

## 9. Government

More frequently on the lips of almost everyone in modern society than the term 'economy' is undoubtedly the word 'government'.

Even in those countries which have not succumbed to the totalitarian form of state, government is plainly the paramount public institution, and to add that it is daily becoming more so is a simple truism.

To a large proportion of the people, the latter fact is also a threat; to the remainder it is a promise. In view of this, it would seem to be vitally important to an understanding of human destiny, as also to the finding of a solution to the major problems now confronting mankind, that the nature of this institution, its origins, principles and true function should be redefined and the vast mass of public and private misconception about it dispelled.

*The Encyclopaedia Britannica*<sup>1</sup> in an article on 'Government' says it has been "defined in many ways by philosophers and social scientists from Plato to Confucius to the present day . . . in terms of the END of government . . . the most commonly acknowledged end or purpose having been either *Justice* or the *Public Good*." Realists allege, the writer goes on "that the actual end of government appears to be some sort of self-satisfaction by those who do the governing . . . acquisition of power or glory or riches or other desires." Which cynical observation is paralleled by Ambrose Bierce's<sup>2</sup> famous remark: "Politics is the conduct of public affairs for private advantage."

"Since the 19th century" the article continues "the tendency has been towards the functional view . . ." defined as "a group of human beings . . . who control the pattern of change in an organisation." Which is enough of a corruption of the original ideal concept to fit almost anything, and accords closely with the present-day idea that government is not people acting in their own interests to uphold a simple principle, like *Justice*, but a ritualised system of domination, aggression and exploitation of the many by the few strong enough to gain and maintain power. This despite the respect for the almost universal myth of 'democracy'.

This power is, of course, political power, and government, in whatever form, lies clearly within the bounds of the Body Politic. (Those concerned with a study of the forms assumed by government within the context of 'democracy' will find J. A. Schumpeter<sup>3</sup> in his *Capitalism, Socialism and Democracy*, as enlightening as it is absorbingly interesting). But government is considered in this present work only for the purpose of clarifying this fact, of showing what government is NOT, and what is in fact its proper relationship with the Body Economic.

No-one has better stated this true function of government than Adam

Smith<sup>4</sup>. “According to the system of natural liberty, the sovereign” he says — and obviously the term ‘sovereign’ is here used symbolically rather than in reference to a personal ruler — “has only three duties to perform; three duties of great importance indeed, but plain and intelligible to common understanding: first, the duty of protecting the society from the violence and invasion of other independent societies; secondly, the duty of protecting as far as possible every member of the society from the injustice or oppression of every other member of it, or the duty of establishing an exact administration of justice; and, thirdly, the duty of erecting and maintaining certain public works and certain public institutions which it can never be for the interest of any individual, or small number of individuals, to erect and maintain.”

Under such a system of government, every man “as long as he does not violate the laws of justice, is left perfectly free to pursue his interest in his own way, and to bring both his industry and capital into competition with those of any other men. The sovereign is completely discharged from a duty, in the attempting to perform which he must always be exposed to, innumerable delusions, and for the proper performance of which no human wisdom or knowledge could ever be sufficient; the duty of superintending the industry of private people, and of directing it towards the employments most suitable to the interests of the society.”

It was with this concept of liberty and government in mind that the architects of the first modern experiment in welding together a nation in practically virgin territory wrote the document which became the Constitution of the United States.<sup>5</sup> Anyone reading the ideas of Thomas Jefferson, author of *The Declaration of Independence*,<sup>6</sup> must inevitably be impressed by the concern he and his colleagues had for the establishment of a republic as an *organism* based on a *moral* concept. “Faith in common human nature” says John Dewey, writing of Jefferson,<sup>7</sup> “in its potentialities in general and its power in particular to respond to reason and truth, is a surer bulwark against totalitarianism than is demonstration of material success or devout worship of special legal and political forms.” This, in turn, had to be based on, in Jefferson’s words, “an adequate presentation of the truth and justice of propositions.” This was his concept of democracy, founded on an enlightened electorate. How far we have receded from this ideal concept is all too well demonstrated and documented today in our preoccupation with ‘legal and political forms’, and with our state-dominated, regimented, material-oriented education with its products of obscuratation and propaganda, the censorship of ideas and the worship of authority.

Listen to this man expounding his political philosophy:

“When, in the course of human events, it becomes necessary for one people to dissolve the political bands which have connected them with another, and to assume among the powers of the earth the separate and

equal station to which the laws of nature and of nature's God entitle them, a decent respect to the opinions of mankind requires that they should declare the causes which impel them to the separation. We hold these truths to be self-evident: that all men are created equal; that they are endowed by their creator with (inherent and) inalienable rights; that among these are life, liberty, and the pursuit of happiness; that to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed; that whenever any form of government becomes destructive of those ends, it is the right of the people to alter or abolish it, and to institute new government, laying its foundation on such principles, and organising its powers in such form as to them shall seem most likely to effect their safety and happiness."

Writing to a correspondent on his concept of federal government, he says: "I am for preserving to the States the powers not yielded by them to the Union, and to the legislature of the Union its constitutional share in the division of powers; and I am not for the transferring of all powers of the States to the General Government, and all those of that Government to the executive branch. I am for government rigorously frugal and simple, applying all the possible savings of the public revenue to a discharge of the national debt; and not for a multiplication of officers and salaries merely to make partisans, and for increasing by every device the public debt on the principle of its being a public blessing."

He was not, he said, for standing armies in time of peace, nor for a navy "which by its own expenses and the eternal wars in which it will implicate us will grind us with public burdens and sink us under them." He was for "free commerce with all nations, political connections with none . . . and not for linking ourselves by new treaties with the quarrels of Europe." He was for freedom of religion, freedom of the press and "against all violations of the Constitution to silence by force and not by reason the complaints or criticisms, just or unjust, of our citizens against the conduct of their agents."

As this chapter is being written, Jefferson's dream has taken a terrible battering with the first resignation of a President of the United States since its inception, under the force of events that represent the antithesis of every sentiment expressed in the foregoing statement of faith and principle. In the face of 'Watergate' and all that term has come to mean in the vocabulary of politics, these further words of the great Founding Father assume the character of prophecy:

"I do verily believe that if the principle were to prevail of a common law being in force in the United States (which principle possesses the General Government at once of all the powers of the State Governments and reduces us to a single consolidated government) it would become the most corrupt government on the earth. You have seen the practices by which the public servants have been able to cover their conduct or, where that could not be done, delusions by which they have varnished it from the eyes of

their constituents. What an augmentation of the field for jobbing, speculating, plundering, office-building and office-hunting would be produced by an assumption of all the State powers into the hands of the General Government."

All that Jefferson feared from such an abdication of the public will and conscience lies exposed today to the horrified gaze of honourable men throughout the world. A recently published book by an American lawyer, *How the Government Breaks the Law*<sup>8</sup>, documents for those with the stamina to digest it the process by which this corruption eats its way through the fabric of a nation and its institutions.

There is a warning loud and clear for Australia in all this, as for all countries involved in the ideological battle over the centralising of political power.

The Commonwealth of Australia, it must be remembered, was not founded with quite the same regard for pure principle and high moral concepts. The move to federation was made on a more mundane and pragmatic plane than was that of the United States, despite the attention the draughtsmen of the Australian Constitution gave to that of the older nation. Reading the two historic documents side by side makes clear the different preoccupations of their authors. While the circumstances of the time of their creation were similar (though widely separate in chronological time) their different approach to matters of fundamental principle are obvious.

The Preamble of the Constitution of the United States of America says simply: "We the people of the United States, in order to form a more perfect union, establish justice, ensure domestic tranquility, provide for the common defence, promote the general welfare and secure the blessings of Liberty to ourselves and our posterity, do ordain and establish this Constitution of the United States of America."

That of the Australian Constitution — significantly entitled 'The Commonwealth of Australia Constitution Act' (63 and 64 Vict., Chapter 12) — reads as follows: "Whereas the people of New South Wales, Victoria, South Australia, Queensland and Tasmania, humbly relying on the blessing of Almighty God, have agreed to unite in one indissoluble Federal Commonwealth under the Crown of the United Kingdom of Great Britain and Ireland, and under the Constitution hereby established; and whereas it is expedient to provide for admission into the Commonwealth of other Australian colonies and possessions of the Queen: be it therefore enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the lords spiritual and temporal and commons in this present Parliament assembled, as follows: "(follow machinery clauses, the final one of which says: "After the passing of this Act the Colonial Boundaries Act, 1895, shall not apply to any colony which becomes a State of the Commonwealth; but the Commonwealth shall be taken to be a self-governing colony for the purpose of this Act.")

It is thus clear that, whereas on the one hand the expatriate Englishmen and their descendants in the newly-created American nation declared their independence of the land of their forefathers, the people of the several colonies on the Australian Continent petitioned and were granted the right to form themselves into a 'Commonwealth' under the protection of and in complete loyalty to the reigning British monarch and 'the Lords spiritual and temporal and commons in the Parliament assembled and by the authority of the same.'

There were other differences, exhibited in the language of the respective documents. In the case of the American one, the language is that of men with vision, the American Dream, inspired by the awareness that they were laying the foundations of a nation based on such concepts as Justice and Liberty. There was not even an invocation of the blessing of Almighty God. The authors of the Australian Constitution were mainly hard-headed, if 'God-fearing' politicians, united in an act of convenience aimed, not so much at creating an independent nation as eliminating the pre-existing disadvantages of the separate colonies. The whole document is the final product of the British law draughtsmen. Significantly, the first provision of Chapter I, after naming the legislative body of the Commonwealth, is to provide for the appointment of a Governor General and the fixing of his salary.

Another difference is the attention given at the outset by the Australians to 'Labour Relations', in the provision of "Conciliation and Arbitration" machinery (Section 51-XXXV) to which the Constitution of the United States makes no reference. On the other hand, incongruous as it may read today, the latter made specific reference to and acceptance of the institution of slavery (later abolished by the 13th amendment in 1865).

Of interest is the fact that neither document makes any specific reference to land, its ownership or forms of tenure. There was, however, considerable difference in the form of its disposition throughout the several States of the Union at the time, ranging from proprietorial estates (similar to those of the English 'landed gentry') of individuals and corporations, to state grants and leaseholds. The Australian Constitution's sole reference to land is confined to the declaration of the Commonwealth's right to acquire land from the States, or colonies, for the purpose of a Capital Territory. There was also a general reference to the acquisition of 'property' and an undertaking that neither the Commonwealth nor the States would tax each other's property. The assumption clearly contained was to the effect that all land of the States and/or colonies was held 'of the Crown' and the Constitution did nothing to alter that situation.

The difference in subsequent behaviour respecting the disposition of the land of the respective countries is marked, though the ultimate effects have been to all intents and purposes the same. Whereas in the United States the land was gradually absorbed into the Public Domain and thereafter steadily

alienated by outright sale, with the exception of land reserved to the dispossessed Indian tribes; in Australia vast areas were made the subject of outright grants, while others, later, were leased (from the Crown) mostly for pastoral and similar purposes. Today the areas still held under Crown leasehold represent a small proportion only of the total land (Queensland having the largest amount). Apart from such properties as church grants, some of which have recently been bought back at astronomical figures — the ultimate irony — by State and Commonwealth and local government bodies for public purposes, the land of Australia today is almost entirely 'freehold' and in the hands of individual owners or acquired by corporations which have reaped and continue to reap a vast harvest of unearned increment, despite the imposition of land taxes by State governments and the universal application of local government 'rates'. The same has, in effect, been achieved in the United States where 'real estate' is the golden investment, despite the Property Tax which, while varying from State to State and city to city, is little more than an irritant on the hide of property investment, however, much it may hurt the genuine home-owner.

It is interesting to note that the influence of Henry George, the great American reformer, who did more than any other man to expose the economic madness of permitting the traffic in land values, was comparatively minor in his own country; ironically, he had more influence in stimulating the general movement towards unionism and socialism, despite his clear condemnation of the latter. Elsewhere, as for instance in Gt. Britain, he was enthusiastically received and his books were avidly read.<sup>9</sup> G. B. Shaw, the Fabian socialist, also paid him the dubious compliment of declaring that he had inspired himself and many other Fabians to turn to socialism as the answer to the world's ills. In Australia, the effect was much nearer his heart's desire, if still far from the real goal. Leading politicians of the day (he visited Australia in 1890) took the platform in his support and actually sponsored legislation which became the land tax laws of several States and the widespread application of the municipal 'rating' system.<sup>10</sup> New Zealand followed this lead in 1891 under the Liberal government of John Ballance. Denmark and many other countries adopted the principle of taxing land values in varying degrees; but nowhere in the world, not even in such enclaves of idealists as that of Fairhope, Alabama,<sup>11</sup> can it be said that the Georgist theory in its entirety has been adopted by any government.

The Constitutions of both the United States and Australia contain practically identical clauses for the making of laws with respect to the issue and control of money, banking, taxes, excise and import duties and 'bounties' for various purposes thus laying sure foundations for the growth of political log-rolling and the great 'lobbying' industry with which both nations are now cursed. And 'welfare', the modern 'Leviathan', has thrived mightily in both countries, although in the U.S. it was not effectively born until the 'thirties of this century, while it was, however modestly, provided

for in the Australian Constitution.

In the United States, as in Australia, we are now witnessing an acceleration of drift towards socialism and the establishment of totalitarian government, working through a vast, increasing army of public servants in an ever-increasing number of departments or agencies to dominate almost every human activity.<sup>12</sup> Herbert Spencer, writing in 1892,<sup>13</sup> of the situation as he saw it in the Great Britain of his day, has a most pertinent observation for us of today:

“There is that spread of regulation caused by following precedents, which become the more authoritative the further the policy is carried. There is that increasing need for administrative compulsions and restraints, which results from unforeseen evils and shortcomings of preceding compulsions and restraints. Moreover, every additional State-interference strengthens the tacit assumption that it is the duty of the State to deal with all evils and secure all benefits. Increasing power of a growing administrative organisation is accompanied by decreasing power of the rest of the society to resist its further growth and control. The multiplication of careers opened by a developing bureaucracy, tempts members of the classes regulated by it to favour its extension, as adding to the chances of safe and respectable places for their relatives. The people at large, led to look on benefits received through public agencies as gratis benefits, have their hopes continually excited by the prospect of more. A spreading education, furthering the diffusion of pleasing errors rather than of stern truths, renders such hopes both stronger and more general. Worse still, such hopes are ministered to by candidates for public choice, to augment their chances of success; and leading statesmen, in pursuit of party ends, bid for popular favour by countenancing them. Getting repeated justifications for new laws harmonizing with their doctrines, political enthusiasts and unwise philanthropists push their agitations with growing confidence and success. Journalism, ever responsive to popular opinion, daily strengthens it by giving it voice; while counter-opinion, more and more discouraged, finds little utterance. Thus influences of various kinds conspire to increase corporate action and decrease individual action. And the change is being on all sides aided by schemers, each of whom thinks only of his pet plan and not at all of the general re-organisation which his plan, joined with others such, are working out. It is said that the French Revolution devoured its own children. Here, an analagous catastrophe seems not unlikely. The numerous socialistic changes made by Act of Parliament, joined with the numerous others presently to be made, will by-and-by be all merged in State-socialism — swallowed in the vast wave which they little by little raised.”

Instead of simple Justice, we now have a huge entangling legal structure which gives a semblance of Justice for the rich and the unscrupulous and provides for those unable to afford it for themselves ‘legal aid’, an extension

of 'welfare', forced on the legal profession by a species of blackmail.

Instead of the Public Good we have a system which permits and encourages the creation of giant monopolies by the protection given them by a corrupt Parliament with the power to threaten 'nationalisation'. Instead of individual freedom we have a people largely subdued and subjugated to the whim of officials, with the right of appeal to pseudo-guardians ('ombudsmen') set up at public expense, to rescue the lucky ones from the effects of their mishandling by bureaucrats. As for the enjoyment of the fruits of their labour, this is reduced by taxation, inflation and other devices to a portion sufficient, in the case of the greater proportion of the population, to maintain them at or a little above the breadline, by the imposts of direct taxation of their incomes, by indirect taxation on their food, clothing and other necessities, and by real estate taxes on their inevitably mortgaged homes.

Each in its own way, the two nations whose Constitutions have here been under review, demonstrate the dangerous drift away from those principles and ideals which inspired their founders, in the ever-increasing concentration of power at the centre, the cancerous growth of their respective bureaucracies, the parallel growth of their 'welfare' systems and the corruption of which 'Watergate' has been the latest sickening reminder. How far from the simple ideal of 'Justice and the Public Welfare' have we sunk, in the form and spirit of what is called government today, for all the sanctimonious rhetoric spilled about it at public functions and in the chambers of parliaments! Those who, with Jefferson, saw the vision of a free people enjoying the fruits of their labour in peace and freedom, an inspiration to the rest of the world, would surely be glad to turn their faces to the wall and die again should they have had the misfortune to be re-born into this age.

For what relief from mankind's basic ills have the last two centuries of government and over-government brought us? The rights of man are still something for which men and women, even children, fight and die or suffer torture. Slavery may be no longer an accepted institution, yet the virtual enslavement of millions continues through the many forms of exploitation by which the unscrupulous exercise their aggression. Power which, even where the myth of democracy is still regnant is allegedly in the hands of the electorate, is in reality still the prerogative of those few clever, vicious or fanatical enough to wield it in their own interests. Poverty, which like ignorance civilization is supposed to have abolished, is still rampant around the world and, if international agencies are to be believed, is growing worse. And where is the happiness 'to secure which governments are instituted among men' when it can be reported, as recently it was in a radio talk, that fifty per cent of the occupants of hospital beds in Britain are cases of mental illness? The more highly developed the technology, the more complicated the machinery of government, the farther away from the solution we appear to be.



As Wesley H. Hillendahl, Vice-President of the Bank of Hawaii, says in a paper on inflation read to a seminar sponsored by the Committee for Monetary Research and Education, in March 1974, and reprinted in the July 1974 issue of *The Freeman*<sup>14</sup>: “Whether man will be free to pursue his life and destiny in an orderly environment in which *government plays the domestic role of impartial umpire*, or whether his life will be controlled in every detail by the dictums of an omnipotent bureaucracy is the crucial theme of today’s conflict.” (italics ours)

Surely it is time that men and women of integrity and compassion around the world began to re-examine the institutions of their respective societies, to question the prevailing social myths and shiboleths, and to ask questions and, unlike Pilate, wait for the answers. It is to them that this book is humbly offered to assist them in this vital task, by delineating the true nature of the problem and presenting the real, because *natural* solution.

Let the concluding words of *Man Versus The State*<sup>15</sup> sum up for us: “When that ‘divinity’ which ‘doth hedge a King’ and which has left a glamour around the body inheriting his power, has quite died away — when it begins to be seen clearly that, in a popularly governed nation, the government is simply a committee of management; it will also be seen that this committee of management has no intrinsic authority. The inevitable conclusion will be that its authority is given by those appointing it; and has just those bounds as they choose to impose. Along with this will go the further conclusion that the laws it passes are not in themselves sacred; but that, whatever sacredness they have, is entirely due to the ethical sanction — an ethical sanction which, we find, is derivable from the laws of human life as carried on under social conditions. And there will come the corollary that when they have not this ethical sanction they have no sacredness and may be rightly challenged. The function of Liberalism in the past was that of putting limits to the powers of kings. The function of true Liberalism in the future will be that of putting a limit to the powers of Parliaments.”

That is to put limits to the powers of governments; to reduce them to those acts and functions prescribed solely by the principle of Justice and the true Public Welfare.

#### NOTES ON CHAPTER 9

1. *Encyclopaedia Britannica*, 1956 ed. Vol. 10, pp.561.
2. Bierce, Ambrose, American Journalist, editor and satirist; born 1842, believed to have been killed in Mexico in 1916.
3. Schumpeter, J.A: *Capitalism, Socialism and Democracy*, Unwin University Books, London, 1943. Especially pp.245/6.
4. *The Wealth of Nations*, Vol. 2, pp. 180/1.
5. See *The Rebirth of Liberty: The Founding of the American Republic, 1760/80*: Clarence B. Carson; Arlington House, N.Y., 1973.
6. See *The Living Thoughts of Thomas Jefferson*, by John Dewey; Fawcett World Library, Greenwich, Conn. 1957.
7. *Ibid.* pp.27/35.

8. *How the Government Breaks the Law*, by Jethro K. Lieberman: Penguin Books Inc., Baltimore, 1972.
9. *Progress and Poverty* has long since passed the one million mark in sales.
10. Sir Samuel Griffith, later Chief Justice of Australia, initiated the Land Tax system for Queensland when Premier of that State; in New South Wales it was sponsored by Sir George Reid and became law in 1895. South Australia began to receive some of the economic rent under the Taxation Act of 1884. Other States followed in due course. The Capital Territory (A.C.T.) was the classic case of the adoption of Henry George's theories, since the whole of the land of Canberra was retained by the Commonwealth.
11. Fairhope Colony, established 1895. See *Land Value Taxation Around the World*: Robt. Schalkenbach Foundation, N.Y. 1955.
12. This was written before the traumatic dismissal of the Labor Government in Australia in November 1975. The trend towards totalitarian government, although mitigated somewhat by the advent of the Fraser administration in December of that year, is unlikely to be drastically reversed while present policies and systems continue.
13. Herbert Spencer: *The Man Versus the State*; 1969 ed. with intro. by Albert Jay Nock; Caxton Printers Inc., Caldwell, Idaho., U.S.
14. *The Freeman* is published monthly by the Foundation for Economic Education, Irvington-on-Hudson, N.Y., U.S.A.
15. Spencer: *ibid* pp.208/9.