

DRAFT GEORGIST MANIFESTO

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Supplementary Note.

Subject to the adoption of this draft Manifesto, with or without modifications, it should be reproduced in abbreviated form to become the official statement of political beliefs and objectives. ✓

DRAFT - GEORGIST MANIFESTO

1. THE BASIC LAW

The basic law of political economy is that all men seek to satisfy their desires with the least exertion. Arising from this, it follows that:-

- (a) Men will always react against injustice.
- (b) Men will not give of their best efforts if incentive is denied.
- (c) Men require access to natural resources under conditions which provide equal opportunity.
- (d) Men require property rights in the product of their labour, recognised by their fellow men and by governments.
- (e) When monopoly rights favouring the few at the expense of the many are legalised by governments, conferring privileged access to natural resources and the most desirable sites, the majority of those disadvantaged will endeavour to form counter monopolies, such as trade unions and organisations concerned to secure an increased return for the use of capital.
- (f) Notwithstanding that by such methods, partial compensation or even adequate compensation is achieved for some, the economy nevertheless is distorted by destruction of the free price structure and impoverished by restricting the production of wealth.

2. THE FACTORS OF PRODUCTION AND DISTRIBUTION

There are three factors in production.

- 1) Labour, the return to which is wages.
- 2) Capital, the return for the use of which is interest.
- 3) Land, the return for exclusive occupation of which is rent.

3. THE COMMON CAUSE OF LABOUR AND CAPITAL

It is noted that wages and interest rise and fall in a like ratio, which indicates a common cause between labour and capital, between workers and those who invest a part of their wages in capital goods or equipment with a view to securing an increased return from the more effective application of labour in some later period of time.

Employers are those who specialise in organising and marshalling the most effective use of labour and capital in order to extract natural resources from the earth or to provide supporting and service industries for this objective.

The organised conflict between capital and labour is artificially stimulated, misguided and damaging to the economy and to all concerned. Chiefly because attention is directed away from the real issue and the central truth is that rent rises as wages and interest fall and falls as wages and interest rise.

Labour and capital therefore, have common cause against the land owner and not against each other.

4. THE OPPOSITE INTERESTS OF LAND HOLDERS.

Rent rises and falls in an inverse ratio to labour and capital, rising as wages and interest fall and falling as wages and interest rise. (Wages and interest are considered jointly and as a proportion of the product).

5. THE NATURAL CAUSES OF RISING RENT.

The natural conditions which cause rent to rise, other factors being equal, are:-

- (1) Increasing population.
- (2) Advances in science and technology.
- (3) Advance in manners, morals and the art of government.

6. AN UNNATURAL CAUSE OF RISING RENT.

An unnatural factor which also causes rent to rise, is the withholding of valuable land from use. This practice creates an artificial scarcity of land available for the use of labour and capital.

7. THE PREFERRED BARGAINING POWER OF THE LAND HOLDER.

The land holder is in a preferred bargaining position to labour and capital in as much as "his" land may remain idle, virtually without cost, whereas labour and capital cannot. The labourer together with his family must be fed, clothed and sheltered; he cannot afford to remain idle and, therefore, must subsist on the best terms available from the land owner.

Capital similarly cannot remain idle without cost. It will rot or rust or become obsolete, will require storage and maintenance and, therefore, must be put to use on the best terms available from land owners.

8. HOW WAGES AND INTEREST ARE FORCED TO THE LEVEL OF SUBSISTENCE AND REPLACEMENT OF CAPITAL.

The preferred bargaining power of the land owner forces wages on average, to the level of subsistence and interest to the replacement of capital, subject only to the power of counter monopolies in the market for labour and capital.

14. THE SIMPLE BASIS OF RENT

Site rent arises because of fertility of soil, climate, etc.

9. THE CONDITIONS OF EMPLOYMENT

There are two conditions under which men work.

- (i) Those directly employed upon the land in agriculture, mining or fisheries (self employed).
- (ii) Those indirectly employed in factories or industries supplying and servicing the directly productive industries or each other.

10. THE CAUSE OF UNEMPLOYMENT - VOLUNTARY AND INVOLUNTARY

When wages and interest are forced by the competition of labourers and capitalists with each other for the use of land, to a level below which labour and capital will consent to produce, the direct users of land voluntarily reduce their productive effort.

This in turn necessitates the retrenchment of part of the indirectly employed work force and involuntary unemployment is the result

11. SECONDARY AND TEMPORARY OR TRANSITIONAL UNEMPLOYMENT

Secondary and temporary unemployment also is caused by interference with the free market conditions of supply and demand for labour and capital by the artificial fixing of wages and interest beyond earning capacity and beyond the price that consumers will consent to pay.

12. LAND PRICES IN AN EXPANDING ECONOMY

In an expanding economy the return to land owners is based, not only upon the present earning capacity of labour and capital and the consequent effect on rent, but also upon an expectation of rising future values. This in turn is reflected in higher land price and rising unemployment.

When the conditions of direct access to land are unattractive, less venturesome people are reluctant even to try to make a living from the land and, therefore, swell the ranks of those seeking indirect employment, increasing competition in such and the measure of involuntary unemployment.

The only basic cause of unemployment is due to the monopoly of land, which discourages access to, or the voluntary use of, land by labour and capital.

13. THE BASIS OF LAND PRICE

Land price is the annual site rent value times a multiple based on alternative forms of investment plus an increment based on an expectation of future gain not applicable to other forms of investment.

14. THE SIMPLE BASIS OF RENT

Site rent arises because of fertility of soil, climatic conditions and life sustaining qualities which is common in varying degrees to all land.

15. THE NATURE OF MAN

Man, in common with all forms of life, is a gregarious animal, but in addition is endowed with an intelligence which enables him to control other forms of life and vegetation to his own advantage. To this end, man requires access to land. Under no other condition is human life possible, and the quality of life will depend primarily upon the conditions of access to land either directly or indirectly.

16. THE CONDITIONS OF ACCESS TO LAND

Site rent measures the desirability of all land compared with the least productive land in use for which there is no competitive demand and therefore, bears no rental value.

As the density of population increases and technology advances so the measure of government services required also will increase.

In a primitive community the value of rent will depend primarily upon the quality of soil and climate to produce the life sustaining requirements of man, but in a sophisticated society, the highest rent values will arise from the advantage of communications which support the division of labour, (specialised production) and the other satisfactions incidental to community living. So the rental values which arise in the centres of great cities by far surpasses those of the richest and most fertile agricultural land in use.

17. THE MEASURE OF SITE RENT

Because all men seek to satisfy their desires with the least exertion, they will naturally desire to use land producing the greatest return to labour expended and capital invested. Men, therefore, will compete with each other for the exclusive use of land best suited to their type of industry. The market value of each lot of land is determined by the competition of labour and capital. This is the measure of rent.

18. COMMUNAL SETTLEMENT, SERVICES AND RENT

The settlement of people in communities requires communal services for the provision of water, power, transport, communications and social amenities etc.

It is the advantages of such services in relation to population density, markets, etc., which serve particular sites in varying degree, which determines how much prospective occupants will bid for the privilege of exclusive possession.

19. THE MEASURE AND VALUE OF GOVERNMENT SERVICES

Rent then is the measure of the earnings of the services of government. It is the natural revenue of the State, sufficient for all the proper functions of government, since it is the measure of the value of such services.

20. THE PENALTY FOR FAILURE TO COLLECT RENT FOR PUBLIC REVENUE

If the government, in common with any other form of commercial or industrial enterprise, fails to collect the revenue it has generated, the value of which is freely accepted by the market, it must perforce become insolvent.

21. THE ORIGIN OF TAXATION BORROWING AND INFLATION

Governments of the day do, in fact, fail to collect the rental value generated by their services. Rather than become bankrupt, however, resort is made to the confiscation of property by legal force. Some part of the product of labour and capital is taken under the name of taxation and a further portion of current production under the guise of public borrowing. In such cases, the security given is a solemn undertaking to repay and service loans from the product of the labour of future generations, also to be appropriated by taxation.

22. RENT INGREDIENT IN TAXATION

Taxation is levied as a charge against production, that is, upon labour and the use of capital in one form or another. It also includes some part of rent taken as a direct reduction from the income of land owners as such, or indirectly from production and service industries which include a rent ingredient.

23. TAXES NOT A MEASURE OF VALUE IN EXCHANGE

In general, however, taxes do not reflect the value of government services. There is no principle of value in exchange involved. Taxes, therefore, fall into the category of legalised robbery, rendered all the most despicable and

28. THE ORIGIN OF TAXATION

disturbing, because those responsible take no risk of apprehension and punishment, which is the normal consequence of depriving a person of his property by an act of force.

24. MARKET DETERMINATION OF VALUE OF WAGES, INTEREST AND RENT

Wages are the return for labour expended according to market value.

Interest is a return for the added value, which the use of capital imparts to labour, assessed according to market value.

Rent is the added return, which the use of valuable or desirable land imparts to the effectiveness of labour and capital. It is determined in the market according to the value which exclusive occupation adds to the effectiveness of labour and capital applied to particular sites.

25. RENT COMPARED WITH TAXATION

In no way can collection of rent for revenue be classed as a tax. The labourer with equal reason, might claim that instead of drawing wages he was levying a tax upon his employer or the capitalist claim that he was taxing the borrower. Rent is a precisely measured charge for the service of government and for natural advantages and should not loosely be described as a tax.

26. RENT A VALUABLE AND ESSENTIAL SERVICE

The use of valuable rent bearing land is essential to most industries, such as retail emporiums, motor repairers, architects and engineers, who would assuredly become bankrupt for lack of customers if asked to transfer their operations to marginal rent free land.

27. CONDITIONS OF LAND TENURE

In British Law there is no absolute title to land. All land is held in "fee simple", which is a form of tenancy subject to an obligation in one form or another to the Crown.

In feudal times the occupation of land was conditional upon military service or maintenance of the Royal establishment i.e, the government, such an obligation was described as a feudaldue, rent or fief but never as a tax, which describes an imposition without a corresponding obligation.

28. THE ORIGIN OF TAXATION

It was only when land holders shed this obligation to the Crown that imposts levied on the working mans' food and necessities became known as taxes. When customs duties were first introduced in England, such were levied with the deliberate intent of robbing the foreigner, with whose country Britain was frequently at war, regarded as a natural enemy and, therefore, fair game to be the subject of robbery. It was not realised then, anymore than it is today, that both the buyer and the seller suffered an injury when imports were taxed.

29. THE SHIFTING OF "TAXES" ON LAND VALUE (SITE RENT REVENUE)

It has been recognised for a hundred years by economists of repute that "taxes", as such were loosely called, imposed on the rent of land or its capitalised value, could not be passed on as increased price. The use value of land is not affected by the collection of all or part of the rental value for revenue. It is of no concern to the user whether rent is paid to the State or to a private land holder. The capitalised value of rent or land price, however, is reduced, other factors being equal, by the collection of rent for public revenue.

30. THE SHIFTING OF TAXES ON LABOUR AND CAPITAL

Although implicit in the teachings of George, it has only quite recently been rediscovered that taxes on the products of labour and the use of capital are not in fact ultimately paid by labour and capital, but are passed on as price increases, also ultimately, at the expense of the land holder.

31. TAX REDUCTIONS ULTIMATELY BENEFIT ONLY LAND HOLDER

It follows that if such taxes were to be reduced or abolished, rent ultimately, would increase by the same amount, without any benefit to labour and capital.

32. TAXES AND MINIMUM LIVING STANDARDS

It is evident that this must be so because wages and interest (disregarding the counter monopolies) have been forced by the inferior bargaining power of labour and capital to the least return that labour and capital are prepared to accept and, therefore, a further reduction of living standards will not be accepted.

33. COUNTER MONOPOLIES NOT AT THE EXPENSE OF LABOUR AND CAPITAL

It follows similarly that the effect of the counter monopolies which favour some sections of labour and capital are not at the expense of the remaining section of labour and capital operating under free market conditions, but also are at the expense of rent and otherwise would be to the advantage of rent.

34. UNEMPLOYMENT AND WASTE NOT AT THE EXPENSE OF LABOUR AND CAPITAL

The same effect applies to waste and loss of production due to the disincentive effects of taxation, to productivity lost by the idle rich and the idle poor and to all bureaucratic impediments to production, which are not ultimately at the expense of labour and capital but otherwise would advantage rent.

In parallel with such mistaken beliefs is the almost incredible conviction held by militant labour leaders, that to restrict production by any means is to injure employers, who are mostly identified as capitalists, who in turn are considered to be the enemies of the "workers". The theory being that injury to the capitalist must advantage the workers.

Arising from such folly is the demand for shorter hours of work, for the sacking of married women, for restricting migration, for go slow tactics, for prohibiting imports, banning the use of advanced technology etc. The immediate effect would be to increase costs and restrict export sales. An increase in unemployment would result. Eventually the increased costs would be absorbed by a reduction of rent.

It is believed that wages are paid from capital, the extent of which is fixed, therefore, every man employed keeps another out of work. The truth is quite the opposite. Wages are paid from production. Every man producing wealth, exchanges his surplus product to provide employment for others.

The effect of such futile policies, is amply demonstrated in Australia where these are being applied under Communist domination in defiance of government. Increasing unemployment, particularly of young people, is the inevitable result, accompanied by a rising rate of inflation, a worsening crime rate and tax evasion virtually out of control.

35. THE MAGNITUDE OF SITE RENT REVENUE IN A GEORGIST SOCIETY.

When all the foregoing factors are taken into consideration, it is evident that an enormous revenue from rent would be available to government in a

Georgist society, equal to the sum of present taxation, plus the visible value of economic rent, plus the increase in rent that would arise from the abolition of monopolies, the elimination of waste and useless occupations, plus increases arising from increased productivity as incentive and full employment was restored to industry, and the idle and underdeveloped land was restored to use; Less only the increased share of production that would flow to labour and capital due to improved bargaining power as the full value of rent was taken for revenue, which would oblige land holders to compete for labour and capital in order, fully to develop and exploit the rent potential of their holdings and discharge their rent payment obligations to government.

Bargaining power would then equate between land holders, labour and capital.

It is not possible to state precisely to what extent rent would be reduced by rising wages and the earnings of capital.

It is certain that the portion of capitalised rent due to the expectation of future increases would be lost to land owners, but so also would the capitalised value of rent generally, as land price ultimately disappeared, but this is not the annual economic rent upon which governments should depend for revenue.

If rent ultimately settled down to the sum of taxation and rent presently collected, this would be substantially in excess of existing revenue, and if the sum of wages and interest increased only by the present cost of monopolies, and waste, plus the value of increased productivity as incentive to produce was restored, then there would be a substantial increase in the earnings of labour and capital.

Living standards also would rise as governments were no longer obliged to spend such a large proportion of income on palliatives and props required to support a "sick society" which alternatively would be spent to provide services of real value to the community.

Once the Georgist form of government was established, then it would be entirely possible to predict the amount of economic rent that would flow to the treasury. This sum would stabilise as inflation (hidden taxation) was no longer a factor distorting the economy and all aspects of sound finance.

The growth rate of rent with advancing technology and rising population etc., also would be predictable enabling governments to plan expenditure in advance. Within a few years it would only be necessary to project the curve on a graph for this purpose.

36. THE FUNCTIONS OF GOVERNMENT

Consideration must now be given to the proper functions of government which cannot be exceeded in a free society, otherwise government would find itself in unfair competition with labour and capital.

Governments should be responsible only for the provision of services which individuals cannot do more effectively for themselves, for example, the construction of road systems, water and electric power supplies etc.

Henry George declared that whatever is a necessary monopoly is the function of government, and where the freedom of competition ends, the sphere of the State begins.

Based on this premise, the proper functions of government are listed as follows : -

I Administration of the peoples' estate - the rental or site value of land, which is the rightful property of the living generation.

The land itself must provide the sustenance of all future generations; therefore, it can not be regarded as the exclusive property of any individual or community or generation.

Administration consists of preserving the utility of land, ensuring that rental valuations are recorded accurately in conformity with market assessments attuning to market fluctuations, adjusting records accordingly and publishing all such records for public information to ensure that all land holders can compare their own assessments with those of all others in the community.

It is important that governments not only do what is right, but may also be seen to do what is right.

The site rent of land must be collected for public revenue, less collection costs incurred by title holders or lessees dealing with tenants and sub-lessees etc., which are really their wages.

- II The preservation of order, protecting the equal rights and safety of all people. This involves police, justice, traffic administration etc.
- III National defense, the normal functions of which are well known and generally recognised. This would be possible for the first time on an effective scale from the abundant revenues arising from economic rent, assisted by the rapid growth of population, taking full advantage of technological development and rapidly rising productivity.
- IV The provision of all services involving reticulated distribution via public road and highway systems, including water, power, and telecommunications etc.,

The provision of road and rail services, the co-ordination of bus services and other forms of public transport requiring monopoly conditions of operations, air and bus terminals etc.
- V The provision of recreational and cultural facilities such as playing grounds, parks, and gardens, libraries etc.
- VI Welfare services for the protection of the aged, infirm and incapacitated until such time as self supporting insurance funds can be generated.
- VII The prevention of cruelty in all its forms affecting the welfare of children, animals, birds, and wild life generally, in short, all forms of life unable to organise self protection.
- VIII To regulate and control the exploitation of mining, oil and gas reserves, forestry, fisheries etc., preserving the peoples' equity in natural resources and providing full incentive, compensation for risk and ample rewards to capital and labour.

37. HEALTH AND EDUCATION SERVICES

It should be noted that publicly financed or regulated health and education services are not included. Such are not necessary monopolies and are much better

catered for by private enterprise, on the score of cost, efficiency, diversity and flexibility etc.

38. BANKING AND CURRENCY

It should also be noted that the provision of currency is not a service which is within the proper function of government.

Governments in the foreseeable future cannot be trusted with control over fiduciary currency. Currency of intrinsic value can be provided under competitive conditions by private banking institutions, virtually without government regulation. Competition would oblige banks to provide ample negotiable security such as gold or silver.

The role of government is to provide stable conditions without the booms and depressions caused by land gambling which ruined the private banking institutions of the last century. This is possible only under a Georgist system of government in which inflationary pressures would not arise.

39. REGULATION OF WAGES AND PRICES

It should be further noted that there is no provision for the regulation of wages or prices, which would not be necessary in a Georgist society.

40. REGULATION OF TRADE AND INDUSTRY

There is no provision for the regulation of trade and industry in any form, subject only to measures that would ensure industrial safety, licensing operatives in potentially dangerous industries and ensuring that safe working conditions were observed in manufacturing and construction industries. Eventually, such measures would be negotiated with insurance companies, which would adjust premiums according to performance and claims records. The role of government would then be reduced to regulation only with a minimum of supervision. Private insurance companies would regulate fire protection and industrial safety as a profitable investment in the running of their business.

41. INTERNATIONAL EXCHANGE

International exchange would be absolutely free and the relationship of currencies of the trading nations would be adjusted in the free market by private financing institutions according to the movement of goods, investments and the financial strength of the banks involved.

The functions of government of necessity are not stated exhaustively, but the yard stick of competition and monopoly can be applied as to when determinations must be made.

42. ECONOMY OF GOVERNMENT SERVICES

It is evident that there would be an abundant and buoyant revenue available to governments in a Georgist economy accompanied by a drastic reduction in normal expenditure.

There would be no unemployment and relief of poverty demands on the budget, the costs of crime prevention and vandalism would decline, public borrowing and servicing of loans would phase out, inflationary pressures would disappear, the costs of subsidising and bureaucratic interference with industry would cease. The costly failure of socialised health and education services is now well recognised but cannot easily be abandoned under the impoverished conditions, not only of the public economy but also of the private sector, which apply in most countries.

The transition from public to private health and education services would not present a major problem under the affluent conditions of a site rent financed economy.

How should governments handle the surplus revenue generated from a site rent revenue system?

- I There is a back log of neglect in many areas, particularly with regard to national defense.
- II Government charges for public services most generally used, which generate land value directly, could with justification be reduced to provide for operational charges only. Charges nevertheless must be adequate to prevent waste and misuse, particularly with regard to water and energy, also in areas in which conservation is in the national interest.
- III The utmost care must be taken not to provide services which are not in the necessary monopoly bracket, in competition with private enterprise or to provide services at the rent payers' expense which benefit only the few and so drift back into creeping socialism.

IV Most people would desire to spend their share of surplus community generated site rent in their own particular way. This could be achieved best by a voucher system, as proposed by Milton Friedman, which could be spent selectively on health, education, cultural amenities, travel or in other defined services, the provision of which add to the site value of land.

43. DISPOSAL OF SURPLUS ASSETS OF THE SOCIALIST STATE

Government revenues progressively would be augmented by the sale of government property which would not only be redundant in a free economy but which at present involves taxpayers in very substantial maintenance and servicing costs.

44. CAUTIOUS APPROACH TO CIVIC DEVELOPMENT

Particular care should be exercised to avoid the premature building of expensive freeways servicing overcrowded and congested cities, in which land speculative interests are heavily involved.

In a Georgist economy, economic viability would be restored to outer regions in which the quality of life is superior to living tier on tier in the great cities, in which children are bred in such unnatural conditions that access to mother earth is regarded as a treat, indulged in only on special occasions.

45. CIVIC PLANNING IN THE TRANSITION STAGE.

During the transitional stage, greater reliance should be made on Town Planning, with minimum building height and plot ratio provisions, until economic forces establish a natural and healthy balance between city and country. With such changes, even as a return to mixed farming and a decline in, single crop, parasite breeding, conditions might be possible, which would greatly reduce reliance on dangerous pesticides.

46. RENT COLLECTION CONDITIONS - ECONOMIC AREAS

In a Georgist economy the greatest rent revenue will be generated where there is the greatest revenue aggregation arising from density of population. In other words the advantage of site will outweigh the advantages of superior fertility of soil. Rent generated by hinterland habitation will be reflected in city site rent value.

Care must, therefore, be taken to average rent collection and expenditure over the whole economic community. Outback areas must not be required to exist and contribute to national revenue purely on a local basis.

Local autonomy has much to commend it in many respects but it must not be allowed to generate into financial parochial isolation.

Under no circumstances can variable degrees of rent collection be allowed in different communities. Market valuation and uniform collection on the same basis is essential to success.

Existing boundaries of Shires and States must be examined to provide the mean optimum of efficiency. In other words one rent collecting instrumentality should not benefit at the expense of another.

Within the limits stated, revenue should be locally collected and an agreed proposition allotted to national expenditure, reversing the existing procedure. This will not be as impossible of achievement as it might appear for the reason that it would be difficult to spend the magnitude of rent collections in centralised local services. Defense and Justice are national responsibilities which local interests must recognise for their own protection.

47. POPULATION

In a society liberated from the shackles of land monopoly, the birthrate, now virtually static in most western countries, will respond to the restoration of natural living conditions and desirable immigrants will be attracted without the cost of subsidised inducements. Rent will rise accordingly to meet the additional cost of government services required.

In the third world, the poverty stricken nations of Africa, India, Asia and the Southern American States, there will be a reverse effect until balance is restored. As De Castro and Henry George have demonstrated, an unnatural stimulation of the birth rate arises from extreme poverty, which results in a deficiency of protein rich food, also from mental degradation and the absence of cultural education.

48. FREEHOLD - LEASEHOLD CONDITIONS OF LAND TENURE

There is a difference of opinion in Georgist circles on the subject of the conditions of land tenure. Some are adamant that leasehold tenure is essential and others are just as emphatic that the present fee simple title system be maintained. This matter can well be left to local habits and preferences and when clearly understood a division of opinion would not exist provided precautionary measures are taken.

Leasehold tenure involves legal contracts, the conditions of which in the past have varied enormously. In a Georgist society leasehold tenure must be clearly defined and conditions must be consistent with the highest concepts of justice as we know them.

In order to preserve the right of private property and at the same time safeguard the nation's equity in the site rental value, the following conditions must be stipulated.

- I Lease tenure must be in perpetuity.
- II The right of transfer must be provided for.
- III Frequent valuation appraisals must be made and lease rentals adjusted accordingly.
- IV Sub leasing must be provided for on the same terms as the leasing conditions with the Crown.
- V The right of resumption, subject to compensation for improvements, must be provided for in the event that the land is required for the legitimate functions of government.

Leasehold tenure is particularly suited to pastoral and mining ventures also to fishing rights.

Conditions of termination or variation, when in the national interest, without injustice to the lessee, must be included to suit unpredictable conditions which apply to certain industries.

Under such conditions the effect would be the same as under a 'fee simple' title. Leasehold or freehold tenure should be entirely optional to suit local, individual or community preferences. The title system will most likely be preferred.

49. COMPENSATION

The subject of compensation for loss of monopoly rights to rent or capitalised rent during the introductory and transition period of the Georgist State is another subject upon which there is not general agreement.

Compensation on moral grounds cannot be admitted.

- I People do not demand or expect compensation when income taxes are introduced or increased or when customs duties are applied or varied.
- II Land monopoly and speculation, notwithstanding that it may at present have legal sanction, is in breach of moral principles. A landholder who gambles that the community will continue during his pleasure to sanction immorality and who makes a wrong assessment of the gullibility, ignorance or wickedness of his fellow men, in this regard, has no moral claim and certainly no legal claim in British law for compensation.

There are precedents for the payment of compensation, but such are based on custom supported by the same wrong premise, which sanctioned the conditions of land monopoly under reference.

A much better case could be made for the payment of compensation to those who have suffered injustice, endured poverty or unemployment, through being disinherited from their equity in the site value of land, by the institution of land monopoly.

Compensation of either party is impracticable and attempts in this regard have failed wherever attempted, because injustice is perpetrated thereby in another form.

It is generally proposed that introduction of the Georgist economy should be gradual to avoid unnecessary disruption. One method of providing for the gradual introduction of collecting land rent revenue would be to assess the full value immediately, but to allow a reducing rebate each year, over say a five year period, and reducing taxes in the same ratio.

This would have the appearance of paying compensation, but would in fact be no more than a progressive method of implementation. It might reduce opposition to the introduction of our proposals. Under no circumstances should any compensation be considered in respect of the capitalised value of rent i.e., land price.

The proposal is not without a measure of complexity, however, because the full rental value would not arise until the near total value of rent was taken for revenue and taxes almost completely abolished. The restraints on productivity would then be abolished and the large increase in wealth production would stimulate the demand for land and consequently rent would rise. For this reason it would be necessary to peg the basis of rebatable value at the commencement.

50. DEMOCRATIC FORM OF GOVERNMENT

Not only as a means of introducing and implementing a free economy but also as a matter of principle, Georgists must be concerned regarding the form of government which should involve all people to understand political issues and to elect representatives to governing bodies who will faithfully discharge the functions of government and endeavour to implement the views of those who elect them. As Abraham Lincoln is reputed to have said. "The people must understand, for the people alone can act." This is not possible under present electoral methods except to a limited degree.

It is not sufficient to provide equal voting entitlements, unless it is also ensured that all votes shall have equal value in electing a candidate. It is also necessary that the views of a wide cross section of the community shall be represented in government.

This is not possible in a two or three party system with pre-selected candidates, which must develop, as indeed it has, into a system which represents only right wing and left wing socialists, each vying with the other for power, competing for votes with grandiose promises of hand outs, which are incapable of fulfillment. There can be no effective appeal to justice and integrity under such a system.

In view of the foregoing, the Georgist movement, in order to influence governments, must espouse the principle of democratic elections for Parliament and for Cabinets or Executive Councils.

Under Proportional Representation, up to say ten schools of thought can be represented effectively and only about 10% disfranchised.

Under the two party system, only two schools of thought can be represented and about half the electorate will usually be disfranchised (in Great Britain, under the First Past the Post System, which violates all the principles of democracy, without even preferential provisions, a majority government has been returned only once since the turn of the century).

In Switzerland, not only members of parliament are elected under Proportional Representation but the Cabinet also is elected by Parliament, using the same system. There is no Opposition to oppose and no ruling party to topple. All politicians participate in government and back benchers are not just figure heads, as at present. Under such conditions, corruption and inefficiency can be exposed and good government be possible.

51. NATURAL RIGHTS

It should be endorsed in principle that a Bill of Rights be written into the Constitution, which will guarantee inalienable and equal human rights to each individual, also communal rights in respect of the site value of land, which is the government's natural revenue. As Edmond Burke is reputed to have said 200 years ago, "The revenue of the State is the State; everything depends upon it both for support and for reformation."

A Banking Charter might initially be necessary, but custom eventually would

52. INFLATION

Georgists must be clear on the matter of inflation, which is regarded in political circles as the most important matter facing the nations, even transcending the problem of involuntary unemployment. We are told that governments are wrestling with the problem of inflation and a measure of unemployment must be accepted to this end. Nothing could be more ridiculous. Employment depends upon conditions of access to land, the source of all wealth, also to a secondary extent, unemployment is generated by artificial restrictions imposed upon labour and the use of capital.

Inflation is caused by deliberate acts of governments in issuing currency and Treasury bills for the purpose of balancing budgets or for other reasons, under such conditions that the value of goods and services will be increased in price in terms of money. In other words, more currency will be required to purchase the same units of goods and services.

The present forms of government under which private property is confiscated from individuals by taxing devices, and community generated site rent is confiscated by those who perform no equal service in exchange, creates fiscal problems adversely effecting the solvency of governments. In other words an imbalance between income and expenditure, which when measured in terms of money of constant value, can only be corrected either by reducing expenditure or increasing income. Both such alternatives are unpopular to governments constantly beset by problems which, according to methods employed, cannot be resolved, therefore, the third alternative inflation becomes irresistible.

We can confidently declare that in the free economy we propose, inflationary pressures will not naturally arise.

Governments must be precluded from issuing fiduciary currency. Under free condition a private competitive banking system which of necessity could deal only in currency of intrinsic value, or with adequate asset backing, would naturally develop. Banking and the function of facilitating exchange with the aid of currency is not a necessary monopoly. It is, therefore, both dangerous and mischievous to entrust elected representatives with the power to inflate the currency when they are not individually accountable for irresponsible actions or called upon to bear the costs involved.

A Banking Charter might initially be necessary, but custom eventually would determine the conditions of survival and success of Banking institutions. Dishonest banks would not be able to compete with Banks in which the savings and exchange of the people could be entrusted with absolute confidence.

The wholesale failure of private banks in the nineteenth century was caused by boom and depression conditions, which in turn were generated by mad land speculation. Such conditions could not arise in a Georgist economy.

53. PSYCHOLOGICAL ASPECTS OF THE TAX COMPLEX

The greatest difficulty of implementing the Georgist programme is the taxation complex with which the people, including many "single taxers", have become indoctrinated by the power of the media and constant repetition. It cannot be conceived that the State could possibly function without taxation. This complex can only be countered by constant and persistent repetition that taxation is robbery, causing disincentive to work, to invest and to save; that the loss of production caused by such methods is weakening the nation and moral fibre of the people; that a high and efficient level of production with a virile and prosperous population, trading freely and profitably with the people of other nations, is the only real basis upon which the nation can defend itself. It follows, therefore, that those who persistently and with full knowledge oppose the essential reforms we propose, are in fact the enemies of the nation.

54. FREE TRADE

The Georgist movement in its infancy coupled its "land reform" proposals with "free trade" policies, as though both matters are of equal importance.

In the 20th Century, the spectacular advance of technology has in turn produced a highly capitalised basis for numerous sophisticated industries, many of which have developed unnaturally, on the basis of tariff monopolies, or some other form of subsidised protection, from the full brunt of competition.

Millions of dollars in turn have been invested in homes and land price to provide labour for such industries.

Absolute freedom of trade is an inherent human right and as such is endorsed by the Georgist movement, similarly the right of private property is a corner stone which also is violated by unnatural barriers to trade.

It would be futile however to endeavour to liberate trade before, or other than progressively, with our land reform proposals, as numerous governments have discovered to their cost.

It is imperative that alternative employment for labour and capital be provided before the changes inseparable from the withdrawal of tariff protection are placed upon industry.

Free trade would result in an increase in the production of wealth but unless accompanied by land reform - such benefits would flow to the land owner, and free trade, therefore, should not be featured unduly during the transition stage, other than as a part of a progressive programme for the reduction of taxation concurrently with the collection of site rent for revenue.

55. MARGINAL PROBLEMS - POLITICAL ANALYSIS - A WORLD ECONOMY -
COMMON FALLACIES

All countries have unemployment and inflation though in varying degrees of intensity - Inflation from about 6% to 18% and unemployment from about 3% to 10% of the work force.

Some countries have an abundance of natural resources, others such as Japan have almost none.

The pattern of unemployment does not relate proportionately to the natural wealth of a country or specifically to the rate of inflation, or even in all cases to land prices and the availability of land.

It is important that Georgists understand all facets of the problem of unemployment and inflation, otherwise statistics might appear to contradict our basic claims and become an embarrassment.

Referring again to Japan - Land prices are perhaps the highest in the world, wages are comparable with western countries, the rate of inflation is below world average and the rate of unemployment is well below world average. How can such apparent contradictions be explained? The following is suggested.

Because Japan has virtually no raw materials, it must trade with other nations, otherwise it cannot buy its requirements or sell its products. It cannot afford the luxury of prohibitive trade barriers.

Also for the same reason, the maximum use of technology must be availed of and above all, the people must be willing to work.

In the automobile industry the output of a Japanese worker is many times greater than that of an English, Australian or German worker. And what of land prices? How can industry possibly afford to pay? It obviously can't. What are the alternatives?

The economy has developed on the basis of a relatively few enormous corporations which have owned their land for years and which specialise in mass produced products using the latest technology and taking full advantage, because of its large population, of the division of labour. Japan is not plagued with militant trade unions which inhibit the production of wealth. Small industries, lacking access to land, in general cannot compete except the home based subcontract workforce which has very little overhead. Social amenities are provided by the large corporations as a matter of necessity, because of high land prices, at a fraction of the cost of the Government bureaucrat welfare State of the Western world.

Under such circumstances a large part of the "profits" of industry, although not recognised as such are in reality economic rent. Japan is in a position to buy in the most competitive markets in the world and sell its products at attractive prices throughout the world. World markets in a world economy are in fact its hinterland, which to an extent generates the high rents of Tokyo and Osaka.

In return, Japan is able to an extent, to export its problem of unemployment and all the accompanying social diseases.

So long as other nations play the fool, with their mongrelised economies, Japan will be able to maintain its favourable position. But this could not be maintained if the Western nations were to adopt the Georgist plan, when Japan would have two alternatives, either to follow suit or inherit, in reverse, the economic problems it had been exporting to other countries.

It is little short of amazing that our socialist labour leaders, in view of the above stated lesson in economic history, should still endeavour to restrict the production of wealth with go slow tactics, ever shorter hours of work, the artificial creation of useless government jobs, and resistance to the use of advanced technology etc.

The working man will never be won in support of our cause until we are able and prepared, effectively, to expose such nonsense.

56. HOW LAND PRICES WOULD REACT TO PROGRESSIVE IMPLEMENTATION OF OUR PROPOSALS.

We should exercise discretion in predicting a drastic fall in land prices as rent is collected progressively for revenue.

The first effect will be noticeable when it becomes apparent that there will be no increase in land prices due to anticipation of future values rising in a progressive community.

Prices would also commence to fall due to the disposal of land kept idle or underdeveloped, forced on the market by rising rent payments to the State. It should be borne in mind that property rates include about two thirds of the value of improvements. Reduction of such charges, therefore, would have only a one third impact on reducing land prices.

The relief of taxes which bear on labour and capital will cause rent and consequently land prices to rise until the rate of rent collection exceeds the rate of reduction in taxation. This is true also of the abolition of monopolies, a reduction in the rate of inflation and the elimination of waste.

There will also be pressure to increase rent as productivity increases and the collection of rent for revenue must exceed the effect of rising productivity.

Land prices will not be entirely eliminated or a reduction become really significant until we are well along the road to the near total collection of economic rent.

This will have some advantage in lessening the resistance of land holders to the introduction of our proposals.

57. CRIME AND VANDALISM

Statistics show that the unemployed and those leading idle, useless and frustrated lives are more prone to crimes against society than those doing useful work, with the incentive to strive for advancement and success.

Since involuntary unemployment and the disincentives to work and achieve would be removed in a Georgist society, it follows that the cause of the problem would be greatly reduced.

Nevertheless there will always be a measure of crime, vandalism, excesses and debauchery, with which society will have to deal.

As society becomes more orderly, so will site rent rise and the funds be provided for correction and rehabilitation.

Justice would seem to be satisfied best, by making those responsible, pay the cost of their crimes or acts of vandalism. This involves compensation of their victims which is not generally possible unless the perpetrators are permitted to work.

There is no good reason why the enemies of society should live, even deprived of liberty, at the expense of the community which they have injured.

When the State is plagued with unemployment due to land monopoly, it is very difficult for government institutions to provide productive employment without

competing unfairly with private enterprise. Even if success is achieved, the savings to the taxpayer eventually are to the advantage of rent.

In a Georgist society, however, there is incentive for production of all kinds and rent increases benefit the State.

Useful occupation for the satisfaction of injuries to others also would restore dignity and ^{aid} the process of rehabilitation. This, however, is not really the subject of political economy.

It would even be possible to subcontract the whole prison system to competitive private enterprise, with little cost to the State.

Comparative results could be documented and evaluated as crime deterrents, agencies of rehabilitation, and compensation, measured against the costs involved. ✓

58. THE MEDIA

The power of the media in modern times to influence public opinion is immeasurable and beyond comprehension.

The greatest difficulty experienced by Georgist organisations through the world is the unwillingness of the media to afford space and time for publicising our proposals and philosophy.

As the gap between privileged and underprivileged widens, so does the standard of morality decline. Those who live without working are corrupted by living without achieving, and have no compunction in spending a part of the tribute they exact from the under privileged to maintain and extend their privileges.

Those who work without reaping their just rewards, or are denied the right to work and forced to exist on charity, are embittered and degraded by their condition, losing faith in the justice of government and consequently in the observance of law and order. They succumb either to apathy, escapism or to violent and blind reaction.

Such people are stimulated only by sensation, violence, crime and fantasy, which consequently is featured by the media.

What is to be done about it? The condition certainly will not improve and most likely will worsen, until Georgists are able to influence governments, and our chances of gaining power will not improve in such an adverse climate. It's like a dog chasing it's tail, yet we must have a policy.

The law in this country requires that trade journals must provide news copy equal to their advertising space.

A similar law could require a stipulated space for the expression of public opinion.

The utmost care must be taken to safeguard against Government domination of the press. Similarly the government should be limited to the same space as that allotted to the public. Viewing time on television and the radio could be handled in the same manner.

All forms of publicity which require monopoly regulation should operate under a Peoples' Charter.

The Georgist movement must, in addition, operate its own news service and become active in all the recognised fields.

The publication of numerous little journals throughout the world, with restricted mailing lists, preaching to the converted and featuring internal controversies, never can achieve success, much as the dedicated effort of those concerned is to be admired. At best, such efforts can be considered as a holding brief until the grand plan can be put into operation.

59. THE TRADE UNION MOVEMENT.

Henry George declared that combinations of workmen can and do raise wages. Just how effective such combinations have become is featured in some part of every daily newspaper.

Although the methods of trade unions, in creating powerful counter monopolies, which largely dominate governments, have been spectacularly successful, when compared with the miserable wages paid under the laissez faire conditions of the last century, in the process, there is continual violation of almost every form of human freedom and disregard of human rights, which to Georgists, do not require elaboration.

The general public, however, is quite unaware that there could be a better way - that the full rewards of labour and the use of capital could be returned to those who have worked and invested, without the creation of monopolies and the invasion of freedom.

This is our task - to make known the truth. Although we are allegedly working for the same objectives, our methods are poles apart and unless we can make our

scientific proposals understood within the Trade Union Movement, we will be destroyed by blind reaction, ignorance and selfishness, before making first base.

Once the bargaining power of labour and capital has been restored to equality with the land holder, it must be declared a crime against society for any action to be taken which could deprive any individual of the right to earn a living. Strikes and bans, which are accepted today as a choice of evils, would become an intolerable anachronism in the free society we propose.

For example, unemployment generated by the withholding of valuable land from use is aggravated by laws which prohibit employment unless, in many instances, wages are paid in excess of earning capacity. This particularly affects our aboriginals and inexperienced young people leaving school, many of whom, through no fault of their own, are condemned to idleness. Such inhuman laws must be maintained as a choice of evils, until an impact has been made upon the land question.

When the bargaining power of labour and capital has been brought into equity with that of the land holder, all the prohibitions of employment, effecting hours, wages and conditions of employment, the use of technology etc., etc., will be settled amicably by the contracting parties to the advantage of all concerned, and the intervention of governments, unions and the judiciary will be regarded as an intolerable imposition and a breach of freedom.

60. MORALITY, EXPEDIENCY, SELF INTEREST.

The Georgist philosophy has for its basis and justification the recognition of moral principles inherent in the right of every individual to life, liberty and the pursuit of happiness. Such rights are not bestowed by the State and what no government can give, it can have no warrant to take away.

It accepts the Spencerian definition and interpretation of such principles - Given a race of human beings having wants and desires and given a world stocked and adapted for the satisfaction of such wants and desires, it follows that every individual shall have the right to satisfy his or her wants and desires, provided that there is no infringement of the equal rights of all other people. ✓

The cardinal principle of this statement is the recognition of private property in the product of human labour applied to the earth. If the individual did not exist neither would the product of his labour which, therefore, is his against all the world, provided the equal right of access to the earth of all others be not infringed.

This concept of morality is consistent with scriptural injunction which, from cover to cover, is an exhortation to justice without which the higher aspirations of mankind are not uniformly possible.

It is always expedient to do what is right, as the rise and fall of numerous previous civilisations have demonstrated, and as the right of equality of opportunity has been taken away, so civilisations have declined and ultimately disintegrated.

The people in primitive societies, when left to themselves, have invariably adopted customs based on equality of rights, recognising such as being necessary for the survival of the race.

The judges entrusted with documenting the Common Law of England first went on circuit to discover what were the accepted customs. These they declared to be the law.

The original concept of morality being the embodiment of justice, has become lost due to succeeding generations living under conditions in which the right of individual property has been denied and in which the right of common property has become almost unknown; in which the concept of morality is seen to relate almost entirely to sexual behaviour and the observance of statute laws, which conflict with the moral laws of justice and equity, have come to be accepted; in which majorities and pressure groups are permitted to enforce their demands on individuals and minorities; in which corruption of governments, has become common place and acceptable to a people who have lost hope; in which Christian and scholastic institutions, politicians and economists alike, display no concern for moral principles of equity and justice.

How can the Georgist movement under such conditions expect to succeed by appealing for support on moral grounds.

Whilst never losing sight of the grand concept of moral justification and appealing whenever people appear who have survived the moral degeneration of the times, and there are still many whose dedicated support can be aroused on such grounds, we must nevertheless also address ourselves to self interest and expediency.

Our case on such baser premises also is unanswerable and, if properly directed, can make a successful impact when purer motives fail.

In a Georgist society it will be discovered that to serve self interest best it is necessary to discover what other people want. Then in time the selfish motive will be lost in the love of service to others and ultimately in love of justice. Then only will the Georgist plan be established on a firm and lasting basis.

Seventy five percent of people would be seen to be better off, in terms of this world's goods, under our proposals. All people eventually will be better off as the real purpose of living with satisfactions beyond conception, begin to unfold.

Supplementary Note:

THE REVENUE BASE

The "taxing" and rating of land value in Australia and the United States, where it applies, is on capitalised rent or land price base - called Unimproved Capital Value, with or without account being taken of merged improvements, such as drainage, filling or levelling etc.

This basis, which is assessed on market value, includes for anticipated future price increases.

Other factors being equal, land price is reduced by the rate or "tax" imposed. That is, what a potential buyer should be prepared to pay.

Rental value to the user is not reduced by the impact of the rate or "tax" imposed but the proportion retained by a land holder who sub-lets to a tenant user, is reduced by the amount of the rate or "tax".

The rental value to the user is relatively stable and, therefore, is a sound basis for revenue collection.

The capitalised rental value (land price) is not stable and ultimately, would disappear if the rate or "tax" imposed was equivalent to the market value of land.

Rates and "taxes" based on land price, however, are commonly understood and are easily assessed. For this reason there could well be less resistance to the collection of rent for revenue, in the early stages of introduction.

The "taxing" or rating base would not begin to fall dramatically until the revenue raised not only was quite substantial, but a corresponding reduction of taxation generally also had been applied. The method of rating U.C.V. therefore, has much to commend it in the introductory stage of implementing our proposals. Eventually, however, revenue raised must be on a rent collection basis and valuation assessors must be suitably prepared.

Valuation assessors are not at present experienced in making unimproved rental value assessments and would no doubt, initially derive annual land rental values from capitalised land prices. The problem, however, presents no difficulty and is not nearly as involved as attempting to assess Gross Rental Value. Annual unimproved value is the equivalent of a land lease rental, and the practicability of arriving at accurate assessment in this regard has never been in question.

It is a problem that revenue collections bearing on land price would be regarded as a tax.

If this basis is recommended initially as a matter of expediency, revenue should be described as land dues - not land taxes.

This matter should receive earnest consideration. No firm recommendation is made at this time.