

PROGRESS

An Australian Journal to Advocate the Rights of the People in the Land

- POLICY 1. COLLECTION OF LAND VALUES OR GROUND RENT AS PUBLIC REVENUE.
2. THE ABOLITION OF TAXES NOW IMPOSED UPON LABOR AND LABOR PRODUCTS.
3. PROPORTIONAL REPRESENTATION FOR ALL ELECTIONS.

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BASIC ECONOMICS AND WORLD PEACE

By Geoff Forster

Talk to the 1985 Georgist Public Conference, University of New South Wales, 26th January, 1985. (Abridged.) It was repeated at the Victorian Division's discussion in June.

INTRODUCTION

Australia has had a long military tradition, but in a less publicised way there has for a long time existed what is known as a peace movement. In recent years this has expanded considerably, being connected to concern about the nuclear arms race and the threat to global survival. Strange new words have appeared — such as “onnicide”, “mega-deaths” and “terricide”. To be sure, conventional weapons, as well as chemical and biological weapons, are alarming enough, but clearly it is the nuclear threat that evokes most concern. The superpowers possess enough nuclear weapons to kill off the population of the main centres of civilisation something like ten times over. As the armaments race, largely unchecked, continues, there is also concern at the diversion of resources away from humanitarian purposes of healing, feeding and teaching.

Such concerns have been manifested in massive turnouts at Palm Sunday marches in Australian capital cities in recent years, as well as similar mass rallies throughout the world.

However, it should be asked: why this drive towards militarism? It is surely good to affirm peace, but also the causes of war must be sought.

My contention is that certain basic principles are a necessity, but not sufficient condition, to achieve world peace that is, I am repudiating economic determinism.

Consider as an example the collapse of the Weimar Republic and the rise of Nazism in the thirties. Bruno Heilig, in his little booklet *Why The German Republic Fell*, gives an illuminating account in terms of land monopoly, with the resulting poverty and unemployment. But psychological factors are also relevant.

ILLUSTRATIVE EXAMPLES OF ECONOMIC FACTORS

Vietnam

Seldom has an issue divided the Australian community as our involvement in the Vietnam War. However, the basic economic facts are clear.

Under French colonialism, land monopoly was rife in

Vietnam. After the French were defeated in 1954, the Geneva Accords provisionally divided Vietnam into two zones — north and south. Unification was to take place after the elections in 1956. Those elections were never held. In the north, land tenure was arranged on a collectivist basis. In the south, with the Saigon military dictatorship propped up by the U.S. and her allies, landlordism was prevalent, though there were noises about land reform. As the war escalated in the 60s, numerous writers stressed the need for land reform, especially as the rebels opposing the Saigon regime — the National Liberation Front — redistributed land to the peasants who worked it. Despite the official U.S. policy of WHAM — winning hearts and minds — the U.S.-backed Saigon regime did nothing really effective about land reform. Indeed, towards the end of the war the landlord interests were reversing any land reform that had taken place in the south.

Noam Chomsky, in his *American Power and The New Mandarins*, quoted a Rand Corporation survey that discovered a correlation between “inequality of land tenure” and “extent of government control”. Note the strange terminology. Nothing soft-hearted like the rights of peasants to land, or questioning the ethics of unbridled land monopoly.

Here let it be pointed out that there are several options for implementing land reform. There is, for instance, collectivism, but this entails loss of legitimate personal freedoms. There is redistributing land to more new “owners”, but this effectively pushes the problem further into the future. The effective remedy is, as indicated before, collection of site rents for public revenue, accompanied by the removing of taxes on labour and industry.

Ireland

This country has had a long history of land-related problems. Karl Marx wrote on the topic. Henry George came to fame by speaking on this topic at an important period in Irish history.

Raymond Crotty has made a significant contribution to this topic. He mentions that every second person born in Eire during the past 140 years has emigrated from it. Eire's so-called economic miracle was based on massive, unsustain-

able borrowing. Violence in Northern Ireland costs Britain \$1.3 billion annually, yet no worthwhile investigation into its causes and into the means of avoiding conflict has apparently been made. The relation between sectarian violence and job discrimination needs disclosing (as well as decline in jobs); the causes of the loss of jobs in Eire need revealing; methods for reversing loss of jobs need to be pursued. Nearly all the loss of jobs has been occurring in Eire; little in Northern Ireland. The Republic since 1921 has generally been following policies which raise land values at the cost of loss of livelihoods. Too many Irish nationalists simply blame Britain and Protestantism.

Earlier I implicitly warned against attaching too great a weight to economics. With the Irish question, however, not enough weight has been given to this aspect. Sectarian differences are usually blamed, and while they are factors, the need for economic justice, especially as regards land tenure, desperately needs adequate attention.

Japan

There are indications that the so-called Japanese economic miracle is on the wane, that unemployment is significantly increasing, that militarism is becoming more vocal, and that nationalism is intensifying. All this could, of course, have disturbing consequences.

However, I want rather to focus on the pre-World War II situation. In this *Free Trade, Free World*, Oswald Garrison Villard describes how Japan approached Britain and America with three requests in 1940: end of colonialism; free trade and the abolition of tariff barriers; and fair distribution of natural resources. The requested conference was not held. If it had taken place, may not Japan have stayed out of World War II, and countless lives saved?

To add my own item of oral history: I recall years ago, J. M. Atkinson, a past Secretary of the Victorian Henry George League, relating how he had been approached by some Japanese businessmen who pleaded with him to use his influence to have Australian tariffs lowered against Japanese goods, for, they warned, otherwise the Japanese military influence would gain influence towards resorting to war so as to obtain those necessary materials and commodities that were denied by trade barriers.

At this stage, it is worth generalising about tariffs and war.

In *Ends and Means*, Aldous Huxley commented on the war-provoking tendency of tariffs. During the 19th and early years of the 20th centuries economic exchanges occurred very smoothly. Yet national planlessness in economic matters resulted in international economic co-ordination.

After World War I, governments began using tariffs, export bounties, quotas, and exchange devaluation as devices for conferring benefits on sections of their subjects; these plans, however, appeared to other nations as acts of ill-will meriting reprisals in kind. Reprisals led to counter-reprisals. The upshot was that comprehensive planning by individual nations gave rise to international chaos.

He wrote: "The manufacturers of armaments are not the only 'merchants of death'. To some extent, indeed, we all deserve that name. For insofar as we vote for governments that impose tariffs and quotas . . . we are all doing our bit to bring the next war nearer."

Today, the overall picture is complex. Various U.N.C.T.A.D. gatherings (United Nations Conferences on Trade and Development) have been rather disappointing. Tariffs may not today be such a direct cause of conflict as they were earlier in this century, but they do not expedite peace either.

Iran

It is worth noting that in the 60s, 70 per cent of the land

in Iran was held by 2 per cent of the population. Because the Shah, or more likely his advisers, had taken action in this area, he was deposed. He was, of course, followed by the notorious Ajatollah Khomeini.

Latin America

In many Latin American countries, where strife and revolutions are frequent, it is a common pattern for a small minority to own a large percentage of the land. Time precludes presenting details. However, El Salvador is worth special mention, not only because of the tragic situation in that country, but also because of apprehensions that this could become the Central American equivalent of Vietnam for the United States. There is a desperate need for land reform in El Salvador, but attempts to implement changes have been unsuccessful. Deadlocks over land reform have hindered any progress towards democracy in that country. Strife is initiated not only from Marxist-influenced guerrilla groups, but also from right-wing terror squads, which target in upon any groups attempting socio-economic redress or change.

Caciques

In 1971 Mason Gaffney presented a paper entitled "The Arms Budget and The New Absentee Landlords". He referred to "caciques" — native landowner administrators who co-operate with U.S. forces and firms, and in return enjoy the tenure of land free of taxes that might be otherwise needed for defence, and other public functions.

Caciques were identified in Saigon, Iran, Nicaragua, Jordan and elsewhere. Cacique turnover was said to be very high, but under and around them are the less visible, more permanent landowning military oligarchs, such as the 14 families who owned El Salvador; Pakistan's 22 families; Iran's 1,000 families.

Caciques, according to Gaffney, facilitated America's buying up of large amounts of raw materials for military purposes from around the world. Gaffney explained the operations of the international corporations involved, and most importantly why social reform is deferred.

Gaffney concluded: "The net effect of military contracting is to concentrate wealth and power, and destroy the free market system. Military contracting has proved to be corrupting, wasteful, inefficient, anti-democratic and anti-competitive. This is incongruous with the alleged goal of promoting a free world!"

THE ECONOMIC ASPECTS OF WAR AND DEFENCE BUDGETS

Under this heading I refer to several different sources.

The Cost of the Vietnam War

A remarkable article appeared in *The New York Nation* of 26th May, 1969, entitled "How the Cost of War is Underestimated". At that time, it was estimated that by the end of the next financial year, it would cost double the cost of World War II, and more than three times the Korean War. However, it was argued the greatest costs were to come. Veterans' costs might drag on for at least two generations. At the time the war was officially claimed to be costing 13 per cent of all Federal expenditures, but it was argued by the writer that the correct figure was nearer 25 per cent. It was also estimated that the war had cost one-fifth of the current personal assets of all living Americans. Each of the major wars of the preceding century (the Civil War; World War I; World War II) had cost initially about 10 times more than the previous war. Since World War II, major conflicts have tended to double in price.

An Australian Viewpoint

John Langmore, a Canberra economist, in *Australia and Nuclear War* (edited by Michael Delkeman) gives some

informative insights into the economic aspects of military preparations.

Langmore describes how military expenditure can stimulate inflation. Also, the price of military equipment rises faster than consumer prices. There is a "bidding up" of prices arising from a rapid increase in military expenditure. There are usually no constraints on military spending. Military forces are more concerned with destructive efficiency than cost effectiveness. In America, the Pentagon subsidises research and development for military forces.

Israel provides a striking example of the damage to an economy of high military expenditure, where 30 per cent of the G.N.P. is spent on defence, and where the economy has many difficulties.

Obviously, opportunities are foregone for the alternative use of resources devoted to military expenditure. There are also questionable social and political consequences. Militaristic attitudes are engendered. Military-industrial firms are inevitably not autonomous. Langmore comments that they have "the worst characteristics of nationalised industries with none of the benefits".

Henry George's Treatment

George's main treatment is to be found in *Social Problems*, although in *Protection or Free Trade?* tariffs and wars are linked, at least implicitly. (George stressed that tariffs imply that national interests are essentially antagonistic, whereas the free trade viewpoint is that they are mutual.)

In *Social Problems* (1883) George comments on the destructive powers of contemporary weapons. What would he say today? He points out that the financing of wars comes from current production and the current stock of wealth. Governments, of course, by various stratagems can place future generations in debt. George also stresses that the waste involved in military expenditures should be compared with the waste with idle resources due to land monopoly. George also has some perceptive insights into the public debts arising from rulers embarking on wars, and points out that indirect taxation is often related to this. And he also has a powerful passage warning against the primitive passions aroused by warring propensities. Thus:—

"The passions aroused by war, the national hatreds, the worship of military glory, the thirst for victory or revenge, dull public conscience; pervert the best social instincts into that low, unreasoning extension of selfishness miscalled patriotism; deaden the love of liberty . . . They so pervert religious perceptions that professed followers of Christ bless in his name the standards of murder and rapine."

A Generalised Viewpoint

R. L. Outhwaite, a British Liberal Member of the House of Commons earlier this century, predicted that, after World War I, unless there were land value taxation, the end of the war would bring higher taxation than ever known before; economic collapse; revolution backed by the bayonets of returning soldiers.

The first two predictions were largely true; however, Outhwaite over-estimated the willingness of the British people to resist its ruling class.

Outhwaite probably better than anyone else developed a clarification of the relation between George's economics and wars.

Just as a morbid economy parasitically feeds on a healthy economy through privilege, pressure group activity, etc. (protectionism is a notable example), so likewise there are businesses that have a vested interest in war and war preparations — an attitude illustrated by Cecil Rhodes' state-

ment: "We shall not make war in the future for dynastic reasons, but because it is good business."

Outhwaite provided numerous confirmatory instances. This, incidentally, shows up the naivety of Ayn Rand's belief that wars are due to governments only and not to business interests. Certainly governments do initiate wars, but Ayn Rand overlooks the fact that, while peace is ideally the proper state for commerce and industry, some forms of these enterprises do latch on to militarism, and are prime initiators of military activities.

Outhwaite wrote: "When the earth is held in common by the children of men to whom it is given, and its fruits are free to pass between them, and not till then, will peace be assured."

This expresses admirably the main thesis of this paper, viz., that necessary, but not sufficient, conditions for peace are as follows—

1. All should have equal right of access to land or natural opportunities; or more generally, to sites or locations—the best way to ensure this being to collect the annual rental value of land for public purposes.

2. Subject to Henry George's qualifications of safety, health and morals, people should be able to trade freely without being hindered by tariffs and similar restrictions.

CONCLUSIONS

1. The peace movement needs to give greater attention to certain economic factors among the causes of war, notably access to land and resources — in other words, land reform, which, to be effective, requires collection of site rentals.

2. The Henry George movement usually emphasises poverty, unemployment, housing and unfair taxation as social ills that its proposals would remedy. The relevance of such proposals to world peace can and should receive greater attention.

3. One of the great challenges to the human spirit is to persist with an ideal even though there is little progress towards its attainment in one's lifetime. No doubt an adequate philosophy of life is a necessary adjunct here. However, be that as it may, there can be little doubt that war and economic injustice remain major obstacles to human well-being, and that to participate in the struggle to remove these scourges undoubtedly involves what William James described as "the moral equivalent of war".

THEIR HANDS IN THE TROUGH

The disclosure of the \$133,000 grant to the Wyuna Housing Co-operative in Canberra illustrates the basic problem facing taxpayers in Australia.

This funding was for the benefit of 32 people, or approximately \$4,150 per head. The cost of this is spread over five million taxpayers, or 2.6 cents per head.

Governments in this country have made themselves beholden to those special interest groups. This latest revelation is but a tiny but not untypical example of how the taxpayer is being plundered. If the taxpayer is not to become an endangered species, the government of this country must severely reduce the functions they have taken upon themselves to perform and the areas into which they interfere.

The taxpayers of this country must put pressure on their elected representatives to call a halt. All the 2.6 cents takes of the above example, when added together, now amount to 43 cents in each dollar earned by the average taxpayer in this country. Tax reform can only occur when the profligate spending, as evidenced by the Wyuna example, is eliminated.—Michael Murphy, Bracken Street, Moorooka. *Brisbane Courier Mail*, 31st July, 1985.

PRESS LETTERS OF INTEREST

RATES CHANGE ALARM

The Municipal Association of Victoria's proposal that Waverley rates its properties at differential rates based on the Capital Improved Value ("New Rates System for Waverley?" — *Waverley Gazette*, 26/6/1985) should be viewed with alarm.

At present, the City of Waverley rates on the Site Value basis. Unimproved site value as a base for revenue recognises that a big house may only be indicative of a big family, a big mortgage, or both!

It recognises that wealthier people live in the better areas, and that the city has no interest in penalising the owner for building, extending or renovating.

Site values are not created by any efforts of the owner, but are created and maintained by municipal services, such as streets, lighting, etc.

Therefore, it is perfectly reasonable to draw upon site valuations for the running of the city.

Not only does the M.A.V. wish to rate our improvements, but it intends to levy different rates for different classes of property.

This introduces subjective distortions into the market valuation approach, and amounts to some classes of property owner passing their rating responsibilities off on to others — a curious proposal, to say the least.

If the M.A.V. want to "moderate" the differences in valuations, why not "go the whole hog" and insist Waverley raise its revenue by a poll tax?

That way, we could all pay the same rates — regardless of the size, locational value or zoning of our properties!

Two-thirds of Australian municipalities have voted Site Value rating to be the best system, the ratepayers of the City of Waverley should see that it's retained. — Bryan Kavanagh, Glen Waverley, *Waverley Gazette*, 17th July, 1985.

RATES TO CREATE A SLUM?

I was simply astounded to read in the *Gazette* of 28th June of the Municipal Association's plans to propose to the Government that a differential rating scheme should be used in 10 municipalities, including Waverley.

This appears to bypass the previous democratic procedure that there be a poll of ratepayers before major changes in the method of rate collection take place.

Residents of Waverley, don't let the Municipal Association turn Waverley into a slum!

This suggestion might appear unbelievable as we look around at the present beauty of our city, but it will be the inevitable result if we tax those who improve their property and discount the rates of those who neglect their property or fail to develop it in line with surrounding changes.

Here is an old English proverb. There are three ways of dissipating a fortune. The fastest is backing racehorses, the most pleasant is spending it on women, the surest is feeding cattle.

You may wonder how this applies to the present situation. Finding an easy way to collect tax, especially when one appears to collect it from those with greater assets, at first appears reasonable and, like feeding cattle, quite appropriate and occasionally in the short term profitable.

But history and experience both in Australia and overseas shows that taxing improvements is the surest way to prevent improvements and to encourage neglect and deterioration.

It might seem incredible that this fair city or parts thereof should become a slum, but in the long run this will be the inevitable conclusion if we allow this suggestion to be put into practice in Waverley. — F. B. Hercus, Glen Waverley, *Waverley Gazette*, 17th July, 1985.

IN DEFENCE OF THE TAX AVOIDERS

Unlimited space has been granted over the past few years for the unbridled denigration of that Prince of Evil — the Tax Avoider. So I would prevail on your amply demonstrated sense of impartiality to provide space for a modest defence of the apparently indefensible.

The tax avoider stands accused of "costing" the Government money; of not paying his "fair" share of taxes; and of transferring his shortfall on to the shoulders of taxpayers of the P.A.Y.E. variety, who are unable to avoid taxes. Presumably this means they would if they could.

The rhetorical red herrings and smokescreens aside, the issue here is who is entitled to spend OUR money — and if that can be satis-

factorily resolved who would spend it more productively, us or the Government?

To establish entitlement, we first must establish ownership. By any standards, it would be a strange society that allowed people to spend money they did not own, without the owner's uncoerced consent, at least.

For mine, I own my own labour. The people of Australia nor their Government own no part of it. I can choose to utilise it how I see fit. It surely follows, then, that whatever I exchange for my labour, I must also own — completely.

I do not ask anyone to do 60 per cent of my work for me, so why should anyone consider themselves entitled to spend 60 per cent of my income on their needs or desires? Accordingly, I must be entitled to distribute my income, which is the product of my labour which I totally own, as I see fit.

Employed

Some years ago, I legally saved paying an additional \$100,000 taxes. I did not burn, bury, hide, shred or export it. I built a factory which now employs 85 adult Australians from 16 different original countries. They support 214 other Australians. The wages and salaries I pay them from the business, which that 100 grand started, houses, feeds, clothes, educates and recreates those 299 Australians.

Their needs for housing, clothing, food, etc., keeps hundreds more Australians productively employed and out of the public trough. My business buys hundreds of thousands of dollars of goods and services annually, which keeps further thousands of Australians productively employed and out of the public trough.

The business started by that 100 grand has so far paid corporate taxes alone exceeding \$1 million, not to mention the taxes paid by my employees. Anyone able to convince me that by keeping that 100 grand in my bin rather than meekly handing it over to be wasted, that I have cost the Government money or off-loaded an unfair additional tax burden on my peers, has my undivided attention.

I often reflect on the fate of that 100 grand had I handed it over to the profligate politicians.

As a breed they have a publicly documented track record of lies, deceit, skulduggery, legalised theft, corruption, waste, nepotism, illegal misuse of public funds, massive personal featherbedding, self-aggrandisement and, after every electoral defeat, public admissions of failure and faulty judgment.

They have bankrupted this country, caused massive unemployment, community division and inflation. So when I look at them as the alternative husbanders of my money, not only do I practise tax avoidance wholeheartedly, but I consider it my moral duty to do so, to help save this country from economic ignominy. — John J. Livingstone, Tarrangindi, Queensland, *"Weekend Australian"*, 7/7/85.

REASON FOR LOW WAGES

Why are real wages low? Wages are not money, as the arbitration courts seem to assume. They are the products of labor. All incomes, whether earned or unearned, come out of production, that is from somebody's labor.

That portion of the total product which workers receive is not the total net product of their labor, but is the market-value of the products of their labor, expressed in money terms, after taxes and the vast tributes to vested interests have been taken out. The vested interests are those who enjoy special privileges, perpetuated by governments.

The effective way to raise real wages to their maximum is to eliminate all privileged interests and establish the genuinely free market.

Freedom does not mean anarchy.

This is very different from laissez faire, the social state where people are permitted to do anything they please, which is a denial of freedom. Freedom entails equality. Under laissez faire the chief infringement of freedom is the licence given to certain privileged persons who hold titles to land to appropriate as their private incomes the rent of the land.

The economic rent is a social product, and is not produced by the person who holds the legal title to the land. It is produced by the efforts and progress of the whole community. The appropriation by the site-owner of the site-rents results automatically in a reduction of wages. Governments which do not receive the site-rents as their revenue must raise their revenue by direct or indirect taxes on wages, thereby further lowering real wages. — Yours etc.

R. B. Excell, Secretary, The Henry George League, Hobart.
"Dandenong Journal", 22-10-84.

SITE VALUE RATING VICTORIES

At polls taken on 3rd August, 1985

OAKLEIGH CITY

Votes for Site Value = 14,426
 Votes for N.A.V. = 10,278

Majority for S.V. = 4,148

MORDIALLOC CITY

Votes for Site Value = 10,026
 Votes for N.A.V. = 4,903

Majority for S.V. = 5,123

NUNAWADING CITY

A similar poll was being canvassed here but was not presented by the closing date specified and lapsed.

Comments on Oakleigh City

It is important to note that in the case of Oakleigh City not only was a substantial majority of 4,148 votes recorded for the Site Value rating system overall, but *majorities for it were recorded in each of the City's four wards and on the postal votes*. It carried even further down to the polling booths in which 17 of the total 20 booths recorded votes for the Site Value basis. Voters' support for Site Value ignored party lines. The A.L.P. had a majority representation of one in the previous council but lost it in the new one. Ratepayers have repeated their previous decision recorded in 1945 when they rejected a similar proposal to return to rating-owners on the value of their own improvements.

Comments on Mordialloc City

In the case of Mordialloc City, although the council originally initiated the proposal to revert to N.A.V. in response to pressure from a section of ratepayers, by the time the poll was taken seven out of the nine councillors were found to favour retention of Site Value. By that stage the main pressure for change was coming from some locally resident politicians working through the press. The supporters of Site Value rating organised as the Mordialloc Rates Justice Group (whose honorary secretary was Mr. Noel Henderson) presented a very competently run campaign, which fully deserved the more than five to one vote it achieved for Site Value rating.

Seymour Shire

At the Seymour Council elections, on 3rd August, two new councillors favourable to Site Value rating were elected. They were Cr. David McCulloch and Cr. Jeffrey Smith.

South Melbourne

Cr. Paul Dahan was re-elected on a Site Value "ticket". Congratulations to all who participated in these major victories. (Ed.)

HOW SITE (LAND) VALUE RATING WOULD AFFECT KING ISLAND

General

King Island is both rugged and attractive. It stands in the western entrance to Bass Strait, midway between the coasts of Victoria and Tasmania. History records that the Island was discovered by a Captain Reed in the vessel "Martha" in 1798. There was a coming and going of sealers and hunters of game until about 1855, when there are the first records of settlement.

The first Municipal Council was elected on 19th December, 1907. It is divided into three wards.

Demography

The municipality comprises some 109,900 hectares. In common with most other isolated rural areas, it has a declining population and economic base.

The Rating System

Rates are at present levied on the assessed annual value basis (as is the whole of Tasmania), which is the State Valuation Branch's assessment of gross annual rent which the owner might expect to obtain for a property if it were let in its present condition. Under this system a portion of the rate falls upon the value of the site itself, but the major part falls upon the value of the buildings and other improvements made by the owner.

The alternative rating system is the site value (or unimproved) basis under which buildings and other improvements are completely exempted from any rate payments, the basic rate upon the value of the site being increased to yield the same total revenue to the Council.

The object of the survey was to find how the various types of property would be affected by changing to Site Value Rating.

It was noted from statistics provided by the valuation branch that the municipality had at 1st July, 1984, 1,583 assessments with the following valuations:—

Land: \$17,765,020. Assessed: \$2,553,952.

The year of the last proclamation was 1980.

From these figures it can be seen that the ratio of land value to assessed annual value is 7.0. This gives a very simple test by which everyone can tell whether he or she would have reduced or increased rates by a change.

Summary of Findings

The outstanding feature of rates assessment under Site (Land) Value Rating is that home owners would be granted reductions in their rates and not penalised on improvements. In fact S.V.R. would encourage home improvements and consequently the general appearance of the Island.

Six hundred and fifty-seven properties would enjoy reduced rates, while 867 would bear increases. Four hundred and sixty-one homes would benefit by a reduction in excess of 51%.

Rate savings in the hands of the resident owners would be spent within the local community, which at present is battling for survival in a declining municipality.

Should the necessity for rate increases arise they would be less onerous under Site (Land) Value Rating, since holders of vacant blocks contribute their full share instead of the increases being concentrated upon householders as under the present system.

The above are extracts from "The King Island Rating Study", copies of which are available from The Municipal Reform Group, G.P.O. Box 1370P, Hobart, Tasmania.

DISCUSSION NIGHTS

The meeting on 25th July was led by Mr. Noel Wigmore on the topic "Economic Theory and Taxation", and led to stimulating discussion. These discussion nights are held on the fourth Thursday of the month at 7.30 p.m., and all readers of "Progress" are welcome. Note, however, that the Commemoration Dinner replaces this meeting for September.

NEW BOOK BY AUSTRALIAN GEORGIST

"Consistent Liberalism. Policies for a Better Tomorrow." By George Hardy, 233 pp. Reform Publishing Co. \$10 (plus postage).

Dr. George Hardy has now produced his fifth major publication on the problems of contemporary society. Others have included "Monopoly and the Individual" and "Society in Conflict".

The author's basic position is that "consistent" liberalism is based on equal rights and responsibilities, whereas "historic" liberalism allows privileges.

In politics, consistent liberalism entails the equitable dismantling of both positive and negative discrimination and other privileges.

In economics, consistent liberalism brings about just income distribution, (a) by distributing an equal share of the benefits of Nature and the functions of society from "the public fund" (i.e. ground rents); (b) by eliminating privileges such as trade restrictions which confer unearned incomes on special groups; (c) by NOT indiscriminately stripping the "haves" to benefit the "have less".

The author explains a major tax reform: how income tax could be abolished for 50% of taxpayers (at the lower rung) by replacing the disincentive, punitive income tax with a 3% rental tax on site values

Dr. Hardy argues urgently that democracy is under threat as long as pressure groups can secure privileges for themselves — to the detriment, of course, of other citizens. This happens in its extreme form in totalitarian societies, but of course the trend is pronounced in well-meaning but misguided "welfare" societies, especially when pressure-group blackmail persists.

The author has some perceptive things to say about poverty. He explains how institutional poverty arises and can be eliminated, but points out that "relative" poverty is a matter for the willingness, choice and ability of each citizen, and that it is not the function of the State to act on the basis of the envy of those unwilling to contribute to the economic well-being of society.

He argues that Australia is not a lightly taxed country, and presents some informative statistics. He points out the crucial difference between capital gains and resource gains. He queries the justification for death duties. He deals with the scandal of our educational waste and the madness of our exploding health costs. He describes the counter-productive tug-of-war between the various pressure groups. An interesting alternative budget is presented in tabular form.

Dr. Hardy has academic qualifications in economics, politics and sociology. He is a prolific and skilled communicator. He has written another very important, timely book.

Dr. Hardy's approach is an admirable combination of justice and liberty. That is, he avoids the rugged individualism of those who profess a concern for freedom while overlooking rampant injustices. Yet his analysis of injustices is precise, avoiding the vague sentimentalism of those who interpret justice in terms of universal equality (as against equal rights and responsibilities).

In short, the book presents an ideal blend of individual rights and social obligations. It is warmly commended as required reading for all who are concerned with social issues in these unsettled times, and particularly for those seeking a constructive way out of current confusion. G.A.F.

LETTER TO THE U.S. PRESIDENT

The Council of Georgist Organisations, at its annual North American Conference in St. Louis, Missouri, 18th July, 1985, hereby commends you and your administration for your sincere and diligent efforts to correct the complications and inequities of our present federal income tax system.

However, we point out that the income tax and almost all other taxes penalise human effort, expropriate wealth from those who earn it, and thwart production and enterprise. We submit to you the concept we espouse — that productive human effort should be *rewarded* — not penalised!

Accordingly, we ask you and your administration to undertake a study of an alternative system to generate public revenue — one which rewards human labour and provides for legitimate charges to be levied for government services rendered. It generates all needed public revenue through appropriate charges on the value of locations ("land") and natural resources. It enables the reduction and abolition of punitive taxes which penalise human labour and the production of real wealth. It implements the principles enunciated by America's greatest economist, Henry George.

Here are some brief arguments which unequivocally support our proposal:—

1. Labour and its products are rightfully the property of the "labourer", be he or she a "wage" earner or a "salaried" person.
2. No humans created any locations upon the surface of the earth.
3. Locations are given their values, great or small, by the community *around* them — not by the title-holder.
4. Charging location title-holders gives them precisely what they pay for — exclusive possession of their locations. *And* — their payments go to the community (government) which *did* create the values!

Please give thoughtful and serious consideration to this proven method to raise needed public revenue. It invokes the Site Value Charge to replace penalty-type taxes (including the income tax) on human labour and its products. We invite your in-depth investigation, and will send you volumes of supporting information, as you or your designates may request.

Stanley A. Frederiksen, Executive Director,
for the Council of Georgist Organisations.
New York, N.Y. 10017.

POVERTY STILL A PROBLEM

"Despite more than 30 years of almost unbroken economic growth, the 'problem of want and poverty' remains the most serious economic problem facing Australia. At a time when the majority of Australians are enjoying unparalleled standards of living, more than two million of their fellow citizens live on incomes below or close to the austere poverty line developed by the Australian Commission of Inquiry into Poverty.

"Tax reform is central to any renewed commitment to eliminate poverty in Australia. At present we have a tax system that exhibits great difficulty in raising the required levels of revenue and is widely criticised as being neither fair nor efficient. Reform clearly is warranted." (Brotherhood of St. Laurence.)

Comment

Henry George's classic, "Progress and Poverty", is as relevant as ever. Ask for a copy from our office, \$6 plus postage.

UNEMPLOYMENT AND TECHNOLOGY

By C. H. Stowasser

In my readings of the Australian Humanist Magazine I have noticed that a considerable number of writers express the fallacy that technology creates unemployment. Both history and theory contradict this fallacy.

In England, before the industrial revolution, when technology was negligible, there was a greater percentage of unemployment than after. During the Great Depression of the early thirties unemployment reached 35%, yet technology had only reached a fraction of the present level. Japan, a highly technological nation, has far less unemployment than countries with a low level of technology.

Theory tells us that a man's desires are unlimited. When he has satisfied some desires, he seeks to satisfy others, so any manpower released by technology could be used to help satisfy these desires. In observable terms it is crazy to say that technology creates unemployment when it is obvious that there are hundreds of basic desires not yet satisfied by the mass of people. For example, the unemployed in our society could be totally absorbed if we satisfied just one of these basic desires, the production of decent houses for all.

If technology was put to its fullest use and if the wealth thus produced was fairly distributed, it would be unnecessary for anyone to work for more than a couple of days per week in order to obtain a comfortable income. The present unemployed would be quickly absorbed in keeping the machines going the rest of the week. By work and wealth being shared out sensibly, there would be plenty of work for all.

Barriers

There are two great barriers to the full expansion of technological potential and a fair distribution of wealth. These barriers are:—

(1) The ever increasing prices and rents that private owners can obtain for the use of land, and the fact that it is easy for owners to hold land out of use.

(2) A taxation system that punishes people in every possible way when they are productive, but makes them pay no revenue, or the minimum of revenue, to the nation when they leave valuable land and property lying idle or use it badly.

These two barriers have been the basic cause of poverty and unemployment in all societies where people have been able to own and occupy land without paying rental revenue to the nation for the privilege. In all such societies, now and in the past, 5% of the nation has owned 80% and more of the nation's wealth—this wealth being mainly in the form of land values.

All production depends on access to land and so long as landowners are able to occupy it without paying rental revenue to the nation for the privilege, it is inevitable that competition between intending users will put the wealth of the nation in the hands of a few.

Revenue Switch

The solution to this problem is radical but simple. Abolish all taxes that stifle production and raise prices. Collect rental revenue from all land, whether used or not, on the basis of site values. Those who put their property to good use should pay no more than those who leave it idle

or use it badly. In this way production would be encouraged to the full and the barriers to production broken. The demand for labour would exceed the supply and the consequent competition for labour would ensure that each person received the full fruits of his labour. Wealth would be fairly distributed and the barriers removed that prevent people from satisfying desires whether they be for more material goods or for more leisure.

Some people would argue that under such a system some would get wealthier than others through working harder and would then be able to exploit others. Not so. As long as people cannot use their wealth to buy land and monopolise it they cannot be in a position to exploit others. The processes explained above ensure all people equal access to land at all times. The extra wealth of some cannot lead to the exploitation of others as long as the above conditions exist. All wealth produced is of benefit to all since manufactured wealth must be exchanged. The more that is produced and exchanged the better off we all are. Cartels and marketing boards that deliberately withhold goods from the market to keep up prices can function only if others who want to produce and sell are denied access to land.

Why Robbery?

If one person has twice as much wealth as another because he has worked twice as hard—why should he be robbed of any of this wealth by the State? Why should anyone be robbed of the fruits of his labour, i.e. earned income, through income tax or any other form of taxation robbery?

An excellent book on the above Technology and Unemployment issue is R. Giles', "Technology, Employment and the Industrial Revolution", published by William Brooks.

RATING WISDOM

The following letter was sent from the Queensland Land Rent League to Brisbane City Council aldermen.

From time to time well-intentioned but misinformed and misguided people suggest radical changes to our rating system.

The enclosed literature explains why this would be a mistake of the first order.

We therefore trust that you will give our material your closest consideration.

The proof of the pudding is in the eating.

In countries where no rates or taxes are collected from land values but massive rates and taxes are imposed when land is put to use there is an enormous amount of stagnation and dereliction. In England, for example, 20% of the marketable land in each of the major towns and cities is lying idle and derelict.

Even in countries like Australia, where nearly all marketable land pays some revenue on the basis of land value, those areas that rate *only* on Site Value or Unimproved Capital Value show far more development and better development than areas that put most of the rates on buildings and only a small amount on land values.

We have masses of data to prove this point and would be glad to send such data on request.

REFLECTIONS ON THE TAX SUMMIT

By David Spain

The Tax Summit was purportedly concerned to restructure public financing, yet neither in the invitations issued nor in the media coverage ensuing is there reflected that one analysis which not only satisfies all Mr. Hawke's "principles for reform" (except the ninth: general public acceptance), but which stands unscathed by rational criticism.

I refer to that analysis largely perfected late last century by the American philosopher Henry George: that there can be no sane basis to any economy unless the sole source of revenue is the annual collection of the rental value of all sites (as distinct from improvements thereon) occupied.

The land was not made by humanity, yet control over sites and resources is essential for production of wealth. If the community is (very rightly) to grant individuals private and secure control over sites, it can only avoid distortions by collecting the economic rent of them, for public purposes, in return for such monopoly.

This practice, and the machinery therefor, already exist throughout most of Australia at local government level. Extension of this system to gathering the entirety of national revenue would be cheap and easy. It is the failure to do so and the alternative modes of taxation adopted which are to blame for our economic plight. There can be no cure without addressing the root cause: land monopoly.

At present, there is no substantial economic disincentive to owning land. Those who can afford to buy vast tracts and vital locations for speculative reasons, and as a hedge against that inflation their own practices largely occasion, need only wait, contributing nothing, until the natural increase and demand of the labouring community, along with that web of infrastructural development (roads, services, utilities) funded by those who pay taxes, donates them unearned and untaxed profits on resale.

Far from collecting this proper source of revenue, regressive and perverse taxes are painstakingly levied upon effort, initiatives and transactions essential for production of true wealth.

Only paper tigers and deliberate misconstructions are floated against this reform, but they are easily dismissed. Beware of the typical ones: that site rent would be inadequate as a source of revenue; that this solution is "communitistic" and involves nationalising land; that site values cannot be ascertained separate from the improvements thereon; that excessive incomes or inequitable suffering must result for some and that the solution is simplistic and utopian.

The crippling failure to seriously debate, let alone implement, this reform is amongst the astounding and boring facets of our national and international academic, economic and political life.

- 54,000 applicants are waiting for public housing in N.S.W. The figure is said to be one of the highest since the Housing Commission was set up in 1945 and is more than half the number on the waiting list nationwide. (Comment: The high price of land is of course the major problem, and the problem will worsen unless corrective action in the form of land rental taxation is taken.)

MORE REFLECTIONS ON THE TAX SUMMIT

By Roland Staub

The Government's draft white paper on tax reform, as outlined in its official guide thereto, appears to be calculated to steer public debate away from reality. It admits to a big problem of tax avoidance and evasion, but fails to face up to the fundamental question of what can and should be claimed as public revenue by an honest government.

There is no moral basis for taxing either income from honest labour or the social benefit of exchanging bona fide goods and services.

The Government's problem cannot be solved by its approach to tax reform. Mr. Keating's preferred consumption tax is a broadside attack on the citizen's freedom to trade. It would quickly spawn myriad evasions and require an army of government officials to police it and catch offenders. Our tax system would end up in even greater disrepute, further reducing social cohesion.

One of the listed options, of little effectiveness, is styled "a moderate capital gains tax"*. This tax, which would be "inflation adjusted", shows the Government at its most incompetent. This strange proposal may well be a deliberate blind to forestall any meaningful change in government revenue.

Unearned capital gains derive from the ever-rising land values in the vitally important real estate sector of the economy. These gains do not represent production or service — they represent claims on available production, a sort of private tax. Hence they are the true source of inflation. They work through the entire economic system to manifest as price rises in the shops, as well as higher rents and bigger mortgages. Capital gains for some are the unjust losses of others.

The billions of dollars evaded and avoided through the present tax system could be collected, and inflation stopped at its source, by the gradual re-introduction of a federal land tax. This is the only realistic way to tax reform, and to collecting capital gains for the Treasury.

To adjust a capital gains tax for inflation, as the white paper suggests, is in effect to deduct inflation from inflation. The man billed as "the world's greatest Treasurer", Mr. Keating, would, of course, collect next to nothing from it.

A genuine capital gains tax, via the land value tax, collecting the publicly rather than privately created values that arise in the economy for the public treasury would enable real reductions in income and sales taxes.

* This would be an inflation adjusted, and would not apply to the taxpayer's own income. Only real gains made after the date of the introduction of the tax would be affected, and the tax would only be paid on the disposal of the asset.

CORRIGENDA

In Roland Staub's article in the April issue, the dates of Henry George's life should read 1839-1897.

In the May issue, under the report on name changes for the League, Roland Staub did recommend retaining the present name, but the remark "Each State would have its own name with Georgist Council as umbrella" was made by someone else.

ADVERTISING CAMPAIGN

Advertisements were placed in "The Age" and "The Australian" at the time of the tax summit early in July. As a result, 110 responses were received, including some from overseas! Literature was sent to all respondents.

EITHER LVT — OR PRIVATE ENTERPRISE FAILS

Let's face it — land doesn't follow the usual laws of a free market. Its supply was fixed at Creation, and an increase in demand for it will not call forth an increase in supply as with other commodities. Tax land, and it will be used efficiently; but tax labour and capital and we will have less of those things. And if an income should be owned by its producer, then government should own the land-rent income, since society and not the landowners provides the jobs, shopping and government services which give land its rental income. Land has value irrespective of what its owner does or does not do, and this can be said of no other commodity.

Clearly, land is unique and unless private enterprise recognizes this, it compromises its claim to moral justification and loses its efficiency until it gradually is transformed into a regulated socialistic economy. Consider:—

- If land is not taxed, then it will be used inefficiently and there will be premature sprawl into our clean-and-green countryside and government intervention will be demanded.
- If land is not taxed, then buildings will, and they will be expensive and in short supply. Jobs will be lost and unemployment will mount. Land prices will creep upward due to inefficient land use, exacerbating inflation and further burdening the private incentive to produce. The cry for government intervention will everywhere be heard.

What to do about the poor? To tax others to support them is a violation of the rights of private property but what choice does private enterprise, as currently conceived, have? Tax rates rise inexorably, slowly destroying private enterprise (and still poverty persists). A tax on land values would easily raise billions of dollars annually and more than suffice to inundate poverty, while simultaneously spurring production.

And so the conclusion is clear: land value taxation is the sine qua non of private enterprise. Without it, private enterprise is slowly slipping away while so many profess to favour it.—Adapted from "Incentive Taxation", June, 1985.

CALL FOR LAND RENTS TO BE RE-INTRODUCED

The Government could greatly assist the home-ownership aspirations of probably thousands of people by re-introducing a system of annual land rent for residential leases in Canberra, Mr. Phil Day, the senior lecturer of the Department of Town and Regional Planning at the University of Queensland, told the conference.

Mr. Day said that annual land rent had been abolished in 1970 by the Gorton government because of fears of upsetting the populace when it became time to adjust the annual premiums.

He believed that it should be re-introduced urgently, and that new-home buyers could save up to 30% of the cost of a house-and-land package by not having to pay out a large sum for a land lease.

"Of course they would still be paying for the land over time, but the need to pay a lump sum of perhaps \$28,000 or more would be removed, and the deposit gap would be considerably narrowed," he said.

Annual land rent would also avoid having to pay interest on the land-component cost of a house-and-land package.

Mr. Day said he was also concerned that the N.C.D.C.

"is seemingly determined to perpetuate the urban sprawl of Canberra . . . and I am apprehensive about the costs of maintaining an expanded city, both to the people of Canberra and to the Australian taxpayer".

Mr. Day strongly favoured making maximum use of available land within existing city limits.

The N.C.D.C.'s director of town planning, Mr. John Gilchrist, responded that the commission was equally concerned about costs, but said that the perceived "sprawl" of Canberra was frequently exaggerated.—*Canberra Times*, 10/8/85.

FEDERAL FINANCE

In view of widespread opposition expressed by many sections of the community, the Federal Government has backed away from its infamous proposal to inflict a broad-based consumption tax (12½%) on a wide range of commodities and services. No doubt, due to "economic exigencies", this would have been raised to 15% in a comparatively short time.

Indeed the whole so-called "tax reform" package advanced by the Federal Treasurer has been largely dumped. How language can be abused!

A few minor amendments are apparently to be introduced, including a rather inept "capital gains" tax. No doubt there will be the occasional extra slug, including apparently a savage airport departure tax.

Meanwhile, the current practice of taxing useful, gainful economic activity in a variety of ways will continue, while the natural, logical source for community revenue, viz., community created site rentals, will in general be ignored — the latter not only by our politicians and their advisers, but also (apart from some rare exceptions) by the media and academics as well.

No doubt we can be thankful that things did not become worse.

(Note: This was written just before the Federal Budget was brought down.)

RESOURCES RENTAL AND OIL

The Federal Government has opened the door for resource-rent taxation of the oil industry to apply on-shore, having negotiated a new tax deal with the W.A. Government for Barrow Island crude.

The Barrow Island deal abolishes the existing federal crude excise and W.A. royalty arrangements in favour of a resource-rent royalty calculated on the value of profits rather than production.

As such, it mirrors the operation of the resource-rent tax introduced for offshore oil-producing areas last year amid controversy among exploration companies and antagonism from State Governments.—*"Age"*, 26/7/85.

MISCELLANY

- In the last 10 years total government spending has increased by 70%, far outstripping the economy, which grew by only 28%. Even allowing for a soaring tax burden the national debt has also grown rapidly to \$73b and is expected to grow further by 40% to \$105b in the next two years. By the year 2000 the government sector will be spending about 55% of the community's resources compared to 42% now, if present trends continue.

ONCE UPON A TIME IN MERRY ENGLAND THEY USED TO PUT A TAX ON WINDOWS

So naturally, people bricked up the windows. At least it cut out flies as well as the sunlight. But if you think that's a poor sort of joke, what about where you live, where the local council is taxing the whole blinking house?

Yes, fellow ratepayers, *that's* precisely what's happening to you under N.A.V. (Net Annual Value) rating where the council rates you not only on the value of the location of your property but on the value of the improvements that *you* have paid for to put on it — as aforesaid, not only the windows, but the whole house! And shandy rating isn't any better — it still taxes *your* improvements.

The value of the *site* your house is built on is improved and maintained by council services so it is fair enough for rates to be based pro rata on the site value. (Site Value Rating, or S.V.R.). But your own property improvements are *your* business, not the council's nor the Board of Works'. So why should you put up with them taxing you on your own initiatives?

What it boils down to is this. People should be rated not on what *they* contribute by way of improvements to the area they live in, but on what the council contributes to them. Fair enough? Then —

**"OF N.A.V. RATING, DON'T HAVE A BAR,
BUT BECOME A FRIEND OF S.V.R."**

Site Value Rating costs you nothing to have windows. And if the sunlight is too strong on the carpet, you can always close the curtains. As we have said, that's *Your* business — never the Council's!

ADVANTAGES OF PROPORTIONAL REPRESENTATION

(i) It is virtually impossible for prominent leaders of recognised ability to lose their seats at election time. This often happens in single member electorates owing to population increases or changes within the electorate or by concentrated effort of "the opposition" to defeat a formidable opponent.

(ii) Candidates with little ability but with great financial strength or past masters in political intrigue can never be elected unopposed as at present often happens in Local Government.

(iii) A casual vacancy can be filled without a by-election simply by examining the ballot papers and appointing the candidate who was "runner-up" at the last election.

(iv) Interest would be revived in politics and Local Government when electors had such a wide choice of candidates, one or more of whom most certainly would appeal as a suitable representative. How often do intelligent people fail to record a vote when faced with a choice of known incompetents, products of the party pre-selection system? A multi-member election, for example, for the complete Council every three years in Local Government would become a well-advertised event, attracting wide interest, especially when a council is failing to serve the interests of ratepayers. A real protest could then be registered. There is little or no redress under the present system when only one-third retire and of these the majority, in safe single member seats, are elected unopposed.

(v) The city councils of Sydney and Melbourne have been sacked by the governments of New South Wales and Victoria in recent years because of malpractice, and others only remain in office because of weakness or disinterest by the State Governments concerned. New South Wales has since adopted a substantial measure of Proportional Representation to ensure responsible Local Government for the future.

(vi) Proportional Representation gives voting power to minorities according to their numbers. It is well known that the great majority are not the best informed members of the community and are easily swayed by propaganda. The intelligent section of the community, those equipped for leadership, are always in the minority.

(vii) Proportional Representation has brought peace to Southern Ireland. The single member electorates of Northern Ireland have denied the Catholics even the semblance of fair representation and hundreds have died in consequence.

(viii) Proportional Representation is not an experiment: it is used in many parts of the world — for the Australian Senate elections and for State elections in Tasmania. Even though unnecessary complexities have been introduced, the franchise has been restored to nearly all electors.

(ix) It should be noted, however, that in some European countries a distorted form of Proportional Representation known as the "Party List" system is used. Under this method votes are cast for parties and not for individual candidates. The parties are then entitled to select and appoint members to the parliament according to voting strength.

On no account should this system be used. It does not comply with the true concept of democracy or give electors the right to vote for the candidate of their choice. Votes cast under such conditions cannot be said to have real value, when the worst features of the party pre-selection system are perpetuated.

(From Graham Hart's "Effective Voting". Copies available from 31 Hardware Street, Melbourne, at \$1, plus, say, 50c postage.)

CURRENT ECONOMICS

By Robert Clancy

A "new wave" of criticism of government spending on social programmes is stirring up controversy. Among the critics is Charles Murray, who, in his book *Losing Ground*, points out that welfare spending has increased by leaps and bounds since 1960, but the condition of the poor, far from improving, has actually grown worse. Murray proposes that the entire system be scrapped and that we rely entirely on a re-invigorated private enterprise system to solve the problem of poverty and unemployment.

Charles Murray debated with Michael Harrington, who, although he is socialistic with very different ideas on what should be done, conceded that the current welfare system has not worked and that it perpetuates poverty. Many, however, disagree with Murray and contend that welfare has helped, even though it may need reforming.

Meanwhile, the economy, according to many indicators, is moving forward, justifying a conservative policy. But we are getting mixed signals: production, jobs and income are increasing — yet many businesses are going under and poverty has increased. The term "growth recession" has been coined to describe this state of affairs.

The "prosperity" we are supposed to be enjoying (now you see it, now you don't) is, after all, not very different

from such periods in the past. All the nice things seem to be happening at the upper levels of society; the bottom levels miss out on the good times. (It's not just welfare that is making more and more people homeless.)

The remedy of dismantling the entire welfare system is tempting and there are indeed valid criticisms of it. But nothing else? Let us recall that this is hardly a new idea, that it was the prevailing philosophy of the 19th century and that it was this situation that Henry George observed — with a contrast between wealth and want — when he wrote *Progress and Poverty*. Not doing anything about poverty did not solve it. Henry George showed the right thing to do while preserving free enterprise. But instead of heeding his advice, society developed a public welfare system, one that has grown cumbersome, expensive and misapplied. But because the *wrong things* have been done, that does not mean that *nothing* should be done.

Arguments go back and forth between making transfer payments and not making them; between public and private charity; between trickle-down theories and redistribution theories. It becomes a vicious cycle: Poverty is there, so let's extend government help; but government help has become a mess, so let's do away with it; but then poverty is there, so . . .

All this is argued as though there were no other way. Henry George's way is not merely a "redistribution" theory; it tackles the primary distribution of wealth. Wages to labour, interest to capital, rent to society. When this is fully realised we'll then be able to escape today's vicious cycle.— "*Georgist Journal*", Winter 1984-85.

LIBERTARIANISM

From a recent statement of the Libertarian Movement of Australia.

Elections were once actually described as "an advance auction sale of stolen goods".

Politicians make many promises, most of which are forgotten and the rest of which are made good by robbing Peter to pay Paul.

Politics has degenerated into a system of pressure group warfare. The name of the game today is to get some power by sheer numbers, a lot of money, important people, and use that power to pressure the government into giving the group some privileges.

So the "right" wing groups get together industry and business lobbies, big money interests and so forth to get subsidies, tariffs, anti-competition legislation, bounties and general repressive civil liberties legislation out of eager-to-please politicians, in exchange for votes, money and power.

Competing is the game: the "left" wing groups with their unions, their social welfare lobbies and women's issues lobbies are also fighting for a slice of the action from another group of politicians equally eager to remain in power in exchange for votes and money.

Regardless of which side one is on, which groups one has sympathy for, the principle of operation remains the same.

The government hands out the privileges, and the taxpayers pay for them.

Accompanying this is the necessary growth of bureaucracy, regulation, taxation and inflation — inflation being caused largely by the government enlarging the money supply to pay for the few promises they are forced to keep, but are not game to fund through unpopular taxation.

This pressure group warfare will eventually ruin our country.

As Thomas Jefferson put it: "The more power you give to the government to do things for you, the more power you give it to do things to you."

Furthermore, for every happy privileged group a government creates, it also creates an unhappy one that has missed out.

Thus, we see around us the growth of group fighting group, black fighting white, employer fighting employee — and the growth of envy, suspicion, hatred and greed.

Privilege distribution probably causes most of our current problems.

Comment

A major privilege is exclusive occupancy and use of particular sites. For this, an annual site rent should be paid to the government, thus permitting removal of current taxes.

THE SCANDAL OF UNRATED RURAL LAND

By H. I. Meyer

1% of the population of the United Kingdom owns 52% of the land.

The estimated annual land rent of the United Kingdom is a minimum of £82.6 billion a year, or almost £30.00 per week for every man, woman and child.

If this total annual land rent were collected on behalf of the community instead of as now, enabling a privileged few to lead life-styles which are an obscene scandal worse than Ethiopia, Sudan and Bangladesh combined, then it would be possible to balance the public sector books without income tax, VAT, rates or corporation tax.

No income tax? No VAT? No local rates? No corporation tax? Is this possible? It could happen tomorrow!

Who is doing the impossible now? 52.5 million of us live in cities and pay ever higher rates and taxes, while over 52 million acres of rural land PAY NO TAXES OR RATES AT ALL.

Those underpopulated and almost vacant rural shires benefit from the largest Government subsidy of all, the annual E.E.C. C.A.P. payments on the farm surpluses in excess of £15bn. a year. No wonder they don't care what VAT, income tax or local rates demands are. THEY HAVEN'T PAID ANY TAXES AT ALL SINCE AT LEAST 1660!

- More than 50% of farmers are in the top 10% of wealth holders in Australia by virtue of their real estate holdings.
(Comment: This of course largely means land holdings.)
- During 1983-84 the Australian Government approved 186 proposals by foreign interests to acquire urban property (valued at \$418m) and rejected 22 proposals. It also approved 57 proposals to acquire rural land with a total value of \$62m. A further 13 rural proposals were rejected.
- Government expenditure on housing in Australia as a percentage of G.D.P. is a low 0.4% compared to an average of 1.8% in the eight major O.E.C.D. countries.
(Comment: The widespread application of site value rating throughout Australia in checking land prices could be a major factor here.)

ADDRESSES

NEW SOUTH WALES
ASSOCIATION FOR GOOD GOVERNMENT
143 Lawson Street, Redfern, N.S.W. 2016

VICTORIA
See column opposite.

QUEENSLAND
THE LAND RENT LEAGUE

1 Bird Street, Herston, 4006 Qld.
Phone: (07) 527231

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HENRY GEORGE LEAGUE
Monthly meetings are held and visitors are welcome

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Mr. J. E. Hall, 26 Landsdowne Avenue,
Belair 5052, S.A. Phone: (08) 278 7560

WESTERN AUSTRALIA
HENRY GEORGE LEAGUE
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AUSTRALIAN CAPITAL TERRITORY
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The Henry George League is a non-party educational body
advocating that public revenues be drawn from public
charges upon the site value of land and that taxes upon labor
and capital be correspondingly abolished.
If your view accords with this you are invited to join.
Annual Membership Fee is a minimum of \$10 which includes
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Subscription for "Progress" alone within Australia is \$5
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countries are £3 (stg.) to Commonwealth countries, and \$6
for other countries.

MEETINGS

Held at 31 Hardware Street

EXECUTIVE

Thursday, 10th October, at 7.00 p.m.

DISCUSSION NIGHT

Thursday, 24th October, at 7.30 p.m.

**Meetings of Other Bodies for which
"Progress" is the Official Organ**

The following meetings will take place at Henry George
League Rooms, 31 Hardware Street, Melbourne:

Combined Work Nights on special projects for the Land
Values Research Group and General Council for Rating
Reform:

Thursday, 17th October, at 7.30 p.m.

These are working meetings. New workers or enquirers are
invited to come.

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