

than what the majority of entrepreneurs can afford and not subject to the influence of land speculators'.

I'd be grateful for his elucidation of this apparent contradiction. Perhaps it depends on the meaning of 'under such circumstances'. What circumstances?

E P MIDDLETON Norfolk Island
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PRIVILEGE

Sir — I do wish Mr Gilchrist would think a little more deeply on the subject of the alleged 'privilege' of a title to hold land. What he has to say about it in his article in the August issue detracts sadly from the otherwise excellent statement on privilege in general.

The occupancy of a piece of land is the right of every human being, for without that right life is impossible. What use the occupant makes of it is his own affair, provided he observes the normal obligations of such occupancy; these are: that he does not annoy his neighbours, or society in general, and returns to society that portion of the production from the site (if any) which is known as the economic rent.

The only privilege at present attaching to the occupancy of land is the privilege of retaining that economic rent, which, because of this, creates 'land value'.

'Land value' itself is not, therefore, a proper subject of taxation since, in the 'logic' of the taxation of wealth, 'land value' does not fit, as it is not wealth any more than the proceeds of a lottery ticket or a bank robbery are.

Let the community draw its revenue from the economic rent wherever it is produced, and 'land value' will disappear.

E P MIDDLETON Norfolk Island
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TRADE

Again—the band of commerce was designed
To associate all the branches of mankind,
And if a boundless plenty be the robe
Trade is the golden girdle of the globe.
Wise to promote whatever end He means
God opens fruitful nature's various scenes,
Each climate needs what other climes produce
And offers something to the general use;
No land but listens to the common call,
And in return receives supply from all.
This genial intercourse and mutual aid
Cheers what were else a universal shade,
Calls nature from her ivy-mantled den,
And softens human rockwork into men.
Ingenious art, with her expressive face,
Steps forth to fashion and refine the race —
Not only fills necessity's demand
But overcharges her capacious hand:
Capricious taste itself can crave no more

Than she supplies from her abounding store:
She strikes out all that luxury can ask
And gains new vigour at her endless task.
Here is the spacious arch, the shapely spire,
The painter's pencil, and the poet's lyre;
From her the canvas borrows light and shade,
And verse more lasting, hues that never fade.
She guides the finger o'er the dancing keys,
Gives difficulty all the grace of ease,
And pours a torrent of sweet notes around,
Fast as the thirsting ear can drink the sound.
These are the gifts of art, and art thrives most
Where commerce has enriched the busy coast;
He catches all improvements in his flight,
Spreads foreign wonders in his country's sight,
Imports what others have invented well,
And stirs his own to match them or excel.
'Tis thus reciprocating each with each,
Alternately the nations learn and teach;
While providence enjoins to every soul
A union with the vast terraqueous whole.

Heaven speed the canvas gallantly unfurled
To furnish and accommodate a world,
To give the pole the produce of the sun,
And knit the unsocial climates into one!
(From 'CHARITY' by William Cowper, died 1800)
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THAT WONDERFUL QUOTATION

Sir — The correct wording of the quotation has been kindly supplied by Mrs M Gibson of D'Aguilar, Queensland, and is as follows:
'Those who make private property of the Gift of God pretend in vain to be innocent. For in thus retaining the subsistence of the poor they are the murderers of those who die every day for the want of it'.

Mrs Gibson has not yet succeeded in positively identifying the author, but feels that it was probably Pope Gregory the Great. This accords with my own recollection from many years ago.

But Dr L Hemingway of Warrnambool, Victoria, who is well read on the subject, thinks that the quotation is most unlikely to come from one of the popes. He has kindly supplied another one from Pope John XXIII, which he suggests is the closest approximation that could be found:
'Since there still remains too great a difference in the distribution of wealth, there are still too many causes for disagreement among the classes. This springs mainly from the concept of the right of private property, which is at times defective and downright unjust, held by those who are interested only in their own personal benefit and convenience'.

Perhaps others of your readers could do some more research. I am most grateful to Mrs Gibson and Dr Hemingway.

W A DOWE Lakemba NSW
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Sir — Thanks to Mr W A Dowe for his explanation of Money. But there is something I cannot understand, that is when he writes about the 'gigantic dose of fraud from the governmental

monopoly'. To my mind, governments can only be blamed for their failures, and the first blame I would give governments is their negligence of the importance of community-created land value rising, and their failure to collect the annual interest (land rent) of the rising value. If this were done, and the revenue were used for the reduction of income taxes, there would be nothing with which to feed inflation. Expenses of higher land rent will be balanced by lower income taxes.

Inflation has two sides: the rich (especially land owners) getting more rich, and the poor (the landless) having to pay higher prices for their consumption in order to fill the bags belonging to the landlords who, on top of that, also have the advantage of falling debts.

Those governments who now and then devalue their coin are literally inflating. But it is a mistake to say that governments are inflating the coin by borrowing money above the taxation. When governments borrow, in reality they collect voluntary, and temporary taxes which later on of course have to be collected as real taxes, when the bonds are paid back. But this act is not adding anything to the total amount of money.

It is not correct when some people say that the Central Banks are misusing the printing press. No Central Banks in the 'Western' world are issuing more bank notes than you and I are carrying in our wallets, or our cashiers and the bank cashiers keep in their drawers in order to serve the customers. And the amount of bank notes is continuously shrinking, from about 5 pct some years ago to today only about 2 pct of the total amount of paying media, money.

I am very happy to read Mr Dowe's two lines, '...Freedom includes the right to issue one's own money if others will accept it...' That is just what happens, anyway in my country. If a man buys a house at \$100,000, but only pays \$80,000 out of his own and borrowed money from the bank, he can issue a mortgage deed for the remainder, promising a high rate of interest and a fast repayment. But this mortgage, together with all other mortgages of the same kind, are a great part of the annual rise in the total amount of money which, to my mind, includes every piece of paper with an IOU accepted by the receiver. This excess money most often appears as payment for land value rising, the only income element of importance which is not based upon previous production, and thus bringing the amount of production and the amount of purchasing power out of balance.

KNUD THOLSTRUP

DENMARK

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INFLATION

(Submitted to Sydney Morning Herald)

Sir -- The Institute of Applied Economic and Social Research has stated that next year Australia's jobless will be as high as 550,000 and that inflation will be slightly down (now seven to eight percent) to five or six percent. It is quite obvious that in calculating the inflation rate the soaring prices of real estate is not taken into account.

Although the CPI reflects some improvement in the price rise of consumer goods and services and there is a tendency for interest rates to fall, the enormous load of debt being carried by the home-buyer is constantly increasing. There is little point in reducing the interest rate if the total sum paid in interest constantly increases.

Within recent years the price of existing houses and home units has practically doubled and whereas the average loan for the purchase of a unit was formerly about \$15,000 this average is now around \$20,000 to \$25,000. What is the use of a reduction in interest rates under these circumstances? In fact a reduction in the rate tends to increase the price.

The absurdity is that the buildings daily changing hands are getting older and yet are bringing higher prices and banks are making record profits. The tragedy is that with the hundreds of millions of additional overdraft dollars coming into the economy as a result of increased prices and larger mortgages there is no resultant production and no economic growth. Little wonder that unemployment grows and real wages shrink.

There was a time that Australia could be proud of its percentage of individual home ownership but the amount of investment in home units for letting at exorbitant rentals is quickly changing this. It is time that governments took a hard look at the building industry, encouraged the erection of houses and units and by a substantial increase in Land Tax destroyed the price of building sites. We would then see a dramatic fall in inflation and unemployment and a rise in real wages.

L BOORMAN

Eastwood NSW

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IS THIS DEMOCRACY?

(Published in The Australian 4.10.78.)

Sir -- From time to time and particularly at elections, much is said about our democratic system of government; but how really democratic is our Parliament?

The first essential to make our Parliament really democratic is to allow every member, including back-bench members to have a free vote