

course not. It is quite evident that force and not justice is the basis of his claim of ownership.

If it is finally determined that the children of Nature are the rightful owners of the land, as Ingersoll said they were, this change in the theory of land tenure would be prejudicial to the rights of none except those holding land unused, hoping to reap the harvest that belongs to others.

—JAMES EUGENE OLIVER

Where Voltaire Stood

DURING the reign of Louis XV there arose in France a group of economic students, who were later called "physiocrats", and who had advanced ideas on political economy. They antedated Adam Smith as free traders and Henry George as Single Taxers. Like modern advocates of the same ideas they were misunderstood and one of those who misunderstood their doctrines was Voltaire. He satirized what he erroneously supposed to be their proposal in his "Man of Forty Crowns", which was a forerunner of the modern objection to the Single Tax wherein there is presented a millionaire "who owns no land" and whose fortune is all invested in securities and a farmer "who owns nothing but land". Voltaire overlooked that the millionaire's securities are but title deeds to or liens upon valuable land while the farmer's land has little or no value aside from improvements. Perhaps the physiocrats failed themselves to make this as clear as they should. But Voltaire was a wise man and consequently was not averse to changing his mind. He did so in this case. This is a fact not stated in Professor E. R. A. Seligman's use of this satire as a refutation of modern Single Tax arguments, nor is it mentioned in the tract issued by the National Association of Real Estate Boards which follows Seligman's example.

Voltaire made clear his change of view when the landed gentry of France and their sycophants, the Babbitts of that day, made war on Turgot, the physiocratic Finance Minister who established free trade in grain, abolished forced labor on the public roads, recommended taxing land values to pay for road improvements and, the landed interests feared, was about to put into effect the Single Tax advocated by the physiocrats after abolishing the local tariffs. Voltaire came to Turgot's aid with a pamphlet in defense of his views. It must have been unanswerable for the parlement of Paris suppressed it. Turgot was dismissed and on hearing of this Voltaire wrote:

"I have nothing but death to look forward to since M. Turgot is out of office. The thunderbolt has blasted my brain and my heart."

This was more than mere rhetoric. He died shortly afterward. Undoubtedly he recognized the calamity to France involved in the loss of opportunity to put in effect the principles he had once satirized..

—SAMUEL DANZIGER.

Our Australian Letter

TWO economic missions, one invited by a Nationalist and the other by a Labor Government, have visited Australia from high financial and industrial circles in England, have examined into our condition, and have pronounced what is practically the same verdict, namely, that national bankruptcy can only be averted by a complete change of system. A few figures will disclose what our financial position really is. According to the latest figures just issued we owe over a billion pounds sterling—£1,100,598,000 to be precise—on account of the Commonwealth and States, on which we pay interest amounting to over £55,000,000 every year, with the rate of interest continually increasing. Our budgets both commonwealth and State show a deficit every year, there are only a trifle over 6,000,000 people to bear the burden, and oversea financiers have refused to lend us any more till our credit is restored. Both Commonwealth and State Governments in a panic have resolved to make their future budgets balance; they are decreasing expenditure in every direction, public works are being abandoned, salaries and wages are coming down with a rush, and everything but the right thing is about to be done to put our house in order and restore our credit. No competent person who has watched our policy in the past is surprised at what has happened. The only surprise is that Australia has not broken down long before. For her position is utterly unsound.

Australia is like a pyramid resting on a three-cornered foundation—Protection, Land Monopoly, and Artificial Wages—each of which is morally inequitable and therefore economically unsound. While drastic reductions are good in their way they are only palliatives at the best and our position can never be wholly retrieved so long as our foundations are unsound. The Labor Party—or at any rate the Industrial and Trade Union section of it—denounces any reduction in wages so long as the present high rate of interest is still paid. Some even go so far as to advocate the repudiation of the immense debt we incurred for carrying on the war, As if war debts were in a water tight compartment all by themselves and could be dealt with apart from other debts, which economists tell us they can't. The principle at stake is the same. If you repudiate one you must repudiate the other.

WHAT IS WANTED

What is wanted is not repudiation of the war debt but the repudiation of false principles, of the rotten foundation on which our policy has been hitherto reared. Let us consider for a moment what these rotten foundations are. I: In the first place, Protection, which is the pet hobby of the Labor Party as it is the fetish of them all, is the compulsory enrichment of one section of the community at the expense of the primary producers and the rest of the community. This is manifestly unfair to the

primary producers whom it overloads with burdens to such an extent that few can profitably export their produce, so that, paradoxical as it may seem, the more they produce the more they lose. II. In the second place Land Monopoly is encouraged by the existing system of land value taxation, under which one section of the community—supposed to be the workers—is exempted from federal land taxation, while all the other sections are super-taxed. This again is manifestly unfair. Like protection it is supported by all the political parties, on the mistaken assumption that it promotes the abolition of large estates. According to figures recently published in the *Sydney Morning Herald* it appears that there were 80,065 rural holdings in 1920-1 as against 78,380 in 1926-7 while the acreage was about the same, namely, 172,795,213 in the former year as against 172,795,213 in the latter, showing that the number of rural holdings had increased instead of diminished during the period named, while their value was scarcely different. But while the expedient has failed in what was considered its good object it has vastly increased the evils of land monopoly, and made it almost impossible for would-be settlers to obtain access to land on reasonable terms. III. In the third place, the system of industrial arbitration, under which wages are based not on what an industry produces but on the supposed requirements of the workers, is self-evidently unsound, and has had as much to do as the other two inequitable principles in bringing about the unfortunate position in which Australia finds herself today.

Australia can only be restored to a condition of health by laying her foundations on principles that are morally equitable and economically sound—by substituting freedom of exchange for tariff restriction; by introducing freedom of production through the uniform appropriation of land values irrespective of improvements; and by a system of wages boards composed of an equal number of employers and employees, who will fix the wages of every industry on the basis of what it can afford to pay. Make our foundations right and the superstructure, which is now tottering to the ground, will be right too. We will have no difficulty in balancing our budgets, and there need not be a single man or woman unemployed.

WHAT PEOPLE THINK.

It is both interesting and instructive to read what people generally think of the existing financial crisis. A recent issue of the *Sydney Morning Herald* contained so many expressions of opinion from different quarters that I thought a brief summary of the more important of them would do good. In the first place, as showing the view of organized labor, the Interstate Conference of the Australasian Council of Trades Unions adopted the report prepared by a sub-committee recommending that provision should be made by the federal government for a credit fund of £20,000,000 for industry, that the Loan Council (which pooled and limited the borrowing powers

of the Federal Government and the different States) should be abolished and its recommendations annulled, that there should be a general reduction in interest charges, that negotiations should be opened with the British Government to readjust Australia's war debt, and that, if these recommendations were not satisfactorily carried out, a Conference of all the Unions should be called to take some compulsory action (apparently in the nature of a general strike.)

That these views are also held by a large number of Laborites, at any rate in New South Wales, may be inferred from the fact that they were partly embodied by Mr. Lang in his recent policy speech, when he was profuse in his promises of what he would do if the Loan Council were repudiated and he could borrow money in the State for the solution of the unemployed problem by the construction of public works. That the problem can be solved by the easy method of further borrowing is extremely questionable in view of the fact that the banks refuse to grant any more loans till our budgets are balanced and our credit is restored. The position is rendered all the more difficult by the frequently pronounced view in Labor circles that the unemployed, whether competent or no, shall be paid Trade Union rates. Everyone deprecates the tremendous interest that is being paid for loans, whether on account of the war or otherwise, but the rate is determined by well known economic laws and, however great the strain of paying that interest, the strain which would result from refusing to pay it would be more serious still, and would destroy whatever hope we now have of raising future loans. Under existing conditions Mr. Lang's proposal to get out of the difficulty by raising more loans would be frustrated by the extra heavy interest which would be demanded now that the risk of future repudiation has to be met.

"MOONSHINE AND NONSENSE!"

One of the principal reasons alleged by the committee, whose report was adopted by the A. L. P., for asking the British Government to readjust our war debts was that all the Dominions, with the exception of Australia, had a large proportion of their war expenses paid by the British Government. This has since been categorically denied so far as Canada is concerned, which is officially stated to have paid every penny of the expenses, so that to ask Britain to bear any part of our war expenses at this or any other stage would be a gross reflection on ourselves, and would be an attempt to place an additional burden on the British taxpayers which they are quite unable to bear. Fortunately for Australia the Labor Government at the head of Australia has a backbone of its own, and refuses "to accept dictation from either the A. C. T. U. Congress or the A. L. P. Conferences which have lately endeavored to mould the policy of the Federal Government." As a matter of fact the "pious aspirations" of these bodies stand not the least chance of

influencing the acting Prime Minister (Mr. Fenton) in the discharge of his arduous task. In the adjoining State of Victoria a Conference of the A. L. P. declared that the present financial stringency was manipulated by the financial interests, whereupon the Labor Premier (Mr. Hogan) declared that the statement was untrue, and that the report issued by the Conference was "three pages of moonshine and nonsense," a stinging phrase which exactly applies to the report of the Conference by the same body in New South Wales referred to above as also to Mr. Lang's policy speech. It is for Australians to face their responsibilities like men and not to go whining about repudiating this, that, and the other, and this they will have the opportunity of doing in New South Wales by returning the Nationalists to power at the forthcoming election for the State.

BOUNTIES, SUBSIDIES AND TARIFFS

Another and totally different view-point to that noted above is expressed by W. K. Hancock, Professor of Modern History at the University of Adelaide, whose just published book on "Australia" contains a scathing criticism of the system of bounties, subsidies, and tariffs to which a great deal of our present chaotic position is due. In a leader on "Failure of the Tariff" the *Sydney Morning Herald* puts its finger on one of the most important causes of the crisis when it referred to the "doctrine wherein the Federal Arbitration Court Bench propounded a system of wage fixation based on cost of living requirements and on nothing else. When our Customs tariffs began to soar to very great heights, still without affording adequate protection to home industries, the fallacy of the Court's standard was exposed for all who cared to pay heed." That the tariff has proved a tremendous failure the present crisis abundantly shows, but the fixation of wages by the number of bonnets that a worker's wife considers necessary to wear instead of on what industry can afford to pay is responsible for a large proportion of our present ills. Earl Beauchamp, who is probably more optimistic than anyone else as to the future prosperity of Australia, caused no little merriment at the Millions Club when he told members that during his term as Governor of New South Wales 30 years ago he had learned one principle which he had done his best to inculcate in England, and which had done more than anything else to improve the social well-fare of Great Britain and of its working classes, and that, said his lordship with a twinkle in his eye knowing the Millions Club to be densely protectionist, was free trade!

"ABSURDLY UNSCIENTIFIC"

At the annual conference of the Printing and Allied Trades Employers' Federation the President (Mr. W. A. Crichton) took an almost similar view. At any rate he denounced the tariff which, he said, had destroyed our export trade in many industries, and prevented both our primary and secondary industries from exporting at a

profit. He was convinced that our secondary industries, if relieved of "absurdly unscientific Customs duties conceived without regard to their effect on industry generally," and with lower working and overhead costs, could well work out their own destinies. A speech on similar lines was delivered on the same day at the annual conference of the Federated Master Tanners and Leather Manufacturers' Association by the President (Mr. R. J. Anderson). There were other references to the same subject in the same issue of the *Herald*, but enough had been said to show what people generally think of the present situation and how it can be cured. There is one significant point about all these utterances, namely, that not one of them makes any allusion to land value taxation. In a subsequent speech, however, Earl Beauchamp noted the tremendous advance in that direction made since he was here 30 years ago. The Official Yearbook shows that the amount of municipal rates throughout New South Wales, except the city of Sydney, which are based on land values apart from improvements, amounted to a little over £1,000,000 in 1917 and had risen to £2,287,584 in 1927. A significant fact is that one-third of the total cost, estimated at £6,000,000, of the Sydney Harbor Bridge, which is now nearly completed, is being paid by a rate of $\frac{1}{2}$ d. in the £ on the unimproved capital value of land in the vicinity.

Before concluding I must not omit to mention the splendid work for the Single Tax that has been and is being done by Mr. A. G. Huie, our indefatigable secretary, who is again contesting the Western Suburbs in the present election: by Mr. E. J. Craigie, whose brilliant work in South Australia has been several times referred to in your columns, by Mr. Hobbs, who has again toured the country districts of New South Wales with magnificent results, and by several who have led the campaign in the Sydney Domain, or assisted in various ways. The several Henry George Leagues are being solidly supported by the Henry George Foundation of Australia which was endowed with £20,000 a year or two ago.

—PERCY R. MEGGY.

BUDDING Political Economist: "Dad, what's the difference between a scientific and an unscientific Tariff?"

Protected Manufacturer: "Well my boy, you see a scientific tariff is a tariff which enables me to charge more for my goods than they are worth; an unscientific tariff is one which enables the other fellow to charge more for his goods than they are worth."

—Sydney, Australia, *Standard*.

THE equal right of all men to the use of land is as clear as their equal right to breathe the air—it is a right proclaimed by the fact of their existence. For we can not suppose that some men have a right to be in this world, and others no right.—HENRY GEORGE.