his attempts to introduce universal manhood suffrage and a land tax.

In 1896 Clark was at last able – at the fourth attempt – to amend the Electoral Act to extend the vote and introduce proportional representation in Hobart and Launceston, thus making Tasmania the first community in the world to use the Hare system of proportional representation under adult franchise.

Initially, the system was introduced for one year but it was renewed annually until suspended in 1902. In 1907 it was adopted for the entire state.

Clark was responsible not only for bringing Hare's system to life, but for adding some original contributions to Hare's general principles.

“Canberra Times”,
6/3/92.

TASMANIAN SUPPORTS P.R.

Ray Groom, MHA, Premier-Elect (4 February 1992), sent the following to the people of Canberra, just before the P.R. referendum:

Hare-Clark served Tasmanians well at the elections held on February 1. There were more than 130 candidates for the 35-seat Parliament.

Tasmanians chose a stable Liberal Government but at the same time exercised their right to make a judgment about the performance of sitting members from all sides.

While the cut-up will not be completed for some time, it is likely there will be a number of new members.

Under Hare-Clark the people and not party pre-selection committees make the choice about Parliamentary representation.

There can be no question of the system being tailored to suit an incumbent government.

Hare-Clark's guarantee of proportional representation ensures the strong opposition which is necessary for good Government, while at the same time providing Parliamentary representation for significant minorities.

NEW BOOKLET ON GEORGISM AND THE GREEN MOVEMENT

“Preservation of the Earth and its Environment”. By Graham Hart. (A close examination of the Green Movement and its aims). Georgist Education Association. 30 pages. \$4 plus postage (from Melbourne or Perth offices, see p.8)

This timely booklet discusses some contemporary environmental issues (e.g. the greenhouse effect, salination, soil erosion, effluent disposal, congested cities, pollution of waters, energy sources, as well as the ozone layer).

An outline is given of Georgist economic proposals, and their relevance for tackling current environmental problems.

One example: Australia borrows money to finance loans to Brunei (North Borneo). The Sultan is an absolute monarch who diverts oil resource revenue away from the people of Brunei to himself. He is reputed to be the second richest man in the world. Australia gave \$445,000 in 1988-89 to Brunei from taxpayer-subscribed, borrowed or inflated funds. This tangled maze of debt, based on the World Bank, is related to the widely tolerated practice of private land monopoly.

The author has packed much information and clarification into this booklet. Despite some infelicities in English expression (e.g. the chemical formula for carbon dioxide is incorrectly presented), this booklet merits widespread distribution, attention and appropriate ensuing action.

G.A.F.

One out of eight children go to sleep hungry in the U.S. An important cause: the high cost of land and taxes.

U.S. “Incentive Taxation”,
January, 1992.

PROGRESS

Greater wealth, prodigious power,
 Marvellous era of inventions,
 To take the drudgery from life
 It seems were the intentions.
 Cities grow with vice and crime
 With poverty midst wealth
 Great enigma of our times
 Which should spread happiness and
 health
 Land, labour, capital, are factors
 Of production . . . we need all,
 Their products go by different names
 Rent, wages, interest, we call.
 The law of rent which governs
 Extent of the return
 Is the excess above what least-
 Productive land will earn.
 'Twas not nobility that gave the land
 But land's possession gave nobility
 And if improvements on the land are
 taxed
 Long term effect is that they'll lesser be
 If tax were levied only upon land
 Incentives would apply to industry
 Community gives value to the land
 But one's initiative should stay free
 Our tax restricts the kind of man
 Who covers barren fields with grain
 It's like a fine against the one
 Who drains a swamp, builds ship or
 train.
 To only take our tax from land
 Would surely cause its price to fall
 For only he who sees to make it pay
 Would care to own the land at all.
 Tax burden would be shifted
 From production to exchange
 With greater opportunity
 More scope in wider range
 Present means of taxing
 Are a burden upon skill
 Give no justice or efficiency
 As land tax system will.
 With wealth and power distributed
 In manner so unequal
 Like previous civilizations
 We tend to sorry sequel.
 It's not enough that men should vote
 As token equals in the land,
 Without foundations laid in justice
 Social structure cannot stand.

Dov Ryzman.

THE OLD WORLD AND THE NEW

By John Lo Secco
 (Staten Island, New York)

People fail to realize that land and the manner of its distribution has an influence on famine, war and prosperity. At Columbus' time, European population was growing and land became scarce. The imperative to survive led to seeking new lands. Columbus' discovery brought waves of colonists to America. Its abundance of land to employ new technology led to vast production. Plenty of land from east to west was open to individuals to own, to produce and exchange. Its abundance became the envy of the world.

De Tocqueville foresaw that in the future, the two major powers would be the USA and Russia, as they had vast land holdings to expand production. But the USA became wealthy while Russia remained poor. In the USA, despite the effort of those who sought to monopolize land, there was still opportunity for individuals to own land, to produce and exchange the products of their labour. Trade increased rapidly. Russia was at the other extreme. Under the Czarist regime, land was completely monopolized. Then under Communism, land became the property of the State. By denying individuals the private possession and use of land and the freedom to produce and exchange, Communism paralyzed economic development. The new owners and land speculators became the Communist Party. As sole land holder, they had a huge source for transferring wealth to themselves. Their system has now collapsed.

The USA has reached the limit of expansion that Europe struggled with. To open up the vast lands withheld from production, a new method of distribution is necessary. Russia also needs a new method to get the economy going.

Henry George appears to have the solution for both economies. Tax land, not labour. He could be the new

Columbus, showing how to open vast new lands for production and exchange. U.S. "Georgist Quarterly", Winter 1991-92.

CHANGES IN AUSTRALIA

HOW WE CHANGED 1970-1990

	1970-90	Yearly average	Real change since 1970
Population	36%	2%	A third more people
Inflation	491%	9%	
Wages	645%	10.5%	Wages up 26%
Shares	*300%	7%	Value down 33%
Term deposits	904%	12%	Return of 69%
-After tax	166%	3%	Loss of 55%
Sydney property	1417%	14%	Value up 256%

Sources: RBA, BuStats, NSW Valuer General's Department; *movement in All-Ordinaries index

"The Bulletin" Jan. 28-Feb. 4, 1992.

TWO MORE AUSTRALIAN BOOKS

"Depression, Inflation and Employment", by A. R. Cannon. 87pp. \$5.00

An excellent disproof of Keynesian theories (which have had such a widespread influence in Western societies), followed by a critique of neo-Keynesianism. The book contains a penetrating account of inflation, an exposition of the real (Georgist) remedy and the effect of taxation. At a time when economic depression is widespread, this book is extremely relevant.

"True and False Economics and the Political Implications." By W. A. Dowe. 162pp. \$12.00

An excellent treatment of various popular superstitions and misconceptions, basic economic principles and the significance of ethics for economics. Also, some notable endorsements of Georgism, some appendices clarifying certain issues, a useful bibliography. "A manual for . . . all who wish to understand society and poverty."

GOOD GOVERNMENT

The bi-monthly for serious thinkers
 Official journal of the

ASSOCIATION FOR GOOD GOVERNMENT

122 Little Eveleigh Street, Redfern
 N.S.W. 2016

\$10.00 (A) \$10 (U.S.) Overseas

LAND and LIBERTY — 6 times a year
 Since 1894

- 177 Vauxhall Bridge Road
 London SW1V 1LEU
 £7.50 (stg.) \$15.00 (Aust.)
- 121 East 30th Street
 New York NY 10016
 \$13.50 (U.S.)



OCTOBER 26, 1990 Michael Wilson's timing is impeccable.



JANUARY 3, 1991 Retailers despair at ever reconfiguring their cash registers.

DATES FOR YOUR DIARY

- Lunch-hour videos, Series, 12.30 p.m. 1st Monday of month.
- Executive Meeting: 7.30 p.m., Thursday, June 11.
- Melbourne School of Economics – 10.30 a.m. Tuesdays.
- Geogist Conference, Friday, May 29, 7.30 p.m. preceded by "Educational Implementation" 5.30 p.m.

DEADLINE FOR PROGRESS:

Noon on 12th of previous month.

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

AUSTRALIA AND NEW ZEALAND

VICTORIA — TAX REFORM AUSTRALIA INC.

31 Hardware Street, Melbourne 3000

NEW SOUTH WALES — ASSOCIATION FOR GOOD GOVERNMENT

122 Little Eveleigh Street, Redfern 2016 (02) 319 3313

QUEENSLAND

SITE REVENUE SOCIETY

P.O. Box 6179, G.C.M.U., Bundall, Qld. 4217

SOUTH AUSTRALIA

HENRY GEORGE LEAGUE

Visitors welcome to meeting.

Enquiries: John Hall

26 Lansdowne Ave., Belair, 5052 (08) 278 7560

WESTERN AUSTRALIA

GEORGIST EDUCATION ASSOCIATION (Inc.)

10 Broome St., South Perth 6151

Phone (09) 367 5386

TASMANIA

HENRY GEORGE LEAGUE

G.P.O. Box 1370P, Hobart 7001

Phone (002) 34 6553

AUSTRALIAN CAPITAL TERRITORY

Bill Mason, 8 Cherry Place, Pearce A.C.T. 2607

Phone (06) 286 1353

NEW ZEALAND

Henry George League, 20 Connaught Terrace,

Brooklyn, Wellington, N.Z. 389 9975

The Crown Leasehold Association,

P.O. Box 6038, Auckland, N.Z.

The New Zealand Land Value Rating Association,

P.O. Box 6038, Auckland, N.Z.

Enquiries: Mr. R. D. Keall, 45 Dominion Street

Takapuna, Auckland, N.Z. 486 1271

INCENTIVE TAXATION

Monthly bulletin from the Centre for the Study of Economics, 2000 Century Plaza, Suite 238, Columbia, MD 21044, U.S.A.

Subscription \$US8 p.a.

Editor: Steven B. Cord.

Published by G. A. Forster, 31 Hardware Street, Melbourne, 3000, and printed by The Print Press, 452 Neerim Rd., Murrumbena, 3163.

MEMBERSHIP FORM

I agree with the ideas of Tax Reform Australia.

I enclose \$16 annual fee — including PROGRESS

NAME

ADDRESS

Signature

Cheques to: TAX REFORM AUSTRALIA INC., 31 Hardware Street, Melbourne, 3000. Enquiries: (03) 670 2754.

Honorary Secretary: Geoff Forster. Office Supervisor: Loma Sutton.

Fax: (03) 670 2754.

SUBSCRIPTION FORM

I enclose one year's subscription to Progress

NAME

ADDRESS

Annual Subscription: \$10 posted (Aust.)

£4 (stg) C'wealth Countries, \$A12 other countries