

desires cannot be fulfilled. The reasons are twofold. Firstly since all wealth, i.e. goods and services, is created by people using their labour in conjunction with the free gifts of nature, i.e. land, the reason for not being employed must be that labour does not have adequate access to land. This is because of the high price of land created by speculation, particularly in times of high inflation (currency debasement).

The second cause arises when legislation or pressure is used to attempt to force employers to pay workers more than the goods they produce are worth. If the price demanded for any goods or services is too high, i.e. above the equilibrium, then some of those goods or services will remain unsold. This law holds true for wheat, motor cars and labour. If the price demanded for labour is too high there will be unemployment.

Taxes on goods and services play an important role, payroll tax which increases the cost of employment and sale taxes on the finished goods.

The only long term cure for unemployment is for the government to collect for the community the rental value of land instead of taxes on labour and industry, and to change legislation which enforces unrealistically high wages.

H B EVERY  
\*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* Melbourne

#### RENT

Sir -- It is unfortunate that Mr Gilchrist (GG Dec. '77) is unable to distinguish between economic rent as a part of the distribution of wealth and rent as a payment for the use of a site.

L BOORMAN  
\*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* Eastwood NSW

#### ACTION SUGGESTED

Sir -- I am sure that believers in the soundness of the Henry George philosophy look with dismay on the failure of protagonists all over the world to implement it.

On the local front at least, efforts are made to educate people to accept this simple, natural and commonsense solution of most if not all our economic and social ills.

Unfortunately these efforts are not good enough, touching as they do only a small percentage of the population. The movement needs to spread its wings into much wider fields.

The only way, as I see it, is to get at the politicians. Governments only can do the job. The H.G. movements, good as they are, can accomplish very little.

The first one to 'get at' should be President Carter of the USA. Here is a man openly presenting himself as a professing Christian. Henry George was an American. Why not arrange a huge delegation of Georgians to wait on the

President. It may be necessary to call delegates from all over the world, but make a start at this place. Here is much potential. Influence the President and a good start will have been made.

HARRY SMITH  
\*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* Warrimoo NSW

#### TAXATION IS DESTRUCTIVE

Sir -- The only incentives of the present taxation system are tax avoidance, tax evasion and land speculation.

Tax avoidance reduces the 'Ability to Pay' maxim to mean the 'Inability to Avoid' tax payments. It increases the non-productive waste of tax agents, accountants and lawyers, and uses the courts' time in judicial decisions over Assessable Income, Allowable Deductions and the use of Trusts and other companies to avoid tax payments.

If tax cannot be avoided, then by not declaring assessable income it is easy to evade. It all encourages dishonesty and fraud. Land speculation is encouraged, for it is a more certain profit, especially in times of inflation and strikes, and it is not so heavily taxed. The cure is the collection of site rent (or land values) for public revenue.

The collection of site-rents is easy to administer and avoidance is impossible. The site-rent represents the unimproved annual value of land. Because this is created by the community, it ethically belongs to the public. Each person or firm would pay in accordance with the amenities that the community makes available in the locality where his land is situated.

In contrast to today's taxation site rents for public revenue would bring an incentive to produce goods and services.

A. SCHMID.  
\*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* Melbourne

#### COMMENT ON A R CANNON'S BOOK

Sir -- Thank you for E P Middleton's review of A R Cannon's "Depression, Inflation and Employment" in the August 1977 issue, in which he writes, quote: "He shows that there are five major causes of inflation--taxation, protection and monopoly in industry, deficit budgeting, excessive government spending, particularly on the bureaucracy, and land value speculation, the last-named being the most important..." unquote. Indeed, the last-named is the most important, and much more so as No.1, taxation, No.3, deficit budgeting, and 4, government spending on bureaucracy, are all derived from No.5, and in many countries No.2, protection, is decreasing year by year, being of no importance.

If you stopped intentional as well as unintentional land speculation, by collecting the land rent, No.1, income taxes, could be abolished, and it is a fact the rising bureaucracy is first of all a consequence of taxation. I would therefore say that there is

only one major cause of inflation, the others being rather symptoms, and at least of no importance.

I fully agree to Mr Middleton's quote: "Clearly, it is not rent which absorbs an unfair share of the national product but the private appropriation of that rent..." unquote.

But later in the same column about "artificially created shortage of sites by the speculative withholding of land from the market", I think he is paying too much attention to that minor part of the total land value rising. The yield obtained from unintentional "speculation" is much higher than that from intentional speculation. All land owners are unintentional "speculators", as all who own a piece of land are profiting, whether they like it or not, from the general development at the cost of all others who are living from their work, paying higher and higher prices for their consumption, including house-rent, also because the mortgages become cheaper and cheaper to pay back.

Just one comment to "Inflation vs Morality": Henry Hazlitt is observing the consequences, but is wrong in his quote: "...When modern governments inflate by increasing the paper-money supply, directly or indirectly, they do in principle what kings once did when they clipped the coins" unquote.

The supply of paper money is the effect of rising values on real estate, not the cause. As soon as we have just a little inflation, confidence in the coin is decreasing, so people try to hedge themselves by conveying savings into real estate. The bank notes in most countries are only 2-3 pct of the total amount of circulating money.

Most economists make the mistake of only calculating with the conceptions of "M 1" and "M 2". But, as all pieces of paper with an I.O.U. in principle are circulating money as well as the bank notes, not only the governments are issuing money through their central banks, but you and I also, when borrowing from each other and deliver a mortgage or other receipts promising the paying back of the amount, so we are all to blame for the increasing paper money supply.

KNED THOTSTRUP  
\*\*\* \*\* Denmark  
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## ARCHIMEDES

By MARK TWAIN

"Give me whereon to stand" said Archimedes, "and I will move the earth." The boast was a pretty safe one, for he knew quite well that the standing place was wanting, and always would be wanting. But suppose he had moved the earth, what then? What benefit would it have been to anybody? The job would never have paid working expenses, let alone dividends, and so what was the use of talking about it? From what astronomers tell us, I should reckon that the earth moved quite fast enough already, and if

there happened to be a few cranks who were dissatisfied with its rate of progress, as far as I am concerned, they might push it along for themselves; I would not move a finger or subscribe a penny piece to assist in anything of the kind.

Why such a fellow as Archimedes should be looked upon as a genius I never could understand; I never heard that he made a pile, or did anything else worth talking about. As for that last contract he took in hand, it was the worst bungle I ever knew; he undertook to keep the Romans out of Syracuse; he tried first one dodge and then another, but they got in after all, and when it came to fair fighting he was out of it altogether, a common soldier in a very business-like sort of way settling all his pretensions.

It is evident that he was an over-rated man. He was in the habit of making a lot of fuss about his screws and levers, but his knowledge of mechanics was in reality of a very limited character. I have never set up for a genius myself, but I know of a mechanical force more powerful than anything the vaunting engineer of Syracuse ever dreamt of. It is the force of land monopoly; it is a screw and lever all in one; it will screw the last penny out of a man's pocket, and bend everything on earth to its own despotic will. Give me the private ownership of all the land, and will I move the earth? No; but I will do more. I will undertake to make slaves of all the human beings on the face of it. Not chattel slaves exactly, but slaves nevertheless. What an idiot I would be to make chattel slaves of them. I would have to find them salts and senna when they were sick, and whip them to work when they were lazy.

No, it is not good enough. Under the system I propose the fools would imagine they were all free. I would get a maximum of results, and have no responsibility whatever. They would cultivate the soil; they would dive into the bowels of the earth for its hidden treasures; they would build cities and construct railways and telegraphs; their ships would navigate the ocean; they would work and invent and contrive, their warehouses would be full, their markets glutted, and

*The beauty of the whole concern would be that everything they made would belong to me.*

It would be this way, you see: as I owned all the land, they would, of course, have to pay me rent. They could not reasonably expect me to allow them the use of land for nothing. I am not a hard man, and in fixing the rent I would be very liberal with them. I would allow them, in fact, to fix it themselves. What could be fairer? Here is a piece of land, let us say, it might be a farm, it might be a building site, or it might be something else--if there was only one man who wanted it, of course he would not offer me much, but if the land be really worth