

FIFTEENTH INTERNATIONAL CONFERENCE  
ON LAND-VALUE TAXATION  
AND FREE TRADE

Utrecht

HOLLAND

July 24-31 1982

A UNITED MOVEMENT

presented by

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## INTRODUCTION

1. The object of this paper is to examine causes which underly the apparent lack of progress made by the Georgist movement throughout the world during the past century, despite the fact that the concept of Government we endeavour to sell conforms in every aspect to the highest concepts of freedom, justice, morality and expediency, and without its acceptance basic social problems cannot be solved.
2. I refer in particular to the grinding poverty and death by starvation and malnutrition in what is known as the "third world" or the underdeveloped countries, the symptoms of which are not unknown in our own developed countries; the increasing rate of violence, crime and vandalism, the steadily rising tax structure bearing on the production and consumption of wealth, the increasing amount of public and private debt with the consequent burden of "interest" which hangs like a mantle of death over the budget of young couples, guilty of nothing more than wanting to start a home and raise a family, and which equally is the nightmare of businessmen operating in open cut-throat competition; mothers being forced out of the home into the work force during the period of the greatest need of their children; the break down of educational standards; the problem of unemployment, officially admitted to be about 6% in Australia; 8% in the U.S. and 12% in the U.K., but which, if the unregistered unemployed were taken into account, might be as much as 50% higher; the escapist opiates; the effects of frustrations, - early retirements caused by the intolerable burdens and lack of satisfactions in the work force to so many, the demands of the welfare state upon a proportionately declining work force and last but not least the spectre of inflation making fortunes for the few and impoverishing the many.
3. Compared with the world in which we live the political economy revealed by Henry George would be a veritable millennium to all willing to work with hand or brain.
4. Only those who live on the labour of others would have to learn a new way of life and even these would experience real satisfactions previously unknown - the joy of achieving instead of just getting, and thereby enjoying the restoration of their self respect.
5. Our proposals have never been seriously refuted or rejected - just ignored. It is possible to gain a degree in economics in many universities without the graduate ever having heard of the name of Henry George. Could this be said of Karl Marx with his doctrine of class conflict and hatred, unproven dogmas which earned him the title of "prince of the muddle heads"?
6. In defence of our failure to sell the Georgist Political Philosophy we blame - the power of vested interests, the stupidity of economists and politicians, the sell out of the media, the apathy of the working class, the insincerity of moralists who ignore Biblical injunctions on the land question in order to provide Church funds from land speculation to the greater glory of God.

7. The foregoing is as true today as when Henry George wrote in Progress and Poverty "If they are weak forces that are opposed to Truth, how should Error so long prevail? If justice has but to raise her head to have Injustice flee before her, how should the wail of the oppressed so long go up"?
8. Be this as it may there is much that can be achieved from a closing of ranks, from examining and resolving misconceptions and misunderstandings that disunite us, in presenting a world wide united front with a common simple and coherent policy and in adapting to modern methods of communication and public relations. Most of our people are individualists to the core, lovers of freedom and self expression and we must learn to use such qualities for the success of our movement rather than each aspiring to be a little Henry George with all his colleagues out of step.
9. Such a campaign will take funds - enormous funds to break through the barriers of prejudice, self interest and ignorance, but once an impact is made we will gather momentum and magnitude like a snow ball rolling down hill.

There are still men of good will and honest desire among the affluent; the Joseph Fels and the John C. Lincolns are not an extinct race; we must go out and find them before it is too late. Such men however have heads for business and efficient administration and will not support a movement obsessed with side issues, minor imperfections and impossible dreams.

10. Basic to re-formation in strength is the resolution of our internal differences. We must be ever mindful that Henry George the greatest political economist the world has seen, was breaking new ground, discovering an invariable science, moreover an abstract science in which effects are not so observable as with the physical sciences and in which the penalties for non-observance may not be seen with the same clarity.
11. George made fewer mistakes by far than any other economist. None of his minor inconsistencies however, conflict with the basic principles established, that the product belongs to the producer, and that rent which belongs to society is sufficient for the necessary functions of Government.
12. The tax structure of George's day was Lilliputian compared with the Brobdingnagian edifice of today. The evils of taxing productive enterprise are far more damaging and obvious in our time, though the effects of the socialist welfare state and Keynesian inflationary policies spread a mantle of obscurity which, together with the growth of a mendicant class living at the expense of wealth producers makes our crusade so much the harder.
13. If George could be with us today I believe he would urge us to re-examine the not so clear aspects of our beliefs and lay to rest the possibilities of disunity in order that we may go forward to our task as a united and dedicated movement.



## THE LAW OF RENT

1. A proper understanding of Ricardo's Law of Rent is fundamental to George's teaching of political economy. The subject matter is dealt with in Progress and Poverty Book III. In Chapter 2 there are no less than ten definitions and explanations given.

The most generally accepted definition is - "The rent of land is determined by the excess of its produce over that which the same application can secure from the least productive land in use".

Standard works prior to George referred to rent being determined by the margin of cultivation, that is - what an equal application of labour and capital could procure from the poorest land in use, which means much the same except that George did not limit the return to rent as arising only from cultivation.

It was natural enough that "cultivation" should have been featured by the Physiocrats who were credited as the first in this field of economic discovery prior to the Industrial Revolution.

At present in the new era of advanced technology, even the word "production" does not suffice as the basis of rent. In an affluent society there are satisfactions not directly related to production for which men will exchange their wealth. George would be the first to agree, since he declared the basic law of political economy to be that "All men seek to satisfy their desires with the least exertion".

Under conditions of inflation there is a market for land almost unrelated to production. Land dealing is considered to be the best hedge against inflation and market evaluation responds accordingly also from the prospect of future capital gains due to the normal causes in a progressive society.

Take for example the market value of farm properties which attract enormous prices notwithstanding that the actual farming operations are quite often in the red.

There is also a market for exclusive river or ocean view residential sites among the wealthy classes, quite unrelated to what the same application would return from other forms of productive investment. This is especially the case when enormous unearned fortunes arise from land speculation.

Consider also the oft repeated illustration of the wheat farmer who can obtain 10 bushels from marginal land and 20 bushels per acre from better land. The rent in this case might well be 12 bushels rather than 10 because of the satisfactions obtained from proximity to schools and cultural amenities. Under present conditions even marginal land which bears no rent can command a capital price.

## 2.2

2. There is another advantage to be gained by including "satisfactions" in the definition of the law of rent. I refer to the contention held by some Georgists in Australia that residential land bears no rent because it yields no produce. Such a view if accepted would render our proposals quite impracticable; some land is used, as in home industries, both for residential and productive purposes, - for example the piece work machinist, the watch assembler, or even an architect who may operate from his house.

Under such a narrow definition the value of rent would be impossible to determine and its yield would be inadequate to support the proper functions of government.

Rent for residential sites is an indirect cost of production. The worker must either incur transport costs if he wishes to live in a rural environment or pay higher rent and lower transport expenses, living nearer the work place. The cost of the product is not affected.

3. Others again argue that it is not practicable to use the same application of labour and capital on land above the margin and it is claimed therefore that the Law of Rent, as stated, must be incorrect.

Quite obviously the equivalent market value of the same application is meant. For example, - marginal land in the wheat belt in Western Australia had no value until the discovery of trace elements which are made in the chemical factories. Mechanical equipment, moreover, must be much heavier than used on the small mixed farm. In this illustration the application is capital intensive, while in primitive mixed farming it is labour intensive. It should not be necessary to state that the equivalent market value of the same application is both intended and inferred but misunderstanding and divisions must be avoided at all cost, even if this involves restating the obvious.

4. It is proposed therefore that the Law of Rent should be altered to read: "The rent of land is determined by the excess of its produce or satisfactions, over that which the equivalent market value of the same application of labour and capital can secure from the least productive or desirable land in use".
5. On page 167 of Progress and Poverty George states - "Rent, in short, is the price of monopoly arising from the reduction to individual ownership of natural elements which human exertion can neither produce nor increase".

This means that rent would not arise under public ownership of land, lease hold tenure, or titles held in fee simple if monopoly holding without obligation was abolished; in other words, if governments took for public revenue the market value of the privilege of exclusive occupation, rent would not arise.

This dilemma might be due to thinking of economic rent in terms of land price which would disappear if rent were to be taken for revenue. Rent is still rent, whether it is taken directly for public revenue, or as unearned income by land holders.

Obviously there has been a slip of the pen, which should be tidied up, otherwise the statement could be taken out of context in support of socialism.

6. Some Georgists, for one reason or another, do not accept Ricardo's Law of Rent. This is unfortunate. Rent is the corner stone of a just distribution of wealth; without a proper understanding of the Law of Rent it is not possible to forecast the effect of any legislation, as John Stuart Mill so truly observed.
7. There are some differences of interpretation of the terms "Economic Rent", "Site Rent", "Unimproved Value". The term "economic rent" is used to distinguish the market value of rent for the use of land only, exclusive of the return for use of improvements fixed to the land. "Unimproved Value" relates to land in its natural state assuming that no merged improvements have been made or such had ceased to have a market value due to the efflux of time.

"Site rent" includes merged improvements. In a Georgist economy funds would be available for the capital cost of merged improvements to be paid by government such as draining and filling a swamp or filling a ravine if and when it became a viable proposition, i.e. when warranted by the additional rent that would accrue.

The user would then elect to pay rent in the normal manner as for the use of other land. The value of rent, however expressed, under conditions which permit the private appropriation of rent or any part thereof, may be capitalised as land price. This will only disappear when a substantial part is taken for public revenue and when it becomes apparent that ownership will not yield unearned increment.

# TAXATION AT THE EXPENSE OF RENT

1. At the 1979 Centennial celebration in San Francisco I read a paper entitled "Distribution of Wealth in a Georgist Society" intended to feature a most important subject which has remained dormant for a century and which because of the enormous expenditures of socialist governments throughout the world has now assumed major importance.

I believe my interpretations and conclusions to be entirely consistent with Book VI of Progress and Poverty in which the matter was examined with amazing clarity and analysis, lacking nothing other than application to the policies of a later century.

I am convinced that unless George was correct in his belief that, other things being equal, all taxation ultimately will be at the expense of rent and tax reductions therefore will be to the advantage of rent, then revenue from rent would be inadequate for the necessary expenses of government and would have to be supplemented from taxation based as a penalty on the processes and rewards of industry.

2. It is true that the functions and costs of government under our proposals would be substantially reduced but during the transition period there would be a backlog of chaos and firmly established customs and institutions that would die hard and would have to be supported until public opinion could be made aware of the colossal waste and anti-social features involved.

Moreover there is the issue of national defence which because of advancing technology and the increasing vulnerability of nations of the Western World, weakened as they are by a century of bad government including two world wars, a major economic depression and enormous national debt structures, will require an abnormal share of wealth production, at least until economic recovery is achieved.

3. In general my paper was well received with many expressions of astonishment that subject matter of such importance could for so long have been neglected. There were however some critics, but in each case objections were based on misunderstandings.
4. Further researches by me and my colleagues have given a deeper insight into the nature of rent and have confirmed our belief that George was correct in declaring that taxation ultimately is at the expense of rent.
5. The superior bargaining power of land holders, tempered only by the degree of obligation attaching to the conditions of land tenure, compared with the inferior bargaining power of labour and capital, tempered by the counter monopolies attaching to the hiring of labour and capital, determines the respective returns to rent, wages and interest.

6. The only contentious aspect of the subject is in determining the minimum returns that labour will accept and beyond which rent cannot rise. George writes page 213 of Progress and Poverty - "Where natural opportunities are all monopolised wages may be forced by the competition among labourers to the minimum at which labourers will consent to reproduce", and on page 214 - "It is evident that the margin of production cannot fall below that point at which enough will be left as wages to secure the maintenance of labour".
7. Both definitions are relative to prevailing customs and social standards and to the recognition by land holders that if wages are pressed below a certain minimum, inefficiency will result which will lower their returns from rent. This latter condition does not appear to be recognised in India or parts of South America and elsewhere where wages have been depressed well below the minimum level at which efficient production is possible.
8. The argument based on "consent to reproduce" is less convincing. George explained that procreation appeared to be stimulated when people are poor, indicating a Divine purpose to bring more people into the world and so relieve poverty by increasing the efficiency of wealth production through the division of labour. Jose De Castro in his book The Geography of Hunger, quoted statistics to show that the abject poor live on a protein deficient diet and that the birth rate rises rapidly when the daily intake of protein falls below a certain minimum requirement. De Castro's researches were related to communities with some form of civilised culture generally based on agriculture and industry in which rent and its misappropriation was a dominant factor.
9. The Australian Aboriginal, living according to his tribal culture, by comparison living on a protein rich diet, does not have a population explosion problem. Nevertheless birth control is practiced by primitive surgery. Living standards depend on the capacity of the natural environment to provide game and forage in rent free, sub-marginal territory.  
  
Some forms of artificial birth control have been practiced, even among primitive races, for thousands of years, and are now universally in use in the developed countries, ironically, where the least needed.
10. Such considerations apart, it is evident that the power of land monopoly can force labour and capital, in the absence of counter monopolies, to very low standards of living indeed. It is therefore evident that no attempts to relieve the poverty of the masses can succeed unless equal bargaining power is restored to each of the three factors of production.

11. In order to see that taxation ultimately is at the expense of rent, it must be accepted that the power of land ownership will force wages either to the lowest point at which labour will consent to reproduce, to a point that will provide the maintenance of labour, or to a level at which land owners can obtain the maximum efficiency from labour. This, for convenience, is called the level of subsistence.

Under despotic land-owner dominated regimes as instanced, wages may be depressed even to sub-subsistence or slow starvation levels.

Under whatever conditions of land tenure that apply, mitigated or otherwise by counter monopolies in the market for labour and capital no further reduction of living standards will be accepted by labour and taxation therefore must be at the expense of rent.

12. There is no other source from which taxation can be derived. The fact that counter monopolies in the labour market have been established in the developed countries as a supplement to the subsistence level of wages, in no way upsets this conclusion. Such monopolies together with monopolies introduced for the advantage of capital, such as tariff protection, also are at the expense of rent for the same reason.
13. The purpose of this exercise is to demonstrate that not less than the present amount of taxation, including land rent already being collected, would be available for public revenue, subject to certain qualifying conditions dealt with later in this paper.
14. Our researches in the past have generally been attempts to estimate the annual site value of land from available statistics based on land price, calculated by applying a multiplier equivalent to the ruling rate of interest or returns from other forms of investment. Such methods have ignored the effect of taxation on the returns to land holders.
15. Estimates so based indicate a revenue yield of only about 20% of the present sum of taxation, which tends to discredit our claims that the rental value of land would be sufficient to provide for all the necessary public revenue.
16. To complete this examination it only remains to analyse the nature of rent and forecast as nearly as possible the effect of transferring rent to the public purse and abolishing taxation.
17. The natural factors which tend to increase rent are, as we know, i) population increase, ii) advances in science and technology and iii) advances in the art of government.
18. The unnatural factors which affect the foregoing are, i) inferior bargaining power of labour and capital which diverts a share of what otherwise would accrue to wages and interest, to rent or more correctly termed, spurious rent;



ii) artificial scarcity of land due to withholding land from use; this increases rent as a proportion of production but also restricts production by limiting the land in use and therefore to some extent must have an opposite effect and reduce the sum total of rent; iii) the tax structure and its effects which discourage incentive to produce and therefore restrict the demand for land, labour and capital. The proportion of lost production which would otherwise increase rent could be called rent potential.

19. The following is an attempt to formularise the propositions under consideration.

Rent available to a Georgist form of Government adjusted to a common denominator accounting for the effects of inflation would be

The present sum of taxation  
 + The value of rent already directly collected.  
 + The visible value of rent remaining with land holders.  
 + Rent potential that would accrue as production disincentives were abolished, the idle rich and the idle poor were returned to the work force, wasteful government practices and sinecures were discontinued and monopolies were abolished.  
 - Spurious rent which would transfer to labour and capital as wages and interest as the bargaining power of labour and capital is brought into the equity with that of land holders.  
 - Rent that would be lost as a result of people withdrawing from the productive work force to pursue cultural non-productive satisfactions. \*

\*NOTE

This would be possible when involuntary unemployment ceased and opportunity to work became available at any time.  
 See Progress and Poverty Book IX Chapter 2.

20. Land rent registers the current market value of the relative advantages of particular sites.
21. Land price is a lump sum, the capitalised value of rent remaining with land holders plus a speculative value taking into consideration the anticipated growth of population, advance in technology, rate of inflation, government policies and other risk factors.
22. Land price probably accounts to a greater extent for the exploitation of labour and capital than does spurious rent because spurious interest also is involved with buying and selling land.

23. The cost of financing land purchase cannot be true interest because land is neither wealth nor capital and the price of land therefore cannot be representative of such. Land has no cost of production since labour is not involved and both wealth and capital must have a labour ingredient.
24. From the foregoing it will be seen that taxation is only a stupid, inefficient inequitable method of collecting rent for revenue. Rent may be siphoned off as taxation during the processes of production without becoming visible as rent or it may be taken from land holders as income taxation arising from rent etc.
25. Although not possible of precise calculation until the Georgist revenue system is established, it is likely that public revenue from rent would not be less than present net income from all sources.
26. Under present conditions governments are obliged to buy back a part of the taxes collected as price increases attaching to their own expenditure.
27. The cost of government also would be substantially reduced in a non-socialist economy in which no provision need be made for support of the unemployed etc.
28. These latter items would be bonuses not accounted for in this examination.  
  
It is also certain that the wages and interest fund would substantially increase.
29. No separate consideration has been made of the relative returns to wages and (real) interest. This would be determined in the free market.
30. Government assets acquired to support the socialist state should be disposed of progressively as market demand would permit. This would help to liquidate the National debt and dismember the mechanics of socialism which would be a tremendous advantage.



RENT A FACTOR IN THE PRICE STRUCTURE

1. Georgists assert that the collection of rent for revenue would not add to the cost of production and therefore would not increase prices.

Although this statement is correct it is mistakenly inferred by some that rent therefore is not an ingredient in price.

Whether rent is taken for revenue or privately appropriated as unearned increment it is nevertheless a factor to be accounted for in the cost of production equally with wages and interest.

Rent is a measure of the advantages to each particular land user applicable to his particular industry. Its value is determined in the market by each potential user.

There is nothing to be gained by paying lower rent for lesser advantage. Costs are not reduced; it is more likely that such would be increased.

2. Similarly to pay lower wages to a less skilled craftsman would not reduce the cost of production; neither would there be any benefit in buying a cheaper machine that had a reduced output. Interest would be lower but so also would the value of the product, or for a comparable product its price would be increased.
3. There is no doubt that expenditure on rent, wages and interest yields a commensurate return in product value. What then do we mean by declaring that the collection of rent for revenue does not add to price when it is clearly established that rent is a factor of the cost of production?
4. It is even more confusing when we talk of taxing land value, because most people believe that taxes increase production costs. Pay roll taxes certainly appear to, also customs duties, stamp taxes and even company taxes must be budgeted for before a dividend can be paid.
5. It is of no consequence to the land user whether rent is paid directly to the state or to an independent agency, or so it appears.
6. It is not even a satisfactory answer to claim that when rent is taken for revenue the margin will rise because this would mean higher wages and interest or to point to the idle rich and the idle poor being returned to the work force because this would create a demand for land and so increase rent.
7. We are on a sounder premise in pointing out that land will be forced into use and so cause rent to fall, but even this answer is not entirely adequate.
8. The truth is that in general neither rising rents, wages nor interest, can cause prices to increase, provided there is added value in return, as there undoubtedly is from the division of labour due to increasing population, or from advancing technology etc.

9. The full market or monopoly value of rent is already being collected by land owners and does figure as an item of cost to the producer. The whole or any part of this fund may be diverted to the public treasury without causing prices to rise. It cannot be passed on as price increases because the value of the monopoly is lowered by the amount taken for revenue.
10. A city retailer cannot charge more for a pound of butter because his rent is higher, than could a country store keeper. The high rent is recouped because more people pass his door and more butter can be sold on land which increases the effectiveness of the sales staff. The cost of rent increases as the cost of labour decreases in terms of butter sold.
11. There will be increased costs in labour intensive industries as wages rise but this will stimulate the greater use of capital aids and prices will fall for products capable of being mass produced.

It will then be cheaper to replace rather than repair worn or faulty products.

In a Georgist economy despite rising rents, wages and interest, prices should continue to fall, living costs be reduced and government services improve.

12. In a socialist monopolist economy, costs will increase due to disincentive, waste, muddle and exploitation, public debt, inflation etc.

The subject is indeed difficult to understand and explain but so also is the whole ramification of an economy based on socialist dictatorship in which the right of private property in the products of human labour is denied.

Such contentious matters should be confined to student research. A particular understanding by the people we must influence will seldom be possible.

13. By contrast our basic proposals, to collect the rent of land for revenue, abolish taxation and confine government to its proper functions is simple, practical and just and moreover easily understood.

TAXING LAND VALUE OR COLLECTING SITE RENT FOR PUBLIC REVENUE?

1. There are two schools of thought within our movement on the subject of collecting public revenue both of which unfortunately can refer to the writings of Henry George for justification.
2. Those of us who would tax land value are known as "single taxers" by which appellation George was dubbed.

The title was accepted no doubt as being expedient and attracting desirable publicity.

3. In George's day there was no income tax or sales tax as such. Public revenue was originally provided in America as a revenue tariff on imports without the discriminatory features which have since been introduced.

Local revenue also was raised by rating the capital value of land and improvements, but the land value proportion was comparatively low. In England in an earlier period revenue raised mainly for defence was derived from feudal or land dues. This was abandoned in England before the colonisation of America.

4. When customs duties were first introduced such were accepted in the mistaken belief that the foreign nations with which England was often at war were in effect paying the taxes by getting less for the sale of their goods.

George, no doubt, believed that if the evils of protection were exposed Governments would turn automatically to "taxing" land value.

5. The influence of Karl Marx, (a contemporary of Henry George), who wrote Das Capital together with that of the Fabian Socialists, however, was too strong. Taxes on the processes and rewards of production were imposed with the deliberate intent of destroying "Capitalist" governments.

Article 2 of Karl Marx's Communist Manifesto recommends heavy and graduated taxation to bring down the middle class. and in a letter to Engels Marx said that when taxation reached 40% a collapse into communism was inevitable.

In Australia taxation takes 35% of all incomes and we are perilously close to seeing Marx's prediction fulfilled.

6. The existing tax structure has three distinct functions, all of which governments may not necessarily be conscious, but which are nevertheless manipulated to function within well established practice.-

1. to provide public revenue
2. to redistribute incomes according to government policies
3. to destroy the middle classes which usually provide technical and entrepreneurial skills and so achieve a breakdown of free enterprise and of orderly government, with a view to weakening the economy in preparation for the communist coup d' etat.

Georgists should not use terms which could have the appearance of endorsing the taxation system. We must at all times make a clear distinction between taxation and collecting land dues for revenue.

7. The other school of thought examining Progress and Poverty in depth has seen that the collection of rent for public revenue is not a tax because there is either service or advantage of equal value in exchange.
8. The services of government make it possible for people to congregate in cities and in lesser settlements, thus giving rise to land values. Moreover the natural advantages of fertility of soil, rainfall, temperature, mineral wealth, scenic views, and in fact any feature having exchange value that will satisfy human desire have the same effect.

This value, which does not arise from individual effort, we describe as "economic rent" and declare it to belong equally to all people of the living generation and to be the natural and equitable source of public revenue.

In no way can the collection of "economic rent" for revenue be described correctly as a tax since there is equitable service and satisfaction in exchange, whereas taxation has always been applied as an arbitrary impost loaded with, as Marshall, the one time Chief Justice of England, said "the power to destroy".

9. How much simpler our task must be and more effective our propaganda, if we can condemn taxation in all its aspects as a united movement, without having to explain that what we propose is not really a tax, and that we only accept the term because of general usage over the past century.
10. A further problem is that "single taxers" would use the selling price of land as the basis of taxation without realising that this value will disappear as the "tax" is increased, receding to zero as the equivalent of the full rental value is taken for revenue.

As the tax declines so the rate will have to be increased progressively until finally the system will collapse as land price becomes almost non-existent.

Rent on the other hand will remain relatively unaffected; whether or not it is taken for revenue, the use value will remain and therefore exchange value.

11. If our activities are to be confined to local government finance then the selling price of land would serve the purpose without any noticable depression of land prices, especially in times of inflation but considerable resistance is developing in this country to local rate increases and it must be assumed elsewhere, which in consequence, are being subsidised from Federal Government revenue raised from taxation.

12. Unless the "tax" on land values has the effect of reducing land prices then it will not succeed in stimulating the economy and reducing unemployment to any noticable extent.
13. One of the greatest objections to the proposals to tax land values is from people who fear and have every reason to fear, that socialist orientated governments will apply the land tax as just another tax superimposed on all the others in the insatiable demand for public revenue.
14. By contrast, we of the rent revenue brigade, can condemn all taxation as immoral, inequitable, unjust and destructive, proposing a simple alternative that is cheap and easy to collect, impossible to evade and has a stimulating effect on the economy.
15. There is a growing resistance to taxation throughout the world. Tax avoidance and evasion has become a major industry. This is even necessary for business survival in many industries. All attempts at reform are miserable failures, often making matters worse than before. This we know is inevitable without land reform.
16. We profess to be political economists. Let us then be correct in our statements, clearly defining our proposals, speaking with one accord amid the discordant babble of empirical economists who deal in blue prints for failure.

Only an initial break through is required for our movement, if properly managed, to grow like wild fire.

NON-RENEWABLE RESOURCES REVENUE

1. The recent upsurge in mining in Western Australia due to rising prices for gold, tin and oil, the exploitation of our enormous deposits of iron ore, together with the discovery of what appears to be one of the richest diamond fields in the world, has made many people conscious that natural resources really belong to the nation.
2. The Henry George movement should have a policy that will regulate exploitation and safeguard the people's equity in non-renewable resources, at the same time providing appropriate rewards for prospectors, those responsible for exploration and development in a free enterprise system.
3. The collection of rent for revenue takes care of surface development of treatment plants and housing the work force etc, but does not adequately cover the field of exploration and evaluation of deposits which may be thousands of feet below ground or sea level.

Under such conditions it is not possible to write a specification upon which tenders can be called when basic information is the subject of future exploration and therefore unknown.

4. There are two factors involved: i) Exploration, and ii) Exploitation.

Prospecting for surface deposits is not a problem and is reasonably well covered by existing legislation.

*In the matter of deep resources it is suggested that the respective governments should call tenders for drilling and logging of defined areas on a specified basis.*

*After the tabulation of this information tenders should be called for the granting of mining rights in selected areas and under specified conditions. Tenderers should be required to state what share of the surplus, after meeting all production expenses would be allowed to the State.*

5. In the U.K. tenders are called for exploration and exploitation rights, the writer understands, as one package.

Under this method costs and risks, which are enormous, limit bids to wealthy multi-national companies and the eventual return to government is very small indeed.

6. This method has been more successful in the U.S. where deposits are in general nearer the surface and risks not so great. Consequently the people have fared better.

The Lincoln Foundation has done considerable research on the subject but firm proposals have not yet been made.



FREE TRADE

1. The expression "Free Trade" immediately conjures up the idea of abolishing customs duties or what is commonly known as protective tariffs. This however limits our objective to the right of trade between nations.

The greater part of trade or the exchange of goods and services takes place within national boundaries and therefore is even more important than external trade.

2. We Georgists know that imports and exports including external borrowing and lending, debt servicing, tourism etc., must balance over a period otherwise the market value of currencies will fluctuate to achieve a balance.

This not only regulates the flow of goods across national boundaries but, through the price structure, signals to producers how to regulate production to the best advantage of themselves and consumers, as to quality, volume, and where it is most economical to produce.

3. Internal trade is governed by much the same considerations except that external currencies and government policies are of lesser importance. A customs duty increases prices and restricts production; so also do income taxes, sales taxes, payroll taxes, stamp taxes, property taxes etc, and in fact have the same effect as a tariff imposed by another nation or a submarine blockading shipping ports.
4. Land monopoly to the extent that it restricts production and diverts a share of wealth to some who give nothing in return, obliges wealth producers to maintain an idle class from the products of their labour. Free trade therefore cannot be achieved simply by abolishing tariff barriers; much more is required.
5. The production of wealth undoubtedly would be increased by the abolition of tariffs but ultimately the benefits would be to the advantage of land holders as such, subject of course to counter monopolies in the market for labour and capital.

It is wrong however to rely on such monopolies to redress the mal-distribution of wealth, because of the harmful side effects and the injustice to those who do not participate.

Protective tariffs moreover do not protect particular industries to anything like the extent intended, because costs also are generally increased thereby. Witness the present plight of the highly protected motor and textile industries.

6. It was reported in "The West Australian" 19/1/1982 that five leading mining companies say they "would be \$100 million a year better off if tariff protection in Australia was abolished". This benefit would accrue to them as the legal owners of natural resources rather than as mine operators, and would be subject to the increased monopoly demands of miners' unions.

7. Eventually the national economy becomes dependent on tariffs just for survival, and while the institution of land monopoly is sacrosanct there will always be continual pressure to maintain tariffs, embargoes and quotas etc.
8. A further evil results from trade union pressure for higher wages in the few protected industries which have achieved a degree of independent monopoly status. This sparks, in the lesser protected industries wage demands which the market cannot sustain.
9. There are thousands of millions of dollars invested in protected industries, much more than would ever have been invested without the elusive inducements of tariff protection. There are millions more invested in housing for the work force and in public services required by the hot-house industries.
10. To make substantial reductions in the level of protection in a society plagued with unemployment and lack of alternative avenues of production, would mean virtual suicide for governments rash enough to make such attempts. This lesson has already been learned the hard way.

In George's day free trade, so called, was believed to be an objective of equal importance as land reform, because, as before stated, it was believed, that in the absence of other taxes, revenue from rent was the obvious alternative. Such conditions are quite different today with our multiplicity of taxes and new taxes continually on the drawing board.

11. We must therefore include tariffs with the other obnoxious taxes and monopolies that we would progressively abolish without giving undue priority to "free trade", as it is mistakenly understood.

We would not survive the transition period unless a buoyant economy is first achieved by our land rent revenue proposals before reforms of a secondary nature are attempted. The simultaneous priorities for tax reduction must be carefully assessed and upon examination it may be found that a non-discriminatory, ad valorem revenue tariff, as first imposed, would be the last to go.



MONOPOLY

1. Georgists are opposed in principle to all forms of monopoly and there can be no divisions within our ranks on this score. In the main, we also accept that land monopoly, to quote Winston Churchill, is the "mother of monopoly". It is not so generally recognised, however, that other monopolies, particularly in the market for labour, are counter monopolies which have the effect of increasing the returns to labour and capital above the competitive market value that would result from the superior bargaining power of land-holders.
2. Evil and unjust as such counter monopolies undoubtedly are in many respects, they are preferable to limiting the returns to wages and interest to market rates loaded in favour of land holders.

When it is realised that taxation, waste and monopolies in general, ultimately are at the expense of rent it can be seen that until we have restored the bargaining power of land holders, labourers and capitalists to equity and justice, the counter monopolies are indeed necessary and certainly preferable to the "iron law" of wages.

3. Care must therefore be exercised in making unqualified assaults on monopolies other than land monopoly and priorities must be established for the timing of progressive and ultimate abolition.

INFLATION

1. Inflation is a major problem in all developed countries except in the U.S.S.R. and apparently is considered to be beyond solution by economists and politicians alike. Politicians claim to be wrestling with the problem and in general blame inflation in other countries for their own failures. It is important that Georgists should have a common understanding of the nature of inflation and how it can be cured.
2. Many of us attribute inflation to the power of land holders to appropriate economic rent and land price without rendering any service in exchange. Others point to the excessive demands of the trade unions, particularly the more powerful, overpaid unions, which appear to be insatiable and their demands unrelated to earnings or what the market can support. For example the coastal shipping trade in Australia has been ruined by the wharf labourers' and the seamen's unions.

The public debt structure, which is only based in part on real capital and servicing costs therefore are not necessarily real interest, also is held accountable for inflation.

The tax structure also is blamed because to an extent the earnings of producers are confiscated and redistributed to the unemployed and those wastefully employed within the public service. In such cases purchasing power is conferred without commensurate, real wealth or desirable services being created or rendered in exchange.

Inflation really is only another form of taxation which reaches into the pockets of rich and poor alike by lowering the purchasing power of their income.

3. Those who claim that inflation is due to the foregoing causes are only half right. The immediate cause is the printing of fiduciary currency or the issue of treasury bills by governments in order to finance deficit budgeting.

This practice can be stopped at any time by governments deciding to live within their means. Price rises then would be balanced by reduced demand for other goods or services, causing a worsening of unemployment and poverty; a most unpopular course of action, which in general, governments will not face, fearing defeat at the next election.

Some Georgists blame the factors under consideration for creating inflationary pressures which are too powerful for governments to resist. This is not quite the same as declaring such to be the direct cause of inflation. We cannot afford to make loose statements which can be disproved and at the same time seek to be regarded as political scientist.

4. It is not generally realised that inflation also can be caused without any increase in the money supply, simply by restricting the production of wealth, without a comparable reduction of currency in circulation. This as we know is an effect of land monopoly and of the counter monopolies generated in consequence.

5. Empirical economists set much store by the "velocity theory" of money and governments are urged to indulge in mild inflation with a view to stimulating the circulation of money which it is believed will relieve unemployment. Such theories if marginally correct are of a superficial nature and relevance would recede as a currency of real value, under the control of private enterprise, was substituted.
6. It is undoubtedly true that there are numerous features of the economies of all countries which generate inflationary pressures which in theory governments could control by responsible budgeting and accounting but there is also the matter of credit financing based on land price and mortgage broking which under present conditions seems to be beyond government control.

In this dishonest world credit is based mainly on security, otherwise a risk factor must be included.

Only about 5% of exchanges involve the use of money and probably not more than 25% the issue of treasury bills and other forms of government controlled circulating media. To this extent the government can control inflation plus some measure of control of public borrowing and the operations of private banks. Such controls however make no distinction between earned and unearned security. There is undoubtedly, a huge gap bridged by debit and credit entries, transactions by cheques etc, which include credit based on landsales and mortgages.

It could be claimed that a land buyer gives a land seller real wealth in exchange for a monopoly and both parties are satisfied, but this is not an exchange of wealth created by the labour of both parties. The cost of producing land is nil, therefore no new credit based on real wealth has been established.

7. Now let us suppose that instead of selling his land the owner has mortgaged it and a bank loan has been advanced, which is supposed to represent the real wealth of depositors. Bank deposits however include substantial sums which are the rewards of land monopoly and real wealth in such cases is not involved. Return of the loan plus interest is secured by the mortgage but there is no real wealth included in the security provided by the land holder.
8. Land prices are rising steadily at a much faster rate than real wealth and the prices received by land holders from sales must include a proportion of returns from the dealings of other land holders which do not involve real wealth and "interest" payments may well be met from rent or land deals instead of from the earnings of capital.

To this extent the land dealings are responsible directly for inflation.

9. It is also important to note that when credit is raised, based on landed security, it is required either for the purpose of producing wealth or for further investment in land which in either case increases the demand for land and fans the fires of inflation.

10. The subject is extremely involved: it is not clearly seen by bankers who do not understand political economy as we know it or by Georgists who do not understand the business of banking.

Theorising apart there is ample evidence to demonstrate a definite relationship between credit financing and inflation in an economy in which land, not being a product of human labour and has no cost of production, is accepted as security for credit, and that under existing conditions, this is virtually beyond the control of governments.

Governments can with the greatest difficulty control inflation to the extent that it arises from the growth of currency and treasury bills etc. Without a corresponding increase in production, but are virtually powerless to control inflation generated by credit finance secured by mortgages and land prices, or on any basis in which real wealth is not involved, unless the Russian system, with loss of freedom is adopted.

LEASEHOLD-FREEHOLD-LAND NATIONALISATION

1. The important consideration is that the annual site value of land should be collected as the only source of public revenue. This maybe achieved whether land is held under the land title system or by lease-hold tenure.
2. The Georgist movement has never favoured land nationalisation, which, wherever it has been applied, has resulted in the parcelling out of land regardless of the needs of future generations. Such rough attempts at justice can never be equitable and the title to improvements is either insecure or is denied. This inhibits progressive development.
3. The title system is in fee simple, subject to the prior right of the crown and it has been customary not only to pay a fair price for improvements but also compensation for land price when resumptions are necessary.

Land price would disappear under the full impact of our proposals, which would greatly support the efficient use of land required for public purposes as well as the needs of individuals and corporate bodies.

The title system is popular because it affords maximum security of tenure and supports the ideal of home ownership, so firmly established in our way of life. There is no need for this system to be altered in any way in a Georgist society.

4. The leasehold system is popular for pastoral properties, mining ventures and for holdings with a low development ratio. It could also be extended to any type of land use if so desired by the people. In theory there should be no land price attaching to lease-hold tenure but for this to be achieved the full value of economic rent should be taken within the terms of lease.

Lease-hold occupancy should be in perpetuity subject to annual revaluation and the right of legal transfer.

5. The lease-hold system in Canberra did not have provision for frequent revaluations and leases were in general for a 20 year period. These conditions were fixed before governments embarked on policies of inflation. In consequence there was a vast difference in lease rentals when revaluations for lease renewals were made at different periods.

Original lessees whose term had not expired were paying only a fraction of the rentals paid by neighbours whose leases had been renewed. The system broke down for this reason, and lease payments were reduced to "peppercorn" rentals.

In consequence enormous land prices or "ingoin" payments became the order of the day. The system has been destroyed in everything but name.

6. Properly based lease-hold tenure could be equally as effective as the title system and there is no need for Georgists to be concerned that the application of our proposals could be in jeopardy under either system.

There is no need for divisions within our ranks over this issue. We should accept whatever appears to be the desirable practice to suit the local conditions which apply.

COMPENSATION

1. There are relatively few people within our ranks who hold that because our proposal for collecting land rent revenue will cause land prices to fall and ultimately disappear, compensation should be paid to land holders so affected. It is argued that it has become an established custom to allow land holders to misappropriate the unearned increment of site rent and therefore an implied obligation exists, binding on society, either to continue the practice or pay compensation against discontinuance.
2. The case for compensation also rests on the grounds that in many cases land has been acquired with the rewards of honest labour. Any change of policy therefore that would result in a reduction in land price violates an implied right of land holders to continue to receive rents related to the market price paid, and to dispose of their land-holding at not less than the price paid, otherwise due compensation should be an entitlement.
3. It could be further argued that land-holders collectively have made generous contributions to political party funds with the object of preventing a policy change and by one means or another have influenced the media, the institutions of learning and indeed politicians, to remain silent for the same reasons. The lobbying involved is expensive and land-holders therefore are entitled benefit from their outlay.
4. It might as well be argued that slaves have been bought with wealth honestly earned, therefore the practice must be continued or the slave owners compensated. By whom, the previous owner of the slave who would then be in the same position as the new owner; by the victim, the slave, or by society whose members voted to outlaw slavery?

It is always the tax payer who is expected to foot the bill but in the case of land monopoly it is society - the general body of tax payers who are the victims in more than money can buy - of unemployment, of poverty, of frustrated lives, of related crime and vandalism, drug addiction and increasing numbers even driven to suicide.

Who should compensate whom? It is surely adding insult to injury to expect the victims to compensate the oppressor just because their actions have been legalised or become an established custom.

5. These who make a "speculative investment" in land do so in the expectation that future governments will continue to permit the evil of land monopoly. They take a calculated risk of losing their investment, as did the landed aristocracy in the French and Russian revolutions.
6. There was no income tax or sales tax at the turn of the century. Has there been any move to compensate the victims who as we have seen are also ultimately the land holders? Such notions would be beyond calculation and totally impracticable.

Tariffs have been imposed and reduced - some people have been bankrupted, with no thought of compensation. Compensation in money or privilege would only perpetuate the injustice in another form.



7. It is only because of the superior bargaining power of land-holders that compensation is even considered. But real compensation there is indeed, in restoring incentive to industry under our proposals. Many land-holders are also workers and capitalists, so called, and as such would benefit enormously from freeing the shackles on industry.

Those who hold land for use and not as dealers would not lose by the loss of land price because another holding of equal worth could be bought for the same price.

There are some of the bigger operators who would lose their unearned "profit" but this is as it should be and as our proposals would be implemented progressively over a five to ten year period losses would be cushioned by opportunities for useful work which would arise as never before, not to mention the relief from taxation and the increase in real wages.

8. A proposal has been made by J.L. Geddes of Scotland which has the appearance of compensation, but in effect, is really gradual implementation, and that is to levy the full site value rental in the first year, but rebating say 85%. The next year it would be 70% rebate and so on. Taxes of not less than the value of the annual rebate simultaneously, would be remitted.

An additional advantage of this proposal is that it would become evident at the outset that there would ultimately be no profit in land speculation which would therefore be discouraged immediately.

9. Under no conditions should there be any compensation paid for loss of land price. Such could only be paid from public debt and inflation which would tend to offset the prosperity which otherwise would attend our policies.

INTEREST, MONEY, DEBT, MORALITY.

1. Almost from its inception the Georgist movement has been divided on the "interest" question. The view has been widely held that the taking of interest is immoral and that the production of wealth would become so easy when the burden of land monopoly was removed that capital would become virtually a "drug on the market" and that lenders would receive a commensurate service from borrowers by having their capital returned to them at original value after the end of the loan period.

This view has been supported by misunderstandings of the nature of money, by Sylvio Gessel's advocacy of demurrage currency to stimulate circulation, discourage hoarding and also by a weakness in George's writings on the origin of interest.

2. It is necessary to examine and define these areas which should then lead to a logical conclusion on the subject of interest, but firstly, let us examine what we believe true interest to be.

It is generally agreed that interest is in effect nothing more than deferred wages and that the term interest is used as a matter of convenience because a substantial part of wealth used as capital involves a borrower/lender relationship, though this is not essential.

Henry George stated the origin of interest to be the natural increase due to the reproductive power of nature of flocks and herds and the germination of seeds, called the "fructification theory".

Upon reflection it will be seen that this also is the origin of wages and rent and indeed of life itself and therefore cancels out as a factor of distribution. This incomplete view however did not lead George into error on the laws of interest and wages.

3. Those who condemn interest as immoral never tell us why men seeking to satisfy their desires with the least exertion would take the trouble to produce large accumulations of capital if there was no return for their endeavours.

It is also wrongly assumed that those who pay interest are exploited by those who lend.

The use of wealth in the function of capital must be beneficial to all parties concerned otherwise in a free economy no one would bother to accumulate wealth as an aid to production. Those who condemn interest also feature the perishable nature of some forms of wealth forgetting that such are not produced for use as capital unless there is, in addition to interest, a provision for risk and replacement of capital.

The use of capital mostly involves the more durable forms of wealth, such as building structures, machinery etc.



4. It would be almost impossible to hold such outlandish views whereby one would have to envisage a race of people who would erect buildings for others without any consideration of reward, or for their own use without any satisfaction arising, unless there is a totally wrong understanding of the nature and function of money. Space will not permit of a detailed examination of money except as a thumbnail sketch.

Real money is capital used for the purpose of aiding exchanges in specialised production by the division of labour. Motor transport does the same thing in a physical sense. Real money may be share holders' funds, often in the form of gold invested in a bank, used to cushion the fluctuations of borrowing and lending and to secure investors against market variables. Why should people render this secure for nothing? We might as well revert to barter if there is no advantage in using money to reduce the cost of making exchanges.

The greatest mistake leading to confused thinking is to regard fiduciary currency, manipulated by governments, as money. At best it can only be representative of real money or wealth.

In essence bank notes used as currency in modern society are not wealth but are receipts acknowledging a debt of entitlement, guaranteed by the belief that governments will confiscate the wealth of this or future generations in order to discharge the obligation on demand. There is seldom if ever a real asset backing for government note issues.

5. This is only part of the story: because of the failure to collect rent as the natural revenue of governments, a huge national "interest" bearing debt is established, often even tied to the value of the currencies of other nations (at times a very costly practice). Similarly, because of the robbery of taxation and land price, a large volume of private debt is engendered.

Borrowing to buy land does not yield real interest because land is not wealth. Excessive borrowing to relieve poverty does not yield a normal return for the use of capital.

What our friends object to then is not real interest but for the want of a better word it may be called "usury" or the exactions of monopoly. This form of finance most certainly need not apply in a Georgist society.

6. It is crystal clear that governments should not be involved in the issue and control of money, nor can they ever be trusted in the foreseeable future with the use of fiduciary currency.

Even Ludwig Von Mises early in this century knew that money and credit pertained to the domain of private enterprise. However until such times as our basic land reform is firmly established and while the use of fiduciary currency persists, this form of monopoly had best remain a function of government.

Henry George was not a "monetary economist", that is to say he did not advocate control of the economy by the manipulation of a fiduciary currency; he did however deal most effectively with the nature and function of money. George was primarily concerned with wealth and capital and its equitable distribution; it is necessary therefore that we, his followers should understand that real money of intrinsic value is capital, that its use is not a necessary monopoly and therefore not a function of government.

7. A further cause of misunderstandings might arise from Gresham's law, which, in general, Georgists have accepted without question.

This "law" if it may be called such postulates that a bad currency drives a good currency off the market.

It has been overlooked that acceptance of fiduciary currencies have been made legally enforcable where ever applied, even on pain of death in France for a period at a time of high inflation. Dealing in gold also was made illegal to the common man. If Gresham's law conformed with supply and demand why would the necessity of legal enforcement arise?

In a Georgist economy, in which the rights of labour and capital were equitable, the producer would not exchange his goods for a bad currency if a better alternative were available to him.

If private banks traded in currency of intrinsic value in open competition producers and consumers alike would elect to use the best currency available to them.

## THE FUNCTIONS OF GOVERNMENT

1. Serious divisions do not occur on this subject; nevertheless it is important that we think and speak with one accord on a matter so vital to the success of our proposals, especially during the transition period during which institutions supporting the Socialist regime must be dealt with.
2. I once read two simple statements in George's works, though I cannot find the former reference, these I have always applied as a yard stick in defining the functions of government - "Where the freedom of competition ends the sphere of State begins", and "Whatever is a necessary monopoly is the function of government". Every Georgist should commit these simple definitions to heart. (See Social Problems chapter XVII). Both statements mean much the same.
3. The obligation of the State is only to do those things for people which they cannot, more effectively, do for themselves. For example it would be impracticable for each house holder to build his own road frontage or footpath, arrange his own telephone, water, electric or gas service.

The regulation of land titles, or communal spaces and of preservation of the earth with respect to its life-sustaining functions is not contentious, at least in theory. The organization of a nation for its own defence and of securing legal justice between all nationals, also is given due lip service, though when basic injustice in respect of land tenure is denied then legal distortions of justice in other respects are bound to occur.

4. When the right of private property is denied by a legalised tax structure then it is inevitable that recognition of the basic concept of justice by all concerned will be impaired. Such matters can only be rectified in the course of time as our proposals progressively are introduced.
5. The main areas of contention, now firmly entrenched and accepted by the majority of people, are undoubtedly those of health, education and money (in its total concept). George was not positive on these matters which can only be resolved by intensive study of the effects of his philosophy.
6. The cost of medical and hospital services are now known to have increased out of all proportion since government monopolies have been established, even allowing for the advance in medical science.

The incursion of governments into this field has undoubtedly been because of unemployment and poverty and cannot possibly be reversed under present conditions, but in a Georgist society with healthy competition reintroduced private enterprise could resume its once normal role at a fraction of the costs which apply today.

7. It is generally assumed even by many Georgists that the State has a responsibility to educate all children even to the limit of tertiary education to which they may eventually aspire, forgetting that education is not a necessary monopoly and that those who take university degrees are subsidised by the poorer or less endowed section of the community. George's support of public education is not consistent with the view that education is not a necessary monopoly.

George rightly declared that government instrumentalities could be as efficient as private concerns of comparable size under efficient management with the right to hire and fire and removed from political interference, but this condition is not easy to achieve and there is no good reason why education should be under the control of one vast centralised authority.

It is well known that when any service is "free" people are attracted beyond the limit of market demand. This year in Western Australia 700 teachers educated at taxpayers' expense are without employment despite which a further 1100 have been admitted for training. Private enterprise would not ignore market demand or waste its resources in this manner nor would prospective students be attracted to a course of study at their own expense that had poor prospects of employment.

There is however a more powerful reason why the State should not be involved with education, particularly in studies in which controversial subjects, ethics or moral principles are involved. For obvious reasons the State cannot teach beliefs which are not generally accepted, therefore students graduate without firm beliefs in anything - mental agnostics interested in nothing involving right and wrong.

Private enterprise is not so inhibited and in fact would specialise in teaching from conviction. It is better to believe in something even if marginally wrong than to have no beliefs on moral issues. This problem could be overcome by limiting state education to formal and technical subjects.

Competition among private schools will eventually sort out such matters and those most closely attuned to truth will prosper accordingly. This however will be a long process, the fullness of which can not result until the cleansing effect of Georgist philosophy has had time to leaven accepted social standards.

It must also be remembered that private education is endowed to a large extent by incomes arising from land monopoly and for this reason there is an ominous silence instead of courageous leadership on many aspects of right doing.

8. The matter of money has been dealt with in another chapter. Contrary to general belief the issue and control of currency is not a necessary monopoly nor should there be any restriction of competition. Private banking institutions would issue their own currencies backed by real netotiable assets.

This has been current practice both in England and the U.S. in the past. The free enterprise systems crashed on booms and depressions arising from gambling in land and State banks were established as just another prop in support of the institution of land monopoly, accepted because of the sugar coating, to guarantee the little man's savings.

The power to issue money of intrinsic value by private banks will be among the last reforms of a Georgist society. It could not be contemplated until land rent is taken for revenue to an extent that will eliminate land speculation and the consequent booms and depressions.

Such conditions were rife in America in George's day, resulting in the failure of numerous banks and the loss of savings of depositors. George was influenced accordingly to believing that the issue and control of money was a necessary monopoly and therefore a function of government.

In this regard George did not foresee the full, ultimate, cleansing effect of his fiscal reforms upon society, although in other respects he certainly did.

The Georgist movement should have a firm policy on the functions of Government and the priorities involved which should be written into a manifesto of principles of belief and objectives.

A full consideration of the subject would go far beyond what is possible in this sketchy examination. In the meantime we should avoid dogmatic statements and approaches in our propaganda. The objectives under reference will not be possible until the effects of our fiscal proposals are clearly demonstrated. We must not engage prematurely in too many battles on too many fronts.

CONCLUSION

1. This paper is not intended as a criticism nor is it in the nature of recrimination. Nevertheless it does analyse long established practices and recommendations are made for changes which may not easily be accepted or implemented in some instances.

In the past we have all worked for the Georgist cause as seemed best suited to local conditions and from a short term point of view may still seem to be most expedient.

2. The world is crying out for the basic reforms we propose. The tax revenue system has had a century to prove itself: instead of any measure of success being achieved it becomes daily more apparent that taxation which destroys incentive is a total and dangerous failure.
3. Governments are now teaching quite openly that unemployment and inflation must be accepted as permanent features of society, ignoring the breakdown of orderly government which is an inevitable consequence of wrong doing.

In January 18th 1982 issue of "TIME" an essay by Frank Tribbett after recounting "The Anguish of the Jobless" makes no recommendation other than that we should "mourn ... increased unemployment as an unavoidable trade-off cost in the effort to achieve monetary stability and defeat inflation".

He then reaches a crescendo by quoting Russel Baker in support of his inevitability theory - "It is obvious that unemployment is an honourable form of service to the nation".

Do people really believe such nonsense or is it all part of the grand hoax in support of the landed aristocracy in its claim, as an inherent right, to live from the labour of others?

4. Our proposals cannot be rejected because they are too radical. Compared with the tax structure which has developed and been accepted during this century they are mild and conservative.
5. We should specialise in three different areas:-
  1. Policies and Research - Production
  2. Business Management, Organisation & Finance - Administration
  3. Education, Public Relations Propaganda and Political Action - Sales
6. It is with the first of these functions that I have attempted to deal in order to clear the decks for action. We need an International Policy Council - "Georgist International" - with national affiliations and liason in order to establish universally acceptable policies which leave no room for divisions and misunderstandings. Such an ambitious undertaking has never been achieved by the proponents of any political philosophy opposed to our views, nor is this possible, because unscientific beliefs can never be implemented without serious divisions or the application of force.



A Georgist Manifesto is however entirely within the realm of possibility for our movement and the policy council, when established should begin work on its preparation forthwith.

7. The mistakes and inconsistencies George made were incredibly few and by comparison with the works of empirical economists, and considering that he wrote, breaking new ground, a hundred years ago, revealed a knowledge and power of logical analysis which has never been surpassed, either before or since.

It should also be remembered that The Science of Political Economy was never finished.

8. It remains for us but to tidy up a few areas and relate the science George discovered and developed to the politics of our day.

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