

"But the way to do this would be, not by confiscation, but by equitable taxation, through which all rent, city and town as well as agricultural, would flow into the public exchequer."

"Then the reason why you did not join up is that the Government did not consent to conscript rent?"

"That is the only reason. Governments really only exist to collect taxation for the benefit of the community. Make this right, and men will of their own free will join the Army? Why should a man shirk the Army? Army life is free and easy, or should be, if its regulations were correct, so that the soldiers' nerves were kept up and not strained. There are certain drudgery forms to go through, but after a time they become mechanical."

"And your way of arriving at this?"

"Equitable taxation. There is only left the practical proposition: Who claims the rent-roll in modern society? It is apportioned mainly in the following three directions:—

"(1) Chief rents or their equivalent—site values and tithes.

"(2) Mineral royalties, &c.

"(3) All profits over and above the supply and demand return to capital and labour.

"I demand that these things be taken over by the Government as a surety that when we come back, as I hope we will, victors, the maimed and the halt will be looked after. Every man who is willing to work will have ample scope for his energies, uncrippled by any war-tax.

"Finally, every man must be compelled by this tax to take off his coat and work for his living, brain work or manual work. This is the tax that carried the glory of the Roman arms all over the world. By this tax alone we can obtain sufficient security that any position a man may hold, he holds it for and through his own capacity.

"Let the Government give us this tax and all opposition will automatically cease. It will increase a hundredfold the striking power of our arms. The Government refuses at its peril, for when the men return from the war they will want to know about this land they have been fighting for."

"And that tax is?"

"The Single Tax. The only necessary, the only equitable tax. Unfortunately the advocates of this some years ago obscured the public vision by changing its name—they changed the Single Tax League to the English League for the Taxation of Land Values. I think that is the reason why I am represented as urging a political reason, because the change has mixed them up with politicians. It is altogether an economic claim—without which no man can be free, and without which this war cannot be equitably paid for."

"And your present position?"

"Just as it was. No service without the destruction of privilege by the Single Tax. The talk about placing returning soldiers on the land and finding them work is all balderdash. The people who talk that way know, or ought to know, that it cannot be done. But if we have the Single Tax men will find their own work, because free land will enable them to determine the terms on which they will work and what kind of work they will turn to."—MIDDLETON GUARDIAN, October 7th, 1916.

Cabot (in 1526) . . . proceeded 34 leagues up the former river [Paraguay], where he first found an agricultural tribe, who knew how to defend as well as cultivate their lands. Having something to fight for, they fought so well, that, after having 25 of his men killed, and three taken prisoners, he could advance no further, and was obliged to return to his fort at the mouth of the Carcarana.—BELL'S GEOGRAPHY (Glasgow, 1832), vi., 207.

BOOK REVIEW

THE STATE AS MANUFACTURER AND TRADER *

In these days the State is undertaking duties which few of us two short years ago would have thought possible. It is the unexpected that happens in wars such as this, and what in normal times may be quite undesirable may now be forced upon us, for war may bring conditions which render necessary a wide extension of State activity. However this may be, belief in the extension of State control is more general than ever before and comes from quarters where it would least be expected, though this attitude of the public mind may only be a passing phase. Whether it will survive the declaration of peace, time alone will show. As a nation we shall then have to choose our path. Shall we continue to multiply the functions and powers of the State, or shall we turn our faces in the other direction and make our aim the extension of individual liberty?

Though in no way addressing himself to this general question, Mr. A. W. Madsen, in *THE STATE AS MANUFACTURER AND TRADER** presents us with a veritable storehouse of facts which will help those who are seeking it to form an intelligent opinion—whatever may be their preconceived views—as to the business capacity of the State when it enters the industrial field. The special territory which Mr. Madsen has so exhaustively explored is that of the manufacture and sale of tobacco, and to this he confines himself. Most of us have known that all nations in one way or another derive a very substantial revenue from the fragrant leaf and that there are two courses followed. Some nations, after having imposed an excise duty, leave both the manufacture and sale of tobacco to private enterprise, allowing traders to fix their own prices, qualities and styles, and to compete among themselves in the usual way. In others the State controls and monopolises the business from the day the seed is sown to the moment the finished product is sold over the counter of the retail shop, looking for revenue to whatever profit it may make on the sale. It is these two policies in their practical working which Mr. Madsen compares and contrasts. He surveys the principal nations, and has spared himself no pains in order to present his readers with a veritable armoury of facts and figures in every case.

Throughout the book he carefully avoids expression of personal opinion as to the respective merits of the two systems, every conclusion drawn being a strict deduction from the facts and figures submitted. He finds that, whether from the point of view of the State, the consumer, or the tobacco-worker the monopolies come out of the comparison second best, yielding lesser revenue, supplying poorer quality and paying lower wages to the workers than are secured in those countries where the State monopoly does not exist. To us Mr. Madsen appears to show beyond any question that the tobacco monopolies are both wasteful, harassing and ineffective from whatever point of view they may be regarded.

In respect of revenue, the figures presented by the monopoly governments appear to be far from reliable. In each case Mr. Madsen subjects these accounts to searching analysis, and has no difficulty in showing that the real profits to the States concerned are very substantially below

* *THE STATE AS MANUFACTURER AND TRADER*: An examination based on the Commercial, Industrial and Fiscal Results obtained from Government Tobacco Monopolies. By A. W. Madsen, B.Sc. (Edin.), Fellow of Royal Statistical Society. T. Fisher Unwin, Ltd. 7s. 6d.

what they are made to appear in the official returns. His analysis of accounts is, we think, one of the most valuable and instructive parts of Mr. Madsen's book, but when he also demonstrates how, wherever the industry is in the hands of the State, shielded from the stimulus of competition, both nation, dealer, consumer and worker suffer at every turn, he has made out a very telling case in favour of leaving the business in private hands and collecting the revenue required through the ordinary channels of Excise duty.

This conclusion is reinforced by an armoury of statistics, and it is a pleasure to note that in presenting them our author avoids what is not at all an uncommon pitfall—he does not allow himself to be carried away by mere columns of figures. Everything is used with discrimination and intelligence, and no conclusion is drawn from them which is not strictly justified.

Though the facts and conclusions of this book are limited to the particular industry under discussion, it appears to us that they all make for the confirmation of that most sound and important principle in affairs of State—that the less governments meddle with legitimate private business the better it is for everyone concerned. In fact, most of the ills we suffer from come directly or indirectly from the ignorance of governments as to what is their proper sphere of activity and what is not. Were the scope of Mr. Madsen's book to be widened, as we trust some day it will, it would not be hard for him to show that were our actions as a community governed by correct knowledge, we would get all the revenue the State requires without either monopoly or taxation of any industry whatever. Short of that, our author's book does good service, and we can warmly recommend it not only to the student of economic science but to those in the trade who are desirous of forming an unbiased opinion as to what are the proper relations of the State with their own particular industry.

W. R. L.

THE FAILURE OF WAGES BOARDS

(Reprinted from *PROGRESS*, Melbourne, July, 1916.)

When our Wages Boards were introduced it was confidently predicted that they would prevent the recurrence of strikes. Unfortunately for the new creed, when history could be opposed to prophecy, it was found that the prophets of the "new protection" were no more reliable than the prophets of the "old protection." Both systems are worthless time-wasters. They are the outcome of the unscientific reasoning of the politically ignorant, or of the politically intelligent who pander to the politically ignorant. This journal has always denied that either the old or the new protection are a solution of the wages question and the report of the Secretary for Labour (Mr. H. M. Murphy) is ample justification of the attitude we have always taken.

Mr. Murphy asks: "Who is being enriched by our labour laws?" and states that "The answer to the question can hardly be other than: the manufacturers, shopkeepers, and employers of labour generally." This is a shattering blow to those who have been claiming that Wages Boards have secured real benefits for Victorian employees in recent years. Nevertheless it is very probable that those who look to the Government as a beneficent and all-wise power will continue to feel quite satisfied if only another law is passed. Amongst such will be found even the author of the document under review. The report points out that in those industries which Parliament has tried especially

to benefit, the average increase of wages has only been 42 per cent., whereas in the industries outside the jurisdiction of Wages Boards, the increase has been, so far as ascertained, no less than 61 per cent. Mr. Murphy considers it fair to assume that the average increase of the wages of the whole of the 200,000 unregulated workers is about the same as that for employees who believe themselves to be assisted by Wages Boards. In spite of this admission he has the temerity to assert that Victorian Labour Laws have abolished sweating! Reasoning such as this must make Mr. Euclid turn in his grave.

Mr. Murphy asserts that while wages have advanced 40.7 per cent., the cost of living has advanced 26.8 per cent. That is an increase in real wages of 11 per cent.—not 13.9 per cent. as stated. Now, according to the Victorian year Book the production of wealth in the State increased during the four years 1909 to 1913 (the last for which figures are available) over 23 per cent. So we have some measure of the amount which has gone into the pockets of the landlords, as well as those of "manufacturers, shopkeepers, and employers of Labour generally," who, Mr. Murphy asserts, are the beneficiaries under our alleged labour betterment laws. The expected has happened in every direction. In those trades where the increase in the wages bill could be most readily passed on to the consumers, the advances were the highest, and where it was not so easy to collect from the public the increases were low. Indeed, in the latter instances cited they were worse than illusory; they were actually a minus quantity, the increases only averaging 22.4 per cent., while the cost of living had advanced 26.8 per cent. When it is reflected that the short list of the trades who had their real wages reduced includes miners, night watchmen, and bill-posters, it is seen that, as in most Government procedure, those who need assistance most are least likely to receive it. The members of strong, well-organized unions, who had already secured the best wages, were those who could most easily use the new machinery to get any possible benefit.

The only conclusion regarding the effect of Wages Boards upon wages which can be drawn from the Secretary for Labour's report, is that they do not raise wages. No other rational deduction is possible in the face of the evidence that the increases in non-organized trades have in some instances been much greater than in the average of all organized trades, and taking the total of both groups the results have been the same. Wages have not risen more rapidly when the Wages Boards have intervened than where rates have been determined entirely by the law of competition.

When, twenty years ago, the collapse of wages consequent on the dearth of employment proved even to the thoughtless that Protection had failed, its priests avoided the real remedy for the labour problem by drawing the red herring of Wages Boards across the trail and calling it the "New Protection." The plan put before the gullible people was that if goods from abroad were prevented from reaching our local market, and the local labour necessary to supply our market could only be obtained at a legally fixed high rate, the problem of how to maintain high wages would be solved. The whole community were to be fenced in from outside influences and they were to get rich by giving each other high prices for their respective products. The foolish dupes of the new protection apparently did not reflect that if A. became richer by charging B. a high price for his boots he would become poorer when B. charged him a high price for a hat. The scheme was exactly like that related in "Gulliver's Travels," where the people being poor, eked out their incomes by taking in each others' washing. Their wisdom was clearly on a par with the wisdom of the Victorian Protectionists.