

# PROGRESS

**An Australian Journal to Advocate the Rights of the People in the Land**

- POLICY:**
1. APPROPRIATION OF LAND VALUES OR GROUND RENT AS PUBLIC REVENUE.
  2. THE ABOLITION OF TAXES NOW IMPOSED UPON LABOR AND LABOR PRODUCTS.
  3. PROPORTIONAL REPRESENTATION FOR ALL ELECTIONS.

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## Current Comments

### THE BUDGET.

The outlines of the "anti-inflation" budget have now been announced. They follow the pattern of heavy increase in direct and indirect taxation. These increases are put forward to reduce the spending power in the hands of the public as a counter to inflation. Whether they will have any such effect depends on the Government refraining from spending the extra income. If it spends the money it will be just as inflationary as it would be in the hands of the individuals. We are not optimistic.

Almost all sources of taxation have been tapped. The major exception is that form of taxation which in itself would have direct influence in countering inflation. We refer to the taxation of the unimproved value of land.

One of the main signs and cause of inflation is found in the rapid rise in the selling value of land. Inflation is at base disproportion between the money tokens available and the goods which they represent. The speculation in land values now so evident tends to reduce the supply of goods which would dispel inflation. Those with money are increasingly seeking investment in real estate rather than in production. Part of this is due to fear of inflation and the desire to hold something of permanent value as an asset.

The inflated price of land due to these various influences in its turn attacks the production of goods. It causes the terms upon which production can be commenced upon factory or farm sites to be so severe that economic production is impeded. If it goes further it becomes impossible for new producers to commence and remain in production. The seeds of the coming depression are being sown in this way although the blow is not likely to fall immediately. The fact is that land is purchased at prices which might enable people to carry on if there were no change in price of the goods they sell. As soon as these fall (as they must) there will be increasing business failures; there will be ex-producers swelling the ranks of those seeking employment from others and the pinch will be felt.

Taxation of land values would have a more direct effect in attacking inflation at the root than any of the taxes the Government has resorted to. These other taxes, by lessening the incentive to produce, will tend to stimulate the speculation in land which remains free from increased taxation. They will then be inflationary in themselves.

Increased taxation of land values apart from improvements would tend to make speculative holders release it at lower price to genuine producers. Speculative holders would be paying taxes without income from their holdings while unused and would be stirred to put them into production to at least cover the taxes. The increased production means more goods to equate with the currency and forms the natural counter to inflation. The alternative to increased production by present holders would be disposal of the business, residential or farm sites to people who were willing to use them. In either case the desired object of stimulating production would be achieved.

In face of the careful neglect to impose land value taxation despite rising land prices we must doubt the sincerity of the government in its desires to arrest inflation. It is true the Government does expect to get more from the Federal Land Tax. However, this simply results as a by-product of the revaluation to be made at present values instead of the pegged 1942 figures. This will bring more holdings into the taxable range but this tax will still only be payable by owners with land in excess of £5,000 unimproved value. The far more numerous holdings below this very high exemption figure will completely escape.

The other main line of taxation increase resorted to by the Government is in the indirect taxation field. Sales taxes or purchase taxes have been stepped up most drastically. Goods have been classified according to whether they are essentials or not. Non-essential goods are subject to 66 2/3 per cent sales tax. How blindly this classification has been done can be seen from the fact that in this highest tax group are included razor blades and cosmetics, both articles of daily use and necessity.

The proposal to increase prices deliberately and at once by taxation in order to avoid increase in prices which might attend inflation is most dangerous. Not the least dangerous element in it is the fact that once

such taxes are imposed there seem to develop difficulties in getting the governments to remove them subsequently.

The very opposite policy to that pursued by the Government should have been adopted if the desire is really to retain purchasing power in the £. The real policy needed is to try to squeeze out those taxes which the Government had previously imposed and which in themselves were responsible for loss of value in the £. the sales tax, tariff taxes, pay roll taxes, artificially fixed and adverse exchange rate; the various restrictions on importation of goods by licences. All these have played their part in removing value from the £. It is the old story. The Government will do everything for the people except get off their backs.

#### LIBERAL M.H.R. CRITICISES GOVERNMENT.

##### Glimpse of Truth at Canberra.

In a courageous speech on the Address-in-Reply in the present Parliament, Mr. A. Fairhall, Newcastle business man and Liberal M.H.R., drew attention to the "ease with which Socialist ideas can take root in Liberal minds." The following are extracts from Mr. Fairhall's address:

"We are struggling with inflation and the present belief is that the withdrawal of purchasing power from the community is one of the great means of attack against inflation. I am concerned lest there should develop in the mind of the Government the idea that leaving more purchasing power than a bare minimum in the hands of the taxpayer is something of an evil . . .

"Eighteen months ago, this Government was elected to office through a great revulsion against Socialism. Making allowance for the difficulties which have had to be faced by the Government in the last 18 months, that time has but given us the opportunity to reflect upon the ease with which Socialist ideas can take root in Liberal minds.

"Socialism does not happen as a result of an isolated act. It begins with Government intrusion into fields best left to individuals, and it ends when a thousand freedoms have been filched, one by one, from an unsuspecting democracy.

"I remind honourable members that those freedoms can be filched just as easily by a Liberal as by a Socialistic Government.

"The tremendous advances which have been made towards the Welfare State have already sapped the moral fibre of this nation, the best evidence of it being the general spirit of irresponsibility at present abroad in this country. That spirit will militate against any Government overcoming the difficulties with which we are now faced in the fields of economics and production.

##### Decline Has Set In.

"Government in business has brought increased burdens to the people, increased responsibility to members of the Cabinet, and dangerous delegation of responsibility and control. I believe that if the process continues, it will ultimately undermine the foundations of the Parliamentary Institution.

"When the Government goes into business, it does so with capital taken from the pockets of its private enterprise competitors. Then the trend is for the Gov-

ernment to use its legislative powers to protect the business for which it has assumed responsibility. When that happens, we are in danger of seeing the end of impartial government. The record of the Australian National Airlines Commission offers conclusive evidence of that truth.

"During the last few years, there has been a steady growth in what we have been pleased to call orderly marketing. There are real doubts in my mind whether our many shortages and difficulties cannot be blamed on that same system of orderly marketing. The industries being controlled by Boards will ultimately pay for orderly marketing by surrendering complete control of their industry to the Government. The end result of that process is Government-to-Government trading, which means that, ultimately, the right of the producer to his own produce will be lost. That is another very serious threat to democracy."

##### Philosophy of Henry George.

Mr. A. Fairhall has been a keen student of the teachings of Henry George and we regret that the Liberal daily newspapers do not provide a summary of his speeches at Canberra.

#### TOMATO PLOTS.

The second reading of the Marketing of Primary Products (Tomatoes) Bill took place in the Victorian Legislative Council on September 4th. The member for Higinbotham, the Hon. A. G. Warner, made some penetrating remarks on the subject of planning in general and on the orderly marketing proposed for tomatoes in particular.

Among other things, he referred to the various devices used by sectional interests to boost prices at the expense of the rest of the community, e.g. cartels, unions, marketing boards and exchange controls, and expressed the conviction that the boosting of prices by marketing boards has the effect of increasing land values which gravitate to the landholders' pockets. He then went on to outline the following situation.—

Suppose the State decides to build an irrigation system for cultivating tomatoes. The State provides the capital for the irrigation works, and then neighbouring landholders are able to sell their land at roughly ten times the price they could have obtained previously. The incoming grower, saddled with a heavy interest bill arising from the inflated cost of the land, cannot produce tomatoes at the standard price, and seeks aid by asking the State to provide water at low cost. Meanwhile, of course, the original owner is sitting pretty without any financial worry thanks to the State's munificence towards him. Subsequently the tomato growers band together to form a marketing board which charges tomato consumers with the cost of production which includes the high price paid for the land and which the activity of the State brought about.

Mr. Warner is to be commended for the able manner in which he exposed such folly in our economic set-up. In addition, however, the following points might be mentioned.

Firstly, when the price of primary products is boosted in the way described, the cost of living is increased, and this is followed under our absurd Arbitra-