

XVIII: CONCLUSION - BALANCING THE BUDGET

Today, an urgent need is for a balanced budget, so that government income equals government expenditure and deficits become a thing of the past.

However, to transform a deficit into a balanced budget, a government must either increase taxes or cutback on government expenditure.

Either alternative threatens jobs. To cut expenditure back a government must reduce the size or scope of one programme or another. That reduces the number of jobs available in the public service. Similarly, if taxes are increased, then costs in private industry are also increased. That may drive employers out of business and aggravate unemployment in the private sector of the economy.

Price or Wage-Cutting

Jobs are also threatened by measures that could ease pressure on the budget by reducing prices or wages.

Tariff cuts can jeopardize jobs in secondary industry. Measures that stimulate competition sometimes allow big businesses to swallow smaller ones. Cutbacks on production quotas, subsidies or price-support mechanisms may limit employment in primary industry.

Anxious Citizens

No one likes to lose his job, when he may not get another one. Therefore, whenever a government tries to balance its budget, it receives petitions, deputations and demands from anxious citizens who fear that the proposal (whatever it is!) may threaten their livelihood.

Humane Governments

Governments are composed of humans who do not - ordinarily - wish to plunge their fellows into unemployment and misery. Because of this, anti-inflationary measures rarely materialize. Alternatively, if the measures do materialize, they are soon negated in one or another way. Hence, inflation continues year after year, and seems to become more and more intractable as time goes by.

TACKLE UNEMPLOYMENT FIRST, BY TAXING LAND

But all is not lost. The basic problem is clearly unemployment. If that could be ameliorated or eliminated, then the budget could be balanced without taking jobs away from anxious citizens.

And, of course, governments can ameliorate unemployment, by taxing land.

More Jobs, Fewer Unemployment Benefits to be Paid

If land taxes were substantially increased, then today's idle labourers would soon be working on today's idle or under-used land. Jobs would become more plentiful and fewer unemployment benefits would have to be paid. That would decrease government expenditure, and allow the government to reduce its deficit, without cutting back on any programme at all.

Lower Production Costs, Less Glutted Markets

A substantial increase in land taxes would cause the price of land to fall. That would reduce the size of many mortgages and allow many producers to save a lot of the money they now spend as interest. Production costs would fall and prices could fall with them. Alternatively,

producers would no longer have to work like demons to cover their costs, so outputs could fall. Glutted markets would then be a less frequent phenomenon.

Less Opposition to Cutbacks

A reduction in unemployment would lessen opposition to tariff cuts, or to cutbacks in government expenditure. Indeed, if more jobs were available in private industry, then some government employees might leave the public service and work for private enterprise instead. The government could then reduce the size and scope of many programmes, and no one would be harmed.

The Most Necessary Socio-Economic Measure

There are numerous other ways in which a substantial increase in land tax would simplify the government's task. However, the above suffices, surely, to show that the socio-economic measure most necessary in today's world is a substantial increase in taxes on land.

This simple measure has been neglected by governments and by orthodox economists. The results of this neglect are clearly evident. One can only hope that a more logical approach will prevail, before inflation, unemployment, strikes and similar disasters tear the human family apart.