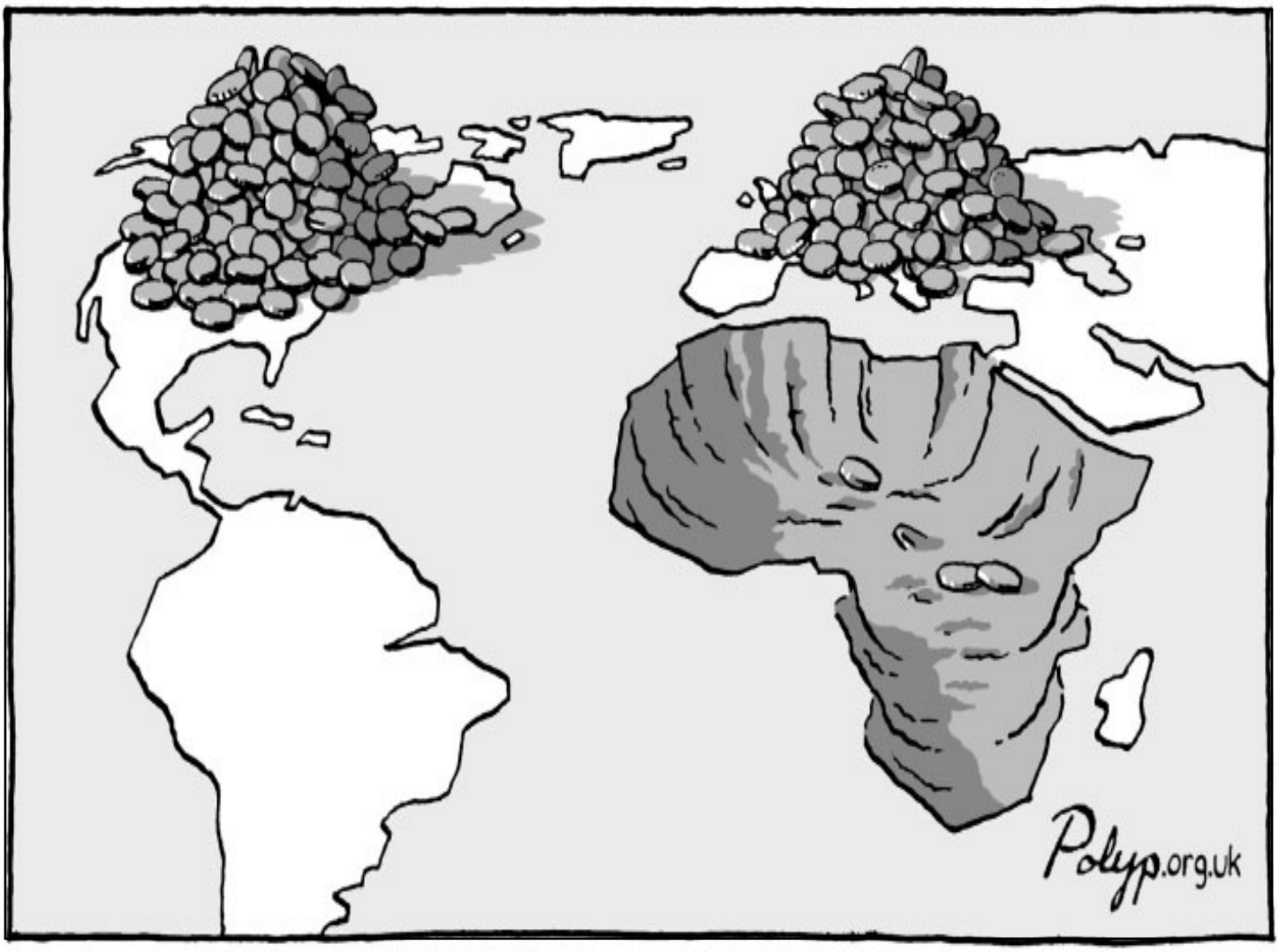
January - March 2012

PROGRESS

SHARING THE EARTH SO ALL MAY PROSPER



African Revolutions

Part Three of the series by David Smiley

Who Me? Run for Office?

'Taking it to the People, By George' by Leo Foley

The Reign of the One Percenters

A Grim Tale from New York by Christopher Ketcham

If Anna Bligh Ran a Body Corporate

A Story by Dr Gavin Putland

PROGRESS

January - March 2012
Number 1105
First published 1904

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Publisher
Prosper Australia Inc.

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PROGRESS is the journal of
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PROGRESS is supported by
a grant from the Henry George
Foundation of Australia.
www.hgfa.org.au

Printed by The Print Press
(03) 9569 4412
printpress@bigpond.com
Printed on recycled paper
with soy based inks

Front Picture of:
"Gold Diggers'
A Cartoon by PolyP

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contents

Page 6	**If Anna Bligh Ran a Body Corporate…**	*By Gavin Putland*
Page 8	**Taxi! Tax Me!**	*By David Collyer*
Page 9	**Australia Deserves Better Property Sales Data**	*By David Collyer*
Page 10	**Against the Carbon Tax**	*By Richard Giles*
Page 12	**Geoists in History**	*By Karl Williams*
Page 15	**African Revolutions**	*By David Smiley*
Page 18	**The Reign of the One Percenters**	*By Christopher Ketcham*
Page 26	**Who Me? Run for Office?**	*By Leo Foley*
Page 31	**Prosper Australia News**	*By Anne Schmid*

editor's note

Hello and welcome! Apologies for the late start to Progress. Do not fear though, there are three more bumper editions to come this year, so please send me your articles for publication.

A big thank you to everyone who contributed their time and effort to helping Progress throughout 2011, I hope your support can continue through 2012. An extra special big thank you to those who donated to specific campaigns Prosper has been running. Make sure to keep a regular eye tuned to the Prosper and Earthsharing websites for updates.

Everyone at Prosper Australia wishes you the very best for 2012 and looks forward to catching up with you at one of various functions we will be hosting this year. Don't be a stranger, pop into the Hardware Lane office at anytime to say hi! David Collyer is always up for a chat about his latest press release and there is heaps of material in our library to make use of...

Take care out there and prosper thoughtfully,
Andy Moore - Progress Editor

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LVRG

Renegade Economist Radio Show

Wednesday 5.30 - 6pm

Economics influences every aspect of our lives. It also influences our abilities to be activists and understand why businessmen do what they do.
Did an 'invisible hand' tell them they have to make money at all costs? What are the primary motivations to these behaviours? Is it just greed or is there something systematically askew?
It's time for the Renegade Economists to delve into this murky world and help clarify these factors. Solutions are a key to this innovative program. Karl and guests will keep the show as diverse as the game of life.

Presented by Karl Fitzgerald.

Members Discussion Nights

Hosted by Lloyd Churches

Prosper Australia has introduced new regular monthly meetings for members only. The main purpose of the night is discussion. We are united by a passion for economic justice and the principles of good government. You are encouraged to come and access the library and bookshop, meet with others and hear our news. Refreshments are provided.

First Thursday of Every Month

Start Time: 7pm

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We need you to:

- **Watch the film**
- **Organise a home screening with friends**
- **Study the economic forces that allow some to earn money in their sleep**
- **Become a member so we can mount a serious campaign to overturn negative gearing**

The global economy crashed under the weight of excessive debt - debt caused by the giant ponzi scheme known as the real estate game. Drilling down, we see that it is high land prices that caused the debt drain.

Greece had a property bubble of some 220% over a decade. Spain 201% and Ireland a staggering 400% . Australia's mortgage debt/ GDP was 18% higher than America's at its peak.

Dare we ask – who are rising property prices good for? This game of life is becoming incredibly risky on economic, environmental and social grounds.

Within this game are incentives to buy and sell prime pieces of land for purely profiteering reasons. In a typical market, higher investment leads to more of a certain product being produced. But the fact that the earth, the land is fixed in size, escapes policy makers.

The results is higher land prices. The IMF's *Asset bubbles and the cost of economic fluctuations* (2009) is one of many papers by major institutions identifying why asset bubbles are damaging.

From the home of democracy to the death of economic sovereignty, Greek officials are struggling to keep their government afloat. Much of this has to do with the central premise of the film. We are taxing the wrong things and this is causing more problems than it solves.

Warren Buffett famously complained that he pays a lower effective tax rate than his secretary because of his ability to stream earnings towards capital gains (taxed at 15% in the USA) rather than the top 35% income tax bracket.

Here in Australia, we are taxed on our income if we work a second job, but subsidised if we invest in a second property (via negative gearing). Tax exemptions to property owners cost us some $54 billion p.a - equivalent to 20% of federal tax revenue (in 2008 figures). Even though economists have long understood the dangers of speculating in real estate, more and more of the tax game is sliding toward the investment in scarce resources – where monopoly powers can be enforced.

Not satisfied with negative gearing or the 50% discount on capital gains tax, lobbyists have worked hard over successive administrations for Self Managed Super Funds to invest in real estate – paying zero capital gains tax.

Whilst Project Wickenby has had some modest success in scaling back the use of tax havens, the use of tax minimisation as a strategy is still commonplace amongst those lucky enough to afford an accountant, especially those who can keep up with the milleau of tax loopholes opened and closed each year.

If economic justice is to be achieved, we need to occupy the tax code to re-direct our economic activities back towards entrepreneurial practices rather than risky speculative bursts.

The trillions in bailout money has been siphoned away from investing in genuine employment creating industries and into speculating in scarce commodities. We have seen record prices in barely, wheat, and corn. The result? Riots in Africa and the Middle East, leading to the Arab Spring.

Thankfully more and more are realising that without economic rights, civil rights mean little. The appointment of Washington consensus cronies in Greece, Egypt & Spain give little hope for the future. We need economists in power who understand the forces of monopoly.

Adam Smith and the Classical economists wrote on the importance of balancing the natural advantages in owning prime land with those who were running a bakery in a sprawling suburb. Land values were the marker of advantage. Those living in Toorak should pay more to the government than Warragul for the locational privilege.

The difference between city and rural is even more extreme. We all pay the same income and GST tax rates. However, the capital gains in a city suburb like Toorak can in just a few years of a boom be enough to cancel out a lifetime of taxes paid. However, we are taught to look the other way.

It is far sexier to blame the banks. Seventy percent of bank assets are mortgages. The land component for a typical mortgage accounts for some 70%. For older houses like my 1960's home in Braybrook, land values are 93% of the total value according to council valuations.

The key issue is that land is a scarce commodity. Our tax system encourages speculators to invest in the pursuit of lowly taxed capital gains. The growth in land prices has been extraordinary, with land prices increasing 126% (1995 – 2010, inflation adjusted). Such capital gains have been greater than possible rents earned. In 2009 for example, the average rent was $17,000, but the capital growth was over $30,000 in Melbourne. For many of the 1% who have landholdings in the 100's if not 1000's of properties, it actually works to their advantage to keep some of their holdings vacant – in effect holding Real Estate 4 Ransom.

Such speculative vacancies enforce scarcity, pushing prices up. These vacancies aren't recorded in the widely quoted REIV vacancy numbers. Their figure looks at total rental properties on the market to rent as a percentage of all rental properties on REIV member's books. This does not include speculative land banks or apartments bought off the plan and held for speculative profit.

We are told there is nowhere to live - but there is plenty of room to speculate.

Earthsharing Australia has been surveying the wider property market via our innovative utilities based measure, looking at water consumption of under 50L per day over six consecutive months as a proxy for vacant property. In surveying just 64% of Melbourne's residential property, we found 46,220 speculative vacancies.

In the buildup to the global land bubble, similar spin was used by the well funded property lobby in places like Ireland to entrench the belief that there was nowhere to live. Builders built to satisfy the ponzi game, not the reality of housing for humans.

With climate change to threaten arable land, enhance the values of elevated locations and penalise those living in the sprawl, we need to use precious locations for the common good, not as a short term gaming of the system.

Watch the film Real Estate 4 Ransom!

- Karl Fitzgerald, Co-Director & Producer, access@realestate4ransom.com

ww.realestate4ransom.com www.earthsharing.org.au www.prosper.org.au

If Anna Bligh Ran a Body Corporate...

A Story by Gavin R. Putland

Once upon a time, there was a huge strata-titled building called Brisbane. It had been built in stages. The ground floor, commonly called the "central business floor", was the oldest (but was always being renovated). The higher floors had been added more or less haphazardly over the last century and a half.

Use of the internal space was highly diverse and lumpy. For historical reasons, commercial activity was heavily concentrated on or near the central business floor (hence its name), while residential use was spread more evenly but skewed towards the upper floors. Consequently most of the population had to commute over many floors between their homes and their workplaces, and a large minority had to commute from high floors to the ground floor and back.

Properties on higher floors, in spite of their cleaner air and superior views, were less valuable than properties on lower floors because the residents of higher floors faced longer commuting distances. Moreover, the body corporate charged fares for use of the lifts, and the fares were higher for longer journeys.

Lift passengers, especially those who lived on high floors, considered the fares exorbitant, although in fact the fares were not enough to cover operation and maintenance costs, let alone the capital costs of upgrades and extensions to the lift network. So the lifts were old, slow, dirty, dangerous and unreliable, giving the passengers all the more reason to consider the fares exorbitant.

And they were the lucky ones. Large sections of the building had no lift service at all, forcing the residents to navigate the stairs under their own power. Proposals to extend the lift network were rejected as unviable. One notorious plan, concerning a lift to the Redcliffe annexe, had existed for more than a century. It was periodically dusted off before body-corporate elections, only to be shelved again because it was allegedly unviable, although the necessary lift-well already existed and was already a common area owned by the body corporate.

Any attempt to reduce losses by raising fares was futile because it drove commuters out of the lifts and onto the stairs. Higher fares meant fewer patrons, and there was no combination of fares and patronage that would make the lifts profitable. But that inescapable logic didn't stop the body corporate from raising fares in real terms.

Meanwhile a little-known eccentric named Gavin R. Putland, representing a shoestring outfit called the Land Values Research Group, wrote a steady stream of letters, submissions and articles advocating a radical alternative method of paying for lifts.

"First make the body-corporate fees proportional to site values," said Putland; "that is, let the owner of each property pay a fixed percentage of its site value per year. Or, if you don't want any losers when you reform the fees, make the year-on-year change in the fee proportional to the year-on-year change in the site value. Then make the lifts free (except for such token peak-time charges as may be necessary to avoid congestion). The removal of fares will cause an uplift in site values, hence a rise in body-corporate fee receipts, which will pay for operation and maintenance of the lifts. Similarly, upgrades and extensions to the lift network will pay for themselves out of the uplifts in site values that they cause."

By way of example he added: "Why do owners of properties in the Redcliffe annexe keep agitating for a lift? Because they know it will increase their site values! Let them pay for it by giving back some of their windfall through their body-corporate fees. They'll keep the rest of the windfall, so they'll still come out in front. Why should other property owners contribute to the cost when they get none of the benefit?"

Nevertheless, it was eventually announced that the

Redcliffe lift would be built with the aid of federal funding. So, while the benefit would be concentrated on owners of properties in the Redcliffe annexe, most of the cost would be met by people who not only didn't own property in the annexe, but didn't even live in Brisbane.

Putland bristled at suggestions that a clawback of uplifts in site values through body-corporate fees amounted to confiscation or an attack on property rights. "When the new fee structure is in place," he said, "your fee doesn't rise unless your site value does, and your site value doesn't rise unless, in the judgment of the market, you are better off in spite of the implication for fees. And because improvements to the lifts become self-funding and are therefore able to proceed, you get uplifts in site values that you wouldn't otherwise get. A reform that increases your net worth is not confiscation. A reform that increases the value of your property is not an attack on your property rights. But if other people pay for your windfall while getting none of the benefit, that's an attack ontheir property rights!"

In answer to the criticism that a higher site value did not imply a higher cash flow with which to pay a higher fee, Putland proposed that part of the fee could be deferred until the property was next sold. "Hence, if the property is inherited, deferred fees don't become payable until the first sale after the inheritance, so no one can portray them as a death tax," he said. These suggestions, especially the last, tended to provoke silent rage.

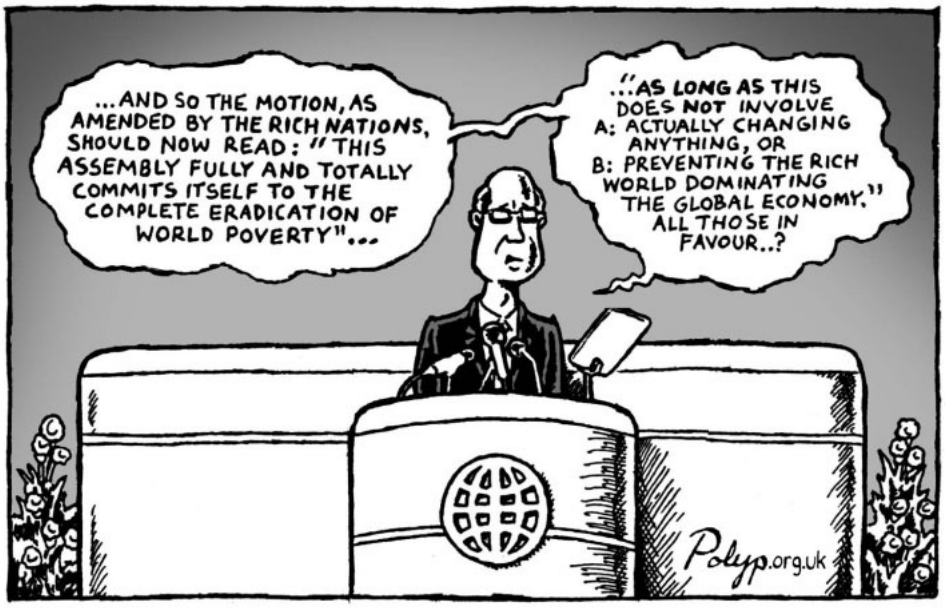
Mainstream economists, if they didn't ignore Putland altogether, questioned whether site values would rise by a sufficient margin, or at all. Putland was adamant: "There are only two places where the benefit of a lift can show up as a price, namely in the price of actual use of the lift (that is, fares) and in the price of access to locations served by the lift (that is, site values). The benefit net of fares shows up as an increase in site values. The cost to the body corporate is also net of fares. So if a lift, or an improvement thereto, passes a cost/benefit test, the uplift in site values will exceed the cost. If fares are removed, rental values of sites will rise by the amount of the fares plus a growth dividend caused by greater economies of scale and specialization, due to the removal of a barrier to trade. This is the same mechanism by which benefits can exceed costs when the lift network is upgraded or extended."

The economists found the "growth dividend" argument particularly irritating, because it was the same argument by which the same economists extolled the virtues of free trade. Such orthodoxy, coming from such a heretic, was infuriating.

Matters came to a head when the body corporate, chaired by Anna Bligh (the first woman to hold the post), increased fares three times in three consecutive years, giving Brisbane the third-highest lift fares in the world. Fares were scheduled to rise for a fourth consecutive year when Bligh was replaced by Campbell "Can-Do" Newman, who soon became known as "Can't-Do" because he had no better system for financing the lifts than Bligh had.

The only person offering an alternative system was Putland, who was obviously a nutter. Transport consultants hired by the body corporate, if they didn't ignore Putland altogether, dismissed him with a wave of the hand. "Who ever heard of free lifts?" they said. "If it were more efficient to fund the lifts from body-corporate fees than from 'user-pays' fares, every body corporate in the world would have been doing it for decades!"

So the consultants rose to ever greater heights of academic respectability, while Brisbane degenerated into a giant slum, and Putland degenerated into a grumpy old man, and they all lived unhappily ever after.



Taxi! Tax Me!

By David Collyer

Citizens retreat confused when talk turns to Economic Rents.

The taxi industry is an excellent example of how assets granted by government create economic rents – at the expense of the wider community.

There are 5181 taxi licences in Victoria, of which the Department of Transport's Victorian Taxi Directorate leases about 1100 licences to operators each year, making more than $11 million or around $10,000 per license per year.

The state's remaining taxi licences are privately owned and pay an annual fee of $500 for the right. Those licenses are extremely valuable. The taxi directorate advises on their website the average sale price of a Melbourne license last year was $484,250.

That's right, a taxi license is more expensive than a house. The value is supported by scarcity as government resists letting license supply exceed taxi customer demand.

This valuable asset is the capitalized difference between fares collected and the cost of running a cab – wages, fuel, vehicle, insurance, the network service provider and government charges.

The 4,000-odd privately owned licenses are therefore worth some $1.93 billion.

For a taxi license to sell on the open market for half a million dollars, it must be generating very substantial profits.

Generating top returns takes a level of skill and judgement managing staff, rosters and the vehicle. This, however, is a return to labor, not to the asset.

The annual value – the 'economic rent' – of licenses can be determined from leasing costs. Indeed, 70 per cent of licenses are leased to operators for around $30,000 per year, a price to earnings ratio of 16.

Nice. Especially nice as these assets were issued for free and carry a minimal annual charge.

So, a monopoly privilege granted by government is generating very substantial windfall gains for narrow private interests. Sadly, the Australian economy is riddled with economic rents like this one. They are the perfect base for government revenues – not taxing wages or wickedly expecting business to serve as un-paid government tax collectors.

The solution is quite simple, as the Taxi Industry Inquiry led by Professor Alan Fels is now considering: Raise the annual registration fee for taxi licenses to, say, $25,000 a year, returning some $118 million ($129m less the existing $11m state leases) to the Victorian Treasury to fund tax cuts elsewhere.

This would be tough for the licence holders, but they are free riding on the backs of long-suffering taxi users. Remember, those licenses were issued without charge and the government is absolutely entitled to change the rules around such a gift at any time.

The Australia's Future Tax System report has a smorgasbord of state-based regressive, behavior-distorting, expensive to collect and just plain mean taxes that ought to go. No doubt there are many opportunities to cut taxes on swinging voters in marginal seats.

Knock yourself out, Premier Baillieu!

Australia Deserves Better Property Sales Data

By David Collyer

Prosper calls for timely, rigorous and transparent statistics on property sales to be collected by the ABS.

"Property is the single largest asset market in Australia – worth around $5 Trillion," Prosper Australia Campaign Manager David Collyer said today.

"It is of profound importance to individual and national prosperity. The lack of peerless sales and volume data is gamed by active players and diminishes us all.

"We need accurate, immediate statistics by the ABS of all sales, nationwide. I have had a gutful of industry opinion masquerading as fact. The deliberate misleading of citizens to maintain 'confidence' is an act of malfeasance. If the industry genuinely wanted 'confidence' it would allow data to trump paid points of view.

"The property industry shrouds its work with privacy arguments, yet sale prices are a matter of public record – eventually.

The existing ABS data is of very good quality. It comes from state titles office or Valuer General data when title is transferred at settlement, typically 90 days later. It is then collated quarterly, compounding the delay.

"By the time the truth comes out, the spruikers have already walked the ground into mud and the ABS is simply providing an historical record, not information about current activity.

"I call for the federal government to mandate the Australian Bureau of Statistics to create a fresh statistical series based on Sale +3. This tramples on state obligations, but the states have shown no interest in providing their citizens with timely property sales information. Worse, NSW, TAS and NT have contracted to sell their data to private organisations – access is denied unless one is prepared to pay for it," Collyer said.

This initiative would require agents to notify ABS the day the buyer's deposit has cleared the bank (Sale +3 days). A handful of these sales will fail – itself an extremely useful indicator – but allowing for this is well within the capacity of the ABS. They would obscure by aggregation individual transaction data until settlement is completed to protect sensitive current negotiations.

Given the ABS already collects un-timely data from the Titles Offices, additional costs would be minimal. The sole obligation on agents would be to send one email to the ABS when the buyer's deposit clears at Sale +3 days. That would cost about $5.00 per transaction.

"Current falling property prices only redouble the need for clear information about prices and volume.

"Despite the myriad private providers who offer data for a fee, I am amazed at how hard it is for both buyers and sellers to build a view of the market and current values. Weak vendors consistently sell too cheaply and naive buyers overpay – putting money in the pockets of stronger counterparties and making the lives of agents a breeze," Collyer said.

"This issue is not going away."

Against the Carbon Tax

By Richard Giles

For some years articles in Progress have supported pollution taxes. So one might expect the announcement of a carbon tax to be a cause for celebration. Conversely, one might have expected that the ensuing attacks upon the carbon tax would have provoked articles defending it. But neither has happened. I write hoping to break this strange silence.

Rent or Tax?

At first sight it might seem hard for a Georgist to support a tax. Thus many say a price on carbon is not a tax but a resource rent. So, is this price on carbon a tax or a rent?

How does it work? From July, 2012, companies will buy permission to use carbon. That permission will be in the form of a licence for every tonne of carbon they use. Carbon will cost these companies $23 a tonne to use in the first year rising to $24.15 in the third year.

So is this price a tax for using carbon or is it a rent paid for using carbon?

First, as those who are familiar with rent theory will appreciate, a rent is paid for a location not for what it contains. Second, a rent is a differential charge. So the fact that the licence is a uniform charge indicates quite clearly that it is a tax and not a rent. If we persist in calling a price for permission to use carbon a rent then we have changed the meaning of the word rent. It has lost its Georgist sense. Instead, it has taken its ordinary sense of a charge for using what belongs to another. The argument being that carbon is a natural resource that belongs to all of us and that, as its owners, we may charge for permission to use it.

Now, as a Georgist, I see this argument leading us into some difficulties. For what we are saying is that, as individuals, we may only use the earth by permission. But, if we need permission to use the earth, then the use of the earth is no longer an inalienable right.

And the trouble does not end there. For what the owner (us collectively) is doing is selling the use of carbon. On the other hand companies (society at large) are buying the use of carbon. But carbon is land. So what is really happening is that we are buying and selling land. If that does not convince us as Georgists that something is wrong nothing will. All of this is set out quite definitively in A Perplexed Philosopher (Part One, Chs. IV and V).

In sum, as a natural and thus inalienable right, we need no one's permission to use land, nor should any charge be levied simply for using it.

Now, it might be said that this simply shows that Georgism needs to be developed to meet the needs of the twenty-first century. But to contradict its most basic principles cannot be to develop Georgism; it can only be to destroy it! Rent is merely one means to assert our inalienable right to use land. It cannot stand as an obstacle to using land. And the idea of trade in land itself is abhorrent. Calling land a natural resource and renaming a charge to use it a rent makes not one jot of difference.

Theoretically, that is proceeding from principle, there is no case for saying that a carbon tax is a rent. The carbon tax is a tax.

Is a Tax Necessary?

Yet it could be said that global warming requires action. And if to do it we need a tax then so be it. Even George said that there were emergencies that justified taxes. Surely, this is one of these emergencies!

It is said that, by 2020, carbon emissions existing in the year 2000 will have been reduced by five per cent. Assuming that what the government promises will happen this is only 5% of 1.4% of the world's carbon emissions. This then is a tax required for a long time and that severely stretches the meaning of the word emergency.

Since Georgism eschews taxation this answer implies that Georgism itself cannot provide a remedy for climate change. But if climate change is man-made it is a social problem. If that is so, it is strange that Georgism cannot resolve the problem of climate change. This point is well-made by Shirley-Anne Hardy in her recent book Stolen Land – Stolen lives and the great con trick of DEBT! In an unpublished article to a New Age journal she wrote that by concentrating on environmental problems one writer had missed their solution. She writes "[t]his is because X does not herself understand that the calamitous environmental face of our times is really a huge mask and cover-up for our fundamental distortion; which is economic – and which re-shapes the environmental scenario in its own disastrous image" (pp. 189-90, her emphasis).

Georgism has no need to be "developed" to deal with environmental problems. The simplification of government and the resolution of intensifying social problems will be quite adequate.

For the solution is conservation. It is by the reduction of waste and the permitting of social evolution towards broader and less materialistic values that the solution to environmental problems lies. George himself offers this solution in Progress and Poverty; here the economic parable of the 'crowded steamer' (p.465) is especially telling. Mrs Hardy goes even further in uncovering the beneficial effects of a more natural relationship with the earth.

Will the Carbon Tax Work?

When Georgism was offered to government in Britain in the Great Depression the answer was we could not wait for some long-term solution, we needed an immediate 'fix'. The same might be said here. It might be argued that it is better to assist a solution that is already underway. But is eco-taxation the answer or is it just another problem waiting to happen?

One way of stating the problem with the carbon tax is to ask whether we need to make people poorer in order to save the planet. For it is impossible to avoid the conclusion that the aim of the carbon tax is to make those goods and services linked to carbon emissions dearer. Just as impossible to avoid is the conclusion that there is no more efficient way to make ordinary goods and services generally dearer than to tax the generation of energy.

Associate Professor Frank Zumbo (Canberra Times July 14) argued that the carbon tax will most often impact upon necessities. (A quick look at the CPI should convince anyone of this.) Thus the carbon tax will not stop people buying, say groceries, it will only inflate the profits of the monopolies that already supply them. In fact, the carbon tax will exacerbate already existing taxes, notably the GST!

The reported concerns of Martin Ferguson (The Australian, June 15) amounted to this: that, paradoxically, if the tax worked too well voters would revolt. And, of course, industry and commerce have already revolted in hard-hitting advertisements. Hence generous compensation and concessions were invented to go with it. Curiously, these are portrayed as advantages of the tax! However, their effect could well reduce the tax from $23 a tonne to something over $8!

What under the Greens was a punitive tax (designed to reduce demand) is, under a feeble Labor Government, becoming a revenue tax (a tax that simply draws revenue without substantially affecting demand). That achieves little despite its large administration and compliance costs.

We are not talking about a tax on alcopops here. How far can one go with a punitive tax when the demand it seeks to curtail is the demand for quite ordinary goods and services?

Conclusion

Progress and Poverty provided a way to eliminate poverty. The carbon tax (and True Cost Economics) provides a way to make ordinary people even poorer. Is this what Georgism is about?

To progressively increase the carbon tax at a time of intensifying recession is politically courageous. Just how courageous are our governments? Housing starts are at the lowest on record, people are not buying, if the Housing Industry Association is right the carbon tax will increase the cost of building a house by between $5000 and $6000. This is not an expense covered by compensation.

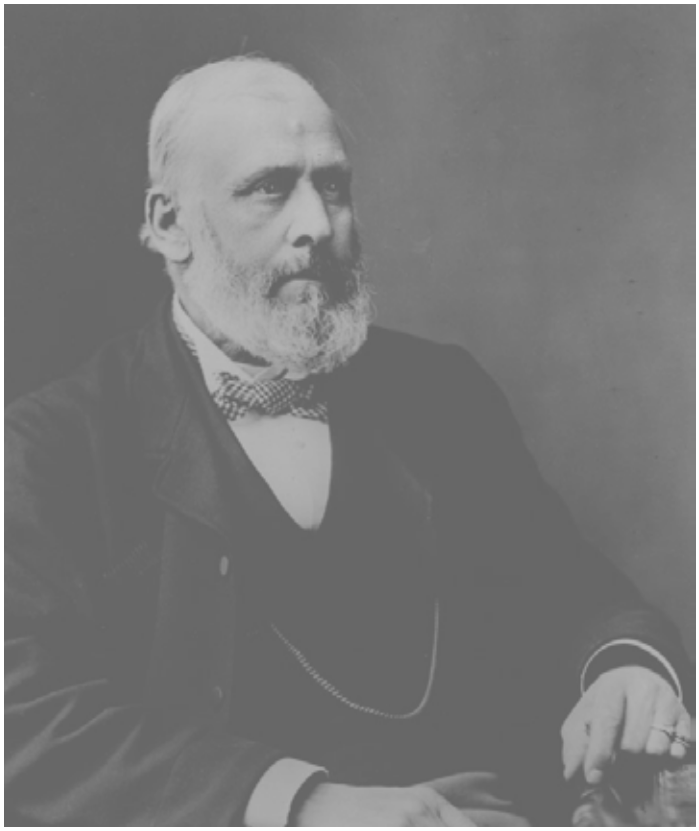
On the other hand, any policy that leads to the satisfaction of legitimate needs and wants by conservation of waste, that is, by resolving social problems and simplifying and reducing government, will lead to society evolving from the need for security to higher and less material desires. That is the Georgist way.

A regime of taxes that attacks the satisfaction of legitimate needs for food, clothing, and shelter must extend and intensify social problems, further centralise government, further demoralise ordinary citizens and, as always happens in such circumstances, enormously increase waste and increase population.

As Georgists we need to come back to what Shirley-Anne Hardy has called "our fundamental distortion", the making of the earth into a commodity, and consider how "it re-shapes the environmental scenario in its own disastrous image".

Geoists in History
Thorold Rogers 1823 — 1890

By Karl Williams



"Every permanent improvement of the soil, every railway and road, every bettering of the general condition of society, every facility given for production, every stimulus applied to consumption, raises rent. The landowner sleeps but thrives."

We geoists might first appear to be a pessimistic lot to outsiders, but if you scratch us a bit harder you'll see that we actually hold enormous hope for the great prosperity and fulfillment of humanity. Henry George was virtually alone in predicting that the lot of the average person (the bottom 90%) would *not* improve in the 20th century, no matter what technological advancements were made, as long as the rent from land was allowed to continue to be misappropriated into private hands. Dead right there, HG.

Thorold Rogers, one of the founders of modern British economic history, looked back to the past and came to the same conclusion as HG. That is, after rigorously examining historical records he asserted that, contrary to every smug preconception we hold, Rogers concluded that things were actually much easier for the common man centuries ago. Moreover, his momentous historical research pretty much proved it ….. but why is it that so few people nowadays are aware of this fact?

James Edwin Thorold Rogers was born in unremarkable (if relatively comfortable middle class) circumstances in Hampshire. He was educated in Arts at King's College London and Magdalen Hall, Oxford, but then seemed to have a resurgence of religiosity and was ordained into the Anglican Church. Indeed, he became a bells-and-smells High Church man, and was the curate of St. Paul's in Oxford. But then the pendulum swung back, with his interests gradually returning to academia. He then began to devote himself to classical and philosophical tuition in Oxford as well as displaying an increasing interest in politics. He was instrumental in bringing about the Clerical Disabilities Relief Act whereby an Anglican clergyman (such as himself) could basically relinquish the rights and privileges of his office. He threw off his dog collar and never looked back.

Freed of church authority, Rogers became even more involved in the classics and devoted himself to classical and philosophical tuition in Oxford with success, with his publications including an edition of Aristotle's Ethics. Rogers' interest then took another and more fateful turn in the direction of economics, and in 1859 he was appointed professor of statistics and economic science at King's College, London, a post which he filled till his death. In 1862 he also became Drummond professor of political economy at Oxford.

Around this time he truly found his place in the sun, and began to progressively publish his great magnum opus - the monumental History of Agriculture and Prices in England from 1259 to 1795 and Six Centuries of Work and Wages, as well as other works on political economy, ethics, law, and politics.

Whether you put it down to Providence or dumb luck, the whole direction of a man's life can sometimes turn on a single event. In Rogers' case, it was how his elder brother married the sister of the great Richard Cobden, who became a mentor to Rogers. Cobden held deep geoist convictions and was also an advocate for free trade, nonintervention in Europe and an end to imperial expansion. It was Cobden, who gained fame and acclaim by repealing the corn laws which enriched the landed class, who declared his geoist ideals with this famous utterance, "You who shall liberate the land will do more for your country than we have done in the liberation of its trade." Rogers was to say of Cobden, "he knew that ... political economy ... was, or ought to be, eminently inductive, and that an economist without facts is like an engineer without materials or tools." This was to spur Rogers on to unearth the wealth of facts he used as the basis for his History of Agriculture. Rogers duly became absorbed in the whole geoist paradigm, editing Cobden's speeches and essays.

There's something about geoism and politics that seems to radicalize a man, and Rogers became an outspoken iconoclast in many fields and he developed a reputation as having a boisterous and intemperate nature – does this ring any contemporary bells, dear reader?! Rogers' tenures were characteristically energetic, and he delivered frequent lectures enlivened by racy anecdotes and incisive comments on contemporary personalities and issues. He became a great political agitator and was celebrated as a caustic wit and humorist.

His monumental study of the economic conditions of the English in centuries past bore its first fruit in 1866 with the publication of the first two volumes of his History of Agriculture and Prices in England. This dealt with the period 1259–1400 and was a minute and masterly record of the subject, and it's no surprise that this is the work upon which his reputation, such as it is, mainly rests . Two more volumes (1401–1582) were published in 1882, a fifth and sixth (1583–1702) in 1887, and he left behind him at his death copious materials for a seventh and eighth. In 1868 he published a Manual of Political Economy, and in 1869 an edition of Adam Smith's Wealth of Nations. In 1875 he collected and edited the Protests of the Lords, which is the social history and life of the English peasantry in his own East Anglia. In all his research he deployed historical and statistical methods to analyze the key economic and social questions in Victorian England. As an advocate of free trade and social justice he distinguished himself from many others within the so-called English Historical School. Rogers' intimate acquaintance with Cobden led Rogers to take an active part in politics, and near the end of his life he was elected to the House of Commons as a Liberal from 1880 to 1886.

This is not the time to wrap up this biog, for Rogers' colossal work would, if unearthed in its entirety today and made widely known, blasts the smug world of economics to smithereens. What Rogers undertook were detailed studies on how, with the Enclosures of the Commons, the proportion of the public revenue derived from land had greatly declined over the centuries, to the great disadvantage of the common man. How's this for a killer quote, to summarise in a sentence the thrust of his findings? "The people had fared better under the despotic monarchs than when the power of the state had fallen into the hands of a landed oligarchy who had first exempted themselves from taxation."

Do you understand the immensity of Rogers' findings, dear reader? His monolithic research essentially substantiates the classical Law of Rent with hard data which covers the centuries of English history from when land was accessible to all to the point when it had basically been enclosed by the Lords. You tell 'em, Thozza: "I have stated more than once that the 15th century and the first quarter of the 16th were the golden age of the English labourer, if we are to interpret the wages which he earned by the cost of the necessaries of life. At no time were wages, relatively speaking, so high, and at no time was food so cheap. Attempts were constantly made to reduce these wages by Act of Parliament, the legislature frequently insisting that the Statute of Labourers should be kept. But these efforts were futile; the rate keeps steadily high, and finally becomes customary, and was recognised by parliament."

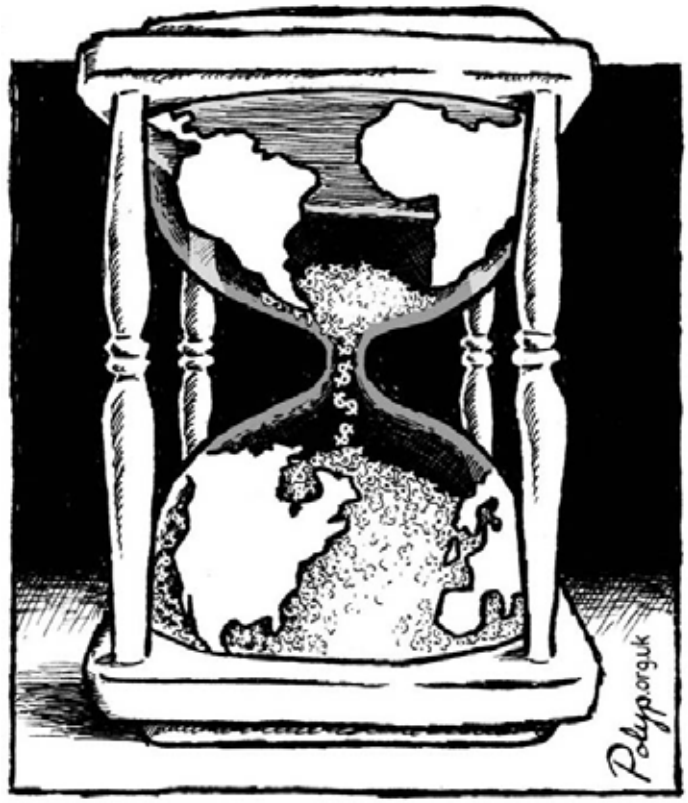
Rogers provides details of the daily wage of artisans, agricultural labourers, skilled craftsmen, carpenters, plumbers and joiners and concludes that, after food, clothing and

shelter, the English labourer with a family of five in the 15th century still had two-thirds of this salary left. And, rather than the general impression that the commoners busted their guts from dawn to dusk, Rogers asserts that, before the Enclosures, their working day was quite modest on length. In fact, after a plague when good land was relatively accessible, Rogers calculated that so-called peasants only worked about 14 hours a week. Now that's what I call Ye Merrie Olde England! It is not coincidental that about 80% of revenue in those times came from land rents (which fall on the landholder, and cannot be passed on) rather than taxes on income.

It's hard to fathom why Rogers hasn't secured a lofty place in history considering the mighty implications of his work. Karl Marx, who had a great deal of respect for Rogers' conscientiousness, made extensive use of his studies in Das Kapital. Rogers was also one of the first to reveal several crucial aspects of England's social development during the Middle Ages, including the evolution of the manor, the mass shift from the corvée (the unpaid labor - as for the maintenance of roads - required by a lord of his vassals in lieu of taxes) to cash rent in the 14th century, the subsequent stratification of the peasantry, and the growth of pauperism during the Reformation. But he and his work have today been largely forgotten, and if you Google his name you'll get only a few sketchy entries. But the measure of a man is not found in his Google results (try telling that to a Generation Y kid).

Next issue: one of the foremost leaders in the movement for Australian federation and later Australia's second prime minister, Alfred Deakin

"The rent of land, which had risen without effort on the part of the owner some twelve times in the course of the seventeenth century, was deemed to be a peculiarly fit subject for taxation."



'TRICKLE UP'

DISASTER RELIEF

African Revolutions

By David Smiley

This article is one of a series examining revolutions around the world. So far, with the exception of the Asian Tiger land reforms (see Do Revolutions Work? Progress, July-August 2011), I have found no revolutions that reduced poverty and inequality, and that were also nonviolent. So, what is Africa's revolutionary record? The African Union has reported (Guardian Weekly, 2007) that in the last 50 years there had been 186 coups and 26 major wars in Africa. There were now more than 16 million refugees in a population that had doubled since 1975. And since 2007 a dozen revolutions, mostly ongoing, have erupted across North Africa and the Middle East with outcomes that remain very uncertain.

The first humans left Africa and spread all across the world. William McNeill (2003) describes this exodus as the outcome of territorial rivalry between tribes of hunter-gatherers, the first of humanity's land wars. Meanwhile, those that stayed behind were displacing the remnants of Neanderthal Man in another land grab powerfully fictionalised in William Golding's The Inheritors (1955). But from then on it was the outside world that visited destruction on Africa's people.

The first intruders

With no written languages little was known of African history. Greeks, Roman and Moslems colonised the Mediterranean and East coasts long before Europeans stopped for water and fruit on their way down the West coast, round the Cape to explore Asia. In the middle there were both nomadic and settled tribes about which little is known until trade for slaves, gold, and ivory gave rise to kings and empires.

Slavery

Arab intruders had captured and exported African slaves to the Middle East and beyond for a thousand years before the Atlantic slave trade began. Caravans from Darfur would bring 20,000 slaves to Cairo in one trip. Even by 1830 the Sultan of Zanzibar received head taxes on 37,000 slaves a year passing through.

Then, over less than 300 years, an incredible 11-14 million slaves were shipped out to the west, 40% to Brazil, 40% to the Caribbean, 15% to the rest of Latin America, and 5% to the US. Merchants, raiders and princes received huge incentives to capture and handle this human cargo. A few

escaped slavery by converting to Islam. The trade promoted warlords and therefore guns, about 20 million guns being imported into Africa during that period.

The scramble for Africa. Europeans had only skirted the coasts until Stanley met up with Livingstone in the middle of "Darkest Africa". But within 15 years Britain, France Belgium, Spain, Portugal, Germany and Italy had gobbled up all of Africa except Ethiopia. The colonising procedure was essentially the same in every case. Africans were progressively pushed out of their traditional lands into poorer and poorer land until they had no choice but to abandon traditional life styles and work for low wages or, in some situations, none at all. In the last 20 years of the nineteenth century Europeans conquered the best 85 percent of African land in a grandiose act of theft. Europeans used the land for their own cattle, crops, and timber, and then they were surprised to find what actually lay beneath the land. Roughly speaking, in Sub-Saharan Africa it was gold, diamonds and copper, while north of the Sahara it was oil. Asante (2007) describes the appalling destruction of African society in a brutality that Joseph Konrad had captured in Heart of Darkness. Here are some of the legacies:

Congo

Privately owned by the King of Belgium, tens of thousands of Africans were once shipped across the country for forced labour in the copper mines. Stanley, on behalf of King Leopold of the Belgians, had held a meeting and signed a deal with 500 of Congo's tribal chieftains. As a result King Leopold became the absolute ruler over a colony 80 times the size of Belgium. Discipline was enforced by taxes and, when these didn't work, by jail, whips, the cutting off hands or shooting. Men were shipped hundreds of miles to the copper mines. Many women and children who tried to follow died, others survived by prostitution, a legacy continuing to this day. Recent conflicts in the Congo, a country rich in minerals yet one of the poorest in the world, have cost over five million deaths.

Nigeria

After they captured Lagos in 1861 the British handed out presents to local chiefs in exchange for treaty membership of a British "protectorate". Armed with machine guns and cannon, "British troops and Africans (hired to conquer other Africans) battled inland" eventually owning what would become Nigeria, extracting tin and palm oil until 1960 brought independence. Self-government simply transferred rent seeking from Britain to a series of corrupt generals in a civil war that cost a million lives. And then the discovery of oil raised the rent seeking even higher, "the rich and mighty stole colossal sums of public money...$12 billion were unaccounted for...the number of public servants tripled" while the poor got poorer and "farmers flocked to cities, seeking work and finding only poverty and squalor." Then, when oil prices dropped, average annual income dropped from $670 t0 $300. (Davis, C., 2004)

South Africa developed as a frontier invasion, the first British wave radiating from the Cape of Good Hope and the second, the Afrikaners' Great Trek, far up north until it met Zulu tribes coming south, both land hungry. The next complication was the Boers' discovery of enormous diamond and gold reefs. Cecil Rhodes, representing the British government and his own mining company (de Beers), encircled the Boers and precipitated the Boer Wars (see the movie Breaker Mourant). The next complication arose from the need for labour for white agriculture and industry and this was met by a form of segregation called Apartheid.

In Africa today by far the biggest exports are minerals and oil. But while mining and drilling produce most of Africa's revenues, they employ only two million people. The resulting unemployment encourages the multiplication of

war lords and the boy soldiers who follow them to glory. For these youths, there is no comparison between the dull poverty of village or shanty life and the macho excitement of waving AK-47s from the backs of trucks, hacking their rivals and raping their women. And these new life styles are profitably supported by the extraction of protection money (rent?) in lieu of rupturing oil and mineral supply lines. Those who escape massacre in the bush go to overcrowded cities where they end up in slums. "By 2015 Black Africa will have 332 million slum-dwellers, a number expected to double every 15 years" (Davis M, 2006). As a slum percentage of urban population Ethiopia and Chad lead the world at 99.4, with Nigeria at 79.2. For Sub-Saharan Africa the average is 71 percent.

What is being done about Africa's inequality, unemployment, poverty and slums that appear connected with Africa's endless upheavals, revolutions and wars? Unfortunately, most authorities in politics and human rights peddle well-meaning generalities with little practical advice. For example, one of the few Africans who has written a highly-regarded political history of Africa (Asante, 2007) devotes a quarter of his book to various independence movements, five Pan-African conferences, and a new partnership for Africa's development (NEPAD). All of these have generated lists of vague principles and ideals that have, generally speaking, failed to deliver. Ironically, Asante quotes a typical list of these ideals "we should go back to our roots... liberate the people" and that "power should be handed to the people". The conference speaker of those stirring words was none other than Colonel Gaddafi. The Gaddafi family fortune was recently estimated at $200 billion, about four times that of the Mubarak family. These massive fortunes and those of all the Royal and not so royal families that run Africa and the Middle East, derive from cornering real estate, business monopolies and natural resources, all highly taxable.

So, what should be done? Until recently the redistribution of land to peasant families in South Korea, Taiwan and China (after Mao died in 1976) led to egalitarian societies with the highest rates of economic growth ever recorded anywhere. But that was when these economies were largely rural. Today, more people are urban than rural. In Libya, for example, 84 percent of the population is urban and its main export is oil. What, then, should be done in Libya, and elsewhere in Africa? Two reforms will help remove poverty, inequality and unemployment. The first reform is the collection of land rent for public rather than private purposes. Advocates are many, including a German called Friedrich Engels, who helped Marx write the Communist Manifesto, and an American called Henry George who wrote a best seller called Progress and Poverty. A practical example, satisfying the taxation criteria of efficiency, equity, unavoidability and simplicity, though currently set at very timid rates, can be found in Australian local government rates on unimproved land values. The second reform is the collection of natural resources rent, also for public rather than private purposes. Advocates include most economists. Examples include mining super-profit taxes and carbon taxes.

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The Reign of the One Percenters

Income inequality and the death of culture in New York City

By Christopher Ketcham

For my daughter's benefit, so that she might know the enemy better, know what he looks like, where he nests, and when and where to throw eggs at his head, we start the tour at Wall Street. It's hot. August. We're sweating like old cheese.Here are the monuments that matter, I tell her: the offices of Deutsche Bank and Bank of New York Mellon; the JPMorgan Chase tower up the block; around the corner, the AIG building. The structures dwarf us, imposing themselves skyward."Linked together like rat warrens, with air conditioning," I tell her. "These are dangerous creatures, Léa. Sociopaths."

She doesn't know what sociopath means.

"It's a person who doesn't care about anybody but himself. Socio, meaning society—you, me, this city, civilization. Patho, like pathogen—carrying and spreading disease."

Long roll of eyes.

I'm intent on making this a teachable moment for my daughter, who is fifteen, but I have to quit the vitriol, break it down for her. I have to explain why the tour is important, what it has to do with her, her friends, her generation, the future they will grow up into.

On a smaller scale, I want Léa to understand what New York, my birthplace and home, once beloved to me, is really about. Because I'm convinced that the beating heart of the city today is not its art galleries, its boutiques, its restaurants or bars, its theaters, its museums, nor its miserable remnants in manufacturing, nor its creative types—its writers, dancers, artists, sculptors, thinkers, musicians, or, god forbid, its journalists.

"Here," I tell her, standing in the canyons of world finance, "is what New York is about. Sociopaths getting really rich while everyone else just sits on their asses and lets it happen."

Cancer

Talk is cheap, anger without action is a turnoff, and even at fifteen my daughter sensed that her father's rage was born of impotence. I thought of Mark Twain's line, "The human race is a race of cowards; and I am not only marching in that procession but carrying a banner." A few weeks later, Léa was gone, back to France, where she lives with her mother. I had new material to chew into bitter cud. It was a report titled "Grow Together or Pull Further Apart?: Income Concentration Trends in New York," issued in December 2010 by a Manhattan-based nonprofit called the Fiscal Policy Institute (FPI). The twenty-five-page report only quantified in hard data what most New Yorkers—the ones struggling to survive (most of us)—understood instinctively as they watched their opportunities diminish over the past three decades.

New York, the FPI informs us, is now at the forefront of the maldistribution of wealth into the hands of the few that has been ongoing in America since 1980, which marked the beginning of a new Gilded Age. Out of the twenty-five largest

cities, it is the most unequal city in the United States for income distribution. If it were a nation, it would come in as the fifteenth worst among 134 countries ranked by extremes of wealth and poverty—a banana republic without the death squads. It is the showcase for the top 1 percent of households, which in New York have an average annual income of $3.7 million. These top wealth recipients—let's call them the One Percenters—took for themselves close to 44 percent of all income in New York during 2007 (the last year for which data is available). That's a high bar for wealth concentration; it's almost twice the record-high levels among the top 1 percent nationwide, who claimed 23.5 percent of all national income in 2007, a number not seen since the eve of the Great Depression. During the vaunted 2002–07 economic expansion—the housing-boom bubble that ended in our current calamity, this Great Recession—average income for the One Percenters in New York went up 119 percent. Meanwhile, the number of homeless in the city rose to an all-time high last year—higher even than during the Great Depression—with a record 113,000 men, women, and children, many of them comprising whole families, retreating night after night to municipal shelters.

But here's the most astonishing fact: the One Percenters consist of just 34,000 households, about 90,000 people. Relative to the great mass of New Yorkers—9 million of us—they're nobody. We could snow them under in a New York minute.

And yet the masses—the fireman, the policeman, the postal worker, the teacher, the journalist, the subway conductor, the construction worker, the social worker, the engineer, the architect, the barkeep, the musician, the receptionist, the nurse—have been the consistent losers since 1990. The real hourly median wage in New York between 1990 and 2007 fell by almost 9 percent. Young men and women aged twenty-five to thirty-four with a bachelor's degree and a year-round job in New York saw their earnings drop 6 percent. Middle-income New Yorkers—defined broadly by the FPI as those drawing incomes between approximately $29,000 and $167,000—experienced a 19 percent decrease in earnings. Almost 11 percent of the population, about 900,000 people, live in what the federal government describes as "deep poverty," which for a four-person family means an income of $10,500 (the average One Percenter household in New York makes about that same amount every day). About 50 percent of the households in the city have incomes below $30,000; their incomes have also been steadily declining since 1990. During the gala boom of 2002–07, the trend was unaltered: the average income in the bottom 95 percent of New York City households declined.

According to the FPI, the wealth of the One Percenters derives almost entirely from the operations of the sector known as "financial services," whose preoccupation is something they call "financial innovation." The One Percenters draw the top salaries at commercial and investment banks, hedge funds, credit card companies, insurance companies, stock brokerages. They are the suit people at Goldman Sachs and J. P. Morgan and AIG and Deutsche Bank. To get a sense for how their fortunes have blossomed, consider the fact that the largest twenty financial institutions in the U.S., almost all of them headquartered in New York, now control upward of 70 percent of the country's financial assets, roughly double what they controlled in the 1990s.

And what do the suit people do to earn such heaping returns? At one time, the financial sector could be relied upon to allocate capital for the building of things that society needed—projects that also invariably created jobs. But productivity is no longer its purview. Lord Adair Turner, a financial watchdog and former banker in the city of London—the other world capital of finance—recently denounced his class as practitioners and beneficiaries of a "socially useless activity." Paul Woolley, who runs a think tank in London called the Centre for the Study of Capital Market Dysfunctionality, observed that the "presumption that financial innovation is socially valuable" was a kind of metaphysics. "It wasn't backed by any empirical evidence," Woolley told John Cassidy, a staff writer forThe New Yorker. Structured investment vehicles, credit default swaps, futures exchanges, hedge funds, complex securitization and derivative pools, the tranching of mortgages—these were shown to have "little or no long-term value," according to Cassidy. The purpose was to "merely shift money around" without designing, building, or selling "a single tangible thing." The One Percenter seeks only exchange value, as opposed to real value. Thus foreign exchange currency gambling has skyrocketed to seventy-three times the actual goods and services of the planet, up from eleven times in 1980. Thus the "value" of oil futures has risen from 20 percent of actual physical production in 1980 to 1,000 percent today. Thus interest rate derivatives have gone from nil in 1980 to $390 trillion in 2009. The trading schemes float disembodied above the real economy, related to it only because without the real economy there would be nothing to exploit.

Behold, then, the One Percenter in his Wall Street tower.

He creates "value" by tapping on keyboards and punching in algorithms. He makes money playing with money, manipulating abstractions. He manufactures and chases after financial bubbles and then pricks them. He speculates on mortgages, car loans, credit card debt, the price of gas that keeps the real economy moving, the price of food that keeps the labor pool alive, always hedging his bets so that he comes out ahead whether society wins or loses. A study from the New Economics Foundation in England found that for every pound made in financial services in the city of London, roughly seven pounds of social wealth is lost—meaning the wealth of those in society who do productive work.

Finance as practiced on Wall Street, says Paul Woolley, is "like a cancer." There is only maximization of short-term profit in these "financial services"—they are services only in the sense of the vampire at a vein. There is no vision for allocating capital for the building of infrastructure that will serve society in the future; no vision, say, for a post-carbon civilization; no vision for surviving the shocks of coming resource scarcity. The finance nihilist doesn't look to a viable future; he is interested only in the immediate return.

Rotten Vegetables

The optimist will say that the wealth disparities in New York have been far worse in the past, and the optimist would be correct. When in 1869, for example, a young journalist named Henry George arrived in New York, already the most opulent city in America, he found that "amid the greatest accumulations of wealth, men die of starvation, and puny infants suckle dry breasts." The inequalities got worse. There came the Panics of 1873 and 1884, which resulted from the speculation and stock fraud of the city's financial and business elite. Epicentered in lower Manhattan, the panics—we'd call them crashes today—produced nationwide shock waves of mass unemployment, homelessness, hunger, years of depression and dislocation, and, at times, the specter of all-out chaos. President Grover Cleveland, aghast at the scope of the division between the few very rich and the many poor, concluded that the "wealth and luxury of our cities," primarily enjoyed by the industrial monopolists and the financier and Wall Street class, was "largely built upon undue exactions from the masses of our people." The exactions in New York, as with every city where unregulated industrial capital ran amok, were most felt in the profitable horrors of wage slavery: the fourteen-hour workdays, the miserable pay, the children forced into labor, the dangerous conditions on factory floors, the rents extracted by landlords for the opportunity to live in windowless, rat-infested, soul-destroying tenements.

In answer, across New York City throughout the 1880s there were strikes, marches, boycotts, gigantic torch-lit demonstrations. New York's Central Labor Union (CLU), a branch of the Knights of Labor, whose national membership approached 700,000, welcomed all the "producing classes," skilled and unskilled: the bricklayers, the jewelers, the printers, the industrialized brewers and machinists, the salesclerks, bakers, cloak makers, cigar makers, piano makers, musicians, tailors, waiters, Morse operators, Protestants, Catholics, Jews, whites and blacks, men and women. The only people they refused to welcome in their ranks, wrote historians Edwin G. Burrows and Mike Wallace, were "bankers, brokers, speculators, gamblers, and liquor dealers"—what the Knights and other radicals of the time called the "fleecing classes," the "parasites," the "leeches."

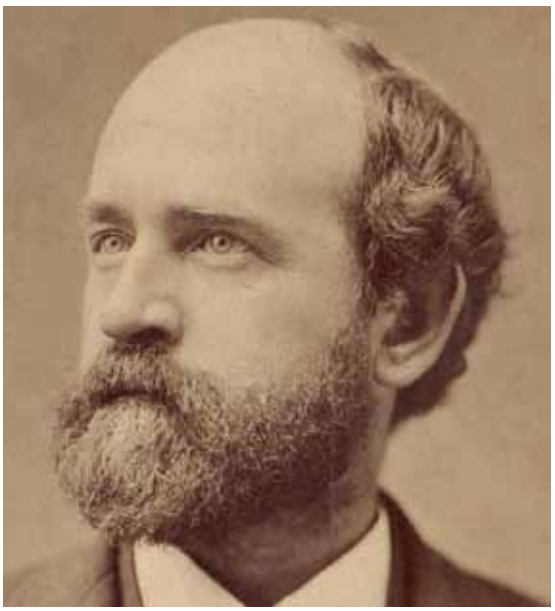
The CLU and the Knights organized the first Labor Day parade in the United States, on September 5, 1882, marching twenty thousand strong from City Hall to Union Square, unfurling banners that said:LABOR BUILT THIS REPUBLIC AND LABOR SHALL RULE IT. And: NO MONEY MONOPOLY. And: PAY NO RENT. The seamstresses along the route waved handkerchiefs from windows and blew kisses at the marchers. When the ladies at their sills saw cops and thugs hired by the fleecing classes, they rained down rocks, eggs, rotten vegetables.

By 1886, the labor coalition was looking for a radical candidate for mayor, and they found one in Henry George, who by then had become a famous writer, known on four continents. Seven years earlier, he had published a book of economics called Progress and Poverty that during the last decades of the nineteenth century would outsell every book but the Bible. His chief contribution was to acquaint the lay American with the problem of "economic rent" in society. This was defined as revenue with no corresponding labor or productivity; economic rent was unearned income.

Those who benefited from this income were known as rentiers, and the most egregious rentier in George's day was the landlord, who, sitting on land as it rose in value, got rich on the backs of his tenants "without doing one stroke of work, without adding one iota to the wealth of the community." Political liberty required also economic liberty, said George, and economic liberty required doing away with the privileges of the rentier. "We are not called upon to guarantee all men equal conditions…but we are called upon to give to all men an equal chance," said George. "If we do not, our republicanism is a snare and a delusion, our chatter about the rights of man the veriest buncombe." George also proclaimed, "It is not enough that men should vote; it is not

enough that they should be theoretically equal before the law. They must have liberty to avail themselves of the opportunities and means of life."

In declaring his candidacy, George decried the "principle of competition upon which society is now based." He announced to an ecstatic public that his intention was "to raise hell!" He saw only corruption in government as it was then comprised, and suggested that "a revolutionary uprising might be necessary to turn out the praetorians who were doing the corporations' bidding in government office." But George was defeated in the 1886 campaign, and new and more advanced rentiers, typified by J. P. Morgan, with his offices at 23 Wall Street, rose to dominate the American political economy. By the turn of the twentieth century, Morgan had directed a massive consolidation of banking and, through the leverage of credit and debt, industry. This superconsolidation, which came to be known as monopoly finance capitalism, extended the influence of New York bankers nationwide to the point that, as Woodrow Wilson observed in 1911, "all our activities are in the hands of a few men" who "chill and check and destroy genuine economic freedom."



It would take decades of labor unrest and protest, coupled with the near total collapse of monopoly finance capitalism after 1929, to smash the power of New Yorkers like Morgan and secure some measure of economic equality in the United States. The institutions exploited by the bankers—commercial banks, investment banks, insurance companies, stock brokerages—were broken up and regulated. Antitrust law barred the supersizing of corporations in mergers and acquisitions. The incomes of the very rich were heavily taxed. The finance rentier was placed in the cage where he belonged.

New York City stood at the forefront of the new progressivism. It was here that the nation's first large-scale system of low-cost housing was built, here that some of the earliest labor and social welfare policies were developed and enforced—efforts to regulate working conditions on factory floors, reduce working hours, mandate equal pay for women. New York developed one of the largest social services sectors of any city in the United States. Its universities were free. It had twenty-two public hospitals. Its public transit system was the largest in the world, and cheap—you could ride fifteen miles for fifteen cents. It was still a city, with all the attendant ills of a metropolis, in many ways too big, entangled in bureaucracies, full of corruption and crime, congestion and pollution, racial and ethnic division. Yet by 1945, it was home to a strong and stable middle class, anchored in industry and the trades. It was becoming a city of equals. During this period of relative economic equality, roughly from World War II to around 1980—a period known to economic historians as the Great Compression, as income and wealth leveled out nationally following the reforms of the 1930s—the city also experienced a series of artistic and creative revolts that cemented its reputation as a cultural mecca. Jazz flowered here, so did folk music, so did the avant-garde of modern art, so did the Beats, so did punk and hip-hop.

Rent

A few years ago, an old family friend, whom I'll call Anthony, went homeless at the age of sixty-eight and ended up sleeping in my dad's Brooklyn basement, living on coffee and cigarettes. He had survived for years in a garret on the top floor of a brownstone on Strong Place, in the area once known as South Brooklyn, exchanging his labor for a roof and a toilet, his only foothold in a neighborhood where he'd worked for fifty years as an electrician and carpenter and plumber. But eventually the owner of the brownstone could see nothing more than cash in the pile of stone on Strong Place. A lot of landowners in South Brooklyn caught the greed bug during this time, when the real estate bubble began to inflate in 2002. The owner, who liked Anthony and told him he was sorry, sold to a speculator, left Brooklyn, and the brownstone was converted to condos.

Anthony, who never graduated high school, was a smart man, self-educated, and knew history. He knew that what was happening was part of a transformation of class, the wiping away of the class that wasn't in hot pursuit of money. He was born in South Brooklyn on the eve of what he called the Great War. The Irish and the Italians fought in gangs on the waterfront, the mafia dumped bodies in the bay, and the merchant marines came and went in the boardinghouses and in the whorehouses. There were dockworkers, ironworkers, shipbuilders, grocers, laborers of all kinds, and, on occasion, there were weirdos who wrote books or painted on canvas for a living. Anyone could live here, because most anyone could afford it. I will not pretend that this is all the neighborhood amounted to; but it's how Anthony remembered it, and for decades he had thrived, working where the work could be found, fixing whatever needed fixing. He had little interest in money, property, accumulation; his status, I gathered,

was primarily tied to the quality of his workmanship. Then the ground fell out from labor in New York as industry fled at the dawn of globalization, and the stability of a life like Anthony's was gone overnight—600,000 manufacturing jobs were lost from the city between 1968 and 1977. Over the next two decades, two-thirds of the city's manufacturing jobs would disappear. The first wave of the gentrifiers arrived in the 1970s. They were my parents, who bought in South Brooklyn when property was still cheap.

"You have a single class now in the neighborhood, the mono-class of the rich," Anthony told me one day. We were walking up and down Court Street, a stretch of shops and theaters and restaurants, looking for places and people he recognized. "No industry, no trades, no jobs for the average person to pull himself up. Now it's all restaurants that the old-timers can't afford. Now we got the Television Watchers, the Cell Phone Talkers. A whole class of men and women who watch TV or some version of it, like this internet thing. Sad. Free-thinking goes in the toilet. The Television Watchers start thinking alike, looking alike, buying alike, and they don't know why." After that conversation, I'd see him often on sunny days pacing Court Street, looking as lost as a child.

It's a classic case study in gentrification: the old man gets pushed out by a land-value bubble as the new generation—white, affluent, professional—crowds in with gibberish about slow food and microbrews and Wi-Fi access. There have been real estate booms and busts throughout the history of New York—prices skyrocketing, enriching speculators, impoverishing renters, then impoverishing the speculators when prices crash—but this latest boom does not appear to be cyclical. It looks permanent, for it is driven by the permanency of the One Percenters, who can afford to bid up prices and keep them up while corralling an ever-larger portion of the city's wealth. New York is thus increasingly ghettoized by class. Forty years ago, Daniel Friedenberg, a real estate developer who became disgusted at his line of business, predicted that the city would come to resemble "a grotesquely enlarged medieval town with each caste in its own quarter." It has come to pass. As for Anthony, I do not know where he is today. He might be dead.

Sterility

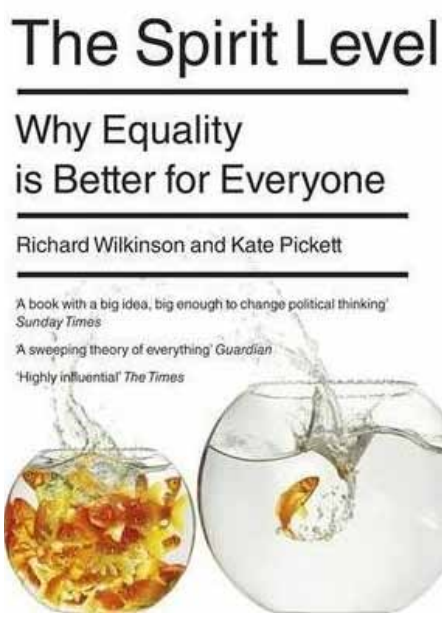
And what of the city as engine of culture? The art critic Robert Hughes pronounced New York a fading star as early as 1990—just ten years into our new Gilded Age—"when the sheer inequality of New York became overpowering," he wrote. "Could a city with such extremes of Sardanapalian wealth and Calcutta-like misery foster a sane culture?" Hughes declared it could not. Between 1980 and 1990, the One Percenters in New York roughly doubled their take of income, from 12 percent to 20 percent, and this conspicuous concentration of money inflated the art market, which was soon "run almost entirely by finance manipulators, fashion victims and rich ignoramuses." The "impulses of art appreciation and collecting," lamented Hughes, were now "nakedly harnessed to gratuitous, philistine social display." At the same time, rents skyrocketed, driven by speculative real estate development. By the 1980s, wrote Hughes, "the supply of affordable workspace for artists in Manhattan finally ran out." In a somber observation, Hughes noted, "It was always the work of living artists, made in the belief that their work could grow best there and nowhere else, that fueled New York. The critical mass of talent emits the energies that proclaim the center; its gravitational field keeps drawing more talent in, as in the combustion of a star, to sustain the reaction. The process is now dying."

Thirty years on, with rents at historic highs, this has been a long death march, swallowing in its pall not only the artist, but the writer, the poet, the musician, the unaffiliated intellectual. The creative types sense that they are no longer wanted in New York, that money is what is wanted, and creative pursuits that fail to produce big money are not to be bothered with. But it is rent, more than anything else, that seals their fate. High rent lays low the creator, as there is no longer time to create. Working three jobs sixty hours a week at steadily declining wages, as a sizable number of Americans know, is a recipe for spiritual suicide. For the creative individual the challenge is existential: finding a psychological space where money—the need for it, the lack of it—won't be heard howling hysterically day and night.

Crain's New York Business, not known as a friend of the arts, reports the endgame of the trend identified by Hughes, namely that the young painter and sculptor are now sidestepping New York altogether, heading instead to cities like Pittsburgh, Philadelphia, Cleveland, and overseas to Berlin—wherever the rents are low and the air doesn't stink of cash. The Times reports that freelance musicians in New York are killed off in a marketplace that no longer has need for them. The once-great Philharmonics, mainstay of a New York tradition, are crippled from lack of listeners, lack of funding; Broadway replaces the live musician in the well with the artifice of sounds sampled out of computers. New York

loses its "standing as a creative center," reports Crain's. It becomes "sterile." It is "an institutionalized sort of Disney Land" where "art is presented but not made." Henceforth it will no longer be "known as a birthplace for new cultural ideas and trends."

In Brooklyn, I bump into a newspaper editor I once worked with who tells me he is abandoning the city. He talks of Costa Rica, the dark side of the moon, even Los Angeles. Anywhere but New York. "It's just too depressing to watch what's happened," he tells me. "The place is creatively bankrupt." He had freelanced at the paltry rates that freelancers are expected to survive on—the wages dropping always lower, the marketplace for journalism devalued by "content mills" and "information aggregators" staffed by content serfs producing blog entries. Then he attempted to start a small newspaper in Brooklyn. The investors weren't interested. "They want digital projects that promise an all-or-nothing billion dollars," he tells me. "I just don't get that buzzy creative vibe from New York anymore. I see mercenarianism. Cynical ambition. Monied dullness. People trying to get rich and cash out. It's always a CEO and CTO and CFO launching a new web property. Not writers and editors getting together because they have common visions."



This is old news. Technologic advances in the digital world order now mandate that the journalist vies in the editorial room with technocrats advising on the method for tweaking headlines and articles to the rhythm of Google. The model is from advertising: find what people want to hear, then echo it in the news so that they will be attracted to hear more of it. "If you want to know what's really going on in a society or ideology, follow the money," writes author Jaron Lanier. "If money is flowing to advertising instead of musicians, journalists, and artists, then a society is more concerned with manipulation than truth or beauty. If content is worthless, then people will start to become empty-headed and contentless… Culture is to become precisely nothing but advertising." No surprise then that the most lucrative "creative" jobs in New York for the "aggregating" of "content" are not in journalism but in corporate media, advertising, and marketing—the machines of manipulation and deceit.

Affluenza

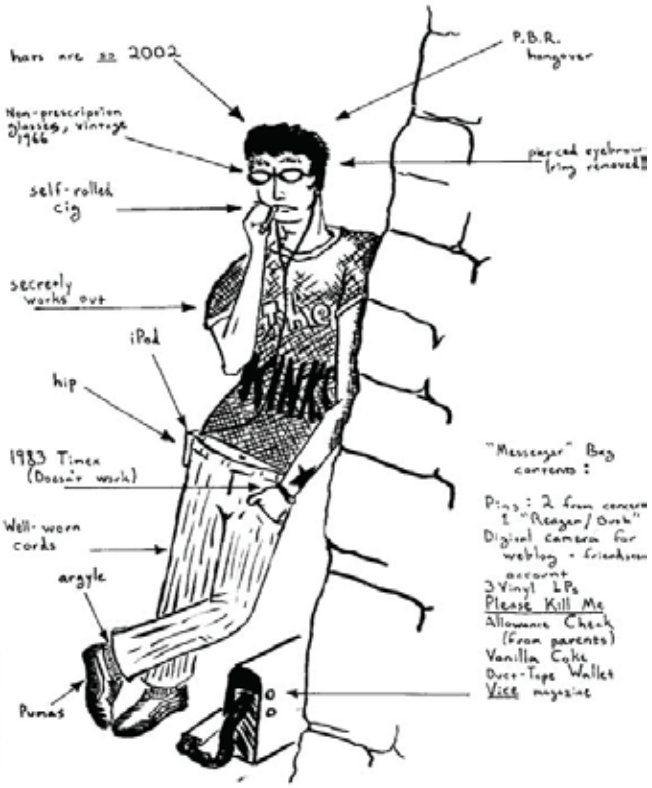
"Everyone was broke and no one cared," said a friend of mine recently, describing Brooklyn in the 1970s. The people he knew back then, before New York degenerated into a city run by and for the rich, "lived it up. They were freer and they were happier, because they weren't so uptight about the money thing." I think what my friend was saying was this: it was easier not to care about appearing to have money, easier on mind and spirit not to have to worry about the appurtenances of affluence.

His observation happens to be supported by a good deal of scholarship in the social sciences. Among developed nations, the evidence shows that healthier and happier societies—societies that are more sane, less uptight, whose members for the most part are enjoying life—are usually those with more equal distribution of wealth and income. The opposite correlation holds true: regardless of total wealth as measured by GDP, unequal societies appear to be less healthy and less happy—suffering, for instance, lower life expectancy, lower educational achievement, higher rates of obesity, more infant mortality and more mental illness and more substance abuse.

Richard Wilkinson, an emeritus professor of social epidemiology at the University of Nottingham in England, offers a sweeping hypothesis to explain the causality in the correlations. Economic inequality, he and coauthor Kate Pickett write in The Spirit Level: Why Greater Equality Makes Societies Stronger, "seems to heighten people's social evaluation anxieties by increasing the importance of social status. . . . If inequalities are bigger, so that some people seem to count for almost everything and others for practically nothing, where each one of us is placed becomes more important." The result is "increased status competition and increased status anxiety," whose effect on well-being is not to be underestimated. Scientists measuring stress-induced hormones in human beings have found that subjects were most stressed when faced with a task that included the opportunity for others to judge their performance—a "social-evaluative threat" to self-esteem and status, where the fear is that others might judge you negatively. A stressed person typically has higher cortisol, a steroid hormone that prepares body and mind to fend off danger and manage in an emergency. But if cortisol is high much of the time, it can act as a slow poison: the immune system is weakened, blood pressure rises, learning is impaired, bone strength is reduced, and, in some instances, the appetite is grossly stimulated. Wilkinson argues that, in a more unequal society, people become more stressed and insecure, vying in the hierarchy of status—more prone to feeling inadequate, defective, incompetent, foolish. And more sick both in body and mind.

The literature of the psychosocial effects of status

competition and anxiety, to which Wilkinson's work is only the latest addition, points to a broad-stroke portrait of the neurotic personality type that appears to be common in consumer capitalist societies marked by inequality. I see it all around me in New York, most acutely among young professionals. The type, in extremis, is that of the narcissist: Stressed, to be sure, because he seeks approval from others higher up in the hierarchy, though distrustful of others because he is competing with them for status, and resentful too because of his dependence on approval. He views society as unfair; he sees the great wealth paraded before him as an affront, proof of his failure, his inability, his lack. The spectacle of unfairness teaches him, among other lessons, the ways of the master-servant relationship, the rituals of dominance, a kind of feudal remnant: "The captain kicks the cabin boy and the cabin boy kicks the cat." Mostly he is envious, and enraged that he is envious. This envy is endorsed and exploited, made purposeful by what appear to be the measures of civilization itself, in the mass conditioning methods of corporatist media: the marketeers and the advertisers chide and tease him; the messengers of high fashion arbitrate the meaning of his appearance. He is threatened at every remove in the status scrum. His psychological compensation, a derangement of sense and spirit, is affluenza: the seeking of money and possessions as markers of ascent up the competitive ladder; the worship of celebrities as heroes of affluence; the haunted desire for fame and recognition; the embrace of materialistic excess that, alas, has no future except in the assured destruction of Planet Earth and of every means of a sane survival.



Exhaustion

Look not to the youthful counterculture to challenge this madness. I am thinking here of the phenomenon of New York's postmodern "hipster." Forget that the term originated in the urban black subculture of the 1940s, primarily in New York, where the hipster maintained a style and language of nonconformity that was also implicitly a political statement, for the hipster stood apart from white authority (read: the cops) and was therefore menacing, subversive. Forget that the "white Negro" hipster of the 1950s, characterized in an essay of that name by Norman Mailer (a New Yorker) and represented in the ranks of the Angry Young Men and the Beatniks (also New Yorkers), stood by choice and necessity outside the mainstream, for yesteryear's hipster wanted nothing to do with '50s affluence, the cult of advertising, the postwar national security state, its standing armies and atom bombs.

The neohipster is a grotesque perversion of the original. If he fetishizes and hybridizes the cultural costumes of old hip—borrowing from the Beat poet, the jazzman, the rapper, the skater, the punk—it is only as a mockery of authentic anti-authoritarian countercultures. The neohipster is a creature of the advertisers: affluent and status-anxious, which means that he is consumerist and, in the manner of all conspicuous consumers, conforming to the demands of narcissistic chic. The "hipster zombies," writes journalist Christian Lorentzen, are "more likely to be brokers or lawyers than art-school dropouts." They are "the idols of the style pages, the darlings of viral marketers and the marks of predatory real estate agents." They are fauxhemians. And not much in the way of creative product has issued from their midst. The "hipster moment," per New York Magazine, did not "produce artists." It produced tattoo artists. "It did not produce photographers, but snapshot and party photographers… It did not produce painters, but graphic designers. It did not yield a great literature, but it made good use of fonts."

Hipster culture today, writes author Jason Flores-Williams, "is harmless culture. And that's an epic tragedy because being hip used to mean that you were heroic and dangerous. That you waged war on soullessness and greed through art and resistance. Being hip meant that you wanted upheaval in society. Being hip meant you were intense lower class, not detached upper class. Being hip meant being revolutionary."

The cultural nihilism of the neohipster—it is nothing less—has its corollary in financial nihilism: they each arose at roughly the same moment, and they each have produced nothing of value. That the counterculture has no fist raised against the banker is obviously to the banker's benefit. Every generation of youth since World War II has attempted to smash old customs and unjust systems—and terrified the elders. But not this one.

Politically, it is a disaster. The annals of popular resistance in America—in which turmoil and disruption have

historically been the only means for achieving economic equality and social justice—teach us that without the energy of youth organized in the streets, there is little chance of progressive change. Culturally, what we are witnessing in the phenomenon of the neohipster is pattern exhaustion, which paleoanthropologists define as that moment in Stone Age societies when the patterns on pottery no longer advance. Instead, old patterns are recycled. With pattern exhaustion, there can be only repetition of the great creative leaps of the past. The culture loses its forward-looking vision and begins to die.

Cry Out!

It is August again, one year later, and my daughter is back in town. She brings with her a gift from Paris: a little book, barely a pamphlet, published in French under the title Indignez-Vous! which translates as "Cry Out!" or "Get Indignant!" or, perhaps more accurately, "Get Pissed Off!" It sold 600,000 copies in France when it was published last spring.

The author is a ninety-three-year-old French diplomat named Stéphane Hessel, who, during World War II, trained with the Free French Forces and British secret service in London, parachuted into Vichy France ahead of invading Allied troops in 1944, fought in the Resistance on his native soil, was captured by the Gestapo, and did time in two concentration camps. In "Cry Out!" Hessel reminds us that among the goals of the fight, as stated by the National Council of the Resistance following the defeat of Nazism, was the establishment in France of "a true economic and social democracy, which entails removing large-scale economic and financial feudalism from the management of the economy." "This menace," he writes—the menace of the fascist model of finance feudalism—"has not completely disappeared." He warns that in fact "the power of money, which the Resistance fought so hard against, has never been as great and selfish and shameless as it is now."

For the One Percenters are a global threat, found in every city where the technocratic managers of global capital seek to make money without being productive. They are in Moscow, London, Tokyo, Dubai, Shanghai. They threaten not merely the well-being of peoples but the very future of Earth. The system of short-term profit by which the One Percenters enrich themselves—a system that they have every interest in maintaining and expanding—implies everywhere and always the long-term plundering of the global commons that gives us sustenance, the poisoning of seas and air and soil, the derangement of ecosystems. A tide of effluent is the legacy of such a system. An immense planetwide inequality is its bequest, the ever-expanding gap between the few rich and the many poor. Therefore, cry out—though the hour is late.

What is needed is a new paradigm of disrespect for the banker, the financier, the One Percenter, a new civic space in which he is openly reviled, in which spoiled eggs and rotten vegetables are tossed at his every turning. What is needed is a revival of the language of vigorous old progressivism, wherein the parasite class was denounced as such. What is needed is a new Resistance. We face, as Hessel describes, a system of social control "that offers nothing but mass consumption as a prospect for our youth," that trumpets "contempt for the least powerful in society," that offers only "outrageous competition of all against all."

"To create is to resist," writes Hessel. "To resist is to create."

Such creativity, alas, is unlikely in New York. The city is regressing, and this sparks no protest from its people. Too many New Yorkers, it appears, want to join the One Percenters, want the all-or-nothing billion dollars. New York City, once looked upon as a crowning achievement of our civilization, one of its most progressive cities, is now the vanguard for the most corrosive tendencies in society. My daughter would probably do better to forget about this town.

Who Me? Run for Office?

On September 1st, 2011, Leo Foley addressed the 120th Annual Henry George Commemorative Dinner with a presentation titled 'Taking it to the People, by George'. This article is taken from that presentation.

In a lucky country, we are the fortunate few.

We have the 'Knowledge'; We have the 'Way Forward'; and, We Believe!

These are wonderful assets for our movement and our lives. They give us a social and a moral compass. Now, I don't expect that every person here understands every detail of Georgist doctrine – but we all do know that the collection of land rent for public revenue is a good idea. An idea worth pursuing. We believe that the world would be a much better place if this one simple reform was introduced. Poverty might not disappear overnight, but we believe it would decrease over time.

An entrepreneurial society might not happen overnight, but we believe people will quickly grasp the new opportunities open to them. The Welfare State might not be dismantled this year, but, as poverty reduces, and opportunities are taken up, we believe there will be less need of a 'Big Brother" state. Equality within our society might be a longer term aim, but we believe it is possible to root out privilege and to provide equal opportunities for all. We believe in a better society – that makes us the lucky ones.

Whatever the cause of the London and UK riots, we know that they have been wasteful unless a better society is proposed. If it is poverty that caused them, we have a remedy. If it is alienation, we have a remedy. If it is the welfare state, we have a remedy.

In Australia, too, people know something is wrong. They have no confidence in the government, nor in the political process. They switch parties in the vain hope that things will be better – that Gillard will be better than Abbott, who might be better than Rudd. They are forced to choose between Tweedledum and Tweedledee.

And the people don't believe any of them!

A little girl asks "Daddy, do all fairy tales begin with 'Once upon a time'?" "No sweetheart", says her father, "some begin with "When I am elected". But in that joke, is a real tragedy. We georgists know that while the system continues to breed inequality, real change is impossible.

We believe in our ideas! But our ideas are just some of many out there in the political marketplace. The public is suspicious of all remedies – it doesn't matter if we have the 'real' remedy; it has to run the gauntlet with all sorts of other ideas. So what do we need to do to get our ideas accepted?

We have to move past believing, to action. Its great to believe in a wonderful philosophy. Its great to believe one person can make a difference. Its great to believe that a committed group can change society. But unless we take action; we are just idle dreamers

We need the courage to act – publicly. We need the commitment to try again and again. How does that song go? "I get knocked down; I get up again!" We need the confidence and strength to take our message to the people – person by person, community by community.

So, what exactly is our message? Fred Harrison keeps things pretty simple; he says: "Fund public services out of the nation's rents" Is that enough? Will people flock to that idea? And what is a "nation's rent" anyway?

Lets try again:

Paul Martin (Nicaragua) expands it a little. He says:

"There exists a public fund called 'rent' which is the sum of all land and natural monopoly values. The problem with

the economy is that we have allowed this public fund to be treated as private property by a minority of people".

That works for me. That's my 'elevator explanation' – you know, when you have to explain your lifetime beliefs while you're in a lift travelling between the 4th and 8th floors! If I'm lucky - maybe I'm travelling an extra floor or two - I'll try to get our philosophy and values out there. What are georgist values? Lets listen to Martin again; he says:- "To share equally what morally belongs to all and to respect the legitimate private property of each person".

He keeps it simple. I like that. The common ground that these 2 thinking georgists share is that they do not talk about taxing people! Nothing puts Joe Public offside quicker than reference to a tax. Language matters. Look at the Carbon Tax debate. The whole idea is to reduce carbon emissions but the 'why' has been lost; only the "what" and the "how much" are being debated. We must learn from that. Who do we talk to? Who should we talk to?

For 100 years or more, georgists have talked to themselves. A few game souls have entered the public arena; some have even been elected to Parliaments here and there, but there has been no genuine effort in my lifetime to take these ideas to the mainstream. Generally, we debate issues amongst ourselves – issues that are of little interest to Josephine Public. The result of our intended debates is academic; unless we take the results to the people, we are wasting our time.

Within georgist circles, we hear of our enemies – those that will deny "our truths", and will sabotage our efforts. Don't worry about enemies – they don't exist!! There may be people out there with a different view to ours, but lets not kid ourselves that they know what Prosper Australia is doing. Most of them don't even know that Prosper Australia exists! I just love some of the recent activities of Prosper Australia. Its what I mean by 'taking it to the people'. But, what I heard most when the "Don't Buy Now" campaign went viral, was: "Little known group, Prosper Australia....."

Most people are not for us or against us. They don't know us. But what they do know is the existing tax system. They understand it and even feel comfortable within it. It's inefficient, its unfair, its groaning at the seams – but, hey, its ours! Its what we know! Don't be too hard on us though. Resisting change is bred into us.

Why else, in 2011 do we struggle over the QWERTY keyboard? It's a completely dysfunctional design for laptops and PCs, but we keep it because it was once useful on manual typewriters! It is not easy to overturn ingrained attitudes – those things that we know. It is even more difficult to change people's beliefs. That is our task. When opponents challenge us, we should welcome their attention!! It is a great sign – a sign that we are getting our message out to a large number of people. Ideas should be contested. We need to be confident enough in our wonderful philosophy to openly debate it at every opportunity.

Fred Harrison writes that the barriers are not legal, or political. Nor are they financial nor practical. Harrison says they are psychological! The greatest barrier is to convince the public that the georgist reform is in their own interest. High house prices have given them wealth (on paper, at least) way beyond their expectations. The public believes that privatising rent is a good thing. That is the mindset that we are up against. The legacy of our culture is the sanctity of land and rent as private property. It is almost blasphemous to even mention these words in the context of reform. That's why a Land Tax was the first thing ruled out of the Henry Tax Reforms.

The public does not associate high house prices with the problems in our society;

For example, there is:

- no public money for health, education and the arts;
- drug and alcohol addictions that lead to criminal behaviour, an overburdened court system and overcrowded gaols;
- a mass of the population dumbed down to expecting the welfare system to provide for them
- "C'mon, my increased property value can't be to blame for all that!!"

So, …. what can we do?

One opportunity is to draw together the activism that is taking place around the world. We must share our work openly with like-minded people everywhere. We must not be too precious about our own contributions, and we must be open to their contributions.

We must stop working in isolation. We must respect the work of others working elsewhere, doing what they can to further the cause. We must accept that our learning environments are all different - Australia is different to Nicaragua, Denmark and Korea – so there will be a different emphasis in some countries, and even within countries. But the big issue is always the collection of publicly-generated rent for public revenue. The rest is banter!

So we need to bring together the thinking of the world. The 'Real Estate for Ransom' video, and the 'Don't Buy Now' Campaign should be available on a 'hub' website that should also contain Fred Harrison's Youtube series, the georgist database of Ed Dodson, the education courses of Lindy Davies and Allana Hartzog. We must capture the decades of work of activists such as Bob Keall in New Zealand, and Dave Wetzel in the UK. All of this should be aimed at a global audience.

But a website is not enough. There are plenty of those already; most of them totally ignored. I know; I have one! People need a reason to visit a website. What will attract them? We need a blockbuster initiative, one that has the potential to raise the consciousness of millions of people. Band-aid or Live-aid, perhaps?

Mason Gaffney, a great georgist, calls for the "Great Awakening." So, I challenge you. Be bold! Think big - very big! The world needs to be shaken. Georgism deserves to be on the main stage. Our goal must be to put it there!

Our mission is one of healing our communities, and rebuilding our societies. The UK riots are an indicator of the rot in the fabric of society. Australia is not immune.

But we must also recognise that what has been done before has not been successful. Education is good, but running classes for small numbers of students is just too slow to have the impact we need. Again, I know. I have recently conducted a course in Hobart; about 20 people graduated, but I am struggling to provide the follow-up necessary to keep them interested and active. What can do about the next 20? And the next?

What has worked for me is helping people to realise that the current model of land tenure is morally unacceptable. Many people readily accept this, at an intuitive level – but don't know what they can do about it. We must help them.

All of them have an existing political belief. We don't need to challenge that. We can work with them whether they are Liberal, Labor, or Green. All they need to do is accept that there is a moral problem with the existing system – that a lucky few capturing the rent, while the rest struggle to survive, is not acceptable.

Then we can leave them to adjust their political philosophy to make space for georgist tenets; namely, that:- Nature's resources and society's creative energy are shared resources, and we are all entitled to an equal share of those values. Those tenets must be non-negotiable.

Going further, we can help them realise that, however good their policy processes, they cannot achieve their political goals without the collection of land rents. The rot is in the roots of the political and economic system. They must understand that before they can achieve anything. We can help them!

These people will be making the big decisions in the future. We must work with them. If we don't, the decisions they make will be more of the same; and we know those decisions will lead to:

- poverty for more people
- greater inequality between rich and poor, and
- an angry generation of forgotten people.

These people are already engaged. They want to do good. They are searching for the right way. We can help them make a difference! Perhaps!! But we must try.

Working with others can be slow and frustrating, however. Trying to get things done through others is painful – they don't have the same priorities, nor the same commitment. So that might mean you have to bite the bullet, and stand for election yourself. "Not me", you cry! But why not?
If not you, then who?

Plato warns us "One of the penalties for refusing to participate in politics is that you end up being governed by your inferiors."

Look at the assets you have:-
You command the high ground.

- you have the knowledge
- you have the moral authority
- you have belief in your convictions
- you have a clear view on rights, fairness, and equal opportunity
- you have sound economics to back up what you say; and,
- you are on the side of the angels; you have right on your side.

But being right is not enough. If being right was enough, the georgist reform would be in long ago. But it isn't .In my view,what we lack is a platform; that is, an easy explanation of our philosophy.

Labor stands for working people. Liberals stand for free enterprise. The Greens stand for the environment. Their basic platforms are easily understood. Georgists talk about land taxes – and wonder why people turn away; people don't like taxes; any taxes! Georgists switch to talking about 'economic rent', and wonder why they see eyes glaze over; people don't want a thesis, they want a solution

We have to change the focus; we have to take notice of what the PR industry is up to, understand how the retail sales industry works – in short, we have to give the people what they want! In 2011, what do people want?

The word that came to the fore during the last decade in Western society, I think, would have to be 'sustainable'. If something isn't 'sustainable', it simply won't have the legs to make a difference in our society. So, of course, its a word now overused. But, we Georgists haven't sufficiently capitalised on the opportunity it presented to us. 'Sustainable' is what georgism is all about. An economic and social system that relies on maintaining land and natural resources in near-perfect condition, using renewable resources where possible. It should be easy to sell – if we could just herd our cats into one direction.

Henry George was a visionary reformer, without doubt. He promoted a simple change that had (and still has) the potential to alter society in many, many ways. But perhaps his most important legacy has not been given full credit until now. He saw the collection of land rent as a way to optimise use of the land, and his reform would have ensured that, while the economy expanded and prospered, the rivers would remain healthy, the soil would remain fertile, trees would be allowed to perform their function - while the economic systems would properly value their environmental contribution. What a different economy we could have had if land owners had been rewarded for 'sustaining' their land.

We've struggled because we haven't had the right word for the times. We need a word that conjures a sense of caring, of looking after our natural resources, of community connection - in short, of an equal right to the earth.The word that we have been looking for, I believe, is "stewardship". That just might be the word of the next decade. We can make it so!

A steward of some part of the natural world has

- the right of access: - to use it as he wishes, subject to community regulation
- the responsibility of care: - to manage it responsibly and husband it for future generations
- the duty of compensation - to pay an annual fee equal to its market rent into a fund
- ownership: - of any buildings or other improvements on the land

Two Underlying Principles of Stewardship:

1. We are stewards, not owners, of the natural world
2. Everybody should benefit equally – we are all entitled to an equal share of the wealth of the natural world.

Once stewardship is understood, the opportunities for us are enormous. No longer should we talk about individual issues.

As Georgists,

- We stand for affordable housing; and self-financing public transport.
- We stand for justice, and freedom of the individual;
- We champion the benefits of Free Trade, including truly free markets;
- We have a blueprint for a carbon reduction system;
- We promote economic reform by democratic political process,
- and we advocate the abolition of taxes as the means!

and to top it off,

- we reckon we can resolve the Arab/Israeli problem; and world hunger!

But advocating for all of these things is confusing to our listeners. It sounds too good to be true. All these things from one simple reform? It sounds utopian. Can it be true?

It's possible to bundle all of these things under the banner of stewardship. Then they become parts of a greater whole. The issues can be addressed within a framework that is easily understood by anyone. The Earth belongs to us all. So simple! The platform is in place. So how will we use it? Get ready; because you will be entering politics!! Politics isn't for everyone, of course, but once you realise that you have to be in the game to influence the outcome – then politics is where you know you'll have to be. Australia needs thinking people to put themselves forward; they are crying out for people with something worthwhile to say.

Georgists have an important message! There is a hunger for a different way forward.

People can see that what exists now is not working for them. They feel, intuitively, that collecting rent from land and natural resources makes sense. But they are stuck, as many of us here are stuck, with the problem of how we move from where we are to where we want to be – it is the transition to a land-rent system that concerns them. They ask: "How can we unscramble the egg?" and, "If it's so good, why isn't it in place elsewhere??"

Those are the questions we face, and we must have answers for them. There are several responses about implementation – different plans, but I won't go into them all

here – but don't let tough questions put you off. This is a 'big idea'. And it deserves a "big promotion". Have a look at those implementation strategies on offer. Choose the one you favour, and go for it! Getting into the political game takes courage – you have to be prepared to open your life to the public gaze. It takes commitment. You have to be where the people are, which means doing things and going to events that you wouldn't normally choose to go to. Sometimes, you might just prefer to watch the footy. But if you believe in human rights, a fairer society, and economic and social justice, you just might conclude that those sacrifices are worth it. So, once you make that decision, where should you put your effort?

Local government

Is useful for putting forward ideas on site value rating, transport and planning and zoning. But you won't change the world in a local Council. But you can use it as a stepping stone to bigger things.

State government

Similar to local government. You can influence some things, but.....

Federal government

This is where the big decisions are made. It's also the hardest forum to get elected into. But not impossible. It is where we have to be if we are serious about implementing a new social order – taking stewardship to the people; and collecting stewardship fees to make society better in so many ways.

Is it possible to get elected? Yes! Rob Oakeshott, Tony Windsor and Bob Katter have done so. But Andrew Wilkie is the interesting one. He is my local member in Hobart (Denison). So how did Wilkie get elected?

He entered a 3-cornered contest (making it 4):

- Duncan Kerr retired, so we knew Labor's vote would fall;
- Labor endorsed Jackson, with his family ALP pedigree, but he was seen as a Party hack, so Labor's vote fell further;
- Liberals are on the nose in Hobart, so they were never going to pull many votes;
- Greens are popular in Hobart – its a Public Service town, and environmentally conscious

In past elections, Green preferences would push Labor over the line or Liberal preferences would push Labor over the line. But Wilkie gave people a new option. All he had to do was finish in front of either the Greens or Liberals, and ride their preferences to move through the field. That's what he did. He was:

- Third after the primary count (in front of the Greens). He polled 13788 votes, which left him nearly 10000 votes behind Jackson (Labor). But he was crucially in front of the Greens, giving him the opprtunity to benefit from their preferences;
- Second after the Greens preferences were distributed (putting him in front of the Liberals, who received only 1000 Green preferences to Wilkie's 5000);
- First after the Liberal preferences were distributed, gaining 80% of those preferences. And off to Canberra he went!

Denison 2010

Wilkie	13788	20692	33217
Jackson (ALP)		23215	28332	31642
Simpkins (Lib)		14786	15835	
Couser (Green)		12572		

To say he has influence over and above his 13,788 votes is quite an understatement. He has direct access to the Prime Minister and a personal agreement with her about addressing his priority issues!

Three-cornered contests provide us with the same opportunity. We need to:

- Groom suitable candidates, by training and education;
- Build up their public exposure and support them in building their profile.
- Give them campaigning experience in local and state elections;
- Then, critically, identify seats that fit the criteria, and work hard in that electorate – wherever they might be in Australia.

If we really want to influence society, we have to put our people where they can wield that influence. We have to let people know we exist; that we have something to offer. We have to make ourselves part of the decision-making process.

Entering politics is the only way of doing this. Will you put yourself forward? How many Georgists can we have in the Parliament in 2020?

PS: Since delivering this speech in September, Leo Foley has put his ideas to the test by standing for election to Hobart City Council, with rates reform along Georgist lines his primary platform. Leo was elected, one of 7 Councillors from 18 candidates, and took up his position as Alderman on 7 November 2011. Who will be next to put themselves forward?

Prosper Australia News

Latest News from our Secretary, Anne Schmid.

Dear Readers,

People love our seminars. Economics can be fascinating when our common sense approach gives the tools to understanding. Land economics is coming into its own. High land prices are not good for everyone. We all sense that the economy is in bad shape and yet any substantial explanation for this is seriously lacking. And so we are inviting all our readers and their friends to come to seminars and workshops held throughout 2012. We cannot build a sustainable and strong community without good economics, so please come along.

Our library is also a good source for increasing your economic awareness. The history of economic thought and modern volumes are there for you to read. Borrowing from the library is one of the privileges of membership. We have also an interesting reference shelf (not for borrowing) such as the New Encyclopedia of Social Reform in 3 volumes and the new publishing of the classic "Six Centuries of Work and Wages." as well as many other gems that delve into the ethical, rational and biographical themes pertaining to land and tax matters.

We also hope to see you at the Sustainable Living Festival in Federation Square Melbourne on the weekend of 18/19 February. This year the Festival will open on the Friday (17) from 12pm until 8pm. This is a good opportunity to see us in action.

Prosper thoughtfully,

Anne Schmid

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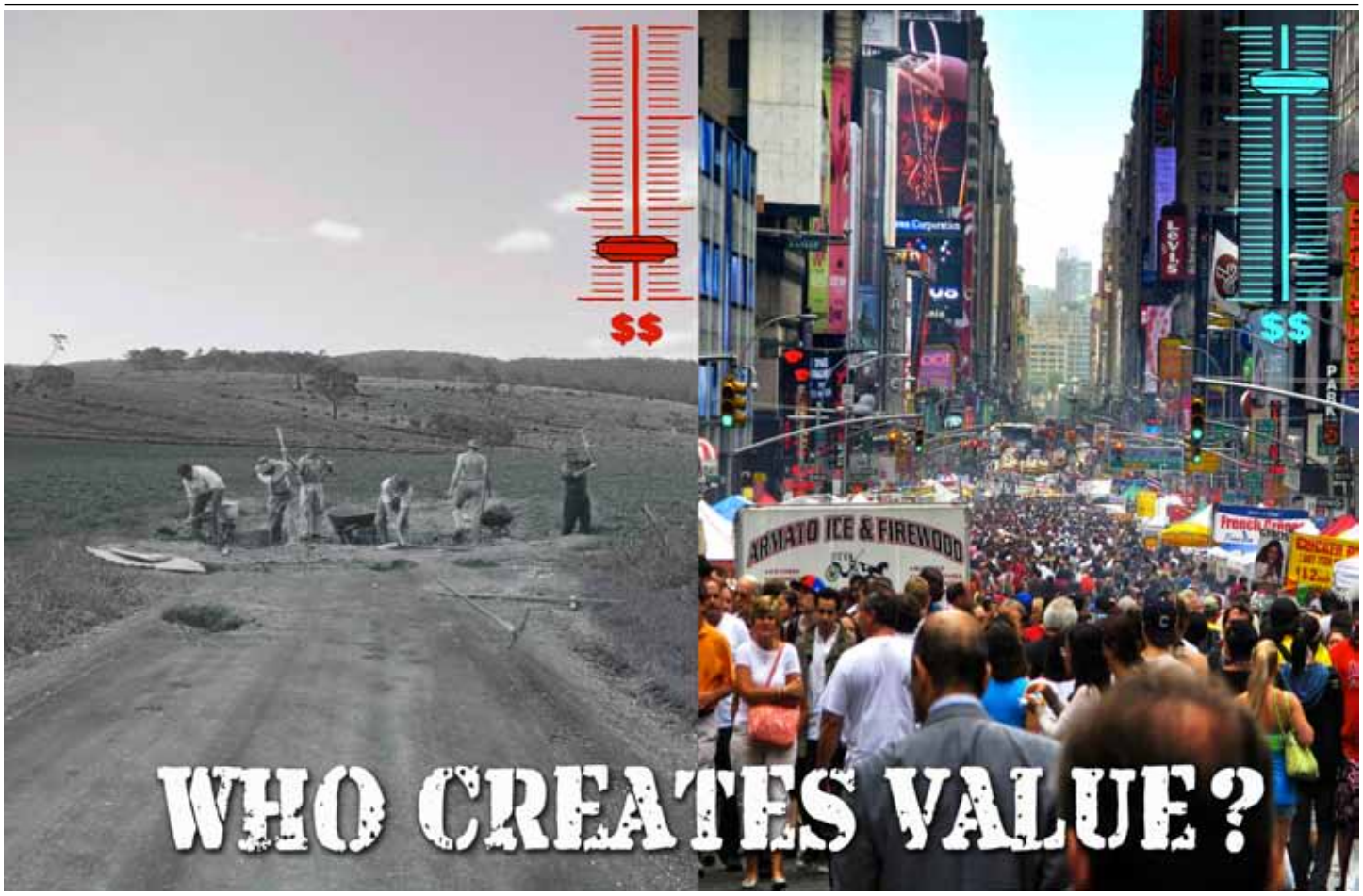

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