

THE PEOPLE'S ADVOCATE

An Organ of Fundamental Democracy

Policy: FREE LAND, FREE TRADE, and PROPORTIONAL REPRESENTATION

Vol. II, No. 161

Registered at the G.P.O., Adelaide, for transmission by Post as a Newspaper

ADELAIDE: FEBRUARY 21, 1935

Post free, 2/- per year, in advance

FRANCE DROPS WHEAT PRICE - FIXING

At the present time, with our farmers so financially embarrassed, a great deal is heard as to the need for a fixation of the price of wheat. We are informed that other articles enjoy the benefit of fixed prices, and the same blessing should be bestowed upon the wheat producers. The fixation of prices is not a new thing. It was tried in the days of Babylon, but coming along the pages of history we find that all such attempts end-in-failure. Those conversant with the working of economic law know that failure is inevitable. But notwithstanding the evil effects which have followed the adoption of the policy in other parts of the world, there are still politicians in Australia who urge that such a policy should be put into operation here. In view of that fact it will not be out of place to give our readers the benefit of an article which appeared in the January issue of the monthly circular issued by the National City Bank of New York. This article deals with the intention of France to drop wheat price-fixing. Owing to its length we can only give extracts.

"The decision of the French Government to terminate as soon as practicable its experiment with wheat price-fixing, to which the Chamber of Deputies gave its assent on December 13 by a decisive vote, should be a matter of much interest to this country and to our neighbor on the north, where the disposition to try out price-fixing as a remedy for economic ills is as marked as it is elsewhere. In France as in this country agriculture is a centre of the national interest, and the farmers have a strong representation in the Government. From the onset of the depression, and the decline in world wheat prices, efforts have been made to shelter the French wheat growers from its effects, and the scope of these effects widened as the depression continued and the agricultural position became more difficult. The law setting the minimum wheat prices to French farmers dates back eighteen months. Thus the experience has been a short one, but it has been sufficient. The French Government has learned, as other Governments making similar ventures have also learned, that price-fixing offers no solution for depressed commodity markets, and its experiences add another valuable chapter to the record."

"Economic theory objects to price-fixing measures on the ground that by holding prices above their natural level they encourage production, disrupt trade, discourage consumption, perpetuate the surplus, and finally become unenforceable. Moreover, as long as they are in operation they constitute a subsidy to one group of the population, at the expense of other groups, and the cost is a burden on the national economy. All of these effects have developed in the French experience. The surplus of wheat in France has grown unmanageable, and it is plain that the Government's measures, tending to maintain production and reduce consumption, have been an influence in accumulating it. In order to support the domestic market, it is necessary to export wheat at the expense of the national treasury, which must make up to the farmer the difference between the domestic and the world price. The higher bread prices resulting from the programme and the costs to the Treasury have provoked the resentment of the urban and industrial population."

The article goes on to show that despite all the efforts of the Government to enforce its decrees, there grew up a "black" or "bootleg" market in wheat, trading at prices well below the official minimum. There is "open defiance" of the law on the part of farmers "more anxious to sell their wheat than hold it for the legal price, and by bakers." This fact was admitted by Premier Flandin. Another phase of the situation is that the price of bread is fixed according to the official price of wheat, "and unless there is a 'black' market for bread also the consumer gets no benefit from the illicit wheat trading."

It is also stated that "Since the initial price-fixing law was adopted three other laws and

around one hundred decrees have been found necessary to supplement and strengthen it." Professor James A. Boyle, of Cornell University, an outstanding authority on the grain trades, after an investigation stated that the regulations applying to the wheat and milling trades, and doubtless necessary to the enforcement of the Act, "were so numerous and detailed that probably no lawyer in France was able to construe them correctly, although a leading attorney had issued a 715 page book devoted solely to explaining them." It is claimed that under this regimentation the number of wheat dealers was cut in half, and the milling business has become so difficult, especially for the mills desiring to observe the price law, that some have closed.

Interesting details are given relating to the development of the protective policy in regard to wheat, the general tariff rate on which has been increased since January 1, 1927, from 19.6 cents per bushel to 1 dollar 71 cents (from about 10d. to 7/2 per bushel).

"In 1929, when a crop of 337,000,000 bushels was raised, a resort was had for the first time to regulations limiting the use of foreign wheat in the manufacture of flour." Normally 30 per cent. of foreign hard wheats were used for mixing with the French soft wheats, but these imports were limited at various times to 3 per cent., later 1 per cent., and finally in the 1933 emergency, no hard wheat was allowed. The quality of the bread was affected by this limitation, and there has been a declining tendency in bread consumption. In 1930 and 1931 unfavorable conditions reduced the crop, and the 1929 surplus was successfully moved. The accumulation of the present surplus began with the 1932 crop, which turned out to be 334,000,000 bushels. From that year there has been a succession of measures, leading up to price-fixing, to support the market. The Government granted a bounty on exports of wheat, and finally it resorted to paying a subsidy to farmers who would hold their wheat, all without effect. The carry-over at the end of the 1932-33 season was large. Then the 1933 crop came to market totalling 362,000,000 bushels, the largest since 1907, and 50,000,000 in excess of the country's requirements. To meet this situation the Government reduced the flour extraction rate to 85 per cent., compared with the normal of 76, and prohibited all use of foreign wheat in the making of bread. It established a bounty on denatured wheat fed to livestock, and increased the bounty on exports, finally as high as 6/10.

"Most important of all, it passed the act fixing the minimum price to the farmer at 115 francs per quintal (220 lbs.), equivalent to 8/8 per bushel. This price was increased by 2½ cents per month during the 1933-34 crop year, to allow for carrying charges, and insure "orderly marketing," and at the end of the season (August 1, 1934) the price in Paris was around 2 dollars 38 cents (9/11), despite all efforts to reduce it, and Argentine wheat was selling in Liverpool for around 75 cents (3/1½). The 1934 crop has not relieved the situation. Estimated at 332,000,000 bushels, it also is substantially above requirements. The Government fixed the price of this crop at 1 dollar 96 cents (7/4). But with all the efforts made to ease the position the surplus is practically the same. This was the situation facing Premier Flandin when he took office last November. Under the new wheat law the minimum price will be reduced from 168 to 97 francs per quintal, and will be removed entirely in six months. The Government will eventually absorb the surplus, at a total cost estimated up to 125,000,000 dollars, financed by borrowings which will be serviced by taxes on producers and millers. Premier Flandin told the Chamber that it was intended to export 36,000,000 bushels, of which over 20,000,000 will be denatured for livestock feed. A bounty of 1 dollar 18 cents on exports is provided. It is proposed to reduce the price of bread by 12½ per cent. or more, making it slightly lower than it was prior to the enactment of the 1933 law. Penalties are placed upon any expansion of acreage, and planting of certain varieties of wheat, giving a high yield, but of low quality, is forbidden."

It is pleasing to see that a measure of economic sanity is developing in France, and it is to be hoped that other nations will profit as a result of their experience. The subsidies and protective devices necessary to support the high cost of production of Europe are a burden on the people who pay for them, and on the whole economic system. These artificial measures have thrown the wheat trade of the world into disorder, and the disturbance has been felt by all sections of the community. The article concludes with the following statement:

"It is idle to expect any stability in the wheat-growing industry or in the world wheat trade as long as the production of wheat is governed not by calculable economic influences, such as the cost of growing it in various places and the quality produced, but by the incalculable political decisions of governmental bodies, based on uneconomic considerations. Nor is there reason to hope for more than a patchwork solution in the efforts to induce the co-operation of wheat growing countries on a basis of mutual sacrifice, each accepting production or export quotas; or in the vision of an internationally controlled wheat economy. The fallacy in the claims made for such an economy, even if it were practicable, is that its chief effect would be to preserve the high cost producer, for the curtailment would necessarily fall on the low cost exporting countries."

Australian farmers have heard a lot recently about "orderly marketing," a "controlled price," "quotas," and such like interferences with natural law; and they would do well to pause before committing themselves to such fantastic schemes which have brought disaster elsewhere. The fact that cannot be too strongly pressed at the moment is that the regulation of price is not a satisfactory means of dealing with this important problem. Safety will be found only by allowing the natural laws of trade free play. All effort should be concentrated upon a reduction in the cost of production. The wheat grower must be permitted to buy in a free market, and not be bled for the sake of the manufacturing industries who seek and obtain special privilege. Canada, the United States and France have paid dearly for interference with economic law. Let us profit by their experience and thus avert greater disaster.

HENRY GEORGE LEAGUE OF SOUTH AUSTRALIA

Incorporated

The monthly meeting of members of the Henry George League was held at George Parade on Tuesday, January 29. The president (Mr. A. Chappel) in the chair, and there was a fair attendance of members. The secretary was absent owing to his attendance at the Farmers' Conference at Wudinna, on the West Coast. An apology was received from Mr. A. S. Bayly, Minister of previous meeting read and confirmed, and an interesting budget of correspondence was read and received. Financial statement presented and accounts passed for payment. A letter was received from Mr. E. R. Putland in relation to the formation of a Model Parliament at Unley, and an invitation was extended to members to be present. Matters relating to the Park meetings were discussed and adjourned for further consideration. Mr. H. E. Penny spoke enthusiastically in regard to the fine article in January "Advocate" on "Free Trade and the Engineer," which he regarded as the best he had read on the question. Matters of general interest were discussed.

Next League Meeting, Tuesday, February 26, at 8 p.m.

Henry George Literature

Owing to the generosity of the Henry George Foundation (Australia) we now have a good supply of Henry George's celebrated pamphlets. These have been reprinted in Australia by the Foundation. There are six titles, viz.:

Thy Kingdom Come,
Thou Shalt Not Steal,
Moses,
Scotland and Scotsmen,
The Crime of Poverty,
Justice the Object, Taxation the Means.

These pamphlets are available at one penny each, postage one penny, or the SIX post free for eight pence.

Readers are strongly recommended to send for this valuable set, which is splendid value for the small amount charged for them.

"The People's Advocate" is published monthly Subscription, 2/- per annum, in advance.

All literary communications should be addressed to "The Editor."

"The People's Advocate"

ADELAIDE, FEBRUARY 21, 1935

Rural Debt Adjustment

The long waited Bill for the adjustment of rural debts was introduced into the State House of Assembly on February 18. The Commonwealth Government has made available to the various States a sum of £12,000,000 spread over a period of three years, the money to be used for the purpose of rehabilitating the primary industries of Australia. The definition of "primary producer" is "any person or body corporate engaged in business within the State as an agriculturist, pastoralist, grazier, dairy farmer, fruit grower, vegetable grower, or producer of other primary products, not being metals, minerals or fish; the term shall include the legal representatives of any such primary producer."

It is anticipated that South Australia's share of the Commonwealth loan will be £1,800,000, and of this amount £225,000 is expected to be received before June. The money is a free gift to the States, and will in turn be a gift to the producers who are assisted under the Act. Practically a free hand is given to the States in regard to the distribution, subject to two main conditions:—

1. That the money must be used only to help people who have some prospect of ultimate financial rehabilitation.
2. That none of the money may be used to pay off debts due by primary producers to the State or Commonwealth or any public authority.

It is provided under the Bill that producers may make application to the Board for debt adjustment. In the first place the Board will endeavour to get an agreement between creditors to write down the debts. If nothing can be done in this manner, the Board will then call a meeting of the creditors and put forward a scheme. The scheme may provide for paying off a farmer's unsecured debts by composition, for releasing the farmer from the balance of the unsecured debts above the amount of the composition; for reducing the interest on secured debts; and for writing down of Crown debts, both secured and unsecured, and whether due or becoming due in the future.

If the Board decides to proceed with the application it is provided that a valuation of all the assets of the applicant shall be made. The valuation of wheat lands under this provision shall be made on the assumption that the average amount (including bounties, bonuses, and other similar payments) realised for wheat at all material times will be three shillings per bushel at overseas shipping ports in the State. Power is granted to the Board to dismiss an application at any time after the valuation is made if it is satisfied that the applicant has not reasonable prospects of continuing operations without loss.

When explaining the Bill the Treasurer stated that in a normal case the Board will offer the creditors a composition of an amount in the £ equivalent to the ratio which a primary producer's unencumbered assets bear to his unsecured debts, but not exceeding 5/-. As an example, it was assumed that if the assets of a farmer were found sufficient to pay 8/- in the £, the Board probably would propose a cash composition of 5/- in the £ (this to be paid from the Commonwealth fund), leaving the farmer liable for 3/- in the £, and the balance of 12/- in the £ to be written off. If the assets were sufficient to pay less than 5/- in the £, the Board probably would propose a composition of the actual amount in the £, and write off the balance. That part of the scheme which provides for compositions of this kind will become operative if 50 per cent. of the unsecured creditors agree to it. Any other method—such as a plan containing a smaller cash composition, or no cash composition at all—will require the approval of 75 per cent. of the creditors.

Under a further provision the principal of a secured debt will not be written down unless the secured creditor elects to be treated as an unsecured creditor. In such case he will not be able to rely on his security for the amount which he treats as unsecured. It is thought there will be no reduction of a fully secured

debt. Any meeting of the applicant's creditors shall be held at a place convenient to the majority in value of the creditors, and notice of such meeting is to be given to every creditor known to the Board. The meeting shall be held not less than three nor more than twenty-one days from the delivery or posting of the notices. A member of the Board or some person appointed by the Board shall be chairman at every meeting. The chairman shall decide who is entitled to vote at the meeting and the amount in respect of which any creditor may vote, and the practice, procedure, and the power of the chairman at a meeting; shall, except where this Act makes special provisions, be the same as at a meeting held under Part XI of the Commonwealth Bankruptcy Act, 1924, and its amendments.

A creditor whose unsecured debts does not exceed fifty pounds shall in computing the votes at any meeting be counted in value but not in number. A secured creditor may vote at any meeting in respect of the whole or any part of his secured debt; and if he does so, and a scheme for the adjustment of the applicant's debts results from that meeting, the secured creditor shall thereafter be deemed for all purposes to be an unsecured creditor for the amount in respect of which he voted, and shall be entitled to rely on his security for the balance (if any) of his debt, and the amount of debt in respect of which he so voted shall thereafter for all purposes be deemed to be an unsecured debt. The Board, or the chairman of the meeting, or the applicant or any creditor may submit to the meeting any scheme for the adjustment of the applicant's debts. Under clause 25 it is provided that "a debt due under an agreement for the sale and purchase of land or a hire purchase agreement shall be treated for all purposes under this Act as a secured debt, unless the applicant votes in respect of the whole or some part thereof in which case the whole or that part shall be an unsecured debt."

While the affairs of the primary producer are being dealt with by the Board, he will be protected against his creditors. When his affairs have been finally dealt with by the Board, it will still be open to the Board to continue the protection if it considers that such a course is necessary to complete his financial rehabilitation. If a farmer is given protection, the only control the Board will have over him is that he will not be able to sell his assets, and must submit to the Board half-yearly or yearly statements of his affairs. It will thus be noticed that this provision is much less stringent than the control exercised over applicants for assistance under the Farmers' Assistance Act.

An examination of these details indicates that the general principle of this piece of legislation is that the money received from the Commonwealth shall be used by the Board for the purpose of paying compositions up to a maximum of 5/- in the £ on the unsecured debts of the farmers. As an instance of the effect of the scheme, and supposing that the average composition was about 3/4 in the £, a total of nearly £11,000,000 of debt would be lifted from the primary industries in this State. The total debts amount to about £40,000,000, of which approximately £4,000,000 are unsecured. The Bill is an attempt to give some relief to a suffering body of producers who have previously intimated, any scheme of debt adjustment must fail in its object if provision is not at the same time made for a reduction in production costs. At time of writing the Bill has had a mixed reception, the Labor Party representatives claiming that in any scheme of debt adjustment all sections of the community must receive equal consideration. The Government, as the principal creditor, will have a great influence in getting other creditors to see the wisdom of making a composition. It is felt that without such a scheme a big number of farmers who have put in years of hard work will be forced to leave their holdings, and other men will come in and get the advantage of their labor; whereas, if an adjustment is made those who have struggled will be left in possession. The result of this legislation will be watched with great interest.

"The Standard"

An Australian Journal to advocate the rights of the people in the land, abolish taxes upon trade and industry, and tax land values.

Subscription, 2/- per annum, post free.

A. G. HUIE, Editor and Manager,
114 Hunter Street, Sydney, N.S.W.

Farmers' Protest Meeting

Remedies Suggested.

A mass meeting of farmers from various parts of Eyre Peninsula was held at Wudinna on January 30. Over 200 farmers were present, many travelling 70 miles to be there. Mr. R. R. Loveday (president of the Wheat Growers' Association) was invited to take the chair, and Mr. A. A. Knight was appointed minute secretary. Mr. E. J. Craigie, M.P., was present by invitation to hear the grievances of the farmers, and to convey them to the Premier and the Director of the Farmers' Assistance Board. Resolutions were carried dealing with the subjects of debt adjustment, acreage and bushel bounties, farm supervision, Farmers' Assistance Act; and support was given to the resolution passed at Karoonda. All these subjects were fully discussed, and those present made it quite clear that farming under existing conditions was unprofitable. Many cases of extreme hardship were recorded, and it is imperative that greater consideration be given to those engaged in wheat production.

Strong feeling was manifested in regard to the sustentation allowance, particularly the 2/6 per week granted for a child. It was claimed that it was impossible to rear a child on that amount. The question of the distribution of the bounty also aroused the ire of a big number who were present, the general opinion being that the Federal Government intended the amount to be paid direct to the farmer, and not to be controlled by the Farmers' Assistance Board. An increased amount, over the £12 granted last year, was demanded as a right. In addition to the 3/- per acre conceded by the Federal Government, a further bounty of 2/- per acre was asked for special hardship cases. It was suggested that this be on a sliding scale basis, starting at 2/- per acre for a three bushel crop or lower, and working down to 6d. per acre for ten bushels or over. Immediate relief by means of debt adjustment was necessary if men were to remain on their holdings.

Taxation Burden Must Be Removed.

Those who understood the facts relating to wheat growing know that production is at present carried on at a loss. The measures suggested at the meeting are at best only of the palliative nature. They attempt to bale the boat without doing anything to stop the leak, hence are not likely to give permanent benefit. Supposing that debt adjustment takes place, it will not be long before other debts are contracted which will need adjustment in the near future. This will be due to the fact that with wheat at about 2/- at the railway siding, and the cost of producing it in the region of 3/-, a loss is made on all wheat produced. It is inevitable that new debts will be contracted under an economic policy which produces such results. Sufficient emphasis was not laid on the present high cost of production. That phase must receive consideration if the industry is to be placed on a payable basis. At present the farmer is buying in a closed market and paying high prices for all his requirements, but has to sell his produce under free trade conditions. It is a one-sided policy that should no longer be tolerated. The Wheat-growers' Association would do well to stress this aspect of the question more than it has done up to the present time. Until there is a removal of the heavy taxation burden now imposed on everything needed by the man on the land, he has no chance of profitable production.

Bounties Do Not Come Out of the Air.

We can understand the attitude of the wheat growers in relation to the bounty. For many years they have been taxed to provide bounties for the manufacturers and the sugar interests, and they feel that in their time of trial they should receive similar consideration at the hands of the Government. We have frequently directed attention to the fact that assistance by way of bounty is merely taking from one section of the community to give to another. It does not touch the cause of the trouble, and merely aggravates the evil. At best it may be regarded as a small measure of compensation for the injustice that has been done to wheat growers in the past. But the fact must not be overlooked that a Government, as such, does not produce any wealth, therefore, does not pay the bounty. All bounties are paid out of production. The agricultural industry in this State produces 51 per cent. of the total wealth; it will thus be seen that those engaged in agriculture will pay the greater portion of the bounty which they

AN APPEAL TO PRESIDENT ROOSEVELT

receive. It will thus be realised that no lasting good can come from a bounty payment, and real relief must be sought elsewhere. Although there is considerable criticism of the Farmers' Assistance Act, and an organised attempt has been made to get farmers throughout the State to refuse to work under it next year, wheat growers should give that question serious consideration before coming to a decision on the matter. Granted that the Act has not done all that was expected of it, how will farmers finance the growing of the next crop if advances are not obtained under the Act? It is not surprising that in the administration of such a big department there should be many complaints. We know that many farmers very bitterly resent the control of the Board. But some measure of control seems to be necessary when advances are made by the State. In addition to the farmers' aspect of the question, there is also the viewpoint of the general taxpayer. Up to the end of the last financial year there was a deficiency of £580,000 on the amount advanced by the Act, and it is expected that when this year's accounts are finalised there will be a further shortage of over £200,000. Such losses cannot continue indefinitely. Something must be done to make the wheat growing industry self-supporting. And this can only be done by applying the same principle to other industries which are at present spooned by tariffs, bounties and other privileges. It is manifestly unfair and unjust to expect the wheat grower to continue producing year after year at a loss. No other business would be expected to do such a thing, and neither should those engaged in wheat growing be asked to do so.

Removal of Taxation Burden Only Practical Policy.

The time is ripe for action on the part of the farmers. The present economic policy of Australia is fast losing our overseas markets for primary products. The Federal Government seems to be in the grip of the manufacturers of the eastern States. Mr. Lyons and his colleagues talk pretty nothings about the need for removing trade restrictions, public money is being wasted in the appointment of Trade Commissioners, and tariff walls are erected to prevent trade. It is hard to understand the mentality of alleged political leaders who adopt such a contradictory attitude. For many years the farmers have devoted a considerable amount of energy in the direction of getting temporary relief. Despite all their effort and the assistance given, the financial position of a majority of the men on the land is worse today than it was ten years ago. Each year sees an increase in their liabilities, and this state of affairs must continue until the cause of their trouble is removed. There should be a united demand for the abolition of the tariff taxes now imposed on all their requirements. The Customs barriers to trade must be removed, so that overseas buyers can send us goods in payment for our primary products. All taxes which press on industry must be swept away, and revenue collected from its natural source—the rental value of land. There is no other means whereby ALL industry can be placed on a sound basis, and the sooner this fact is realised the sooner will poverty and injustice be removed from our fair land.

Georgian Literature

- The Science of Political Economy, 4/-, postage 1d.
 Progress and Poverty, cloth 1/6, postage 3d.
 Protection or Free Trade, cloth 1/6, postage 3d.
 " " " " paper 9d., postage 2d.
 The Condition of Labor, cloth 1/-, postage 2d.
 Social Problems, cloth 1/6, postage 3d.
 The Perplexed Philosopher (Henry George), paper 1/-, postage 3d.
 The Labor Question, 3d., postage 1d.
 Dictator-Democrat, 3d., postage 1d.
 Life of Joseph Fels (Mary Fels), cloth 2/6, postage 5d.
 What is the Single Tax? (L. F. Post), cloth 2/-, postage 3d.
 Basic Facts of Economics (L. F. Post), cloth 2/-, postage 3d.
 Neighbour's Landmark (F. Verinder), paper 9d., postage 2d.

HENRY GEORGE LEAGUE

George Parade, 11 Carrington Street, Adelaide

They are slaves who will not dare,
 All wrongs to right, all rights to share.

During his recent visit to the United States, Dr. Culley was successful in causing a number of people to take an interest in the doctrine of Henry George. One was a gentleman who had been in communication with President Roosevelt on social questions. After studying the subject this gentleman was convinced that the adoption of the Henry George principles was the solution to the social ills, and he penned the undermentioned letter to the President. Dr. Culley has kindly given us a copy, which we now reprint for the benefit of our readers. We are pleased to report that Dr. Culley has received great benefit from his trip overseas, and has again resumed his work in Melbourne.

The Honorable Franklin D. Roosevelt,
 President, United States of America,
 The White House, Washington, D.C.

My Dear Mr. President,

Now that the Country has again shown in unmistakable signs that the people are looking to your leadership for lasting and permanent reform measures could you not do some long range planning?

There are TWO classes of people whom you wish to help, the laboring classes and the agriculturists, and they MUST be given a greater share of the wealth they produce before your aims can be even partly accomplished. The object to be attained is clear, but the course to be followed is not so clearly charted.

In my letter of October 17th last I suggested that a comprehensive study of the whole field of taxation be made by the Justices of the various States of the Union, and that the conclusions of these Courts be transmitted to C.J. the Hon. Chas. E. Hughes, together with the evidence for consideration by the whole of the Justices of the U.S. Court, with the object that you may have the benefit of the suggestions and findings of the best brains of the Country.

Taxation and Tariff are irrevocably linked together, and any consideration of the one without a study of the other must prove abortive. These subjects have been considered for hundreds of years, but rarely have they been approached in a non-partisan spirit. Always has the investigator taken to his task an already biased or colored mind, and the result has been a warped view which, because of the social or literary standing of the investigator, has been impressed upon the minds of the people. Even the opinions and teachings of our University professors and economists are the result of this confusion of thought, which has always been colored by the desires of the "Ruling" classes.

Were it not for the fact that you believe in your Divine appointment to lead the Nation out of darkness into light, the task would be insuperable, but, believing as you do, you must be prepared to follow the path which it directs.

As I have said, the fundamental principles are simple, and the complexities of modern life, coupled with the social problems forced upon us by the quickening of the machine age and the inherited wrongs of past generations, make it essential that we go back in time to find the answer to the perplexing problems now confronting us, for, at the back of every social and political evil we find that the moral law and natural rights of man have been defied and ignored.

We can never move forward with any degree of certainty that our progress will be beneficial or lasting until we have established freedom of thought and action. We must abolish "SLAVERY" permanently before we can even put our feet on the path of Righteousness, and we cannot abolish Slavery until the Natural Rights of man have been secured to him as provided in the Constitution of the U.S. How can a man be called "Free" when he is not permitted to choose his means of livelihood OR even have a livelihood? Look around you and tell me if you can see "FREE" men, when those men are forced to stand idle and accept the "dole" or go to work upon terms offered by others—terms which permit them to exist just ONE degree above starvation.

I think it was one of the Rothschilds who said that the man who owned or controlled MONEY owned the people. He was only right because the owners of money are also the owners of the LAND. The men who own the LAND are Masters of ALL the people more securely than when they owned their bodies, for without the use of the land no one may

even exist. It is useless for us to attempt to ignore or sidestep this issue. The evidence of its truth is all around us, and everywhere we see the result of the ignorance or selfishness of people who keep this land locked away from usefulness while they make, in many cases, inadequate use of it, and in this connection it must be remembered that the man who owns the mortgage is in most cases the owner of the land.

I do not believe in spoliation, nor yet do I believe in exploitation. I cannot mentally approve of confiscation, nor can I approve of a favored few having the destinies of the many in their hands. What has been enacted by man in the name of legislation can be undone by man in the same manner, AND where those enactments have trenched upon the privileges of man as ordained by GOD they MUST be repealed and changed to conform to the Will of God, whose laws alone can stand for Truth, and Truth alone, will prevail against change and decay.

Changes of the nature I have in mind cannot be effected in a few weeks or a few months. They must, rather, be evolved through a reasonable period of time, so that the necessary adjustments may be made in the social and economic structure with as little hardship as possible. That there will be hardship cannot be doubted, but NO legislation, no matter what it was, was ever enacted without inflicting hardship upon someone. However, the hardship in this case will be amply and quickly removed by the overwhelming prosperity which will soon engulf the Nation.

The utter ignorance and lack of understanding displayed by politicians and "feature" writers for the "Dailies" is astonishing, and accounts for the ignorance of the masses as well as the spokesmen for Capital and Labor, which are complementary and in no way antagonistic to the respective true interests. Both Labor and Capital work side by side, and they both work for wages which can only be gained from profit. This profit, however, is governed by a factor outside the control of both, and it is this outside controlling factor—RENT—which causes the strife between what should be "Partners" in Industry. All of this is made so abundantly clear in the various works of the late Henry George that it would be unreasonable of me to go into the matter here, but if this RENT were collected by the Community, FOR THE COMMUNITY, in the form of Taxes, other forms of Taxation would be found, in the main, unnecessary, and in the course of time the full profits of labor would be left for the laborers, including, of course, Capital.

When the owners of land are compelled to pay taxes on the REAL value of that land they will be compelled to use the land to its greatest advantage, or permit others to do so. This will throw open millions of acres of high class agricultural and farming lands throughout the Country. These lands will attract the laborers from the cities, and your "Back to the land" trek will have been realised. The cities will be free of their idle, the factories will themselves being deserted, and, with labor at last free to choose and exercise its inalienable rights, wages will increase constantly with the demand for production. No longer will the Capitalist or Manufacturer be able to dictate terms to the people, who now will find themselves being begged to go and work. The interplay of these forces will keep the tide of labor ebbing and flowing between factory and farm until the end of our civilization. Capital will have learned to recognise itself as the hand with digits of labor, and that a severance of one from the other will produce the chaotic conditions which we have with us today. The lesson of life will have been learned, and PEACE WILL REIGN.

Through these years of progression many of the necessary and accompanying changes will be made painlessly, and we will find that production will regulate itself. When once the plan is launched and the people realise its significance, your term of office will be extended for as long as you are capable of controlling it, and it will be your privilege to educate the people and prevent the dissemination of misleading and troublesome information through the Press, which has lost none of its viciousness, as is more than amply illustrated by this State during the recent election.

The United States of America are the amazing result of untrammelled free trade between peoples as remote, physically and mentally, as many foreign countries, and the principles governing this growth can be extended, with undreamed of advantages, to other countries.

Would it not be possible for you to open the doors of the U.S. to the goods of Canada? Call it an experiment, if you will, but take down the barriers and allow the manufacturers of Canada to come in free, regardless of that Nation's actions. Do not allow yourself to be blinded or misled by the false preachments of "unfavorable" trade balances. How can a nation beggar itself by RECEIVING? You will find that payment will be made in kind which will be sent in response to the demands of the people of this Country. The old notion of "dumping" is so utterly stupid that it is difficult to imagine it still lodging in the minds of "students." How could a Nation DUMP its goods here if we did not permit it? The very idea of such a thing is preposterous. The moment we cease to pay for these "dumped" goods, ORDERED by us, the dumping will cease, but it will continue as long as we DO pay for them.

We do not have to protect ourselves against cheap GOODS, but we DO have to protect ourselves against CHEAP LABOR, and although we may permit the unhampered importation of cheap goods we cannot for a moment consider the relaxation of our laws which prohibit the importation of cheap LABORERS, whether these laborers come from Japan or Mexico or elsewhere.

Mr. President! You are the first occupier of the Presidential Chair to have expressed himself in favor of "brains," and you have the means to employ the very best brains of the Nation in the interests of the Nation. Will you do so? Will you not have the cases for Protection and Free Trade, as well as Direct and Indirect Taxation, laid before you by your own Justices, and then act as your Higher Self dictates? Divide the field of taxation between the Nation and the States, and those States will in a few years furnish the answer to many of the present burning questions.

I was fortunate—or unfortunate—enough to live in a country where the separate States were as foreign to each other as the U.S. and Japan, and I saw the blessing of freedom of trade bestowed on those States when they federated, but the result of those early years of Protection is still evident in the petty jealousies and rivalries now existing after more than thirty years of freedom. I saw the evils of Customs houses on State lines, and those evils exist today on an enhanced scale at the Nation's gateways. Here, in this country, you have the evils at your gateways, but you were unfortunate enough to miss the experience of them at your State lines.

Can you not see what your leadership can do? Can you not see that we must have a Spiritual rejuvenation before we can have physical recovery? If you but open the door to light and truth the forces will pour in upon you and you will pick up the Cross made for those broad shoulders of yours, and never put it down until it is planted upon the rock of truth and honor hewn by the mighty power of God.

We cannot have action until we have thought. We cannot have thought without desire. Your desire must be to see the fulfillment of the Constitution, and if that be your desire the way to action will reveal itself after quiet meditation. Desire TRUTH. Think TRUTH. Live TRUTH. and you will deliver the people who have shown their faith in you from the chains of slavery, which are slowly but surely being forged by the ignorance and selfishness of those who have proven themselves unfit for the trust reposed in them. Whatever you do, be true to yourself, for your responsibilities are great indeed.

Praying that you will see the light, I am,

Very faithfully yours,

TYSON A. PEARSON.

832 So. Grand Avenue,
Los Angeles, California, U.S.
Nov. 11, 1934.

Taxes, Armaments and Funk

Ignorance and prejudice hamper us considerably in achieving our objective of the abolition of all taxation. There are, however, ways in which we can have taxation considerably reduced. One such way that suggests itself just now is by forcing the Federal Government to stop spending money on excessive armaments. Then it would have much less excuse for not granting relief from taxation.

To the ignorance and prejudice mentioned

in the opening sentence could be added apathy, and it is probably the greatest of the three. The average voter finds cricket, tennis, horse-racing, cheap novels and gossip, more interesting than economic truths. Amongst the general apathy there are a few cases of enthusiasm. Such a one is the anti-war movement. Georgians have the basic truths this movement needs. As there is enthusiasm there, why not link up with it, and direct it into right channels, rather than create enthusiasm from apathy, or run counter to another enthusiasm by attacking the misguided Douglas Credit movement?

Politicians have got away with the expenditure of \$4,000,000 on unnecessary armaments recently because the majority of voters are farked. They are afraid Australia might be attacked. Now, we Georgians know better than any other body what would be the cause of any attack on Australia if one were made. Our neighbours around the Pacific must export their people or their products. We have a White Australia policy which prevents them from coming to develop resources we do not use. The earth is the Lord's, not our. We have a tariff policy which prevents our neighbours from trading with us. By scrapping such policies, or largely modifying them, we could turn potential enemies into strong allies—one of the best kinds of security. Then voters would lose their blue funk, and politicians would have no excuse for taxing us for aeroplanes, which aggravate countries we have aggravated enough.

Georgians have a glorious opportunity of showing the sincere and enthusiastic members of the peace movement: (1) how to remove much international ill-feeling by abolishing Customs duties; (2) how to create a social system which will enable both colored and white races to inhabit Australia to their mutual advantage, and be friends instead of being potential enemies; and (3) how, therefore, to remove the funk which enables politicians to tax us to buy unnecessary armaments.

W. PARTRIDGE.

The Real Object of the Tariff

Various opinions are expressed as to what is the real object of a tariff policy. Of course, the object of the protective tariff is not to destroy commerce, breed war, retard the spread of civilisation, violate the Constitution, breed trusts, destroy business, and debauch business men and our citizenship generally. These are merely the natural and inevitable results of Protection. The real object of the tariff is to INCREASE PRICES.

Protection keeps goods out of this country and prevents underselling of Australian manufacturers. If overseas goods would not be thus kept out, what would be the point of the protected interests having a tariff at all. Right here it may be well to nail one of the Protectionist sophistries. The Protectionist says that with foreign goods kept out, there will be an increase of Australian establishments producing the goods; and that this increase of establishments will increase competition, thus reducing prices to a level lower than without the tariff. Of course, this is pure buncombe and bosh. The protected manufacturers do not want competition. Competition from any source is abhorrent to them. They work for a protective tariff to prevent competition. Can a sensible person imagine the protected interests wishing to increase the competition against them?

There are numerous other Protectionist arguments of a similar nature, which may be all grouped under the general heading of claiming that the increased price of something makes it cost less. When stated in plain English, such an argument as this needs no rebuttal, but when hedged about with economic terms its fallacies become less apparent. A good rule to apply to all Protectionist arguments is to see if they will not reduce to the contention that the more a thing costs the cheaper it is. When thus reduced to lowest terms, they will need no answer.

This general heading of the tariff discussion, namely that the tariff increases prices because that is its object, is the point on which the tariff is most generally attacked, and with which we all are most familiar. Statistics on this point abound on every side. It is too generally understood to need further elucidation here.

THE OPEN FORUM

Question. Is not the income tax, which asks every one to contribute to revenue in "proportion to their ability to pay," the ideal form of raising public revenue?

Answer. NO. One of the objections to collecting revenue by means of income tax is that no consideration is given as to whether the income has been earned or acquired through the monopolising of public benefits. The result is that those who engage in industry are penalised, while those who monopolise public benefits are rewarded. An ideal system of raising revenue would give to all producers the full reward of their labor, and would take into the public treasury the value brought into existence by the collective presence of the people, namely, the rental value of land. Certain values are brought into existence by reason of labor and capital expended by individuals. Justice decrees that those responsible for these values shall be permitted to enjoy them. Under the income tax method they are not permitted to do so. As a matter of fact the more they contribute to the production of wealth the greater is the penalty placed upon them. Manifestly this is unfair. They are compelled under the income tax regulations to disclose their private affairs to Government officials, and the general tendency of such a system is to promote fraud and evasion.

The correct and ideal revenue system is to collect land rent for public purposes. The presence of the people necessitates public services. The bigger the population the greater the need for public utilities of various kinds. As population increases, land values rise, and automatically provide a fund sufficient to defray the cost of all necessary government. This land value fund cannot be left to some individuals without doing injustice to another section of the community. Justice decrees that it be taken into the public treasury and used for the benefit of all the people in the provision of essential services.

Q. Would not all land owners suffer loss if revenue were collected solely from the rental value of land?

A. The term land "OWNER" is not a correct one, as there are no owners under British Constitutional law. The best title one can have is an estate in fee simple, conditioned on the payment into the Treasury of the full rental value any time we have a Government in power with sufficient knowledge and courage to do the right thing. Most landholders would benefit from a change in the present method of raising revenue, as they are USERS of land, and today are penalised because of that use. Those who would lose are the landholders who are engaged in speculation and monopolization of land purely, because with the rent going into the public treasury land speculation would be destroyed. Those using the land would have the taxes removed from their improvements, from the tools and machines of production, and from the product of their labor. It will thus be seen that it is better for all land users to contribute to revenue by means of a levy on the rental value of land, rather than to continue as at present with the heavy taxation burden levied upon their industry.

Q. Would not the laborer who does not own land, escape all contribution to revenue under the rental value payment? Would not that be "fair" to those who are called upon to pay more than their share?

A. This question arises from a misunderstanding of the real position, although a laborer may not be the registered holder of the land he occupies, he does not escape his contribution to revenue. Like all other people he must pay his correct proportion. As a tenant he now pays what is popularly known as "Rent" to the registered landholder. This is really a composite of rent and interest. With the adoption of Georgian principles the landholder will receive the land rent from the tenant who has the use of the land, but will not retain it as he does today. He will be compelled to pass it on to the Crown. It will thus be seen that ALL men must use land, in greater or lesser degree, therefore it logically follows that ALL must contribute to revenue in proportion to that use, and it is impossible for anyone to enjoy the benefit of government without paying in proportion to benefits received.

"PROGRESS"

A JOURNAL OF PROGRESSIVE POLITICS.

Monthly. 2/- a year posted.

"PROGRESS"

Henry George Club, 18 George Parade, Melbourne.

Printed and Published for the Henry George League, George Parade, Adelaide, at the Reliance Printery, 46 Wakefield Street, Adelaide.