

# FADDEN'S "ILLUSORY" BUDGET

## UNJUST TAXATION AND PAPER MONEY FINANCE CONTINUES FUNDAMENTAL CAUSE OF INFLATION IGNORED

*(By E. J. Craigie)*

Citizens who have been expecting relief from the 1957-8 Budget have been grievously disappointed. The same iniquitous tax policy continues. Dr. F. A. Harper, writing in "THE FREEMAN", April, 1957, said: "Taxes are the economic burden we impose upon one another by means of force through Government, in attempting to deal with those human difficulties which we refuse to tolerate. They are the expenses incurred when some persons try to control or change the conduct of other persons by means of government as a monopoly agent of force."

Vice-President Marshall of U.S.A. is credited with the statement that "Taxation is the power to destroy," and many good Australians know this from practical experience. In the latest Budget, Sir Arthur Fadden has again relied upon the Income Tax to produce the greatest amount of taxation revenue. This means that those producers who have engaged in wealth production are again to be penalised in proportion to the effort they have put forth to increase production.

The Income tax is a double-barrelled form of legalised robbery, operating upon individuals and companies. During the past financial year no less than £680,298,070 was taken from individuals and companies engaged in wealth production.

### THE COMPANY INCOME TAX

The amount taken as Company Income tax in 1956-7 was £216,571,064. One would be justified in assuming the Treasurer considered companies as being detrimental to the best interests of the community, seeing the heavy penalties he placed upon them. What are the facts relating to companies? A number of shareholders use their money in co-operation to supply the needs of the community. Their capital is essential for business success. When formed, if the Company operates on a large scale, it has representatives in the markets of the world seeking commodities so that their customers may have goods of the best quality at the lowest possible price. By the establishment of large department stores the company gathers a huge assortment of goods under one roof, thus providing splendid service for the community. How does the Government reward them for the valuable service rendered?

We have investigated the financial statements of two of the largest retail establishments in the Eastern

States, and this is what we find. Company No. 1, paid in Company tax for 1955-6 no less than £760,157, Pay-Roll tax, £141,000; Land Tax £73,000; Water and Sewerage rates, £33,650; and Municipal rates, £66,360; a total tax payment of £1,074,167. In addition to this there were Sales taxes, but we have not the detailed figures for this further unjust levy.

This company provided employment for 8,000 employees, the wages payment being £5,628,000. The shareholders who provided the capital received in dividends £437,868; or less than one-half of the amount taken in various forms of taxation.

We have not the details of taxation paid by Company No. 2, but the consolidated taxation amounted to £1,536,666. This company provided employment for over 13,000 people. The shareholders received as dividends £677,451. It will, therefore, be seen that in regard to these two companies alone the Government took in taxation more than was received by the people who provided the capital, which was necessary to ensure success in the running of these businesses.

It must also be noted that not only does the Government tax the profits in the form of the Company Income tax, but, like Shylock, follows the profits through to the dividends received by the shareholders to levy Individual Income tax upon them for the second time. Despite the fact that representations were made to the Government in regard to the unjust tax burden placed upon companies, and a reduction sought, those who asked for bread have been given a stone. Out of the fulness of his heart the Treasurer made only a miserly reduction of 6d. in the £ in company income tax. Profits up to £5,000 will be taxed 6/6 in the £, and above £5,000 the tax will be 7/6 in the £.

### INDIVIDUAL INCOME TAX

The amount collected in 1956-7 was £403,727,006, and the estimate for the coming year is higher. The Income tax is placed upon the industrious section of the community, and levied in proportion to the energy they display. Under a common-sense and just system of government all citizens would be encouraged to produce to the fullest possible extent. Under the present system wealth producers are considered as criminals and fined (taxed) because of their efforts in production. Such a system is unjust, ridiculous, and an infringement of the moral law.

There are many reasons why the income tax should be repealed. It is a costly tax to collect, unfair in its incidence, irritating and expensive to the taxpayer, can be evaded and passed on by a section of the community, and enables tax officials to pry into the financial affairs of private individuals, and last, but not least, it reduces the standard of living. Although it is claimed the slight reduction made will benefit the working man, we see that the man on the basic wage gets a reduction of 1/9 per week, whereas the man on £30 per week enjoys a reduction of 4/9 per week.

### CUSTOMS AND EXCISE DUTIES

It is surprising to find politicians who wax eloquent and protest against the high cost of living giving their blessing to that system of indirect robbery, known as "protection." The object of the tariff is to raise overseas import prices to give privilege to the local manufacturer. Customs duties have been a favourite device used by politicians for the raising of revenue as it enables "the goose to be plucked without too much squawking."

The amount collected as Customs duties for 1956-7 was £68,597,155, or £7/3/11 per head of population. The Excise duties produced another £217,439,499, or £22/16/1 per head. Is it any wonder we have a high cost of living? All economists of repute are agreed that for every £1 that goes into the public treasury in tariff taxes, at least £4 is taken from the pockets of consumers. This extra amount is made up of the wholesalers and retailers profits on the tax as well as upon the goods, plus the extra cost of locally manufactured articles by reason of the restriction of trade by the tariff, quotas, and embargoes — all forms of "protection."

The following items from the Excise duties reveal that citizens who have what is known as "A SPOT" and indulge in "the fragrant weed" contribute a considerable amount of revenue. Here are the figures of Excise duties:—

Beer .....	£103,516,265
Spirits .....	8,137,631
Tobacco .....	17,270,312
Cigars & Cigarettes .....	47,915,616
Total	£176,839,824

Other items of interest in the Excise schedule are:—

Petrol .....	£37,182,837
Coal .....	599,325
Miscellaneous .....	2,817,513

making a total of £217,439,499 on these eight lines.

### PROTECTION IS SOCIALISM

We have not sufficient space to deal with the many injustices associated with the policy mis-called "Protection." One point usually overlooked is "that a nation as a nation does not trade" (unless it is a communist country like Russia). Trading is done by individuals or groups of individuals, and, under a policy of protection it is not the nation that is protected, but some individual or group of individuals who are "protected" at the expense of all other sections of the community.

The ten main points against protection can be

summarised in bovril form. They are as follows: (1) It represents special privilege to the few at the expense of the many; (2) it represents vicious class legislation; (3) it builds trusts and monopolies; (4) dumping enables monopolies to sell cheaper abroad than at home; (5) cunning — it robs the consumers without them knowing it; (6) it employs public taxation for private enrichment; (7) it obtains the votes of labor by falsehood and fraud; (8) it diminishes the wages of labor; (9) it restricts production; (10) it builds great fortunes for a few by impoverishing the masses; and finally, it is a form of socialism that should be strenuously opposed by all who believe in freedom and human rights.

### PROBATE AND SUCCESSION DUTIES

Those associated with party politics are not satisfied with unjustly taxing wealth producers during their life-time, but continue to exploit their estates when they pass on. This is done by Probate and Succession duties. For 1956-7 the amount of revenue collected from this source amounted to £12,712,152. These are particularly obnoxious taxes, as no distinction is made by the Government as to whether the wealth was obtained by the expenditure of labor and capital, or appropriated as the result of special privileges enjoyed.

Frequently great hardship is suffered by beneficiaries in the estate by reason of the fact there are no liquid assets to draw upon to pay the duties levied, and it may be some of the assets must be sold at a loss owing to a depressed market.

Further, if the estate is composed of investments in a number of States, then each State Government as well as the Commonwealth, demand their share of the plunder. In such a case the beneficiaries are put to the additional expense of legal charges for resealing the will in the various States.

Many heads of families regard it as a duty to set aside a portion of their income to make provision for their offspring so that they may not be forced to accept charity when they are no longer with them to care for their wants. Yet the Government does not hesitate to take a portion of the assets by means of the probate and succession duties, thus doing a great injustice to widows and orphans.

### THE SALES TAX

The Treasurer must have spoken with his tongue in his cheek when referring to the Sales Tax. He said "of major importance to householders is the reduction in the rate from 10 per cent. to 8-1/3rd per cent. on purchases of household furniture and equipment such as domestic refrigerators, washing machines and vacuum cleaners."

Such a statement is sheer nonsense. Householders buy such things only once in a lifetime, if they have the money to do so, and in regard to refrigerators, one costing about £150 would only be reduced in price by less than £2 under the revised Sales Tax. Mr. Fadden also stressed the fact that the Sales Tax on travel goods would be reduced from 25 to 12½ per cent. Can he imagine the great body of workers throwing their hats in the air over this reduction? Only a very small proportion of them have sufficient cash left for travel purposes, after they have paid their heavy tax com-

mitments. They will not get any relief from such reductions. The Sales Tax for the year just ended produced £125,751,352, or £13/3/9. Thus a family of man, wife and three children would pay £65/18/9 for the year by taxes on what they purchased. The Sales Tax makes business men tax collectors for the Government without any payment for the service rendered. As a matter of fact, they are put to great expense in extra staff and book-keeping.

### THE PAYROLL TAX

Another grave injustice to the business community in particular and to the community in general is the imposition of the Pay Roll tax. The amount collected in 1956-7 was £48,675,330. Here, again, business people are subjected to extra work and expense in keeping the records for the Government.

When we realise that the tax burden placed upon the needs of the people during 1956-7 amounted to £1,095,415,112, it is easy to see why the cost of living is high, and we are already troubled with a number of unemployed. If this tax burden was lifted from the cost of commodities we should see a big increase in purchasing power of money, and this increased buying of goods would cause an additional demand for labor to produce them, thus very materially assisting in solving the unemployment problem.

### THE LAND TAX

The small amount of Land tax shown as collected for 1956-7, £1,074, represents only overdue payments from 1952 when the Menzies-Fadden Government repealed the Federal Land tax, and allowed community created land values to flow into private pockets.

Having covered the main items of revenue, we now propose to deal with some items of expenditure that are not usually referred to in the daily press.

### EXPENDITURE BOUNTIES AND SUBSIDIES

The amount paid out in 1956-7 as bounties and subsidies was £15,013,900. Here are the details:—

Dairy Products .....	£13,499,974
Cotton Bounty .....	150,665
Tractor Bounty .....	158,303
Sulphuric Acid Bounty .....	420,652
Gold Mining Assistance .....	495,495
Flax Fibre Bounty .....	49,823
Rayon Yarn Bounty .....	59,928
Cellulose Acetate Flake .....	179,117
	£15,013,900

The Government indicates its intention to continue to hand out bounties and subsidies with a lavish hand. This is a form of socialism that should be strongly opposed by all who believe in justice. If it is a sound economic policy to hand out bounties to those engaged in the dairy and other industries, when they strike financial worries, why is it not equally sound to subsidise butchers, bakers, and all other industries when they meet heavy financial weather? Why cannot these industries also be on the receiving end when money is handed out with a lavish hand. It is a well known fact that some of the producers who en-

joy bounty benefits sell the products of their labor at a lower price overseas than the price charged here in their home land. How can this transfer of wealth from the pockets of one section of the community to another section, without their permission be morally or economically justified?

Under the existing bounty system implemented by a small number of government bureaucrats, why should one section of wealth producers be forced to play hosts to the bounty-fed and subsidised groups? It appears that the great need of the hour is that more money should be placed upon the estimates to provide additional mental hospital accommodation for the taxpayers who so tamely submit to this great injustice.

### OVERSEAS REPRESENTATION

Australian representation overseas is becoming very costly, and little advantage appears to be gained from the expenditure of the money. We have representatives in 30 Embassies, Legations, High Commission offices, Commissions and Consular offices. The cost last year was £1,483,473, the Administration cost of the department amounted to £580,276. It would surprise readers if we had the space to give the names of the various countries where we have overseas representation.

### INTERNATIONAL LABOR CONFERENCE

The amount spent in connection with the International Labor Conference amounted to £70,875. Of this sum £13,856 was the cost of representation, and £57,019 was the Australian contribution to costs. It would be interesting to hear a Minister trying to explain what benefit is received by the Australian workers from such a conference. Within the Commonwealth we pay a number of Arbitration and Conciliation judges and their off-siders many thousands of pounds annually to ensure that our workers are well paid. Where, then, is the need to spend this extra £70,875 on the International Conference? To an ordinary individual, the only ones who appear to benefit are those who have the joy rides to attend the gathering.

### THE DEPARTMENT OF TRADE

The Department of Trade maintains a commercial intelligence service abroad in 22 countries at a cost last year of £1,503,102. In addition the administration cost of the department amounted to £917,922.

While paying this big sum to get intelligence abroad regarding the development of trade, at the same time it spends £73,555 on a Tariff Board in Australia to take evidence to see how overseas trade can be restricted. Moreover, it legislates for import restrictions and currency controls, which all impede the flow of trade and those who are not government officials think that such actions reveal a grave inconsistency.

### THE UNITED NATIONS

The figures reveal that the United Nations is a very expensive organisation to be associated with.

The cost to the Commonwealth last year was £698,077, and here are the details:—

Representation .....	£166,881
Contribution .....	307,081
Food & Agricultural Organisation .....	79,176
Education & Scientific Organisation .....	70,890
Emergency Force .....	74,029

It would be interesting to know what benefits we received from this huge expenditure. Judging by the action of the United Nations in connection with the Suez Canal and the trouble in Hungary, very little was done.

#### OTHER INTERESTING ITEMS

The South Pacific Commission cost us £77,097 during the financial year.

The Antarctic Research Expedition represented an expenditure of £342,374.

The South East Asia Treaty Organisation involved an expenditure of £53,548.

THE OLYMPIC GAMES were held in Melbourne, and it is questionable if the taxpayers of the Commonwealth gained any real benefit from them, but the fact remains that the contribution to their cost by the Commonwealth Government was £650,000.

Reference is frequently made to what are termed "overseas joy rides" for Federal Ministers. During the year 1956-7 the cost of these rides to the taxpayers amounted to £75,372. Three visits overseas by the Prime Minister involved an expenditure of £26,040.

Two items that call for comment are (1) a contribution of £31,344 to the INTERNATIONAL HALL OF RESIDENCE, LONDON UNIVERSITY, and £6,269 paid as a contribution to the DOMINION STUDENT HALL TRUST.

THE COLOMBO PLAN is proving costly to the taxpayers. Payments during 1956-7 were: For Economic Development, £3,729,579, and Technical Assistance £1,308,853 — a total of £5,030,432. This appears to be a big sum to pay for the development of friendly relations with another nation.

#### COST OF FEDERAL PARLIAMENT

Taxpayers will be interested to know that the cost of the Parliament for 1956-7 was £975,316.

They will also be interested to know that their Senators and Representatives, who so keenly consider their interests, are not underpaid and enjoy a number of amenities. Here are some details of expenditure during the past year:—

Conveyance of Members of Parliament	£227,445
Maintenance of Ministers and Members' Rooms .....	207,158
Salaries of Members .....	68,512
Allowances to Senators and Members of House of Representatives .....	571,977
Parliamentary Retiring Allowances .....	19,528
Ex-Members of Parliament and other dependants — annual allowance .....	4,650

With these details before them, taxpayers who find the cash may now be in a better position to judge whether the increased salaries and pensions sought by some Federal members are justified. We suggest that if members are not satisfied with their present conditions, they should resign and allow other taxpayers to have the opportunity of sharing the sacrifice with them.

#### SOCIAL SERVICE PAYMENTS

The cost of Social Service payments for the past year was £223,922,576. This is a huge sum, but it is not enough to satisfy many Federal members. Using these payments as political propaganda, members contend that payments should be increased. One would imagine they considered the higher payments could be made by waving some magic wand, or that money grew on trees and was awaiting the picking. At the same time they howl for reduced taxation, but should realise they cannot have it both ways.

Governments do not produce wealth, and when they make these hand-outs for personal political gain, they ignore the fact that the taxpayers are at the paying end, and have to yield up an increased portion of their earnings to meet the increased doles. Moreover, politicians are living in a fool's paradise if they think it is the function of government to ask one section of the community to spoon-feed another section at their expense, from the cradle to the grave. Here are details of the payments for 1956-57:—

Funeral Benefits .....	£341,257
Age & Invalid Pensions .....	100,209,972
Widows' Pensions .....	8,862,401
Maternity Allowances .....	3,482,406
Child Endowment .....	57,036,962
Unemployment & Sickness Benefits .....	399,428
C.W. Rehabilitation Service .....	568,063
Medical Benefits .....	6,146,029
Medical Benefits for Pensioners .....	2,998,886
Hospital Benefits .....	9,813,283
Pharmaceutical Benefits .....	9,923,724
Pharmaceutical Benefits for Pensioners .....	1,793,101
Nutrition of Children .....	2,607,040
Miscellaneous Health Services .....	924,828
Tuberculosis Benefits .....	6,215,416

TOTAL £223,922,516

The increased pensions and unemployed benefits given in the Budget may be looked upon as insurance premiums paid by the taxpayers so that the Government may get the votes of the beneficiaries at the next general election. The promises made by the A.L.P. to increase payments evidently scared the L.C.P. and something had to be done about it, hence the increases at the expense of the taxpayers.

Listening to the debate it was interesting to hear the interjections: "not enough," "A miserable pittance," coming from members when the 7/6 increase in pensions was announced.

Looked at from a logical standpoint, and considering also the moral aspect, it is not the function of government to tax the thrifty section of the community and forcibly compel them to provide a fund from which to make payments to others who either have not striven to make provision for old age and invalidity, or because being victims of a vicious taxation policy have not been able to do so.

In all free countries there is a common belief in the rights of property. We assume that if we use our labor and capital in producing commodities of various kinds, that we shall be permitted to enjoy property rights in the products of our labor.

Judging by statements made by prominent L.C.P. leaders about people not being allowed to have the

“right to property” in Russia, we can assume that, theoretically at least, they believe in property rights.

Unfortunately for wealth producers this theoretical belief is not transferred into practical action when they pass Acts of Parliament to compel producers to hand over to privileged sections of people doles in the shape of pensions, child allowance, bounties, subsidies, unemployment benefits and etc. Your property rights — the source of freedom — is taken from you.

The true function of government is to see that land — the source of all employment and wealth — is available to all on equal terms, that those who produce wealth shall enjoy and have secured property rights in it; and be allowed to freely exchange it in a free market, whether it be in Australia or in some overseas country.

This deals with the CAUSE of inequality instead of tinkering with EFFECTS as is now done under government policy. The adoption of such a policy would enable everyone to make provision for their future welfare, without having to resort to taxation robbery as at present.

### THE NOTE ISSUE

The Note issue in 1939 prior to World War II was £47,530,124. Last year it was £380,881,227. In addition to this huge Note issue, government financing was done by Treasury Bills and Peace Savings Certificates. In view of this great issue of paper money, without a corresponding increase in wealth production to justify it, we cannot wonder that greatly increased prices for goods and services are with us. They are due to the Government not taking any practical steps to curb inflation.

Inflation has proved a curse wherever it has operated. Its two main causes are heavy unjust taxes and government use of paper money. An American economist has stated: “Paper money is the devil in disguise.” The pages of history provide many facts in support of this statement. Inflation has always brought ruin in its train. It did so in South America, and Carlyle in his “Past and Present” relates how at one time in France it was necessary to have a barrowful of francs to pay a hackney cab fare. In 1954, 960 francs were only the equivalent of £1 sterling. We still remember the position in Germany when million mark notes were in circulation and holders got rid of them promptly as their value deteriorated rapidly.

Here in Australia we have a big section of the community that has not yet realised that an increase in paper money does not make a country richer, for the simple reason that paper money is not wealth. The effect of the increased circulation of paper money is to increase prices of commodities, followed by a rise in money rates of pay. The issue of paper money is upsetting our economy and it may be said regarding it: “the wages of labor climbs painfully up the stairs but the prices of goods go up in the elevator and the rising wages never catch the rising prices.” It is surprising that many political and trade union leaders have not yet realised this fact. They still urge this bogus reform.

### THE NATIONAL DEBT

The Commonwealth Debt at June 30, 1957 was £1,885,434,599 or £195/10/4 per head. In addition to

this the STATES DEBTS amounted to £2,106,477,399 or £219/14/5 per head. This represents a total indebtedness of £3,991,907,999 or £411/19/2 — surely a huge obligation for every man, woman and child in Australia to carry.

The interest payments on these debts for 1956-7 amounted to Federal Debt, £56,887,793 and the States Interest payments were £79,739,535 — a total interest payment for the year amounting to £136,627,328 or £14/4/4 per head.

Looking back to 1906 when the first Federal Debt was contracted, the amount owing that year was £263,518,275 or £53/4/5 per head. The interest payable that year was £7,496,256 or £1/19/8 per head. It will be seen that during the past 50 years we have got well into the hands of the bondholders, and are still going strong.

### THE TREASURER'S SPEECH

In the course of his speech Mr. Fadden said: “We have in brief, reached a state of substantial balance, both external and internal. When one considers the enormous national debt, both external and internal, one who reasons cannot escape the conclusion that the financial balance is heavily weighted against the wealth producers by the Commonwealth.” In other words, our assets, such as they are, are heavily weighted in favor of the pawnbrokers. We have shown this in regard to our National Debt.

The statements: “There is also, we are told, some unused capacity in factories, constructing plant and the like . . . and this capacity should also be brought into use.” Apparently the Treasurer has not yet realised if there was a demand for goods capable of being produced in these factories, “the facilities would soon be brought into use.” As a rule, factory owners do not usually keep their factories idle if they can be utilized in producing commodities for consumers who desire them, and have the money to pay for them.

The Treasurer appeared to be gratified that “the private investment fund for home construction is now running at a high level.” He overlooks the fact that most of the homes being constructed are being built at an artificially high price, the sites are very expensive, due to the Government not taking economic rent for public purposes, and the taxes levied upon building materials enhance the cost of building by at least 35 per cent., with the result that most home builders are heavily mortgaged and will be fortunate if they get clear title deeds during their lifetime.

### THE TAX REVENUE

Although much enthusiasm was displayed by the Treasurer about the relief given to the taxpayers, he estimated that “on the basis of existing legislation revenue from taxation in 1957-58 is estimated to be nearly £107 millions greater than revenue from last year. Collections from all forms of taxation are expected to increase, but the greater part of the total increase is attributable to income tax on individuals.” Seeing that he conveyed the idea that the wealth producers are going to pay a greater amount in taxation, by what system of political legerdemain are they going to get taxation relief?

## THE GROWTH OF TAXATION

While dealing with the question of taxation it is of interest to note its enormous growth since Federation. In 1901-2, our first Federal year, total taxation was £8,894,319 or £2/12/6 per head. For 1956-7 it was £1,095,415,112 or £114/17/8 per head. Taxation last year took 38.25 per cent. of total production.

In addition to this heavy Commonwealth appropriation, there has been the States taxation burden which has also grown enormously. There is a great outcry against socialism and communism, but the above tax figures indicate that we are well on the road in Australia to socialism. Existing political parties make it abundantly clear by their taxation policies, they have no regard for human rights. There appears little hope for a change so long as voters are more concerned about political parties than they are about sound economic and financial principles.

## CONCLUSION

Having offered some criticism of the tax proposals incorporated in the Budget, we now indicate what we believe to be the correct method of collecting government revenue. We are aware that governments cannot function without a revenue fund, and we are definitely of the opinion there is no moral justification for the taxation of industry which now receives the support of all political parties. We stress the fact that man by the application of labor to land — the source of all wealth — produces the commodities he desires for the satisfaction of his desires. All these things taken together are termed "wealth."

However, we emphasise the point that land is not wealth, and to class it as such shows economic confusion. Land includes nothing made by man, whereas wealth includes nothing not made by man. Land is the source — wealth is a product. Land is raw material. Wealth is a manufactured article. Land is indestructible. Wealth is perishable.

It is because governments have ignored these fundamental facts that we have the existing maldistribution of wealth, and the unjust taxation proposals put forth by the Menzies-Fadden Government. In the compilation of their Budget the Government have ignored the important fact that the right of property in wealth is the right of a man to eat his bread in the sweat of his own brow. The value attaching to wealth is created by labor and capital expended by individual producers. The value attaching to land is completely different in its origin. It arises from the presence of the people and the provision of public services necessary for their well-being. No individual having made the land, it logically follows that no individual has a right to take for himself the value attaching to land. That value — known as economic rent — should be taken into the public treasury as it is the natural source from which governmental re-

venue should be drawn.

Taking land rent for government purposes is just, because it assures to every man equal access to land, and leaves untouched the wealth which labor creates. Under this system is taken for public use only a value of its own creation; giving full value received in the privileged exclusive possession, hence it is not a tax in the generally accepted definition of that term, but can be regarded as a natural provision, restoring to every man his inalienable share in the value of the land.

## THE JUSTICE OF THE PROPOSAL

We claim there is no moral justification for the taxation of industry until the natural revenue — the economic rent of land — proves insufficient to meet the cost of all NECESSARY government. How is this natural revenue brought into existence? Simply by the presence of the people. In the early days of a country population is sparse, there is practically nothing in the way of social services, and land values are very low. In the course of time people settle in certain localities and engage in various forms of primary and secondary production. With the settlement of the people and the increase in production, there arises the need for public improvements of many kinds. In the urban areas roads, footpaths, lighting and other services are provided at public expense. In the rural areas the need is for roads, railways, water and transport services, and all these facilities make the area a more desirable place to live in, and assists settlers in wealth production. The general effect of these improvements and increased population is seen in a RISE IN LAND VALUES.

This is because of the working of a beneficent natural law which automatically calls into existence a fund sufficient to meet the cost of necessary government. The one thing lacking at the present time is a government with sufficient courage to take these community created land values for the benefit of the community, and to remove the dead weight burden of taxation now placed upon all producers.

Action along the above lines is the ONLY PRACTICAL way to deal with the evil of inflation and to establish social justice and peace among the nations of the world. This latest Budget ignores these fundamental principles, and deals only with high sounding platitudes, therefore it must be classed as an ILLUSORY BUDGET.

When our policy is put into action then will be realised the time pictured by Tennyson in his poem "Locksley's Hall," where he says:—

"When the war drums throb no longer,  
And the battle flags are furled,  
With the parliament of man and  
The federation of the world."

The voters have the power in their hands to make this dream a reality.

Supplement to "Progress"

HENRY GEORGE LEAGUE

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