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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.

LAND RIGHTS, RENT, COMPENSATION

By W. A. Dowe

1. The whole Georgist social philosophy and proposals are based on *equal human rights*, including pre-eminently (a) the right to live, (b) in free and equal association with all others, (c) the right to occupy and use the earth, and (d) the right of property (i.e. individual, family, group, company and community ownership) in things produced by labour.

There is no right of property in anything not produced by labour, i.e. in ~~land~~ or human beings.

2. The rights imply corresponding obligations: (a) to respect the rights of all other people equally, and (b) to use, care for and preserve both the earth and all forms of life which are the environment and common heritage of our present and all future generations.
3. The earth (i.e. the land and everything provided by nature except man and the products of his labour) overflows with everything that man needs. Notwithstanding certain unavoidable natural partial disasters, and others which are avoidable, there is general abundance for all. Many great human disasters, due to man's inhumanity to man, are avoidable. Nature is not niggardly, and the Malthusian theory is totally false.

The Margin in Economics

4. When settlement begins there is always ample good land, which

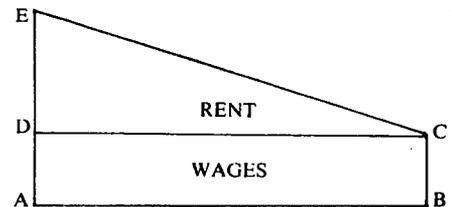
anyone may use and occupy exclusively. This is not a privilege but a natural social right. Newcomers are welcomed, to the great benefit of all.

5. At the first stage everything produced by labour is *wages*; there is no *rent* (and no taxes).
6. When all available land of the first area has been claimed and taken up (even if it is still idle and unused), newcomers must now go beyond it to an area where more labour is needed to produce the same result; physically the fertility and other features are the same, but more transport and travelling are now necessary, so *economically* the new grade is inferior. The latest grade to be used is, in economics, termed the *margin*.
7. As the population of every settlement grows the margin is pushed out further and further, so that the margin (at the edge) always remains the most inferior land in use, but more and more superior grades appear, and the inner central sites are always the most superior, distinguished by the highest rent. Ricardo's Law of Rent must now be carefully studied and mastered: see the Chart following.

CHART

(greatly simplified)

8. Showing the economic distribution of wealth and services, and illustrating Ricardo's Law.



A-B is the total land of any country or economic unit.

A is the place, or places, of greatest population and the greatest production.

B is the margin of production, i.e. any area of the lowest productive quality in use.

B-C is the total production by labour and capital at the margin. All of it is *wages*.

A-B-C-E-A-B is the total production of wealth and services over the country or unit.

D-C-E is the total excess production, i.e. excess over wages, or surplus production, called *rent*. It

INSIDE:

- Right and Wrong in Local Government
 - Gigantic Swindle Tax
 - Dates for your Diaries
- (See Back Page)

is produced on every site by the progress of the community. A site is any situation above the level of the margin.

Notes: Rent and wages divide, by economic law, the total production of wealth and services in any country.

Wages are the share of the individual producers. Rent is the share of the community.

Ricardo's Law (*as generally accepted*): "The rent of land is determined by the excess of its produce over that which the same application (of labour and capital) can secure from the least productive land in use" (i.e. the margin).

This chart is illustrative only. It is not an actual map of production or distribution, but shows only how production is distributed between rent and wages.

9. The definition of Ricardo's Law may be slightly improved as follows: "Rent is the *excess* product on any site over the product of the same application per person of labour (including capital) applied at the margin, i.e. the least productive land in use."
10. At all times and places *production* consists of labour (using capital) applied to land or to the unfinished products of labour. The labour applied to the unfinished products goes on through the innumerable processes (including exchange, transport and improvement) until it *ends* (usually with the labour of the retailer) in the hands of the consumer.

Distribution of Wealth

11. the final product is *wealth* (material objects which satisfy desire) and *services* (labour-products applied directly from person to person) the next division in economics is:

The Distribution of Wealth

From the foregoing explanations it can be plainly seen that on every area of land which is economically superior to the margin, the whole product is economically and automatically *distributed* into rent and wages, while at the margin there is no rent but only wages.

12. The whole natural process arises from the pressure of the expanding population of producers (labourers) on land. Non-producers produce neither wages nor rent, because all wealth (and services) is produced by labour. Both rent and wages

therefore rightfully belong to the producers; rent is a community product which ethically belongs to the community, and wages are individual products and belong to the wage-earners individually.

Compensation

13. It follows that when land-"owners" lose the legal but inequitable right to pocket the rent as their private incomes they have no serious claim for compensation. They will retain for themselves the income or benefit from their improvements. Rather they should pay compensation for the crimes and robberies of the past. But unfortunately the past must be forgotten. In future the injustices can be rectified and the future can be made prosperous. This is the best possible compensation for the people.

14. Whether it will happen depends on whether the people will shake off their present apathy and ignorance and acquire the quite small necessary *knowledge*.

WORLD-WIDE GEORGIST EFFORTS

Czechoslovakia – We were invited to present two papers, one in Prague and the other in Nitra (Slovakia), as the result of a grant by the Robt. Schalkenbach Foundation. Contact was made with the Finance Minister and others, but the Czechoslovaks, at this writing, seem hell-bent on restituting the land claims of absentee landowners, which has and will continue to handicap privatization efforts measurably. In any case, we published an article maintaining this in the English-language *Prague Post*.

Estonia – We have been invited by the Estonian government to bring an assessment team to Estonia to train Estonian assessors in land rent taxation, assessment and cadastre procedures as a prelude to taxing land values. We have many high-level contacts. We think that we have a 20% chance of installing a single tax in Estonia. We leave May 2nd. Stay tuned.

Russia – We have funded (for a mere \$3,000) a representative in this vast country and he is trying to make contacts for us; one of his projects is the publication (printing and distribution) of *Progress and Poverty* in Russian. We got a land value tax law passed 10/11 signed by Yeltsin, but *we* were asked to get cities to apply this law (!). We made *many* specific contacts in this country (we appeared on the Morning Show, for instance, 100 million viewers). The

Russians are very receptive, but optimism here is not yet called for.

Mexico – We sponsored Jeff Smith's trip to this country to popularize geonomics.

Kazan – We sponsored Gene Levin's trip to this northeastern autonomous republic; he gave well-received lectures on HG.

From a recent report of the U.S. Henry George Foundation.

150,000 JOBS FOR TEENAGERS VANISH

More than 150,000 full-time jobs for 15-to-19-year-olds disappeared in Australia in the two years up until August, 1991, and might never return, according to a national study issued in Adelaide.

The study, *A Living Income*, was compiled by Youth Affairs Councils in each state.

Between August, 1989, and August, 1991, more than 80 per cent of all full-time jobs lost during the recession were jobs held by 15-to-19-year-olds, with 150,000 teenage jobs vanishing, the study said.

Young women had been the worst affected by the contraction in the labour market.

Figures showed that in 1966 teenage unemployment was 3.2 per cent, in 1974 it was 5.8 per cent and the recession in 1982-83 pushed it to 22.6 per cent.

It took until 1989 for teenage unemployment to fall to pre-recession levels, but by August, 1990, the rate was up to 16.5 per cent, with levels now running at about 33 per cent.

The Youth Affairs Council study also linked high youth unemployment to an increasing suicide rate, with the adolescent male suicide rate having risen from 6 to 16.6 per cent per 100,000 between 1961 and 1985.

"Canberra Times,
24/5/92.

Note: Another study shows that for 15-24 year-old males, the suicide rate was 19 per 100,000 in 1983, but at present it is 29 per 100,000.

ERRATUM

The final sentence of "The Fruit and the Tree" (Dec. 91/Jan 92 issue) should have read: "Ancient Greek has a verb which enables you to say very neatly, in about the number of words: I had not noticed that I have overlooked . . . something very important."

A SMALL MATTER OF RIGHT AND WRONG IN LOCAL GOVERNMENT

By David Brooks

This article is written specifically for those who may have an interest in local government rating. The questions contained within are designed to extract the basic information as to how the rates are being levied. From these figures it should be a simple task to reveal who is getting the benefits and who is getting slugged. One thing is for sure. The answers may not be entirely what you would expect.

Justice is best served when everyone and everything is on an equal footing. This has nothing to do with people being equal for most surely they are not. It has everything to do with the way people are treated. And everyone should be treated equally and most surely they are not.

There has been much criticism about local government rates. Not unusual, for we all hate paying governments. Especially when we see little or no return. Or is it that we don't wish to recognise the return?

One thing is certain. People, generally, are not dumb. While not always able to specifically identify a wrong, the community knows when it is being ripped off. And local government is certainly ripping off the community when it comes to revenue collection. But how? And is it in the way we suspect?

The basis of raising local government revenue, in New South Wales, was the subject of probably the most intensive inquiry into the subject ever conducted in the Western world. The result of that inquiry, published in 1967, was that N.S.W. had the most (well almost) perfect rating base in the world. What has gone wrong?

We have become accustomed to taxation being used as a weapon. Used by various governments to achieve some elusive fiscal ideal. Usually the general populous suffers, grins, and struggles a little harder to make a living. So it can come as no surprise to see local council members manipulating the collection of revenue. And just to help things along the State Government freezes the valuations, upon which the rates are based, at some arbitrary date. We appear to have a recipe. It is named "kill the rating system".

It is fortunate that it is an enduring system and not easily destroyed. It is, however, necessary to restore the natural equilibrium or we may lose the system for ever.

One of the many things to reveal are those who are being unjustly taxed because of the created anomalies; conversely, to reveal those who gain from the anomalies.

But first things first. If South Australia can implement annual revaluations of its land why is it not being done in N.S.W. and other States? Are we so backward? This is a question for all our state politicians. After all, this is the age of the computer.

There are avenues open to anyone who wishes to pursue a matter with zeal. The "Freedom of Information Act" is useful if none of the local councillors are inclined to assist. The questions that require answers from each council include:

What is the total rateable value of the City (Town, shire) of . . . ?

Did Council declare differential rating and if so what categories were declared?

What was the rateable value and rate declared in each category?

How many rateable properties are there in the Council area?

How many non rateable properties are there?

How many properties are there in each category of differential declared?

What was Council's total income from all sources?

What income from rates was expected?

What are the 30 highest valuations in the Municipality, what differential category are they and what rates did each pay?

These questions should enable a reasonable analysis of any local council's income and sufficiently identify those who lose and those who gain from manipulation of the rating system.

PROFESSOR SLAMS CANADIAN GST EXPERIENCE

Professor Neil Brooks, of York University, Ontario, told a press conference that 71 per cent of Canadians opposed the GST and he expected the Government would fall when it faced the people for the first time since the

tax was introduced in about 18 months. ("Canberra Times" 6/7/92.)

The Canadian Government, he said, had achieved some sort of record in recent times when its popularity rating at 12 per cent was less than interest rates of 17 per cent. He found it hard to understand why the Opposition in Australia was proceeding with a measure he deemed inflationary, inequitable, costly to ensure compliance with and a very heavy burden on small business.

Canadians rushed across the US border for cheaper goods and some Canadian shopping centres paid the GST themselves so that they could advertise "GST-free shopping".

Professor Brooks said Australia was risking economic damage from Fight-back and an unequal shift in compliance costs from big to small business and from men to women. Women tended to do the shopping and often received no more money to account for higher prices under a GST.

Book Review

THE TRIAL OF CHAKA DLAMINI

This book newly from South Africa is the clearest thing I've read on 'reform economics'.

It is entirely in dialogue, with young Black activists and young White socialists deeply questioning Chaka, a gentle elderly man named after his fearsome Zulu ancestor. Gradually he shows them that relief from tyranny and its accompanying poverty can come only through a proper understanding of day to day economics, the economics of commerce rather than, alas, of the universities.

The reader comes to appreciate that the 'invaders' arrived mainly to escape from the tyranny and oppression of their mother countries, but then knew no better than by armed force to impose it afresh.

Each of the one hundred and eleven pages carries the sparkle of common sense, with the passages that concern the rights and duties related to landholding being succinct and superb in their quality.

Copies are available at 31 Hardware Street Melbourne. The recommended retail price is \$15.00. T.R.A. members may have it for \$10.00. Postage \$1.50.

W.H.P.

PRESS LETTERS

AFTER US, THE DELUGE

Echoing the sentiments of Louis XIV, notorious for his dictum "L'état, c'est moi!", Jeff Kennett on the election trail (Age 20/8) indicated he wishes to "make the individual supreme". He almost sounded like saying that man has no social responsibilities.

When will politicians and economists realize that man is both an individual and a social being simultaneously and, consistent with the duality of human nature, there is both personal and social property? This fundamental truth has yet to be recognized. To sacrifice either form of wealth to the other is wrong.

The present depression, euphemistically styled "a recession", was brought about by the ruthless, selfish pursuit of private wealth in the eighties. And the result of greed is lack.

Greed waxes rich through depriving others of their natural stake in the land and its economy. More of the same philosophy will not rectify the economic problem and the social evils that stem from it.

The eighties were the boom decade of greed and thus the decade of poverty-creation. This poverty is now upon us in the depressed nineties, affecting broad sections of the community and even governments. Jeff Kennett and John Hewson have no explanation, or answer to this fact, neither has the Labor side.

Well might the tinkering politicians and economists say: "Après nous, le déluge!"

Roland Staub,
Box Hill.
"Progress Press", 8/9/92.

THE ECONOMIC MESS

Our universities and trade unions seem full of economists who work to justify higher taxes so that our governments may aid the poor and unemployed. Others work for employers to justify low taxes and low wages so as to create capital investment and greater productivity.

Each group silently ignores that low profitability, low employment and low wages all result from governments levying taxes instead of collecting site rentals.

At each location, site rental is the market worth of the facilities provided by our public servants. It is thus their natural wages fund. Instead, our

speculators and landholders pocket it and then join in the monopolistic game of keeping land idle or poorly used. Along with taxation, this inflates prices, reduces employment and destroys prosperity. Of course we are in a mess!

Russia and China tried communism; Germany, Spain and Italy tried national socialism; Israel and Japan each try a sort of religious patriotism; we suffer under a monopolism where millionaires shrug their shoulders at the failing business or farm, at the unemployed and at the homeless.

The remedy is to have our municipalities collect the full site rental for every landholding, spend whatever is necessary locally and send the balance to the other levels of government. Land ownership would stay intact, yet overpayment to any monopolist or bureaucrat would be impossible.

The first requirement is some independent thinking in parliament.

W. H. Pitt.
sent to Leader Group.

LETTER TO A CLERGYMAN

This is in reference to the seminar on 'Employment' to be held on July 16th.

It is a matter for regret that the subject matter related only to the strategy most likely to succeed in the search for limited job opportunities, rather than how full employment may be achieved.

It is a national disgrace, that in a country so richly endowed as Australia, nearly a million people are unemployed, including 35% of our young people. All employment involves the application of labour to land, either directly or indirectly. It follows that any restriction placed upon labour or access to land will result in unemployment.

The answer is to be found in scriptural injunction. "The land shall not be sold forever . . ." "He formed it to be inhabited," "The earth hath He given to the children of men," "And ye shall inherit, one as well as another," "Woe unto them that lay house to house, that lay field to field, till there is no room and ye be made to dwell alone in the midst of the earth."

Governments, elected to represent all the people, have enabled 10% of the people to acquire 90% of the value of the land of Australia. Similar conditions exist in all countries throughout the world. More than 200,000,000 young people are without jobs and one billion people live in dire poverty. Millions die in consequence of malnutrition and violence. The suicide rate in Australia has increased by nearly 400% since 1965. A child dies somewhere in the

world every few seconds from a preventable disease.

The Christian Church remains silent in the face of such appalling injustice – "What doth the Lord require of me?" "To do justly, to love mercy and walk humbly before God." The latter two injunctions are impossible without justice, to "the neighbour."

In consequence there is no moral leadership on social issues and no protest when governments ignore the messages so clearly stated in the Bible, because the Church does not want to be involved in politics – social life.

The Church nevertheless is involved in charity, – in mopping up the mess which anti-Christian governments have created and so relieving them from much of the responsibility for evil doing.

Bishop Gore said, – "The Church has been too long engaged in picking up the wounded in the battle of life, in applying medicines and staunching wounds when it should have been thundering at the gates of tyranny."

There is a simple remedy, publicised as the science of political economy, which ensures that all people shall have the right of equality of opportunity to apply their labour to the God-given, freely provided, resources of nature and have the right of property in their earnings.

The site rental value of land is generated by the presence and industry of all the people in an economic community, it is sufficient for providing the necessary services of government and is therefore the natural source of public revenue.

When not taken for public revenue site rent is capitalised as land price at about twenty times its annual value.

When 'economic rent' as termed by economists is taken for revenue land price disappears and only man-made improvements are bought and sold – not the Divinely provided land. Scriptural injunction is then obeyed.

Land rent varies enormously, in Australia from zero in outer regions to \$8 million an acre in the centre of Sydney.

Economic rent is the market assessed measure of the relative advantages which attach to each particular site, and which each landholder should pay to all the people who have created its value.

All who engage in production would then do so on equal terms – preserving equality of opportunity.

Land speculation and monopoly would then become unprofitable and

land would become available for use. People would not then be led "into temptation". Full employment would then be assured and the theft of about seventy different taxes and charges could be abolished – "Thou shalt not steal." (There is no fine print absolving governments in the Bible).

God rules the earth by scientific laws which are unfolded as needed. The physical laws govern production and the abstract laws govern the human relationship of people with each other and with the land, including the distribution of wealth according to equities involved.

The science of political economy is simple, as are all great truths. There are about seven laws which can be learned in an hour, but an open mind is necessary.

Penalties for non-observance are provided to lead people in the right direction for their ultimate good. "Be sure your sins will find you out."

Graham Hart,
Georgist Education Association.

WHOLE HOGGERS

It was amusing to read Arthur Cannon's letter (July 92) in which he suggested that the "whole-hoggers" had a victory over those who recommended gradual increase in land value taxation. I don't know who "declared" the "victory". It seems to me that the step-by-steppers got a bill passed by the English parliament, whereas there has never been anywhere in the modern world a bill passed to collect the full site rent for revenue. Presumably the whole-hoggers assisted and enjoyed the rescinding of the land tax legislation – what a victory for them!

Turning to Australia, for about 80 years local government in NSW was financed almost entirely by site value rating; sadly that has been diluted in recent years by Federal subsidies (from other taxes) and by fixed charges. There had also been long periods of State Land Tax in NSW.

Mr. Cannon is wrong in suggesting that applying site value taxes "would cause violent fluctuation in rents". If he is basing that assertion on tables in a pamphlet by Mr. Hodgkiss, then he has been led astray, because Mr. Hodgkiss made some erroneous assumptions. I do not have the pamphlet with me but if I recall rightly he claimed that the application of a rate of sixpence in the pound would cause the price of a certain site to fluctuate over several successive years to values of something like 780, 480, 700, 520, 660 . . . That was what he predicted would occur. If such a prediction is possible, would not

everyone sell when the price was 780 or 700, and buy back again the next year at 480 or 520? Who would buy at 700 or more, or sell at below 600? He provided a number of tabulations with such absurdity.

A small increase in a land tax rate would cause a small decrease in prices for land titles, but it does NOT cause "violent oscillation". There have been very high rates of municipal tax set in NSW over many years but they never caused violent fluctuations on a yearly basis. On the other hand, there have been steady increases in land prices over long periods leading to booms followed by slumps. The boom during the 20 years up to 1991 was caused partly as a hedge against currency debasement, partly by an increase in population and public works, and partly by the erosion in the intensity of rates and taxes on land value. The expectation that these conditions would continue caused ill-advised and over optimistic borrowing, and un-businesslike lending by banks.

Quoting out of Context?

Yes, Henry George did use the words: "do it at 10 o'clock tomorrow morning", but . . .

In question time after his famous lecture "Scotland and Scotsmen" in the Glasgow Town Hall he is recorded as saying:

"I want to do this at 10 o'clock tomorrow morning; but if we all wanted to do it, it would take a good while. It necessarily must be a progressive step. We must necessarily, on account of resistance, move step by step. And as we do this, land owners will have a chance; your recent purchaser will have a chance not to purchase. The decline would be slow and gradual."

It is clear that George was a gradualist, a "step-by-stepper". The wording seems a little disjointed, maybe because the reporter was jotting down the main points, and was perhaps a little weary.

The "next-morning" – "whole hoggers" could only achieve immediate change by the use of *violent* revolution. A good government avoids the grief which results from violence. Violence often leads to bad governments.

A policy of very gradually replacing other taxes by site value taxes, would have *strong immediate* incentive effect leading to increased economic activity and prosperity. Sadly, all our State governments have been going in the opposite direction for twenty years, with resultant unemployment and poverty.

Syd Gilchrist,
Roseville, N.S.W.

SITE RENT – IS IT ENOUGH?

Mal Booth (Progress, June 92) poses the question, Site rent – would it raise enough money?

Site rent is the nation's birthright and as such is the Government's legitimate source of revenue.

Whether it is collected (socialised) in whole or in part (that which isn't is then privatised) is not in question here, but that which is collected is the Government's cloth and it must cut its coat accordingly.

After all, isn't that what Mal and the rest of us have to do with our incomes? What we have is often not "enough" to satisfy our expanding desires but we have to make do or face bankruptcy. Government should be no different.

George had no doubt that site rent would yield "enough" revenue to meet the needs of Government, and nor do I.

T. C. Whittle,
West Leederville, W.A.

FAVOURABLE PRESS LETTERS IN CENTIMETRES

Mornington Mail – 9/1/92, (L) (19) G. Forster says site value taxes would enable other, injurious, taxes to be abolished.

Nunawading Post – 11/3/92, (L) (14) W. H. Pitt says Site value tax is better than GST.

Progress Press – Camberwell, 11/3/92, (L) (15) G. Forster says GST is "Grab & Sting Tax".

18/3/92, (L) (4) M. Hutchinson endorses G. Forster's attack on GST.

Nunawading Gazette – 25/3/92, (L) (13) W. H. Pitt says site value should be taken for revenue instead of selling public assets.

Herald/Sun – 28/3/92, (L) (10) C. Somerville advocates leasehold land tenure.

13/4/92, (L) (25) B. Kavanagh says rates based on land best form of revenue for Melbourne Water.

Greenshoots – Baptist Social Justice Group, May 1992, (80) (A). Article by G. Forster says GST would suit the greedy and harm the needy.

Mornington Leader – 10/6/92, (L) (25) G. Forster says GST caused havoc in UK and NZ – tax site values the answer.

Organic Gardening & Farming Society – Devonport Branch, June 1992 newsletter. (40). Bev Twibell supporting H. Ferris, and quoting Bible – "The Earth hath He given to the children of men," – all, not some.

Hobart Mercury – 15/7/92, (L) (3) R. B. Excell quotes Henry George that the people must think for themselves.

GIGANTIC SWINDLE TAX

(How to Shoot EVERYONE in the Foot)

HOW GST WORKS

GST is as simple as 1, 2, 3. Using the diagram opposite, we've followed a leather briefcase through its stages of production, showing how a 15% GST is collected and paid by the consumer at the final point of sale.

The Abattoir

The abattoir sells a cow hide to a tannery for \$20 plus 15% GST (\$3). Therefore the total amount paid to the abattoir by the tannery is \$23.

When the time comes for the abattoir to complete its GST return form for the Tax Office it takes the GST on its sale (\$3), subtracts any GST it paid on inputs (\$0 in this case) and sends the total (\$3 - \$0 = \$3 to the Tax Office.

The Tannery

The tannery processes the cow hide into leather and sells the leather to a leathersgoods manufacturer for \$40 plus 15% GST (\$6). The leathersgoods manufacturer therefore pays \$46 for the leather.

When the tannery fills in its GST return form it takes the GST it collected on its sale to the manufacturer (\$6), subtracts the GST it paid on its input (\$3 paid to the abattoir on the purchase of the cow hide) and forwards the difference (\$3) to the Tax Office.

The Leathersgoods Manufacturer

The leathersgoods manufacturer makes the leather into a briefcase which it sells to a leathersgoods retailer for \$80 plus 15% GST (\$12). The retailer therefore pays \$92 for the briefcase.

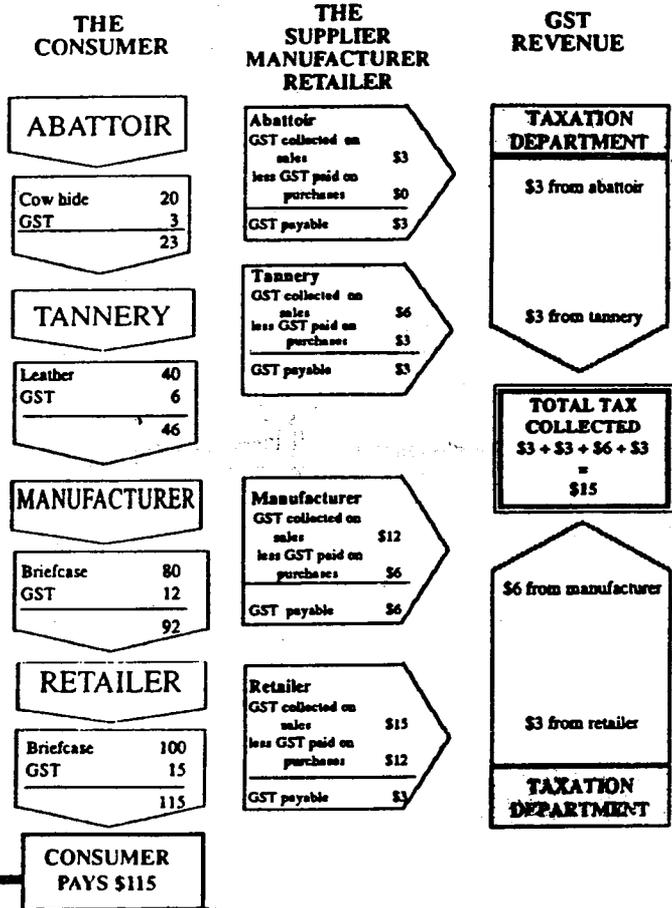
The leathersgoods manufacturer subtracts the GST it paid the tannery for the processed cow hide (\$6) from the GST it collected from the retailer (\$12) and sends the difference (\$6) to the Tax Office.

The Retailer

The retailer sells the briefcase for \$100 plus 15% GST (\$15). The customer therefore pays \$115.

The retailer subtracts the GST paid to the manufacturer for the briefcase (\$12) from the GST collected on the sale of the briefcase (\$15) and sends the difference (\$3) to the Tax Office.

The consumer pays the 15% GST on the final value of the briefcase. However the GST has been collected as the product passes through each stage of production and has value added to it. The GST paid at each stage of production is passed on through the production chain so that the consumer ends up paying the full amount.



Do not believe for one minute that the Goods and Services Tax will be revenue neutral. The Coalition is already buying votes with the windfall in tax revenue they know will come. In Canada it was a bonanza for Government and a disaster for the people. It was so bad that the people of southern Canada, who were near enough to the US border started border hopping to do their shopping. Some provinces even tried to bring in horrific departure taxes and re-entry taxes to make life miserable for those who sought relief from GST. WAKE-UP. If you do not change the Coalition plans you will have GST or even worse you will endure another three years of the World's Greatest Treasurer and the World's Greatest Fiscal Stuff-ups.

There are four questions to be asked about GST, "Will we be paying more in tax?" YES. "Will business make less?" YES. "Will customers get less for their money?" YES. "Will GST cause severe inflation?" YES AGAIN. If you want to know the facts about GST, check the following calculations.

Take as an example a one-man business which has gross takings of \$250,000. This size business typically

gives the owner \$25,000 net income so he pays about \$6,000 in income tax. It is intended that GST be imposed at a rate of 15% on gross sales so the government would get \$37,500 in GST from that one business. The government gets six times the rip-off, plus the income tax they still impose. Even if income tax is halved, that one business would yield, to the government, over \$40,000 in tax which is \$34,000 more than before GST. The only bright spot in the GST is that the worker will actually see his money pouring into the cesspool of the public pig bin. The workers will also see prices rise ten percent in one year, but will they have the brains to see that the inflationary rise of ten percent was really the equivalent of a national pay cut of ten percent?

The GST will require a staff increase at most businesses with a staff of twenty already. People in smaller businesses will work longer hours and get less sleep. All large and most small businesses will have to buy a computer and an expensive program to keep track of the huge numbers of transactions. This is the UK, Canadian and NZ experience. To understand why, follow the fiasco through grower, processor,

wholesaler, retailer and buyer. When the goods are bought off the grower the processor pays GST. When he sells at a much higher price the wholesaler pays proportionately higher GST. The first and smaller load of GST can now be claimed back from the government. When the retailer buys he pays even higher GST so another claim is required to recover the GST the wholesaler paid. To suggest that dropping sales tax will offset GST is an outright lie. Only 90,000 firms collect sales tax. Over a million businesses will collect GST. Look at the following chart. Here it is in their own words.

The bureaucrats think it is as simple as 1,2,3. I do not. I estimate that the process of monitoring the paying of tax at each stage of the four transactions and the processing of the claims for a rebate at three of the four stages will require 80,000 people or their computer equivalent in government employ, and about 160,000 in the private sector. These people would be better employed producing something for us to export or to avoid importing more.

I sent this warning on the real potential impact of GST to every daily newspaper in Australia, all 375 of them.

So far it would appear not one has published the warning that GST will be far more severe than we are told. It would be fair to say the media are very co-ordinated in their agreement to suppress vital information. If we allow this tax to be imposed we will become the poor white trash of Asia. The downturn we are having will become THE END.

The only solution I can see is to tell all businessmen what the Liberals really have in store for us, not so they will vote for Keating's fiscal failures, but so they will convince the Liberals and Nationals to wake up to what their leaders are trying to do to us.

If you are a businessman go to your records. Look at your sales figures and work out what the net income will be after GST. **Remember, your customers will not be spending more. They have not got it.** Look at your expenditure, add fifteen percent, look at what you had left last year, work out what you will have after GST, then you tell me what should be done.

If you are a customer, ponder what groceries you will get with your money when the price of every item is increased 15%. If you are an employee manager, ponder how you will come up with satisfactory figures under GST.

If enough businessmen give a hundred or two hundred dollars we can get the message across Australia despite the media gag. If we do not stop the rot, God help us. A couple of hundred dollars will be peanuts compared with our disastrous losses under Hewson's GST, which is really Keating's old VAT idea renamed. **The politicians play with us as we flee from one rotten party to the other bad party.**

If you have any better ideas let me know and I will help you with yours. If not, give a donation so I can get this FIGHT paper across Australia. This is your last chance to beat the HEWSON/GST/KEATING/VAT. After it is in it will be too late. If you think times are hard now, wait until you get GST.

All prices will rise. All profits will drop. All shoppers will get less for their

money. All businesses will make less. About a twentieth of our nation's manpower effort will be consumed feeding the bureaucratic GST monster.

Something can be done, but only if we make everyone aware.

From "Fight",
(Confederate Party),
June 1992.

NEW WINE – NEW WINE SKINS

The use of the terms "taxation of land values", "land tax", "incentive taxation" and "taxation of site values" by people who supposedly understand the writings of George and the empirical study of economics has raised my ire a good many times.

Georgist, Geocrats and Geonomics are not about taxation (save its complete abolition) or taxation reform, but about collecting (socialising) community created 'site rent' as Governments just revenue source.

Taxation is the means by which Government revenue is raised from the legitimate (privatised) earnings of labour and capital, production and exchange, and results from Government failure to collect the community (socially) created "site rent".

"Site rent" arises from the social presence and activities of people who seek to fulfil their daily need with the minimum of effort from 'land'.

Government and community provided services will contribute to an increase of "site rent" for the duration of the community:

"Land value/s" arise due to Government failure to socialise "site rent" and when "site rent" is therefore allowed to fall into private hands as unearned income access to 'land' can only be had via capitalised rent and this privatisation, of that which is social, is the communities undoing.

The private collection of "site rent" enriches fewer and fewer as 'land' falls

into fewer hands following the speculative forces of the market (which is endeavouring to minimise effort to satisfy ever expanding and insatiable desires) and holds the community at bay from access to "land" on reasonable terms. Recessions, depressions, revolutions and wars are the natural outcome.

The terms "tax" and "taxation" have a long history as impost, extortion, robbery, thievery etc. of that which is the private property of labour and capital.

The terms "tax" and "taxation" rightly deserve to be the ultimate obscurity in the vocabulary of all people engaged in the co-operative efforts of production and exchange.

The use of the terms "tax", "taxation", and "site rent" are not ones of semantics but of applying and using scientific terms.

George raised the study of political economy to that of a science; scientific terms have precise meaning. While George continued to use the terms "taxation of land values", even after he had corrected himself, it does not give us license to continue making the same error. Our continued use of terms such as "taxation of land values", as we have done for the past 100 years, has done untold harm.

George brought us new wine; let us not lose it by putting it into old wine skins, for that is what we do when we package "site rent" as taxation of land values.

Is it any wonder that the great mass of people have been so slow to respond to this message of hope, economic justice and equity? They have every reason, with hundreds of years of collective experience, to be wary of this, or any, proposed new tax.

Until "taxation", with all its penalising connotations and effects, is completely abolished, no people can call themselves civilised and no nation will truly prosper or progress.

"Site rent" is the nation's birthright; as such it is the legitimate revenue of

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Government; we are in grave danger of losing the nation's birthright to be regained, if ever, by violent and bloody struggle.

The world's people are in urgent need of new wine; it's high time Georgist, Geocrats and Geonomics gave it to them in new wine skins - Abolish All Taxation - Site Rent for Government Revenue.

Tom Whittle,
West Leederville, W.A.

The poem on "Moses" in the August issue was written by Dov Ryzman.



DATES FOR YOUR DIARY:

- Lunch-hour videos, Series, 12.30 p.m. 1st Monday of month.
- Executive Meeting: 7.30 p.m., Thursday, November 12th.
- Melbourne School of Economics: 10.30 a.m. Wednesdays.
- Mind-Body-Spirit Festival: 26-29 November, 10 a.m.-8 p.m. Volunteers needed for T.R.A. Stand. Contact Roland Staub, 890 5913.
- Georgist Council: Friday, 27 November, 31 Hardware Street, 5.30 p.m.
- Georgist Council of Australia - Public meeting at Doncaster November 27 - details from office.
- Christmas Social Tuesday December 15.

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

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