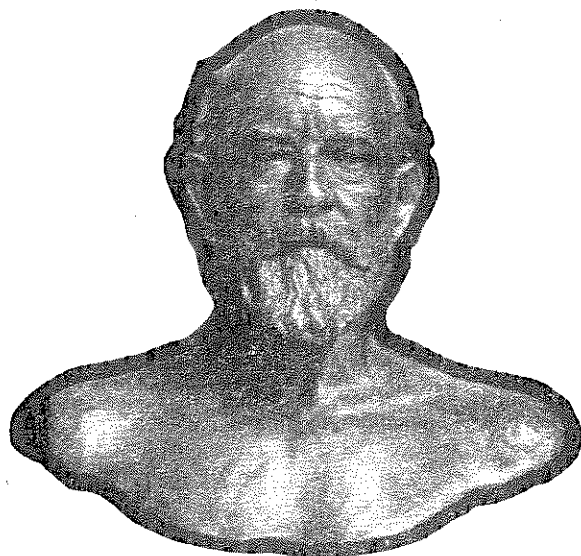


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GEORGIST QUARTERLY



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THE GEORGIST QUARTERLY

March, 1984.
Vol. 3, No. 1.

A forum for discussion of Georgist policy
and theory.

Editor: Richard Giles.

OUR OBJECT:

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

Henry George (1839-1897)

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Please confine articles to a maximum of
400-600 words. Typed manuscript with
headings is preferred if possible. (Ed.).

Association for Good Government,
143 Lawson Street, Redfern, 2016.

THE PROFIT OF ASSOCIATION

Chapter 5.

As demonstrated previously the equality of men in the ability to give service equates wages subject to factors such as skills which the competitive market may vary. A week's work in service given by one is worth a week's work of another whether performed simultaneously or separated in time. This is the basis to emphasise that true wages as measured in value do not increase with progress and that an increasing standard of living is an unpriced good or use value to which all are entitled.

On this truth rests the theory of Rent. The efficient cause, that which brings it into being, will show it as a bounteous public revenue which increases not at the expense of wages or the unpriced common good but simultaneously to the increasing common good. The dispositional cause is what circumstances make of it, a consequence of the efficient cause put into effect. To confuse the efficient with the dispositional cause and observe rent in its measure in a theory of diminishing returns, is to depict it as something oppressive.

The effectiveness of labour is continually increasing and wages of a constant worth command a greater volume, quality and variety of goods. Progress does not vary the worth of a week's work of one man measured against another because of the unquestionable equality of men in productive effort. It gives a better standard of living.

All contribute to the collective help and unless the hand of private taxation presses on the balance of exchange all share in the benefit arising from, specialisation, association, improvement in technology and in particular the natural socialisation of capital which enhances the productive effort of all.

Decreasing money worth caused by inflation creates an illusion, giving the appearance of rising price. Being the measure of value and the relationship between valuables the rise in price of everything as expressed in money worth is not an increase in value. The relationship in price is maintained and wages as expressed in money worth adjusts to it as prices do to each other.

The assistance or benefit of association enjoyed by producers in the act of bringing valuables into being results in the unpriced benefit or profit of association. It flows to consumers who also as such receive a measure direct as members of society.

The Profit of Association as a term must always refer to something which is unpriced or in the pathological is priced by private taxation with the use of land. This violation is the subject of another chapter but it should be noted that its pricing and diversion to private good does not alter the fact that it is still the entitlement of all. It remains the Profit of Association. In the following chapter it will be shown how part is legitimately priced and becomes rent - the profit of association in exchange.

The unpriced profit of association is a common or community good and must not be confused with the part which has entered the market in exchange wherein entitlement is established to the community of a command over value.

To enjoy the profit of association to the full, one must be a producer within the collectiveness of production for otherwise there can be no wages which embrace the common good the result of that which the economy is about.

To be locked out of the economy and denied the right to give service is to have reduced or denied the bounteous benefit of association. The lock is forged by private taxation which in payment for the use of land effectively prices the profit of association. Great cities in allowing the pricing of land have on the outskirts the dispossessed where they congregate for the fringe benefits - a few crumbs which fall from the profit of association being sliced in the auction rooms.

V. J. RALPH.

GEORGISM IN 1984

My last count of active Georgists in Australia and New Zealand is rather less than 50. My own opinion about these people is that each has a sound sense of what Georgism is, and a surprisingly unified sense about what to say about current issues. Nonetheless, there are furphies which have separated, weakened, and at times isolated Georgists. At some risk I intend to describe these furphies.

1. Some Georgists never cease to repeat that revenue should come from annual rent rather than 'land value' (or land price). All very well; but, at the same time, they tend to think that only they know this, and that they have to do battle against some vast ignorance about it in the Georgist movement. My own suspicion is that, since the concept has a long history of fifty years, there are no active Georgists (those I referred to above) who take the revenue-base to be, ideally, 'land value' (or land price). All are aware that when land price becomes subject to a tax it tends to disappear. All recognise that this is no way to raise the vast revenue needed for a modern state.

2. Some Georgists like to call the economic rent a 'surplus product' (produit net); others object to the use of the term. Here, I cannot appreciate the vehemence of the objection, since those who use the term seem to have no objection to 'economic rent' as an equivalent term. (Those who might object to this should, I think, consider further points which could clarify Point 2).

3. Then there is rent itself. Some Georgists consider it as something which is bestowed upon the community, the gift of co-operation. Others consider it to be something taken by a landlord, a precise amount of money. Now, here too we have a longstanding issue; that is, one going back at least into the early 50's. Whereas I can see that for purposes of propaganda, it could be advisable to emphasise one or the other at particular times (and perhaps the 'positive' one at the moment), I cannot see that either use of the term rent is inadmissible.

4. The argument referred to as Point 3 takes another form. Some Georgists see rent having various manifestations or forms,

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and for each they would suggest a different name. Others deplore this as undue complication (Why can't it be more simple if it is to be communicable?).

The truth seems to me to be that rent does take various forms or appearances. It appears more or less according to, first, historical circumstances which condition it (see Book IV of P&P). Progress, in the forms described in Bk.IV, is one of these historical circumstances. Rent would be different in size and as a proportion of the whole product in a stagnant, feudal agricultural setting. Rent is also shaped by whether there is 'free' land or not. Rent appears to be more or less (i.e. in relative and in absolute terms) when, second, it is absorbed or not by taxation. (The power to tax is the power to destroy; to destroy what?).

Understanding is more important than terminology; though, of course, in teaching it could be important then to use standard terminology.

5. Some Georgists immediately cast off into purgatory anyone they hear use the term 'tax' or 'land value taxation'. To such persons the use of these terms means that the unfortunate who does so has no knowledge of the finer points of Georgism. A tax is a compulsory levy; rent or rental or site rent is payment for services received from the community. Mention of 'land value taxation' brings to mind that the unfortunate does not know how the rent is to be collected. (The latter has already been dealt with - Point 1). There is something to be said for precision of expression yet loose expression does not automatically imply ignorance of fundamentals. The discussion of the pros and cons of 'tax' (and 'land value taxation') as terms has been around for decades. Loose expressions? Yes, sometimes, but after decades what active Georgist could have missed the points being made? One could imagine indiscretions of this kind being the subject of humorous cajoling, but not of ponderous expositions. In any case, communication with the public (who use such terminology because Georgists many years ago gave it to them) can often require the use of these terms. It is surely a question of going from the 'known to the unknown'.

6. Interest; well there is a subject fit for discussion, and Georgists have recently seen Keith Thomas take up some of the historical roots of this question.

7. Then there is the question of whether an annual site rent ought to be applied to residential land. As an observer of the interminable argument (or really assertion and counter-assertion) in the period 1968-75 it seems to be that the time is ripe for someone favouring the idea to take up the task of a dispassionate review of the issue. However, this issue appears to be one that generates a vortex of involvement which to outsiders is both sad and ugly.

8. Lastly, there is the minor question of whether the timeworn 'island' diagram of rent ought to be used. Georgists appreciate (I think) that the diagram is not some kind of ready reckoner of rent. They also appreciate that it is still a serviceable model to use in teaching and in thinking; serviceable because it communicates elegantly the crux of the idea about economic rent, and because, pragmatically, it "works" as a tool of analysis for those who use it.

SUMMING UP

What does this add up to? There are three conclusions. First, Georgists tend to argue about what has been around for a considerable number of years. And so Georgists are well-informed about these issues. They might appear to disagree but they are all well-informed about the concepts involved. Second, wrangling about terminology is no sign of ignorance - though it could be a sign of clinging to a certain way of putting the concepts. The identification of Georgists on the basis of terminology is therefore erroneous by now and only leads to bad feeling. Third, there are new issues, there are as we know new things to know about, and about which we can employ our talents. At the moment we know about them, and we feel a certain impotence both individually and as a group in dealing with them. These issues we need to identify, and find an approach towards dealing with.

Georgists should feel proud about how finely attuned they are to the basics of Georgism. The kind of issues discussed already imply basic agreement. We know the basic approach to current issues (land rights, taxation, etc.); we have only to give this direction greater precision, and know how to reach people with what we have to say.

* * * * *

GEORGIST STRATEGY:OUR OPTIONS

1. Whom have we tried to influence and why?
 - (i) Politicians - because ultimately it is politicians who make laws, and are able to reach the general public with what they have to say (thus, in the past, Georgists themselves have stood for election).
 - (ii) Academics - because we see our reform to be reasonable and, thus, attractive to academics, and because academics have an audience inside universities and perhaps more widely.
 - (iii) Churchmen - because we see our reform as morally just and feel that churchmen will appreciate this, and because they have influence inside the church, and sometimes beyond.
2. What can we say of the results?

Politicians: there are no politicians willing to identify themselves at the moment as Georgists. Some could be sympathetic, and have an incomplete understanding of Georgism. None would admit to being a Georgist nor argue in public as one. Politicians do not back losers.

Academicians: Economists and those involved in free enterprise education organisations too know it all already. Among geographers there does appear to be some interest.

Churchmen: everyone concedes that many years have passed since there has been productive contacts. Churchmen seem to be the most resistant to influence - especially can this be said for those of them attached to overseas aid organisations.

3. What has been our recent success with the general public?

Without classes we can have no real impact. We do have ~~letters printed in newspapers, and this is very valuable.~~

4. Who else?

There are those professionals in the business of dealing with land: real estate agents, local government planners, surveyors, developers, builders, environmentalists, home buyers, valuers.

Contact with such persons could be made individually by making an effort to learn from them on points of value to ourselves. For example, how is land valued apart from improvements? What difficulties do developers have in getting on with their job? What kind of controls do environmentalists feel that government ought to have over development? What are the aims and methods of zoning?

From such contacts we will gain knowledge if nothing else. If such persons speak to us, presumably they will also invite their friends and colleagues. From such contacts we can assess how we could further our presentation of Georgism (e.g. Do they have a journal or seminars, etc.? Do they have a library? Would their members care to subscribe to GG? Can we advertise in their journals?)

5. How can we go further?

It appears crucial that such contacts be planned co-operatively among our different State Branches (the idea of a common letterhead could come in here); for example, each might decide to take a particular line and inform other branches - also giving progress reports; a time limit can be set e.g. one year after which some general discussion of results could be had.

In time you may wish to place an order for space in GG say for one issue that would focus on a topic which you want to direct to a certain group. You might like also to consider writing articles on relevant topics for GG. Finally, you might like to contribute short discussion papers to the Georgist Quarterly on this question of propoganda.

* * * * *

THE NEXT STEP?

When one views our movement in historical perspective, one sees that in order of time (in some States) some kind of land tax was established and then, next, municipal rating on UCV was achieved - from the Georgist viewpoint a more substantial achievement. Nothing has been achieved at the federal level.

It seems that, logically, Georgists should aim to improve and extend the State land tax, and relate it legislatively to municipal rating. The aim would be to derive State revenue wholly from the 'land tax'. Some objectives along the way would be to carefully study the present legislation with a view to its reform, and to identify other State taxes which could progressively be eliminated as 'land tax' was extended or increased. Finally, consideration could be given to displaying the advantages of site rating as a model form of revenue raising.

As a preliminary step, those who think the next step ought to be in another direction might like to present their case.

PUBLIC SERVICES AND LAND VALUE

From time to time it is said by followers of Henry George that the payment of Council Rates and Land Taxes is in return for benefits received and that public services such as roads, railways, telephone services, electricity supply and other public services maintain and increase land values. I think this is a very doubtful proposition and those who suggest it perhaps might explain why the land in some suburbs which enjoy all of these services is of much lower value than the land in other suburbs which enjoy the same services and which in many cases are further away from public transport and rely on private bus services and other private transport.

As an example I refer to the suburb of Westleigh where land prices are very high. The whole suburb has been created by private expenditure. The Developer (and ultimately the private purchaser) has had to provide roads, curbing and guttering and contribute to the installation of water supply and sewerage and dedicate park land and contribute to landscaping, whereas the land value at Thornleigh, an older suburb near the station, is much lower.

Is it not true that private expenditure on beautiful homes and gardens is far greater than public expenditure. The great city buildings such as Centrepoint, M.L.C. Building, Australia Square and, except for some public buildings, the whole of the city is there as a result of billions of private expenditure on buildings, plant and stock. There are public roads, public transport and other services but in some countries the people are served by private railways, private buses, private electricity and private telephones and yet the burden of land value there exists.

Public services follow people and their economic activities. Land value is created first and the public services follow the rent. Farming commenced at Rosehill long before there was a road or railway and the Hawkesbury farmers depended upon their own bush track and since then the public services such as railways, roads and telephones have followed the people and their economic activities into the far West.

It is time we got away from the fallacy that land value is created by public services and realised that the land value results from the private appropriation of the economic rent or surplus product or the prospect of future private appropriation.

20/2/1984.

L. BOORMAN.

PUBLIC SERVICES AND LAND-VALUE: A REPLY

Three distinct points are mingled in Lionel Boorman's letter:

1. Private expenditure of labour and capital versus public expenditure. This point seems to me to be of little importance. I know that most Georgists point to the public expenditure as giving rise to rent (not land-value, in correct terms), but as far as I know they never intend thereby to minimise the importance of the private expenditure. They both contribute, and I agree with Lionel that the private is probably greater than the public, even in semi-socialised countries.
2. Site-rents and land-taxes are in (partial) return for social benefits received by site-holders. I think that this is true, and not doubtful as Lionel contends.

7.

3. Land-value results from the private appropriation of the economic rent. This is true.

However, even if the rates or taxes are levied on land-value instead of rent, which obviously detracts from their efficacy, all such rates and land-tax are still paid out of the rent, and to that extent are beneficial. The trouble is that rates and taxes on land-value cannot collect all the rent but frustrate themselves more and more as they are increased. They destroy the whole or part of the land-value on which they are based. If continued unchanged from year to year they thus cause fluctuations in the land-value and consequently in the rent collected. Not more than 50 per cent of the total rent can be permanently collected. This is denied by some, but I have seen no proof to the contrary.

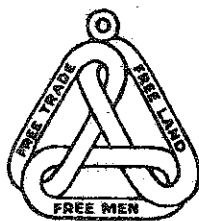
Thus, taxes on land-value are superior to taxes on private property or incomes, and to that extent they increase rent, as do all social improvements. But they cannot publicly appropriate all that rent.

I hope that these points will be discussed in your columns.

27/2/1984.

W. A. DOWE.

Both these letters will be published in G.G.



A LAND VALUES EMBLEM.

This drawing is to furnish some idea of an emblem which might be worn generally by those who stand for Free Trade, Free Land, and Free Men. It was designed by two supporters of the movement in West Australia; one of them, Mr. J. C. Gerring, was in Sydney lately, and he brought it under our notice.

It could be used as a pendant, or as a brooch, he said. He obtained quotations, and urged that if once made and put before Single Taxers it would command a ready sale. The matter was discussed at the League Executive meeting on the 12th October. The opinion was expressed that an emblem to be of real value to the movement should be acceptable to Single Taxers generally. It was agreed that a sketch of it should be put in "The Standard", and opinions invited concerning it. The triple objective of our movement, is represented by the three links welded together. We invite opinions from all quarters about the proposed emblem.

(1) Do you think it appropriate? (2) Would you wear it?

THE STANDARD - Nov., 1911.



