

## CHAPTER 4

# Economic Conflicts

### Exploitation in Income Distribution

Social systems differ in their valuation of man. Some value man according to his birth and inheritance but democratic societies value the Individual according to his achievements.

Different communities have different ideals of what makes men and the community happy. Democracies believe that the greatest value is for the Individual to achieve happiness — whatever that may be — provided that he does not harm his fellows.

The measuring of achievements and satisfactions by standards of value is expressed in the ethical system of society and this is the basic organising principle on which social systems are built.

The practical interpretation of the ethical principles in social activities is contained in the political system which ensures individual freedoms through political rights and the equal rights of each individual through political responsibilities.

The economy deals with the supply, distribution and consumption of goods and services.

The economic projection of society's ethical principles are expressed in the system of ownership. The economic freedom of the Individual is represented by his right to private property, whilst the equal right of all individuals to exist on our earth is ensured by rights to share in public property.

Ownership — the right of an individual to exchange all or part of his efforts and achievements for other valuable supplies and the right of the community to take away some of the results of individual effort and to hold or distribute to individuals some community property such as natural resources — defines the rules of income distribution.

It is easy to see if the ethical principles of a society are effectively operating within a simple pre-industrial community. If the society follows the democratic ideals, then the members are expected to enjoy freedom of personal achievement (as opposed to oppression and dictation by the leaders) and equal opportunities to make use of the common land and other natural resources (as opposed to exploitation through privilege).

In primitive economies the Individual and his family provide most of the products and services necessary for their subsistence. With the coming of improvements in production techniques and the division of labour the exchange between the specialist producers and other suppliers of services becomes more and more important.

In our modern complex market economy the individual cannot exist on his own production, but must exchange his specialised products or services on the market for the supplies of goods and services he requires.

Modern production and distribution technology has changed the independent self-sufficient individual into the consumer who is dependent on the overwhelming, intertwining complex system of market conditions, exchange rates, taxation systems, wage-fixing, company legislation, restrictive practices and myriads of other rules and regulations. When he wants to obtain his political rights along with gas, electricity, postal and transport services — or when he buys his safety, security, justice, education or pension, because he is a tax-payer, he is the captive consumer of the government.

Since in modern market economies the Individual is functioning as a Consumer, it is essential that the basic democratic ethical principles should influence and control market conditions.

The purpose of production is the satisfaction of the needs of the Individual as the CONSUMER.

The economy is — as we have seen earlier — the economic projection of the ethics of society. It is the value system, which gives a higher or lower priority, a higher or lower price to different satisfactions. In the final analysis and if the economy is truly organised to project the values of society — the economic system should provide the maximum of possible satisfactions to the Individual: it should make him as happy as possible.

In contrast to this, modern economies tend to be organised in the interests of suppliers of goods and services **not** the interests of the Individual.

Twentieth century man has become an expert in production. Following the economic principle of obtaining maximum results with a minimum of effort — study, inventions and organisation have refined economic activity into the technocratic productive system of today. The lonely Individual whose

"service" is the original aim of the economy has been neglected and his interests have been subordinated to the requirements of the huge, miraculously creative and strong organisations of suppliers of goods and services.

In our complex economies there are two main areas where conflicts arise:

1. **Does the economy supply what the Individual — the consumer wants?** Or does it rather influence the consumer by advertising, economic direction, taxation and other methods to consume what the government and other suppliers want?

According to democratic principles it is for the Individual to decide what is "good for him"; it is for him to decide what gives him satisfaction and what value he is willing to give to gain the benefits he desires.

When the consumer has freedom to choose what he wants to buy — his rights are secure, but when this freedom of choice is taken away by restrictive practices which penalise him by taxes if he buys some things and forbid him to buy other things or direct him to spend his money on certain things — then a way has been opened for the oppression of the individual. Some of these community restrictions may be justified by the need to protect the interests of other individuals and even the safety and health of the consumer.

Restrictive practices by private suppliers however are mostly designed against the interests of the consumer and aimed at creating an artificial shortage of supplies so as to increase market prices.

Suppliers attempt to induce consumers to attribute greater value to their products and services through refined methods of persuasion and advertising.

The individual consumer in our complex economy is not usually qualified to evaluate the true benefit of the products and services offered to him, while the supplier, the salesman, the government have an array of one-sided arguments to praise the benefit of whatever they offer — the consumer has no matching organisation to check on the validity of claims made and the comparative benefit of different TV sets or the value of a car or a life assurance policy. As a result, the consumer is induced or forced to buy things he does not really want, pay for an ever-expanding bureaucracy and government plans which he, as an individual, does not want.

The Individual is not in a position to evaluate the complex claims and counterclaims of benefits, after-effects and the

comparative merits of what he should consume, do or not do. He is just as much exposed to the organised persuasion of suppliers and dictation of government restrictions as mediaeval man was exposed to the threats and tortures of the Inquisitor if he did not conform to the dictation of faith, whether it concerned heaven and hell or scientific theories.

The consumer in modern society is nearly as much exposed to and exploited by the pressures of suppliers and governments and "experts" when he buys one product or another service — as mediaeval man was exposed to the dictates of religious authorities.

The problem of the Individual is the same in the 20th century as it was in the Middle Ages. The problem is ethical.

(a) **What** is happiness? What is **good** to have and do and what is **bad** for us?

(b) **Who** should decide how the Individual is to achieve his happiness?

In doctrinaire societies dogma defines happiness. To go to heaven, the devil must be exorcised even if it meant abject misery on this earth and even if it meant the torturing or burning of your body by Authority — for the sake of the happiness of your soul after death.

Modern doctrinaire societies extract similar cruelties and sacrifices from their citizens to enforce compliance with their visions of communal bliss and their ideals of happiness.

Our so-called democratic societies and economic systems tend to force us similarly to conform to the advice, persuasion, propaganda, advertising and even stronger pressures of some leaders.

Beside the paid persuaders of suppliers there are the "experts", the censors and planners and administrators who presume to know the way to our happiness, because they believe (as the mediaeval Church used to) that they know better "what is good for us".

Since we can not evaluate the conflicting, complex "advice" and since the largest organisations have the greatest power of persuasion — we tend to allow that the choices be taken away from the Individual, that our rights be subjected to inconsistent, burdensome and exploiting restrictions, which benefit in most instances a group of suppliers or administrators.

Even though we don't seem to see it clearly, the problems of

modern economics are the same as those of mediaeval man's before the Reformation.

(a) We must have independent advice on how to achieve happiness. In modern context this means advice and counter-persuasion enabling us to critically evaluate the benefits which the Individual as a consumer may gain — independent from the pressures exerted by suppliers and authorities. We need Consumers' Organisations and Consumer Protection.

(b) Modern man must fight for his right to choose the way for his own happiness, to choose and to do as he wishes, to follow his own, individual decisions — as man has fought for this same freedom during the Reformation.

In modern context this means that restrictions are acceptable only to protect other citizens from the harm that may come to them from the actions of the individual.

Society must maintain security and safety and it must have regulations to prevent damage, by enforcing responsibilities. But democratic society and economic systems have no mandate (contrary to doctrinaire, totalitarian societies) to dictate the way to happiness for the Individual, to direct him, to protect him against himself, to plan his life and to enforce conformity "in his own interests".

## The Fault of the Historic Free-enterprise System

### **2. The second main area of economic conflict involves the distribution of incomes.**

The democratic ideal is represented by the economic freedom: the right of the individual to earn an income by his personal exertion or in exchange for his private property on a free market.

This right to earn an income freely is limited by the principle of economic equality, that is the recognition that each individual has a right to an equal share in the benefits of the natural resources of the earth, together with benefits deriving from the activity of the community, which are not attributable to individuals (such as increased population etc.) and which should be public property.

For a long time it was thought that the system of free-enterprise would automatically achieve just distribution of incomes according to the value of the effort exerted by individuals. It has become clear, however, that market conditions,

restrictive practices and exclusive advantages enjoyed by some, have greatly distorted the bargaining position of some groups. In fact prevailing conditions prevent the operation of a "free market". "Free enterprise" did not fail — it has not yet been tried!

In the midst of economic progress, poverty has been increasing. The rich are getting richer and the poor are becoming relatively poorer. Some people can earn huge fortunes by very little effort, whilst others stay at the bread line no matter how great their exertions are.

In reaction to these disappointments with the historic liberalism of the XIXth century and with capitalist economic systems, numerous political and economic theories have been put forward. Most of these criticisms have condemned selfish greed which they considered the reason behind the exploitation of the poor classes through the means of a "free" market. Benevolent social theorists from Marx to Marcuse sought to protect the exploited masses not only by taking away privileges and monopolies from the exploiters but also by handing over monopolies in all means of production to the State. They hoped that community ownership and beneficent social leadership would eliminate selfish greed — what they thought was the product of "anti-social", "imperialist" economic systems.

Various attempts at socialism have been tried at the cost of enormous sacrifice of lives and deprivations. Individuals and whole communities who disagreed with what the leaders dictated as "good for them" have been liquidated. More than 50 years of social experiment on a world wide scale could not eradicate the passive resistance of the Individual against leaders of his community who dictated to him what to do or not to do, what to eat, where to live and what sacrifices to make.

The basic reason for the failure of pure socialist societies was that, by taking into public ownership all means of production, they attempted the impossible; that is taking into public ownership manpower and through that the life, the choices, the desires, hopes and dreams of the Individual.

Eventually it had to be accepted that men were not equal in their abilities even though the most equal opportunities were ensured. It had also to be realised that "social conscience", "revolutionary morality" and civic rewards for over fulfilling Stackhanovist "norms" were not as reliable motivations for maximum effort as the direct incentives of higher salaries for

more valuable effort and higher profits for more successful production, inventions or distribution.

In fact the repression of the natural motivation of self interest withholds and depresses the development of social objectives whilst the opportunity to achieve maximum benefits in exchange for one's personal abilities is in harmony with the principle of efficiency; that is the achievement of maximum result with the minimum effort.

## Fair Income Distribution

In conclusion, it is realised that the organising principle of truly free enterprise is not at all anti-social and that rewarding the individual commensurately with his achievements and not with his needs is to the advantage of the whole society.

THE FAULT OF THE HISTORIC FREE-ENTERPRISE SYSTEM IS NOT IN THE FREEDOM IT ALLOWS INDIVIDUAL ACHIEVEMENTS BUT IN THE EXISTENCE OF UNJUSTIFIED—AND OFTEN HIDDEN—EXCLUSIVE ADVANTAGES ENJOYED BY SOME GROUPS WHICH PREVENT OTHERS FROM COMPETING ON EQUAL TERMS.

A labourer who has no funds to support him during unemployment has no equal opportunity to bargain for wages which represent the true value of his work on the labour market. The occupier of lands, the value of which increases without his efforts but simply because of the increasing demand caused by an increasing population, holds an unjust advantage. There are races, sexes, nationalities and other minorities who suffer the economic disadvantages of discrimination. There is an infinite variety of restrictive practices which ensure exclusive advantages to the suppliers of products and services and thereby influence the distribution of incomes in their favour.

Restrictive practices concerning products vary from price fixing; limitations of supply, output and outlets; restrictions on variety, innovations and improvements; planned obsolescence; misleading claims, packaging and practices — to various means which eliminate free competition through mergers, cartels.

Similarly to suppliers of products, suppliers of services also enjoy legally approved privileges to dictate their conditions. Public utilities, trade unions, restricted membership of some licensed occupations as well as strikes — enforce restrictions on services, maintain and defend unsatisfactory

services, fix fees and keep them high by artificially creating shortages.

Through strength, coherence and financial backing, suppliers' pressure groups wield quite unjustified monopoly advantages over the community of consumers.

The equal opportunity of the citizen is further impaired by a host of other monopolies which all prevent the just distribution of incomes — in favour of those groups who enjoy the benefits of restricted competition, subsidies and other privileges.

Some of these exclusive advantages are made possible by the requirements of modern technology and the concentration of the sources of supply into some huge organisations. Only a few large organisations can efficiently produce cars, airplanes, or atomic missiles, because of the need for very expensive equipment and concentration of capital. Similarly public monopolies such as public utilities, marketing and licencing boards and other bureaucratic powers give undue advantages

Access to the means of persuasion, control of the mass media and education, as well as the opportunities which scientific and sometimes hidden motivation provide — give tremendous advantage to the trained persuaders.

The monopoly of economic direction such as the power over the direction of planning, credit, monetary policies, subsidies and protective policies and the complexities of taxation are just another group of advantages which influence unduly the free market, values and conversely the equal opportunities necessary for just income distribution.

All these monopolies or exclusive advantages prevent the existence of **free** market exchange. In fact the market is "**rigged**" to benefit the pressure groups to the detriment of the Individual, the Consumer.

In modern technological society the ethical requirements of freedom and equality can be ensured **only** if the economic rights of the Individual are translated in terms of the rights of the Consumer.

THE LIBERAL ETHIC PLACES THE INTEREST OF THE INDIVIDUAL AS THE PRIMARY AIM OF SOCIETY. CONTEMPORARY ECONOMIES ARE NOT ORGANISED TO SERVE PRIMARILY THE INTERESTS OF THE CONSUMER BUT THOSE OF THE PRIVATE AND PUBLIC SUPPLIERS OF PRODUCTS AND SERVICES.

**THE MEANS OF EXPLOITATION ARE RESTRICTIVE PRACTICES AND EXCLUSIVE ADVANTAGES ENJOYED BY PRIVATE AND PUBLIC MONOPOLIES WHOSE BENEFITS ARE NOT RETURNED TO THE COMMUNITY.**

**TO ENSURE FAIR INCOME DISTRIBUTION THE INDIVIDUAL NEEDS FREEDOM WITHOUT EXPLOITATION AND EQUALITY WITHOUT DICTATION.**

**Economic freedom** can only be ensured if the Individual can obtain the maximum in **free** exchange for his personal exertion.

According to this principle the Individual is fully entitled to obtain greater compensation if he renders services which society, in the free market, considers a greater value. Neither economic nor political freedom is possible unless the individual is entitled as the result of his services to own private property.

**Economic equality** can only be ensured by equal access to all advantages commonly available to humanity. The advantages and disadvantages of nature's resources and conditions as well as those of social organisation and development, are the birthright of all.

Many socialist utopian theorists believe against all practical experience, that this equality of opportunity can be ensured if privately-held monopolies and exclusive advantages are taken into public ownership.

There is no guarantee whatsoever that the benefits reaped by a publicly-run monopoly will be returned equitably to the individual members of the society. In fact such extorted benefits have been mainly used to ensure by force the rule of the leaders and to eliminate opponents: for military adventures; for experimental, utopian economic projects doomed to failure through inefficiency or the absorption of inordinately large funds to achieve disappointing results; for the glorification of the ideology of the ruling social order and for the unequal benefit of the ruling classes and administrators.

True equality of opportunity will be ensured by equal social services and benefits provided from the fund created by income derived from public property.

It is obvious then that exclusive advantages which should be public property must be managed so that they produce the greatest incomes, through efficient management and provide the highest possible funds available for distribution in the form of social services.

In most instances this may be achieved by leaving monopolies such as land ownership under private management, whilst the community simply collects a rental, royalty or licence fee. The conditions of use would be prescribed and the opportunity to use would be open to the highest bidder at public auctions.

(Further details: "Monopoly and the Individual", G. Hardy  
— Reform Publishing Co. 1965.)

## Historic Patterns of Income Distribution

We can easily visualise life on an idyllic tropical island where fruit grows in abundance, fish can be caught without effort, fresh water bubbles in a brook and the few inhabitants are satisfied with the simple pleasures available without any drive to expand their immediate needs.

This is the place where civilized man wants to escape to from the rat-race of "increasing expectations". And this is the only place where the clear definition of rights and responsibilities, private and public property do not cause conflicts.

We believe that the origin of human society goes back to such simple conditions. Unfortunately, the more complex societies, which developed from such "gardens of Eden" naively thought that the ideas on income distribution develop just as naturally from the primitive society as did industry and the changed conditions of living.

The question of "sharing" or "distributing" food, water, land (that is: "natural resources") did not arise whilst there was more of them available than the small community needed. Regulating the problems of distributing "public property" did not arise until increased demand (population-growth) or a reduction in supplies (exhaustion of resources, disasters etc.) created a crisis of survival.

Under such pressing conditions and without the knowledge of preventing similar mishaps happening, the question of survival was solved by practical means — without much thought being given to the fact that the confused solutions will be at the root of the historic struggle for just income distribution.

If we examine the situation on our idyllic island and we apply our experiences we find there is a wealth of natural resources available to the community. The total, the "fund" of these resources is certainly not unlimited. The resources will sustain a certain, limited number of people — on subsistence level.

Under these conditions additional population could not survive. It is quite clear at this point — that any new addition to the population would make either a demand on the community to reduce its previous individual share of the common fund (charity, social welfare) or he will starve.

In such simple societies infanticide was widely practised to ensure that the common fund should not be irresponsibly fretted away.

The idea, that no-one is entitled to more than an equal share in the community fund (provided by the limits of natural resources) was clearly and strictly observed.

Sooner or later some members of this idyllic community began to exert themselves beyond the minimal activities followed by the group. Instead of just picking wild fruit — they planted fruit trees. Instead of collecting fish from the end of a line — they built a boat for catching more or different fish. They created clothes, built shelters, made tools.

The results of their private labours became their additional private income on top of their share of the community fund. Industry, inventions, discoveries created the source of private property which the individual was free to exchange and use. Those with private income could afford to have more children — since they were then no burden on the community.

At this point some new influences appear. By force or by trickery a personal ruler or a group declares "sovereignty" over the territory. The "strong man", the ruler, the occupation force imposes a "levy" on the members of the community. Anyone who wants to live on the island, wants to use the land, harvest the fruit, catch fish or use in any way his share in the common property — must pay a tax to the new "protector".

Originally the "rulers" may have filled in the necessary role of soldiers, defending the community, however force, "might" has always tended to perpetuate its need.

**"Protecting the 'Public interest'"** is a slogan which we find is used by saintly kings and martyrs — together with decadent, pleasure or glory seeking tyrants, "protection-racket" gangsters and robber-barons — as well as pressure groups which use influence, voting power or other varieties of sheer force and numerical weight to obtain unjustified cuts from the common fund of the community.

After a ruler or some authority takes charge of the community they can enforce various contributions from the members.

This becomes in fact a practical necessity, since when the ruler expropriates natural resources and community income which has previously sustained many members on a sustenance level — the robbing of this fund would deprive people from their livelihood, unless some alternative source of income is found.

Taxes are then levied on the industrious individuals of the group; who have increased their incomes by additional work, inventions, discoveries. The community, as represented by authority, exploits in fact robs the inventor, the industrious, the creative by force — to support others.

**Taxation in its historical forms is a variety of civil war.** The sources of various levies are determined by such practical considerations as — whom can we tax easiest? — Where can we find it? — Where is the least resistance? — What is the least unpopular? — What can we get away with?

Since taxation is not based on proper justifications, but such underhand methods, trickery or sheer robbery (supported by the force of authority) the sense of responsibility for using community funds obtained by such irresponsible methods disappears.

If the community takes upon itself to help itself to the honest results of private exertions — then the individuals get the idea that they should also try to get as much from the community as they can extort. In the process neither the individual, nor the community realise, that the available resources are limited. They believe that they can create unlimited revenue by simply robbing more and more from the taxpayer.

Having lost sight of the limited total of public property (natural resources) both the individual and the community become geared to expect to spend more and more and at the same time they accept an increasing population.

This irresponsible expansion of needs leads to the eventual exhaustion of natural resources, bringing with it the seed of tragic conflicts.

## **"Social Conscience" as a basis for Income Re-distribution**

In the absence of a clear basis for just income distribution there are grave conflicts in society.

What is the community to do with the poor, the sick, the

old and the victims of disasters and accidents?

Because of the evident need to help people in distress, the ideals of charity and "social conscience" have developed. In the absence of a just distribution of incomes charity is a vital necessity to maintain some social stability.

"Social conscience" grows with the numbers of common people who are kept down on low income levels — whilst ruling groups or classes obtain higher incomes without proportional efforts. A sense of injustice arises when a slave who produces more, who is able and clever is kept in slavery by less capable masters. Similarly if a man is not able to earn as much as he is worth we consider that he is exploited.

Our "social conscience" wants to rectify such injustices. It is full of well-meant ideals. But it has no clear-cut principles and we hope that by taking from those who "have" and giving to the "have-nots" social injustices will be automatically rectified.

Charity sets out to help, to defend the multitudes of the weak, the poor and the needy. And such help is not only beautiful but also vitally necessary — because of the revolutionary pressures of demand.

When "social conscience" goes to the aid of all who need help — without bothering to define what are the rights, what is the entitlement of the needy and what is the limit of communal responsibility — it creates new conflicts and fights instead of resolving the problem of just income distribution.

Without clarifying the responsibilities of the individual "any" need can become the ground for community help. Provided with popular support, organised pressure groups, voting power or simply revolutionary force — we have seen any kind of private property confiscated, "socialised". In fact there are instances where beneficiaries of social welfare are better off than others, who can not claim free medical service, and sickness benefits.

In our topsy-turvy social care society people at the retiring age prefer to squander away their savings — to qualify for pensions, and we spend more on the upkeep of criminals than on the salaries of their wardens. We are more concerned with the "needs" of the mal-adjusted, anti-social individuals — than with the sufferings and damages caused to their victims.

After some experience with the practices of income-re-distribution through the method of taking from the "haves" and

giving to the "have-nots" — the incentive to gain private incomes through production — decreases. In such society it is more important to concentrate on "sharing" what others produce, than to increase one's own efforts. With incentives removed, efficiency is reduced and the total product lags behind. Although living standards become reduced — fights over the distribution of incomes continue.

Income re-distributions which are based on the desire to redress the imbalance between the "have-nots" and the "haves" create problems which can only be solved in terms of continuous fights between pressure groups.

Such unanswerable questions are:

1. What creates entitlement? Does ANY need give the right to demand help? Has one the right to get help for ANY number of children? Is one entitled to be cured from any sickness (mal-adjustment)? Is everyone entitled to limitless and unconditional help for education, the use of a kidney machine, or to be psycho-analysed?

2. Are there any limits to social benefits, which the community must give? Must society give **all** that it can afford — to keep those who cannot afford to satisfy all their needs?

Charity and "do-gooders" can not solve the conflict of income distribution. In fact the illusion that the application of "social conscience" can solve the problem — only delays the cure, which must rest on basic considerations and not on symptom-relief.

## Income Distribution: Reforms

**According to the ethics of Freedom (rights) AND Equality (responsibilities) the distribution of incomes is just when the Individual has the right to own all the products of his efforts together with all that he can obtain in free exchange for his efforts (private property) — PROVIDED that each Individual has the right to an equal share in the income from "public property" which is derived from natural resources and from the impersonal activities of the community such as the growing population, licences, monopolies.**

**In principle, private incomes should not be taxed at all, since this would violate the economic freedom of the Individual.**

On what grounds should an industrious, efficient, studious, hard-working person be compelled to share his income with improvident lazy wastrels?

In fact, however today, as a result of privileges, monopolies and restrictive practices — much income falls into private hands which has not been earned by personal exertion (i.e. value increases of natural resources, subsidies; incomes from licences etc.). **This part of today's private income should be returned to the public revenue** to create a definite and clearly limited fund: the only fund justly available to ensure economic equality.

**Just income distribution will be achieved by** eliminating all restrictive practices which presently permit some privileged groups to exploit the community and by returning the privately collected benefits from monopolies to the community.

**RESTRICTIVE PRACTICES MUST BE GRADUALLY REDUCED** and competition in all fields of activity must be freed to permit each Individual to obtain the maximum return AND permit each Consumer to buy at the lowest market price.

The elimination of such practices can be achieved by similar legislation as was originally proposed by Sir Garfield Barwick in 1962 with the difference that the scope of such legislation should not be limited to the control of "trade" practices and that the examination of restrictive practices should not be secret.

Marketing Boards, subsidies and protection for inefficient industries should be gradually eliminated together with "collusive tendering", price maintenance agreements etc. — to permit the free and competitive supply of goods.

Restrictions on services should be dealt with in similar manner. The practice of trades, professions and occupations must not remain monopolies. **Provided that proficiency qualifications are met, licences to practise any activity should be freely available.** Restrictions on fully qualified migrant tradesmen, doctors etc. should be lifted. The membership of any organisation should not be compulsory before the service of any person can be offered.

For the protection of the public, **all suppliers of goods and services must be responsible for negligence, faulty and harmful practices and goods.** (The degree and the amount for which the suppliers must be personally responsible may be determined, it would be proportionately high for suppliers of dangerous products and services. More care and better workmanship would be expected from a higher qualified doctor or tradesman, than

if the consumer engages a lower qualified man for the same job.

The personal responsibilities should be taken over by compulsory insurance to ensure that funds will be available for the victims — but the amounts of compensations must be kept within practical limits so that the risks should not deter suppliers to engage in their activity.)

Strong pressure groups have obtained **artificial limitations on the supply of services** which benefit only their members — at the cost of the consumer. Such limitations create restricted shopping hours, they protect abuses of public authority with the veil of secrecy and offend the interests of the consumer in many other ways.

The elimination of restrictive practices would **permit the individual to participate freely in market competition** with suppliers who presently enjoy exclusive licences and privileges. In this case the more industrious and efficient persons would finally be able to obtain the full market value of their work.

At the same time **the improvement of supplies, the increase of efficiency and productivity** as a result of the removal of restrictions on competition **would reduce costs and prices** and increase the general purchasing power of the consumer.

**THUS THE OBJECTIVE OF JUST PRIVATE INCOMES CAN BE ACHIEVED BY THE GRADUAL ELIMINATION OF RESTRICTIVE PRACTICES.**

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**MONOPOLY INCOMES** derive from exclusive access to and use of some advantage.

The advantages (Positive Monopoly) and disadvantages (Negative Monopoly) of Nature, or advantages created by the existence of a social and economic order are not the result of the action of any particular individual. **Such incomes should be returned into public property** and distributed in equal shares or used as "THE FUND" available to supply social services.

Since at present much monopoly income remains in private property, the community is deprived of its just income and we acknowledge that **those groups who collect such incomes "exploit" others.**

Monopolies — exclusive privileges — are very numerous, they change and vary in their significance. The most significant **natural monopoly** is in the ownership of land and natural resources. **Political monopolies** include discriminatory advantages to different races, sexes, political-party members etc. The most significant **economic monopolies** — besides restrictive

practices enjoyed by suppliers — are the concentration in the sources of supply; the monopolies of public utilities; the monopoly in communication, education, and persuasion media; the monopolies inherent in economic planning, direction and credit, monetary and fiscal policies.

There are three basic approaches to the problem of returning monopoly incomes to the community. The most popular solution is the attempt to manage monopolies by bureaucrats: socialisation. It is being found out however that taking private monopolies into State management decreases overall benefits because of decreasing efficiency, inflexibility, the complicated system of red-tape and increasing costs.

The other approach to the elimination of monopolies attempts to prohibit and "break-up" trusts and cartels. This attempt can reduce the advantages which come from large production complexes and it involves complicated and costly systems of supervision.

There is a third — less tried but more effective — method of returning to the public the maximum benefits available from monopoly advantages. Monopoly is the exclusive use of some advantage. The most common practice is to pay a fee to the owner for the advantage or for labour. This is economical because the users (hirers, borrowers, tenants, employers etc.) must make better use of the advantage which they have hired than the owner could. If this were not so the lender of money, the landlord or the employee would not hire out his advantage but would use it himself. Hiring, leasing, renting, employment are satisfactory, just and economic arrangements which provide maximum benefits to both owner and user. These arrangements also encourage the user to make the most efficient use of the advantage hired by him.

**The most efficient, just, automatically self-adjusting and least autocratic way to obtain the maximum benefits for the community FROM POSITIVE MONOPOLIES** — is by a system of rental and licence fees based on the actual free market valuation of the advantages.

The best known, although little used example of this practice is Land Tax. Land monopoly is one of the most significant advantages of nature and it should be public property. Land reforms based on compulsory acquisition and redistribution have resulted, in all major instances in agricultural disasters and famine.

The reason for the failure of the idealist land reformer was that not every new owner was able to tend his new land efficiently. Efficient production in various areas required different sizes of farms and the bureaucrats appointed to manage the capitalisation, motorisation or production planning failed.

Land Tax, which may be increased to equal the rental of the Unimproved Value of any land or natural resource, leaves the "ownership" of all lands in private hands but collects the maximum fee which any person or community is willing to offer as the rental for the use of any land (excluding the value of improvements, such as buildings, fences, crops etc.).

Land Tax, based on the Unimproved Value, is already being collected to a small degree to pay for rates in most municipalities. This has the great advantage of inducing occupiers of valuable land to make the best use of it or sell it to someone else who is willing to put it to better use. Thus in the end the increasing value of land which is created by the increasing demands of a growing population is returned in the form of rentals to the community — where it rightly belongs. The private gain of speculators or squatters is returned to the community and restricted land use is changed into vigorous and efficient land development.

**THE RETURN OF MONOPOLY BENEFITS TO THE COMMUNITY WILL THEN CREATE THE JUST PUBLIC INCOME: A FUND WHICH IS CLEARLY DEFINED AND WHICH IS THE ONLY FUND WHICH IS JUSTLY AVAILABLE TO BE EQUALLY SHARED BY THE COMMUNITY.**

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**THE EXTENT OF THE JUST PUBLIC INCOME IS LIMITED. THE FINANCIAL RESPONSIBILITY OF THE COMMUNITY IS LIMITED BY ITS INCOME.**

The question will obviously arise in our social-welfare-minded communities: would this fund be sufficient to meet all "needs".

In terms of our ethical consideration each Individual has the right to his justly achieved private income. Once he returns to the community that part of his income, which is obtained from the use of monopolies (in the form of rentals paid to the community for the use of advantages, land, natural resources, licences etc.) — the Individual is not further responsible to supply additional funds for the welfare of other Individuals. Conversely — no individual has a claim, a right or entitlement to obtain more than an equal share of the public, community income.

It is quite clear that a strictly defined public income, which depends on the productivity and market-value of publicly owned advantages is not limitless. The quantum of such public income does not depend on the relative strength of various pressure groups to extort by force ever increasing amounts of ransom from selected groups of the community.

It is also clear that a defined amount is not sufficient to satisfy limitless claims. The satisfaction of "needs" does not depend any more on the pressure that the claimant can exert—but on some voluntary arrangement.

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If it is found that the available public income is not sufficient to supply all requirements which we consider are necessary for social welfare then a three-tier insurance arrangement may be adopted to define and limit the "entitlements" of the individual to additional benefits.

**Firstly**, the available public income would be distributed according to agreed proportions as sickness, unemployment, pension etc. benefits. Each individual will be entitled to equal benefits, which will be defined as the maximum amount available from public income.

**Secondly**, there would be a contributory and if necessary compulsory insurance arrangement to ensure, that in the time of prolonged need (sickness, accident, education, old age etc.) each individual should have a minimum necessary income to ensure survival.

The main purpose of such insurance would be to ensure that an individual should not become a burden on others and that he should make provision for his survival in times of need—instead of spending his income on trivia in the hope that society ("someone else") will look after him.

**Thirdly**, in case of great disasters or accidents the community would go out and collect special levies to relieve specific, acute needs, such as epidemics, natural disasters etc.

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Under present conditions stability and justice in income-distribution is not possible. The distribution of incomes is at present based on institutionalised fighting between pressure groups.

In the XIXth century capitalistic economies, when the worker lost his feudal security — such as it was — and was not entitled to any share in public incomes, he was exploited by "wage slavery". Without any social security he had to accept

any wages offered just to keep alive. Over the last century various movements have brought into force social security measures leading to several concepts of a "Welfare State". In fact social benefits provided by western democracies to any adult (pensions, unemployment benefits, health benefits etc.) are much higher than the average per capita income of more than half of the world's population.

Poverty in these terms of money incomes has been eliminated from our societies. "Poverty" and "social injustice" persist however as relative terms and as objectives to be eliminated by well-meaning people and pressure groups.

Strong pressure groups of suppliers fight for greater advantages for themselves and a greater share in the national incomes.

Suppliers of goods, raw-materials and capital, business organisations and authorities fight to eliminate competition and so dictate prices.

Suppliers of services, trade unions, professional organisations, share-brokers and public servants claim higher salaries, shorter working hours, greater benefits and better conditions — which also force increased costs on the consumer.

Who can decide **what is the just share** of incomes? Courts try, wage and price-fixing tribunals try. But as it is — without clear definitions of what is just private and just public income — the stronger pressure group forces its will on the community. Strikes, and direct action seem to be the most popular means of influencing income distribution.

Who is right?

Where do we level out?

How do we eliminate inflation?

Is there a limit to social benefits?

None of these problems can be resolved by the contemporary attitude of confrontation between the opposing interests of employers and employees.

**The only solution to the conflict** caused by exploitation in income distribution is that which **ensures the right** of the individual to have inviolate private income as a result of his efforts — and which **enforces the responsibility of the community** that the income from all public property (natural resources and monopoly benefits) is used to finance social security.

## On Inflation

There are two principal kinds of inflation: (1) Money inflation, and (2) Price inflation.

(1) **MONEY INFLATION** is caused by the direct reduction of the value of the currency and other letters of exchange such as bonds, deposits, credits etc.

This kind of inflation has been a favorite means to collect taxes secretly from the unknowing subjects of kings, states and other issuers of means of exchange.

The simplest method of causing inflation was the reduction of the gold or silver content of coins. This secret counterfeiting provided kings with gold to pay for their armies or private expenses, at times, when they could not directly collect taxes from their subjects.

When coins were replaced by paper currencies and other letters of exchange they were worthless without an assurance that they can be exchanged either on presentation (currency, cheques) or at certain future dates of maturity (fixed deposits, bonds, life-assurance) — to some unchanging value.

When the quantity of such notes is increased so that their face-value is larger than the true value that they are supposed to represent — their acceptance value decreases. Governments, which issue quantities of notes without security, are "diluting" the value of their currency and they cheat the holders of their notes in the same way as any bankrupt does, who issues worthless Promissory Notes.

The private person who reaps the benefits of such a fraud is punishable, but governments perpetrate the same fraud under the name of inflation as a legitimate tax-raising method.

THE EFFECTS of this inflation-tax place the burden of tax payments mainly on those who depend on fixed incomes, such as pensions, returns from savings, investments, bonds, life assurances and other "money" securities. The least effected by this inflation-tax are the vigorous, active people who can adjust the price of their services, labour or products and whose savings are in commodities, as different from "securities".

Whilst it may be justifiable (and even the least painful) to collect taxes by the secretive or hidden method of inflation — there is no justification whatsoever to permit that the maximum burden of this tax should fall on people who can least avoid it, who depend on pensions, savings and other fixed incomes which

they have obtained through activities in earlier years as security against old age and incapacities.

IF INFLATION IS USED AS SUCH HIDDEN TAX, SOME OF ITS PROCEEDS MUST BE USED TO REDUCE THE UNEQUAL BURDEN CARRIED BY THOSE CITIZENS WHO DEPEND ON FIXED INCOMES.

**(2) PRICE INFLATION** is principally caused by an increasing demand for goods and services compared to the available supply, or a sudden decrease in the supplies available to meet the demand.

**(a) Sudden changes in market conditions.**

Demand may suddenly increase by an influx of capital, by population increase (immigration), by a significant increase in incomes (export incomes, mineral boom). Supplies may also suddenly decrease by devastation, war, disruption or exhaustion of resources. Increasing demand and decreasing supplies in some sectors of the economy trigger off an average increase in prices, wages and costs.

If this averaging process is left to find its own market levels as it affects various industries, then it will be clear that those activities which can directly satisfy the new demand can in fact obtain higher prices and wages than other industries, which are only indirectly involved.

Such changes in the relative values within a free market are the true indicators which signal the economic justification of increasing some supplies in response to its increasing profitability. Thus high prices lead to increasing production at times in wool, wheat or coal production and at other times to the increasing of services and facilities such as road construction, education or health services.

**(b) Artificial changes in market conditions.**

**"Cost-push" inflation. Pressure-group manipulations.**

So called "Welfare societies" do not leave supply and demand to freely influence the price of goods and services, including wages.

In response to the political influence of pressure groups wage and price fixing is brought into play. The intention is to pass on the benefits of price and wage increases obtained in one industry because of increased relative demand — to other segments of the economy, where the increases are not justified economically.

Thus, when wool-price increases permitted high wages in that industry or a building boom allowed wage increases in the

construction industry — the whole national basic wage structure has been artificially increased.

Welfare societies nurture the illusion that all industries and all income earners are "entitled" to participate in the increased profitability of any and all activities. If an expansion of education provides the opportunity for higher teachers' salaries — then the postal workers' union, members of parliaments, milk carters and public servants all feel "entitled" to demand higher salaries. As a result the cost of production spirals sky-high aided by newer demands and strikes by as yet unsatisfied pressure groups.

THE EFFECTS of this artificial interference into the supply and demand relation of the market results in an increase of cost and price levels without a corresponding increase of real production of value. This artificially created imbalance of increasing costs, wages and prices at a time, when no corresponding value increase is created — causes the chaotic "cost-push" inflation.

The tragic effect of artificial interference is that it prevents productive capabilities, such as labor and capital to be attracted to the industry where the increasing demand justifies the increased profitability. The only economic way to spread the benefits of increased profitability in one section of the economy is by increasing the supply and allowing the higher earnings of that industry spread through the economy through the increasing purchasing power of that industry.

Direction minded welfare societies often compound the ill effects of their artificial interference into the economy by applying controls to restrict the free operation of the market.

**PRICE CONTROLS**, credit restrictions, strikes are costly shock-measures which may create sudden, short interruptions of all economic activity. However their only contribution to the solution of economic problems (including the control of inflation) is that they aggravate the conditions to a crisis, where the well-meaning but hopeless directors of such measures must admit to the dissatisfied community their failure.

When it is realised by experience that controls and restrictions can not solve the problems of inflation — then it becomes acceptable to turn to the only effective solution: that is to meet the demand by increased supplies.

South Australia has price-control — but it did not bring down the price of petrol — to take one specific staple commodity. In Victoria however, the petrol price came down tumbl-

ing without price-control, but as a result of competition from a few independent suppliers.

Food prices don't come down by price control, but as a result of increasing competition between suppliers. And it does not matter if the "list price" of electrical appliances or motor cars etc. is increased — as long as there are enough efficient traders who are willing to discount their profit margins.

THE ONLY WAY TO RESOLVE PRICE INFLATION is to restore the balance between supply and demand. Instead of artificially deflecting the incentives of high profits from the specific areas of shortages (under the misguided belief, that the whole community is "entitled" to the benefits) — all efforts should be directed to provide incentives for competition in the area of shortage so as to increase supplies.

### **(c) Inflation of "Rising Expectations".**

An increasingly important variety of inflations caused by artificial interference results from the complex of "rising expectations".

During the two decades after the second world war there has been a worldwide increase of productivity, of incomes and living standards. Parallel to this a general "social welfare" philosophy has permeated mankind. This resulted in a silent assumption, that social justice consists of the gradual levelling of incomes through the methods of continuously increasing the share of the lower income earners and simultaneously increasing their "entitlements" to more and more social benefits.

We became used to the idea, that the "needs" of any group in the community, which could command the support of a vocal pressure group has become a "right" and "entitlement" — irrespective of cost, economic feasibility or who in fact will have the final responsibility and obligation to provide the funds.

It is very commendable to demand a "better" health service, more cars and more roads; larger homes built to higher building requirements, anti-pollution devices and vastly expanded educational facilities TOGETHER with shorter working hours.

But as we know from our experience with balancing the family budget, it is simply not possible to have everything one wants — without working harder to earn more income to pay for the new wants.

Since the community expects all of these things from the government ("someone else") — but is not willing to save on its private expenditure at the same time and is not willing to

work harder — it can not have all.

But the Welfare Society is different from a family which must live within its budget. We are accustomed that the government is responsible for a variety of services. We expect that the government exists not only to protect the rights of the individual from the harm which others may cause him — but we expect in fact that the community owes a living to everyone. We have come to expect that the government is obliged to satisfy all justified "needs" of a citizen.

The taxpayer is financing extravagant schemes to supply uneconomic services to sprawling suburbia — whilst there are unused facilities, well serviced building blocks available. We strain the resources of the community on underground railways, on subsidies for uneconomic industries, we take over responsibilities which truly belong to the individual such as savings and insurance to provide security for old age, infirmity etc.

The list of services which we expect the government ("someone else") to supply keeps on increasing and no one considers that there may be a practical limit to what we may expect the government ought to do.

Under these circumstances it is natural that pressure groups of suppliers lobby for special privileges and trade unions press for higher salaries and reduced working hours — at the expense of the community of consumers.

When the pressure groups gain their objectives — the results are cost increases unrelated to productivity increases.

If the distribution of the national income rests on such power struggles, and as long as we believe that pressure groups are entitled without limit to obtain more and more benefits from the government ("someone else") — irrespective of the contribution and productivity of those who want to benefit — it is futile to complain against inflation.

THE ANSWER TO THE CREEPING INFLATION CAUSED BY "RISING EXPECTATIONS" is two fold.

1. The responsibility for paying for services must be enforced on the beneficiaries.

This will eliminate impossibly increasing demands on community funds and taxes ("on someone else") which are caused by an increasing population and the higher living standards taken for granted.

2. Productivity must be improved by freeing competition. Restrictive practices, unnecessary licensing, boycotts, strikes, stand-over tactics should be outlawed.

**Whilst strong, organized pressure groups of suppliers and trade unions exploit the community by obtaining increasing shares in the national income and irresponsibly extensive government services — the weak, the pensioner, the fixed income receiver, the consumer are ruthlessly robbed through inflation.**

**The function of the government is to protect the equal rights of its citizens. Pensioners and other people on fixed incomes must be protected — together with the consumer and the taxpayer.**

## Economic Rights and Responsibilities

As the basic cause of social conflicts is the confusion between the rights and responsibilities of the Individual and the Community — so the resolution of economic conflicts also depends on the clarification of rights (represented by just private and public property) and responsibilities (obligations, restrictions imposed or avoided) in the economic sense.

If the Individual wants the right to choose freely what to do — he must accept responsibility for the consequences. If his action is beneficial: **he is entitled** to his income or profit and if the result is not a success, **he must suffer** the loss.

If he claims a right — that the Community “owes him a living” — then he renounces his right to freedom and must accept responsibility for doing as the Community orders him.

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Modern economic conflicts grow mainly from the root of such confused expectations. We are deluded that we can demand that governments (“someone else”) shoulder more and more responsibilities which rightly belong to and should be paid for by individuals.

When a family works out its budget it is obvious that spending more on one thing leaves less to be spent on other things. Whilst the individual can act responsibly in deciding the benefits, consequences and limits of his spending — he tends to expect limitless benefits from the community **SIMPLY BECAUSE HE HAS NO DIRECT RESPONSIBILITY.**

If the Individual wants to keep his right of free choice, he must accept direct responsibility for paying the cost of benefits he desires — instead of pushing his responsibilities on to governments.

If the Individual wants safety and protection from crime, accidents or the road toll — then insurances must be raised until they cover the cost of safety measures, accidents and crime prevention. If the cost of insurance premiums becomes unbearably high to the accident-prone, the negligent, the law-breaker and the manufacturer of unsafe products — then the cost will prohibit some activities. If the cost of the road-toll were to raise insurance premiums too high, then the number of cars would be reduced and the savings would be spent on more efficient means of transport.

If we want to eliminate pollution and litterbugs, then the cost should be paid directly by those whose action or products cause the nuisance and the consumer — the Individual — must be prepared to pay for the final cost. The higher cost would pay for the cleaning-up and would act as an incentive for alternative supplies without the need for government expenditure and administration. As things stand now, the Melbourne Harbor Trust is "out of pocket" in its efforts to stamp out pollution in the Bay. The cost of actual cleaning up the mess and legal costs of prosecution are well above the amount of fines collected.

If we want more and more extensive education, social services, health benefits and care for the handicapped, we can't expect it all to be provided free and without some limit. Apart from the fantasies of fairy tales someone has to pay or work for everything. All benefits must be paid for in some way, either by those who enjoy them — or "someone else".

Unless the community clarifies the direct relationship between rights and responsibilities, benefits and costs, it is impossible even to hope for the resolution of economic conflicts.

If the Individual, as a Consumer, has to pay directly for well-sounding but exorbitant and impractical schemes he will soon limit unrealistic expectations and will keep government spending within manageable dimensions.

What, then, are the economic rights and responsibilities of the Individual and the Community consistent with the ethical principles of freedom and equality?

**THE INDIVIDUAL HAS THE RIGHT** to choose his actions freely. As a result of his activity he has the right to own or to exchange his products and services freely. He has thus the right to private property earned by personal exertion or in free exchange.

**THE INDIVIDUAL IS RESPONSIBLE** for the consequences of his actions. As he reaps the benefits so he must stand the losses resulting from his actions. He must also respect the equal rights of his fellows and he must compensate them for damage caused by his actions.

**THE FUNCTION OF THE COMMUNITY** is to ensure that each individual exercises his rights and responsibilities.

The community has to protect the equal rights of its members by enforcing responsibility for damages caused by individuals to others.

To ensure the equal rights of its members **the community has the responsibility of collecting** the income resulting from the use of natural resources; it has to ensure equal opportunities by eliminating exclusive privileges, monopolies or, if it is more practicable, by collecting benefits which derive from social activity (such as population-increase, concentration). **The community is then responsible for returning** these benefits and income to the individuals as the economic expression of equal rights or basic livelihood, equal opportunity and equal share in the benefits of Nature.

**THE COMMUNITY IS NOT RESPONSIBLE** for protecting the Individual from himself. It has no right to dictate what its members should do — except to ensure compensation for damage caused by one member to others.

**THE COMMUNITY IS NOT RESPONSIBLE** for the well-being or livelihood of its members — **beyond** their equal share in the incomes of public property (=natural resources and monopoly benefits). These funds ensure a basic livelihood, expressed in terms of basic social services. Wider benefits — if desired — should be paid for by individuals who choose to buy insurance, superannuation, education etc. — instead of less important satisfactions or trivia.

## Some Problems of Consumption

### (A) THE EXPLOITATION OF THE CONSUMER

(1) The economy should primarily serve the interest of the Individual — the Consumer — instead of the interests of the suppliers: as is the case today.

To achieve this, reliable advice is needed on the comparative benefits of spending effort and money on some products and services or not to buy them and satisfy some other needs instead.

The Individual badly needs advice, independent from commercial or political interests, to evaluate what is good for him — what makes for his happiness. He needs "**counter persuasion**" to provide criticism and evaluation of the complex

one-sided propaganda of powerful, scientific persuaders employed by commerce as well as the authorities.

He needs **independent Consumers' Organisations** which represent **his** interests as opposed to the interests of suppliers of goods and private or public services. Such organisations could be financed partly by membership fees and partly by a tax on advertising.

**CONSUMER PROTECTION MUST BE ESTABLISHED** to represent the interests of the Individual in opposition to the organised interests of suppliers. It should provide advice and help against undesirable, harmful practices and it should originate protective legislation to prevent such practices and to provide compensation to victims of faulty products, negligent services, false claims or abuses of authority in public services. (For details see: "MONOPOLY AND THE INDIVIDUAL" by G. Hardy — Reform Publishing Co. 1965, pp. 129-.)

(2) In practice the Individual can only exercise his right of free choice if the aggregate of individual choices, i.e. the market-demand, is permitted to operate freely. **IN OUR ECONOMY FREE CHOICE IS RESTRICTED BY MANY INFLUENCES AND RESTRICTIONS.**

Restrictions are imposed on the free market by the **elimination of competition** (through monopolies, licensing, restricted membership of trades and professions etc.) by **controls, directions and the dictation** of planners, moral censors and officials who all have a vested interest in remaining indispensable suppliers of rules, regulations and in expanding the ranks of public administration.

Restrictions, direction, enforcement and administration must not be looked upon as admirable social aims. Some public direction and some administration is unavoidable, but there is an absurd imbalance in a society where every fourth income-earner is a government employee charged with the task to direct and supervise the others.

The function of society is not to direct: not to tell the citizen what is good for him and to force him to act in some prescribed way — but simply to protect him from harm caused by others.

Economic restrictions are only justifiable if their purpose is to protect individuals (consumers) from harm which may be

caused by other individuals — suppliers. Restrictions which provide advantages to a group of suppliers, such as limited membership, subsidies, special protection, licences etc., may originate from the need to protect the community from undesirable activities such as "quack doctors". But eventually the privileged groups tend to exert pressures on the governments to maintain and extend the restrictions which ensure advantages to them which they could not have under normal competition.

**COMPETITION MUST BE FREED BY THE REMOVAL OF ALL PRIVATE AND PUBLIC RESTRICTIVE PRACTICES** (not only "trade practices") which promote the exclusive interests of privileged groups without returning the benefits to the community.

Restrictions which are found necessary for the protection of the community must be considered temporary; their continuance must be revised regularly and eliminated as early as possible.

**The special advantages deriving from restricted competition** (as distinct from personal exertion) **must be returned to the community** (e.g. the sale value of a taxi licence, a hotel licence or the value of land and other natural resources increases simply because of the increasing demand from a growing population and not because of any personal exertion. Either there should be more licences issued to keep prices down and provide competitive service to the public or the unearned benefits should be returned to the community).

#### **(B) HARMFUL SIDE-EFFECTS OF CONSUMPTION**

Economic planning and direction are necessary to some degree. However they are only justifiable if they are concerned with the protection of the community and not if they attempt to force certain ways of behaviour on the individual.

During the last decade we have become more and more aware of the harmful side-effects of life in crowded technological communities. The accelerating tempo of living has created new sources of "tension"-illnesses; industrial waste, petrol fumes. Insecticides cause physical damage and the needs of the increasing population tend to exhaust natural resources and destroy the balance of natural conditions necessary for human life on earth.

Old prophecies of "Doomsday" are popular again and religious prophets are now supported by scientific prognoses. We suddenly realise that if brimstone and fire are not our mortal dangers — insecticides accumulated in foods, carbon

monoxide in the air, overcrowding and accidents may bring about the end of our world.

In this atmosphere it is natural to look for more and more protection, guidance and planning and there is no dearth of experts who tell us what to do and what not to do. We are urged to spend community funds on ring-roads, decentralised town-planning, pollution control **and** extended mental-health and social welfare services.

What the expert planners fail to tell us is that they cannot evaluate the comparative degree of dangers because of the speed with which they emerge as the result of ever faster increasing technology and population growth.

The discovery of new dangers itself speeds up and the fashion is now to expose daily new threats from which we need protection.

We worry over undue quantities of enzymes in washing powders which, according to a "special study group of American experts . . . are a potential danger to the public health" — although only "about six people" had been reported as being affected. (Melbourne "Herald" 11/1/71.)

We know very well how the stresses and tensions of modern life affect our moods and mental health. Psychiatrists will be the first to affirm that, with hardly any exception, we are "mal-adjusted" and may benefit from some kind of treatment.

**HOW MUCH PROTECTION, HOW MUCH PLANNING CAN WE AFFORD?** We all feel the need to be sheltered from mental and physical stress. But we still have to go out and face the music. We must earn an income before we can spend it on protection from the weather, from illness, from stress or boredom and tiredness.

Can modern technology, which creates the need for so much protection from new dangers, pay for the cost of complete protection?

How can we decide what amount to spend on protection or planning?

We may warn the citizens of dangers such as smoking or using enzyme-containing washing powders, or living in high-rise flats. But until the damage is significant and until it does require public assistance or economic restrictions — protection or public planning are not justified.

When the damage becomes significant, as in various instances of pollution, then **the cost of control must be paid by the users and suppliers of activities which harm the community.**

The cost of control may become so great that it may result in the reduction and slowing down of technology and industrial production.

**THE ESSENTIAL FEATURE OF THIS APPROACH TO CONTROL IS** that it is not enforced by ever-contradictory experts, fanatical experimenting planners or bureaucrats who can wield absolute power over the citizen — like the religious fanatics of the Middle Ages — but by the consumers who are made personally responsible for the cost of controlling damaging activities.

**We must not forget that the meaning of harm and damage are relative.** After all humanity survived under very harmful, un-hygienic and poisonous surroundings, stunted by the lack of vital chemicals and vitamins, constantly adapting to extreme conditions and developing new resistances. Extravagant hygiene has its own dangers as we experience it in the lowered resistance and mental as well as physical vulnerability of "over-protected" children.