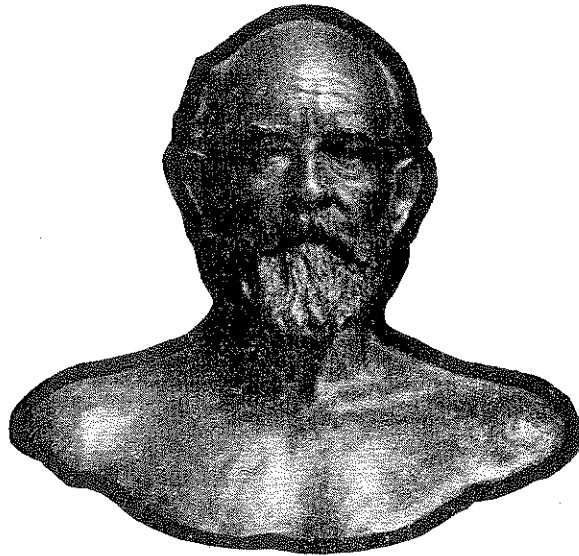


Australasian

GEORGIST QUARTERLY



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*A Publication of The Association
for Good Government*

Ed. Richard Giles

OUR OBJECT:

"We would simply take for the community what belongs to the community, - the value that attaches to land, the growth of the community, leave sacredly to the individual all that belongs to the individual."

-- Henry George (1839)

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THE PROPOSAL FOR A

HOUSE JOURNAL

Following the effort by the Association to attract readers to 'Good Government' the decision was made to suggest by Peter Middleton to begin a 'house journal' would therefore welcome theoretical articles or articles questions of policy connected with the Georgist movement

Please confine articles to about 400 words i.e. foolscap page using single spacing. Should you wish continue receiving the 'Quarterly' please remit \$2.00 to Association at 143 Lawson St., Redfern N.S.W. 2016.

GO AND PRACTISE GEORGISM IN POLITICS

KNUD THOLSTRUP

I find it appropriate to begin by repeating my preface at the centennial celebration in San Francisco in August,

"My aim in coming here is to explain how Henry George, fully utilized by simply means, will stop inflation, will half the rate of interest, and end income tax.

"With no inflation, a low rate of interest, and no income tax, the road will be open for more free enterprise - it will be easier for young people to generate new industries, giving employment to more people.

"We will get more justice, more harmony, and maybe we will become happy."

Uptil now we have not come very near the goal: world-wide acceptance of our ideas. I think the Henry George Unions must face the fact that it will be necessary to go actively into politics, as Graham Hart (Wembley, W.A) wrote to me last January, if we want to have any influence of importance.

100 years ago income tax was something like 2 - 5 per cent - today it is killingly high. Upto 80%, in special cases more, and any policy that could have that considerably reduced would to my mind be very attractive.

In the last 30 years we have seen land values rising much faster than in any previous period - in Denmark four times as fast as the consumer price index - and any policy that could prevent land speculation would meet with the greatest interest.

The last 50 years have seen people afraid of the growing marxism and socialism growing in two directions: one, as social welfare (made by vote-buying policy) eating up through taxation more and more of people's earnings and two, as socialization of the means of production and ending as dictatorship. Any policy that could secure private ownership and earnings, (and thus consolidate democracy) would meet with the greatest interest.

The last 30 years have shown the evidence of far more effectiveness and productivity under the capitalistic free enterprise system than under that of the socialized or nationalised, and directed, production and exchange of the social countries, two to one in favour of the first. Any policy that could secure consumer-directed production, free enterprise and free trade, maintaining a free choice of goods under free competition, would be met with general sympathy (consumers as well as producers).

In the last 30 years there has been growing interest for justice among people, who want equal possibilities for all, educational and job-wise, against monopolies and privileges. Any policy which can secure justice, especially in relation to private ownership of the result of one's labour would attract most people's attention.

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POLITICAL AND ECONOMIC REFORM THROUGH LOCAL
GOVERNMENT

W.H. PITT

To illustrate the practicality of proportional representation and to link it with the financing of government is not really hard.

I would like to see the Hare-Clark system adopted at municipal level and then the once a year elections at this level expanded to provide the representatives in both State and Federal parliaments. Where one person is currently elected for a three year term from each Ward or Riding, let us annually elect nine. These folk then, from their own numbers, would select the parliamentarians on a three year rotational basis. Of course amalgamations would be needed wherever the 'electoral colleges' came to represent population numbers substantially below the average figure. However, such a system would ensure that government at all levels, would remain very very close to the people.

Let us also then collect the whole of the national revenue at the municipal level. Accompanied by the end of the present wasteful taxation, the municipal rate bill would need to be expanded by nine or ten times so as to collect the whole of the site rent. With both financial and electoral control thus operating 'from the ground up', and with the Hare-Clark method ensuring sanity in the electric tax revolts that some folk now suggest would, like Boston Tea Parties, become unthinkable.

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EFFORTS TO INCREASE READERSHIP OF GOOD GOVERNMENT

The Association for Good Government recently asked some members to suggest the names and addresses of persons whom they thought would likely be interested in the ideas of the Association. As a result about one hundred new persons were listed and received the February issue of 'Good Government'. These persons will receive the magazine over a period of two years free of charge; although in October, 1982, they will receive the normal subscription notice in which they will be invited to subscribe.

In addition, on the occasion of each issue copies are sent out to persons or groups to whom the subject-matter of the issue should appeal. For example, the occasion of the issue of October (which contained articles on proportional representation) copies were sent to Politics and General Studies teachers in N.S.W. and Victoria. So far, taking into consideration the small number of journals sent, the response has been gratifying.

The readers of the Quarterly may care to send to the Association the names of other organizations or individuals who could very likely be interested to receive our magazine. The arrangement would be as described above.

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DEFINITION OF RENT

S.S. GILCHRIST

(This article is abridged but it is felt that the omission of points does no damage to the main point which he makes - Ed. The index of "Progress and Poverty" lists the "incurri of rent" as being given in the first paragraph of Ch. II, Bk. Rent is described as "payments for the use of land or other natural capabilities", and as "the price for the use of bare I, think it can fairly be claimed that virtually all economists ancient and modern accept that definition; the only except are a couple of people in Sydney who seek to define rent in of "production".

Rents are money prices and are determined by the market. It is not a "perfect" market because supply as to area is limited and there are strong elements of monopoly, but it is still a market. There are a large number of buyers and sellers. It is possible for landholders to hold land out of use; nevertheless there are strong incentives for them to get it into use, in that they may get their unearned income.

Ricardo agreed that rent is a price and he set out to what determined the price of sites relative to one another. He saw that the differences in rent were related to the differences in financial return from sites according to their capacity to yield various amounts of satisfaction. But, of course, the "yields" could be in all sorts of satisfactions and, in this situation, Ricardo (or his followers) offered a very simple, and not very accurate measure, which has become known as Ricardo's Law.

In a similar case, much has been written of "supply and demand", and what has been written has often been simplified crossing supply and demand curves. But this is not a "definition" of price. For the simple reason is that nobody knows what the supply and demand curves are. A few experts can make a reasonable guess at the curves near the price; but what they are doing is using the price as the starting point to find the curves and not the other way round. Similarly, with rent, price is the starting point. Ricardo's Law is an approximation derived from the prices for land which indicate all the opinions about the possible advantages. In fact, Ricardo's Law is so incorrect that it should not be presented even as an approximation of the correct law. It is so far from the truth that it cannot assist in giving understanding.

RICARDO'S LAW MEASURES RENTAND PRIVATE TAXATION V. RALPH

Ricardo explains how rent is measured not the cause of rent. To continually refer to the method of measurement as "the Law" is to merge it with the pathological features of rent arising from the power of landowners to hold land out of use.

It is not the greater demand for land or the extension of the margin but the increased intensive cooperative use of land which gives rise to rent. The increasing productivity of labour, with increasing population, enables a society to maintain wages and expand to inferior land, thus increasing the measure of rent to meet the need for increased revenue in an expanding community. This even explains the surplus arising on agricultural land.

If this rent be the proper revenue for society then the which the landowners take by forcing the margin virtually off the map, as evidenced by poverty and unemployment, is not rent but private taxation. Ricardo's measure is able to determine the robbery as well as the rent and should not be used to consolidate the both into a concept of rent. If a metal worker uses a carpenter's rule it does not turn metal into wood.

It is true that wages are reduced by the increase of something occurring within the avenues of distribution but to attribute this to rent is to tarnish it with an evil which has inhibited the Georgist movement for a hundred years. There is a pathological channel in distribution in the manifestation of private taxation masquerading as rent.

Everything abnormal within distribution is taxation including (1) taxation by landowners of the Government in the appropriation of the true rent; (2) taxation by landowners of wages arising from their power to hold land out of use and (3) general taxation by Government being deprived of revenue by the first abnormal condition in distribution (above).

The remedy, of course, is to abolish taxation.

THE VALUES PARTY

The Values Party of New Zealand is very small and fielded only about fifteen candidates in the N.Z. elections 1981. The following extract from the pamphlet 'Land Use' which it issued indicates, nonetheless, that some of their members have been thinking productively on the subject of natural resources.

"The value of land is a social value. If you're going to hold a piece of land, you must work with it, produce from it, live on it and leave better than you found it. If you don't, then prepare to be taxed to the point where you let it go to someone else who will. It is more imperative than ever that we make Land Tax work. No one has the right to get rich by buying and selling land, nor to use land as a tax sink, nor to agglomerate a huge property. Land is too precious for that."

This humane statement expresses the healthy desire that the community respect and maintain the land. It is alive to the deterrent effect of a "land tax" so far as speculation is concerned. It shows an appreciation, too, of the difficulties of making a land tax "work". It sees too that, in time, a "land tax" will ensure that those who hold land will be those who work it.

Having said this it has to be pointed out that seeing a "land tax" as an offensive weapon useful against absentee landlords and speculators is only one part of the true picture. A land revenue is not only an offensive weapon to "punish" with small revenue potential but, taking urban land into account (and, perhaps, territorial waters around N.Z. as well), a national site rent is a bigger proposition. So big, indeed, is the conception of a properly conceived site rent that all land users will feel its effects. There will be no need of government to say how land will be used should such a scheme be adopted.

FALLING APART: THE RISE AND DECLINE OF URBAN CIVILIZATION; Pub. by Sphere Books; London; 1978. (Now available under the 'Abacus' label) Australian Recommended Price \$4.75.

This is a remarkable book, a lucid, factual, extremely well-researched, readable and persuasive argument on the theme of the growth, stagnation and eventual demise of the city in man's history.

It is remarkable how close the author frequently comes to a Georgist interpretation of events without apparently realizing the fact. This can only be explained by the prevalent ignorance of George's works. She is familiar with the work of Smith and Marx; although she distorts the concept of a 'free market' into a callous kind of "free for all"; and tends to regard self-interest simply as selfishness (the devil take the hindmost). The reader will find much information about the process whereby people are dispossessed of land e.g. the story of the Scotch crofters and the writer deplores the relentless rise in the price of the poor must pay for permission to live on the earth. She writes about the Green Revolution. However, again, she does not take into account the significance of the rent by which the landlords are able to skim off the improvements in the peasant income.

She points out that having two views (Smith and Marx) leads to ignoring any third viewpoint. Her own 'third' view is that the city is the culprit. The solution is devolution and rural urbanization. It is a pity that the author has not seen the works of Henry George by which she could see the distorting effect of the private appropriation of 'land values'.

Reviewed by E.P. Mide

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CRITICS OF HENRY GEORGE Ed. Andelson
Fairleigh Dickinson University Press; U.S.A.; 1979; \$US 18

This is a scholarly selection and review of critics whose points are many and varied, and are of differing degrees of importance and relevance. Included are the criticisms of Marx and the Duke of Argyll. The book contains some criticisms that are to be weighed especially that of Lavaleye that rent is insufficient. Reviewed by W.A. Dove (Mr. Dove will take up this point in the June issue of 'The Georgist Quarterly'.

