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since 1904

PROGRESS

"To have a great aim and a cause, is this not happiness? Is there not a joy that colder, tamer spirits never know?"
- John Mitchel (1815 – 75)

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Calling All Cultbusters

The cult is steadily infiltrating this country. Its fanatical adherents have now spread their influence deep into middle class suburbia, gaining hordes of new devotees. They're even taking over the airwaves – 3 of the 10 top-rating TV programs are now devoted to the Cult of Home Improvements.

What are the roots of this unique social phenomenon? I say "unique" because no other nationality is apparently so preoccupied with the appearance (and value) of their homes – elsewhere, it's far more important to invest one's energy into religious rituals, family, education, the arts & other cultural pursuits, community & tribal gatherings and so on.

The great Aussie rush to invest large sums in their homes (rather than churches, charities and extended family) has partly been brought on by necessity, as land prices have spiralled out of control. Without land value taxation to bring down prices, the Reserve Bank has had to resort to the one clunky instrument of interest rate adjustment, which deals with speculators and employers in exactly same fashion.

The cult is encouraged by the appalling speculative mentality which is now a part of Aussie culture, yet was confined largely to the plutocrat class just a generation ago. Home renovations are continually justified on the basis of the extra value it will add to the resale value of the home. In so many ways, Little Johnny has capitalised on and encouraged the most self-interested motives we've had – it's truly been said that John Howard has found the clitoris of middle-class Australia.

OK, there's good reason to appreciate Things of Beauty, but at what price? To move walls (and wiring and pipes) to improve access, light or appearance …… at TENS of thousands of dollars (that they don't have)? Australians are increasingly dual-income wage slaves who are already flat out working and with fat mortgages – so flat out that they hardly have the chance to appreciate their trophy homes.

In the past few weeks I've been chatting to two nearby widows who have nice homes (paid off) but very modest incomes. They're both considering borrowing tens of thousands for

cosmetic home improvements on the basis of "My house has appreciated so much that I might as well borrow on it".

Didn't there used to be a sense of real fairness and egalitarianism in our fair country? But now it's *markets rule!,* it's *quick bucks are smart bucks*, it's *I got "the word" and made a killing on the stock exchange*, it's (over suburban dinner parties) *how much has property in your area appreciated?* (but bugger the ever-despairing would-be home-owner).

It's gets back to land, really. When we privatise the very Earth itself, what other mentality can we possibly expect? When Nature's gift becomes something to be bought, sold, monopolised, trashed and speculated upon – hey, don't expect an enlightened society. When what should be our equal and common birthright has become, in the theories of economic academics and pundits, just another form of "property", then where is the Wisdom of the Elders to set us straight? Don't look to our churches – their current call for a poverty inquiry is hopelessly confused when it comes to the land question.

This insane acquisitiveness was best exemplified by Maggie Thatcher who, in defending her dismantling of public transport, said, "People don't want public transport because they can't *own* public transport."

It only lasted about 2 or 3 days, but the madness of it all made me literally speechless when I was a young lad just returned my first year in India and the East. The absolute futility of it all! – all these busy people rushing around and madly consuming, yet gaining no satisfaction. "Cosmic Accidents" I called them, for they thought there was no reason for their existence except to follow the mantra *HE WHO DIES WITH THE MOST TOYS, WINS.*

But I'll curl up at night and just dream of the day when we've risen above the need to own everything – land and natural resources, at least. When we see ourselves as tenants and caretakers – rather than possessors – of the planet, there'll surely be an unimaginable change in mindset. And then the history books will look back at the Cult of Home Improvements and label this era as part of the Second Dark Age.

Welcome to Catwoman Jill Quirk, who purrs out her personal Geoist journey. Karl ("K2") Fitzgerald is back, after a Geoist blitzkrieg of a big Sydney conference. Fred Foldvary applies plain Geoist sense to the eternal problem of Palestine and – waddaya know! – the solution is real, fair and practical.

But I'll be island-hopping through Indonesia for 2 months by the time you read this, so Bryan Kavanagh (bryank@earthsharing.org.au) will be taking correspondence. Don't get any ideas, Bryan – I've done a stocktake of all my coloured pencils. And don't pinch the telegram from the Queen – *Progress* turns 100 in 2004.

The REAL Matrix

The REAL Matrix into which we've all been born is the economic paradigm that rationalises the ownership and transfer of land as a free, fair, efficient and perfectly normal thing to do.

The writer is Prof. Mason Gaffney.

Dare to break free of The Matrix, and read on……

The initial distribution of land - the origin of property in land - is military, legal, and political, not economic. The prime business of nations throughout history has been to gain and defend land. What was won by force has no higher sanction than *lex fortioris*, and must be kept and defended by force.

After land is appropriated by a nation the original distribution is political. The nature of societies, cultures and economies for centuries afterwards are moulded by that initial distribution, exemplified by the differences between Costa Rica (equal partition) and El Salvador with its fabled "Fourteen Families" (Las Catorce), or between Canada and Argentina.

Political redistribution also occurs within nations, as with the English enclosures and Scottish "clearances", when one part of the population in effect conquered the rest by political machinations, and took over their land, their source of livelihood. Reappropriation and new appropriation of tenures is not just an ancient or a sometime thing but an on-going process. This very day, proprietary claims to water sources, pollution rights, access to rights of way, radio spectrum, signal relay sites, landing rights, beach access, oil and gas, space on telephone and power poles(e.g. for cable TV), taxi licences, etc. are being created under our noses. In developing countries of unstable government the current strong man often grants concessions to imperialistic adventurers who can bolster his hold on power by supplying both cash up front, and help from various US and UN agencies from the IMF to the United States Marine Corps.

Ordinary economic thinking today would have it that a nation that distributes land among private parties by "selling to the highest bidder" is using an economic method of distribution. Such thinking guides World Bank and IMF economists as they advise nations emerging from communism on how to privatise land. The neutrality is specious, at best. Even selling to the highest bidder is a political decision, as 19th century American history makes clear.

The right to sell was won by force, is not universally honoured, and must be kept by continuous use of force. In practice, selling for cash up front reserves most land for a few with front-money advantage, inside information, good contacts, corrupt aids, etc. The history of disposal of US public domain leaves no doubt about this and it is still going on with air rights, water, radio, landing rights, fishing licenses, etc. Choices being made currently are just as tainted as those of 19th century history.

Selling land in large blocks under frontier conditions is to sell at a time before it begins yielding much if any rent. It is bid in by those few who have large discretionary funds of patient money. Politicians, meantime, treat the proceeds as current revenues used to hold down other taxes today, leaving the nation with inadequate revenues in the future.

The ability to bid high does not necessarily come from legitimate savings. The early wealth of Liverpool came from the slave trade. High bidders for many properties today are middle eastern potentates who neither produced nor saved the wealth they control. Other high bidders are criminals, who find the "sanctity of property" a splendid route for laundering their gains, and a permanent shelter against further prosecution.

HOW ELECTABLE IS A GEOIST?

BY GAVIN PUTLAND

'll be reading my next phone bill with more than the usual interest. So too, I suspect, will Peter Consandine. We've done a lot of talking about his article in the last edition of *PROGRESS* (``Our Street Warrior and the R.P.A. -- how Geoist?'' Nov.-Dec., pp.22-25).

In the lexicon of political trademarks, the name ``Republican'' commands at least as much brand-

So my lot is to be always chasing an audience, or trying to spin my message past some gatekeeper who stands between me and an audience

recognition as ``Labor'', ``Liberal'', ``Democrats'' or ``Green'', and considerably more than ``National''. It is one of a limited number of recognizable brands, and it becomes more respectable as support grows for an Australian Republic. In short, it's an appreciating land-like asset! Peter Consandine, through his Republican Party of Australia, has had the foresight to acquire this asset for the geoist movement.

He is also one of the few Australian geoists making a serious effort to get himself (or some other geoist) elected to a parliament, where he could pursue a geoist agenda full-time on the public payroll while claiming, perfectly truthfully, to be doing his job.

The movement has employed a communications officer -- Yours Truly -- whose job is to preach the geoist gospel. But who has the job of listening to me? Nobody. So my lot is to be always chasing an audience, or trying to spin my message past some gatekeeper who stands between me and an audience. But if you are an MP, you have constituents who keep bringing you problems and wanting to know your solutions, office staff at your beck and call, journalists who want comments from MPs on the issue du jour, opponents who give you free publicity by attacking you, Hansard recorders who take down every word you say in the chamber, and perhaps radio technicians who broadcast those same words live over the airwaves. A willing communications officer is all very well, but the big prize is a parliamentary seat.

THE QUOTA GAME

Peter is running for the Senate partly because he expects the next election to be a double dissolution, so that the Senate quota will be 1/13 of the votes instead of the usual 1/7, making it easier for small parties and independents to get elected. And he is running in Victoria to make sure that his party has a Senate candidate in the State that came closest to supporting the Republic in 1999.

But as a long-time Sydneysider he is well aware that the quota in the NSW upper house is only 1/22 of the vote. Which started me thinking: To which Australian parliamentary chamber can a geoist most easily get elected, assuming that the difficulty is measured by the quota?

The answer is indeed the NSW upper house. In second place is the Senate in a double-dissolution election. Tied for third place are the upper houses of Victoria and South Australia, where the quota is 1/12 of the vote; in Victoria this quota applies not to the whole upper house, but to the 11 members from each of the two proportionally-represented provinces. Tied for fifth are the West Australian upper house and the ACT Legislative Assembly, each of which has some electorate(s) with a quota of 1/8 and some with a quota of 1/6. Next is the Senate in a half-Senate election, with a quota of 1/7. Then comes Tasmania, where proportional representation is used not in the upper house but in the House of Assembly; the quota is 1/6. Queensland and the Northern Territory have unicameral parliaments with single-member electorates.

In addition to the NSW upper house and the Senate, the upper houses of Victoria and South Australia warrant careful consideration. Their quotas are only slightly larger than a double-dissolution Senate quota; and in Victoria the campaign for each candidate can be concentrated in only one province, i.e. half the State. The ACT, where one of the electorates has a quota of 1/8, is also worth considering because the voters are the best educated and most progressive in the country, and because the Territory is small, so that a letter in the ``local'' paper or a call to a ``local'' radio station reaches the entire Territory.

Speaking of Territories...

A PILOT PROJECT?

Peter suggests that Tasmania should become Australia's ``Punta Arenas'' -- referring to the duty-free city at the southern tip of Chile. That of course is the sort of location that needs to be duty-free in order to persuade anyone to do business there. Hence the co2 J0□000s5(og)-2Tm[(wit

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Problem: Under Section 90 of the Constitution, the Commonwealth has exclusive power to levy duties of customs and excise; and under Paragraph 51(ii) and Section 99, the Commonwealth cannot discriminate between States in matters of taxation. So setting up one State as a testing ground for tax reforms would require an amendment to the Constitution. While a party calling itself republican is obviously not averse to constitutional reform, changing the Constitution does seem a rather drastic way to do a tax experiment, and the voters who would have to approve the change might just decide not to allow themselves to be experimented upon, especially with taxation.

Solution: Nothing in the Constitution prevents the Commonwealth from discriminating between Territories, or between a State and a Territory, in matters of taxation. Indeed, Norfolk Island has a different tax system from the mainland. And while Norfolk Island is traditionally described as an ``external'' Territory (although it was ceded to the Commonwealth by a State just like the NT and the ACT), Section 122 of the Constitution makes it clear that the internal/external distinction is immaterial.

So there is nothing to stop the Commonwealth from setting up, say, the Northern Territory as a geoist pilot project. An ordinary act of the Federal Parliament could repeal all existing Federal tax laws within the Territory and replace them with new laws applicable only to the Territory. Similarly, an ordinary act of the Federal Parliament could amend the Northern Territory Self-Government Act so as to restrict the taxing options of the Northern Territory Government. In short, the Commonwealth can change the tax system of any Territory as much as it likes.

there is nothing to stop the Commonwealth from setting up, say, the Northern Territory as a geoist pilot project

Any politician who promises reforms will be the subject of a scare campaign. This is especially the case with geoism, which has never been fully or substantially implemented in modern times, so that there is a shortage of empirical evidence to counter the scaremongers -- who of course don't need evidence of their own.

The solution is to not to promise nationwide implementation of the reform, but to promise a pilot project in a limited geographic area containing only a tiny fraction of the voters. If your opponents manage to scare those voters, it won't cost you the election. In the case of tax reform at the Federal level, it is indeed possible to set up a pilot project by taking advantage of the Commonwealth's unfettered power in the Territories. If the proposed reform is sensible, the biggest winners are the Territories.

Any politician who promises reforms will be the subject of a scare campaign

These matters merit consideration by any geoist running for the Senate. ■

The world's ignorance can rightly be blamed on the book-burning, lie-telling, venom-spitting, green-slime-projectile-refluxing, baby-eating, shadowless, reflectionless, rapacious, neo-liberal, neo-conservative, economic-rationalist, indolent rich and their obsequious minions.
- Mark Pavic

Quotes of note

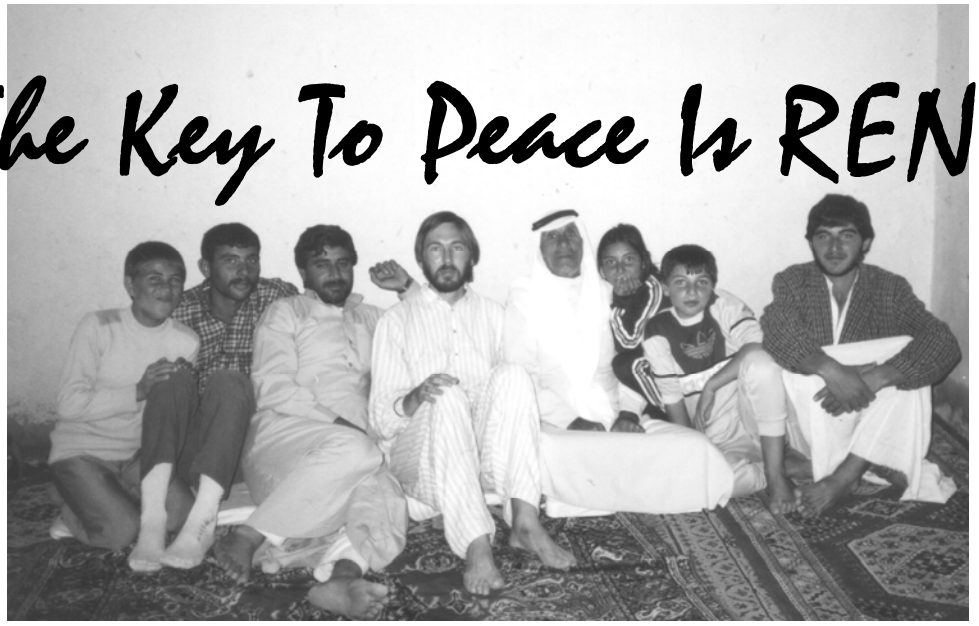
Suppose that there is a kind of income which constantly tends to increase, without any exertion or sacrifice on the part of the owners: those owners constituting a class in the community, whom the natural course of things progressively enriches, consistently with complete passiveness on their own part. In such a case it would be no violation of the principles on which private property is grounded, if the state should appropriate this increase of wealth, or part of it, as it arises. This would not properly be taking anything from anybody; it would merely be applying an accession of wealth, created by circumstances, to the benefit of society, instead of allowing it to become an unearned appendage to the riches of a particular class.

Now this is actually the case with rent. . . . Landlords . . . grow richer, as it were in their sleep, without working, risking, or economizing. What claim have they, on the general principle of social justice, to this accession of riches? In what would they have been wronged if society had, from the beginning, reserved the right of taxing the spontaneous increase of rent, to the highest amount required by financial exigencies?
- John Stuart Mill

The land is a solemn gift which Nature has made to man; to be born then is for each of us a title of possession. The child has no better birthright to the breast of its mother.
- Jean Francis Marmontel, (1723-99) French author and historian

[Henry George was] one of the most cogent and audacious thinkers … George's book was a revelation not only for the workers, but also for the intellectuals. Only Darwin, in the natural sciences, left an impression comparable to that of George in the social sciences.
- José Marti

The Key To Peace Is RENT



Professor Fred E. Foldvary explains how the unholy mess in the Holy Land could be comprehensively cleaned up

RENT - THE FINAL ECONOMIC FRONTIER

The key to a lasting peace between the Jewish Israelis and the Arab Palestinians is the payment of rent for land. Palestinians and Israelis fight and kill for land, yet paying rent for land remains an unknown concept. This illustrates the importance of understanding basic economics.

Everybody knows that rent exists, yet it does not dawn on the peace seekers that the solution to the land problem is turning the conflict over land into a market in land, where those who want land pay for it as rent.

Israelis could remain as residents, so long as they paid rent for the land to the Palestinian State

Israeli troops and tanks have now withdrawn from northern Gaza. Hamas, Islamic Jihad, and the Al-Aqsa Martyrs Brigade have declared a cease fire with conditions. They want the government of Israel to stop its targeted killing of terrorist leaders.

One problem is that minor militant groups, such as the Popular Front for the Liberation of Palestine, have refused to join the cease fire. Also, individual Palestinians opposed to the truce could on their own kill some Israelis. We cannot expect the killing to stop entirely. There are Palestinians opposed to a state on the West Bank and Gaza; they insist on an Arab and Islamic state over all the British-mandate territory, with all Jews killed or expelled. For them, it's all or nothing. They will continue the killing in order to break the truce.

Israel must not react to the continuing killing by acting by itself to hunt and kill the murderers. They should give the Palestinian authority under its new leadership a chance to work with the Israelis to provide security. If Israel reacts by killing Palestinians, they would be letting the extremist Palestinians set the agenda.

Israelis and Palestinians should create a new alliance: those who seek peace versus those on both sides that wish to continue the conflict. It should no longer be Palestinians versus Israelis, but peace seekers versus war mongers.

But it is not enough to cry Peace! Peace! Besides the immediate steps of releasing prisoners, easing the traffic chokes, and removing troops from Palestinian areas, Israel must confront the long term issue of the settlements in the West Bank and Gaza. With this cease fire, Israel can now act without being seen to be giving in to terror.

First, Israel should withdraw the Israelis who have settled in Gaza. It would be a much welcomed gesture by Arabs, Israel would save the cost of defending these settlements, and there is little religious significance about the Gaza for Jews.

Second, Israel must confront the land conflict in Judea and Samaria, the West Bank of the Jordan River. It is called a "Bank," so the settlers who have been deposited there should pay interest. Israel never annexed Judea and Samaria. This is an implicit recognition that the Palestinian Arabs have rights to that land. Most of the world recognizes the West Bank as properly belonging to the Palestinian Arabs. Yet many Jews consider the land theirs because it was theirs historically and because God designated that land for the Israelites. Some Christians also think so. To abandon that land would be to act against the supreme Lord of the Land.

It is such a dilemma. But economics has an answer. Israel can formally recognize Judea and Samaria as territory of a Palestinian State. The international boundary would be the pre-1967 boundary, with minor adjustments. But since Israelis are living there, were now born there, and consider it their home and their religious duty to stay, Israelis could remain as residents, so long as they paid rent for the land to the Palestinian State.

We need big signs in peace marches that show a key and underneath, say "RENT!"

The rent would increase over time up to the market rate for renting the land. The all-or-nothing crowd would not be pleased, but Palestini-

ans would gain more from this than from kicking out the Jews. The Palestinians would obtain badly needed funds from the rent. With peace, the road blocks would be removed, and there would be huge mutual gains from trade between the Israeli residents and the Arabs. The residents would be offered Palestinian citizenship, so they would be dual citizens of Israel and Palestine if they wished. Palestinians should not object to Jews living in Palestine, since there are also Muslim and Christian Arabs living in Israel. The Israeli settlements would be opened to Arab residents, so eventually the Jews in Judea and Samaria would be foreign residents just like foreigners live in many places all over the world.

Paying rent would acknowledge the Palestinian claim to the land, without giving up the attachment Jews have to their ancient homeland

Rent is the key to peace. Paying rent would acknowledge the Palestinian claim to the land, without giving up the attachment Jews have to their ancient homeland. Jews have lived in Judea under foreign rule for centuries, under Persians, Greeks, Romans, Arabs, the British, and Turks. If Jews were willing to settle in Palestine under Turkish rule, why not also under Palestinian?

Rent is what has been missing from the peace talks. It takes a geoist and Georgist to fully understand the implications of rent. This can now be the geoist gift to the world. Geoists can give the world the key to peace. We need to send this message to the peace seekers of the Middle East: Israelis pay rent! Palestinians get rent!

We need big signs in peace marches that show a key and underneath, say "rent!" We need to keep shouting "rent" until people finally get it. Send a letter to all your local newspapers with the simple and short message: "The key to peace in the Middle East is for Israelis to pay rent to the Palestinians for land in the West Bank." A thousand letters like this would wake people up. Editors like such short letters, so do it today. Give the world the key to peace! ■

HENRY SAID…

"Everywhere is it evident that the tendency to inequality, which is the necessary result of material progress where land is monopolized, cannot go much further without carrying our civilization into that downward path which is so easy to enter and so hard to abandon.

Everywhere the increasing intensity of the struggle to live, the increasing necessity for straining every nerve to prevent being thrown down and trodden underfoot in the scramble for wealth, is draining the forces which gain and maintain improvements. In every civilized country pauperism, crime, insanity, and suicides are increasing. In every civilized country the diseases are increasing which come from overstrained nerves, from insufficient nourishment, from squalid lodgings, from unwholesome and monotonous occupations, from premature labour of children, from the tasks and crimes which poverty imposes upon women. In every highly civilized country the expectation of life, which gradually rose for several centuries, and which seems to have culminated about the first quarter of this century,[the 19th cent.] appears to be now diminishing."

pp 541 of centenary ed. of P& P

GIGGLES & GROANS

NEOCLASSICAL ECONOMIST HUNTING REGULATIONS AND BAG LIMITS

GENERAL

1. Any person with a valid hunting license or a Income Tax Return may harvest government neoclassical economists.
2. Taking of economists with rabbit traps or 1080 poison is permitted. The use of currency as bait is prohibited.
3. Killing of economists with a vehicle is prohibited. If one is accidentally struck, remove the dead economist to side of the road and proceed to the nearest car wash.
4. It shall be unlawful to shout "research contract" or "I need a policy consultant" for the purpose of trapping economists.
5. It shall be unlawful to hunt economists within 30 metres of government buildings, libraries, whorehouses, massage parlors, special interest group offices, bars, or strip joints.
6. Stuffed or mounted economists must have an Australian inspection certificate for rabies and vermin.
7. It shall be illegal for a hunter to disguise as a reporter, drug dealer, pimp, young female parliamentary research assistant, sheep, legislator, policy maker, bookie, lobbyist, or tax accountant for the purpose of hunting economists.

BAG LIMITS

1. Econometrician – 2
2. Two-faced Policy Analyst – 1
3. Macro Policy Wanker – 4
4. Back-stabbing Senior Author – 2
5. Brown-nosing Australian Bureau of Statistics "Yes Men" – 2
6. Economist-cum-Spin-Doctor - $1000 BOUNTY

(land)LORDING IT OVER US!

If we're spending decades of our life trying to purchase what should be our common birthright – land, the Common Wealth – then just who is it who's riding on our backs? Here your Mr. Ed exposes the extent by which the great landowners – in Britain, particularly – "get rich in their sleep"

The hope is that newcomers to the Geoist world view will soon "see the cat" – that is, grasp the big economic picture and see the various ways by which a few gain while so many remain the working poor.

Geoism holds that there's nothing necessarily wrong with being rich – indeed, an economic system exists whereby we could ALL be rich (in wealth, education or leisure time).

Geoism seeks to expose the many forms of unearned wealth, or privilege, that exist in our monstrous economic system

The justification for riches all depends on whether a wealthy person has become so through *creating* wealth (in the form of goods and services that people willingly buy in a free and fair market) or through living off the wealth really created by others. Earned wealth might arise through talented or arduous inventing, writing, sports ability, entertaining, entrepreneurialship or whatever. Such examples of fairly earned wealth should not be subject to any (confiscatory) taxation, which would be legalised robbery. There is, of course, a natural form of public finance, in the form of Natural Resource Charges.

Geoism seeks to expose the many forms of unearned wealth, or privilege, that exist in our monstrous economic system. Monopoly rights are the more obvious examples of economic privilege, but less noticeable is the massive wealth to be gained by using the Global Commons (especially land) without reimbursing the rest of us. Where such wealth is purely misappropriated (as opposed to created), Geoism maintains that *the whole lot* be given over to community coffers through natural resource charges (such as land value taxation or eco-taxes).

Here we're going to look at one of the most obvious examples of unearned wealth – the massive riches accumulated by the great landowners of Britain. Remember, it's not the *acreage* of land that is important, but the *value* of the land. Australia doesn't have quite the disparities of land wealth of Britain, being a newly-settled/colonised country, but each so-called property "boom" in Australia is widening the gulf between the haves and the have-nots. Some of the following quotes and statistics were taken from *"Who Owns Britain"* by Kevin Cahill, and from Alexander Garrett's article *"Coming Into Land"* in the April 2003 issue of Business Life magazine.

Due to the lasting privilege of royalty, Britain is different from other European countries in the sheer size of its private estates. Thierry de L'Escaille, secretary-general of the Brussels-based European Landowners Organisation says, "There are large estates in most countries, but what we call large is usually 1,000, 2,000 or 3,000 hectares [a hectare being about 2½ acres]. They are never as large as in the UK." However, Spain is an exception, where there are around 150 estates that are more than 10,000 hectares in size – due, perhaps, to the perpetuation of royal privileges and power through the Franco regime.

Why is Europe different? De l'Escaille says the main reason is the adoption of Napoleonic code across Europe. This determined that an estate must always be divided between the children – although one could have a larger share – and the effect has been to steadily reduce the size of individual landholdings over the ensuing two centuries. Estates are still held in most European countries by aristocratic families and even royal families, but examples are elusive, due to a reluctance among the ranks of the landowners to receive publicity.

Nowadays, the ranks of established landowners are being joined by a new wave of owners for whom land is the ultimate status symbol, of whom De l'Escaille says, "These are entrepreneurs who have been very successful in their business who are buying estates everywhere across Europe."

but less noticeable is the massive wealth to be gained by using the Global Commons (especially land) without reimbursing the rest of us

But the rewards of land go far beyond status, evidenced by how, over the centuries, the land-owning elite has pulled the levers of power in society, politics and the world of

commerce. The Earl of Derby's 1881 candid analysis of the benefits of owning land perhaps says it best, "One, political influence; two, social importance; three, power exercised over tenantry; four, residential enjoyment including what is called sport; five, the money return – the rent." Since then, the reform of the House of Lords has dented the political influence that was previously wielded by the landowning class (titles and land were once synonymous).

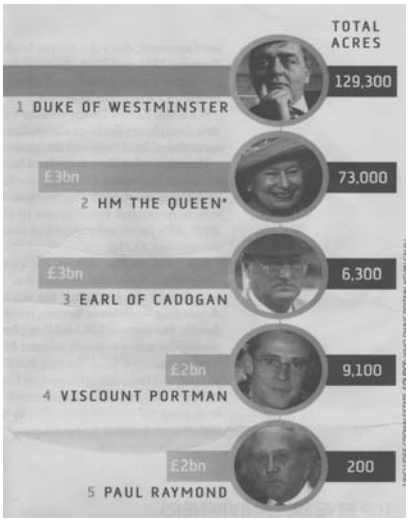
Estates are still held in most European countries by aristocratic families and even royal families

But who needs status? – let's get crass and just go for the cash. The great windfall profits which are dropped into landowners' laps (which rightly belongs to the community) occurs with rezoning and the growth in residential/industrial values. In the UK between 1991 and 2001, the total return by this measure (including capital growth and rental income) averaged a healthy 12.6% per year.

The gross injustice of handing over community-created values to landowners is revealed by cold, hard figures. According to Yolande Barnes, head of research at FPD Savills, the average UK building plot – at £709,650 for a greenfield acre – is worth around 403 times the equivalent agricultural land. Nationwide, through this form of rezoning, around £5bn. windfall profit is handed over to UK landowners each year.

Barnes explains further, "In many parts of the South and Southeast, it is certainly true that prices are paid for agricultural land that wouldn't be justified by its agricultural value." She said further that it is impossible to know how much of this differential is accounted for by a "hope" factor – a speculative play on future change of use – and how much represents the premium for land's amenity value when it is in such short supply. But she adds: "There has certainly been a deal of strategic holding and buying on city and town fringes by agricultural owners and farmers. New development land is usually designated in "fill-ins" and close to existing developments." She added further that farmers buy around towns because they can't lose. They'll farm the land anyway, and if permission is given to build, they've won the lottery.

A great way to run a casino, but what sort of way to run an economy and a society? It makes you wonder how someone who realises the scale of these windfall profits can accept them so unquestioningly. But, then again, we had the example of a young Melbourne Geoist a few years ago who did the ultimate sell-out: he quit working for The Cause to use his knowledge of the great land rip-off in order to set up his own get-rich-quick property seminars! ■



Britain's wealthiest man gets rich the easy way – he has his underlings collect and bank his rent. And if the rents from his vast land holdings weren't enough, soaring property prices have escalated his net worth sky high – to be exact, UK£11.5 billion. To give him his full title, he is His Grace, Gerald Grosvenor, OBE, Sixth Duke of Westminster.

Forget the vast tracts of rural land, including a 100,000-acre estate in Scotland which contains no less than three mountains. The 300 acres the duke owns in central London, comprising Mayfair and Belgravia, are today one of the most valuable patches of ground on the planet.

It was a handy marriage which brought this fortune into the Grosvenor family's hands – in 1677, Sir Richard Grosvenor married Mary Davies, heir to the hundred acres north of Piccadilly and the "Five Fields" south of Knightsbridge. During the 18th and 19th centuries, Mayfair and Belgravia were built up as residential areas for London's wealthy classes, a position they have occupied ever since. Unlike many other great landowners who have cashed in, the Grosvenors held on and have benefited enormously from the latest boom in London property prices.

The duke has nowadays diversified his land portfolio. His commercial property company, Grosvenor, has become a serious player, with a vast array of investments and developments around the world. These include office blocks in San Francisco, business parks in Vancouver, luxury apartments in Hong Kong and shopping centres in Spain and Portugal. In the UK, Grosvenor has developed Festival Place shopping centre in Basingstoke and is set to undertake a £700m. mixed-use redevelopment in the centre of Liverpool. Back in his tract of Mayfair, land values are in the stratosphere: in 2001, BP's pension fund sold ten acres of Mayfair for a cool £335m.

Is it any wonder that, given how there is little or no land value taxation, the duke has all his many eggs in the land investment basket? But it's not just for economic considerations that he could never contemplate selling his vast acreage, for he has a philosophical reason for not selling. (Have a bucket ready before reading the following!) "This is part of my heritage, my birthright. It is not to do with anything materialistic, but is deeply ingrained."

Letters Letters Letters Letters Letters Letters

UNREALISTIC CPI SKEWS THE ECONOMY

From The Age, 8/10/03

Leading economist Peter Brain's prediction of a "severe slowdown" (The Age, 6/10) should not only blame the Reserve Bank.

In 1998, the Bureau of Statistics modified the CPI by removing mortgage interest rates and the land component (that is, the appreciating component) of home prices. Thus the property boom was removed from the official measure of inflation, and the Reserve Bank, in its efforts to keep the official inflation rate between 2 and 3 per cent, set lower interest rates than it would have set if the CPI had been more realistically defined.

The result, as Brain correctly notes, was a property bubble financed by a debt binge. When the bubble bursts, the debt will become unserviceable.

Gavin R. Putland
Calamvale, Brisbane

THE NEW ELITE

From The Australian, 8/10/03

Still, old Malcolm (Turnbull) might get "low income earners" into their own home - even if they don't actually completely own it under his plan (well, the new elite wouldn't want the poor to get in the way of speculators by calling for a ban on negative gearing on established housing, would they?).

John Dobinson
North Balwyn, Melbourne

MYTHS ABOUT RATE SYSTEM

From Melbourne's Herald-Sun, 10/10/03

Now that the people of Knox are crying foul over the new Capital Improved Value rating system foisted on them (``Outrage over soaring rates", October 6), it is time to revisit some of the myths peddled by the system's promoters.

The reality is that under the old system of site value rating only the land value was taxed. The CIV rating includes the value of buildings in the tax base. Home owners obviously own buildings while developers buy vacant land and wait for it to be rezoned.

So, if you include buildings in the tax base and reduce the rate to maintain overall revenue, developers pay less, which means homeowners pay more.

Gavin R. Putland
Calamvale, Brisbane

COOKED BOOKS

From The Australian, 23/10/03

"There are no signs of price pressures," says Peter Costello. Except in housing, of course. But that doesn't count, because mortgage interest was removed from the consumer price index in 1998. House prices were included, but residential land prices were not; and it is the land prices that increase during a boom. So, according to the official measure of inflation, the housing affordability crisis isn't happening. Clever, eh?

Gavin R. Putland
Calamvale, Brisbane

TARGET ASSETS, NOT ACCOUNTS

From The Australian Financial Review, 6/11/03

Why do so many rich Australians have secret Swiss bank accounts? Because the Federal Government insists on taxing the proceeds of transactions, when the proceeds or transactions can be shifted into offshore tax havens.

The simple solution is to stop taxing transactions and start taxing assets than can't be hidden or moved offshore. Such assets include land and other natural resources, natural monopolies, statutory monopolies, licences, electromagnetic spectrum, rights of way, etcetera. Such taxes have the added advantage that they cannot be avoided by abstaining from transactions.

Hence, they cannot discourage productive activity or be passed on in prices; that is, they cannot contribute to the actual or natural rate of unemployment.

All these facts are well known in the corridors of power. But politicians have not the slightest intention of acting on them, because the tax laws are not designed to protect the revenue base, create jobs, fight inflation or otherwise serve the national interest. They are designed to pacify those interest groups that have the resources to swing election campaigns.

Rather than bite the hand that feeds them, Australian politicians blame the Swiss, secure in the knowledge that Swiss practices are not going to change.

Gavin R. Putland,
Calamvale, Qld.

OIL, DOLLARS AND CONSPIRACIES

From The Sunday Telegraph, 9/11/03

John Hallows (ST, 2/11) says the US economy would be in serious trouble if OPEC oil were sold for euros instead of dollars,

making the euro the new global reserve currency.

The richest Americans would be in serious trouble because the value of their property, stocks and bonds would no longer be artificially propped up by the re-investment of global reserve dollars in US markets. American producers, of course, would find it easier to sell their wares -- but asset owners always have more political clout than producers.

So it's interesting that one OPEC member, Iraq, sold oil for euros from November 2000 until the recent war. Another member, Iran, converted most of its currency reserves to euros during 2002, but for some unknown reason has not taken the final step of selling oil for euros. Other OPEC members who have shown some support for the euro include Libya and Venezuela.

Although the above facts circulate widely on the internet, the conservative magazine Spectator has run a diversionary story about Europeans plotting to sink the dollar. To every conspiracy theory, there's an equal and opposite conspiracy theory.

Dr. Gavin Putland
Calamvale, Qld

RATING MYTHS

From The Herald Sun, 10/11/03

Now that the people of Knox are crying foul over the new CIV rating system that was foisted on them without consultation (``Outrage over soaring rates", HS, Oct.6), it is time to revisit some of the myths peddled by the system's promoters.

MYTH: Home owners will win and developers will lose.

REALITY: Under the old system of site value (SV) rating, only the land value was taxed. Under the new system of capital-improved value (CIV) rating, the value of buildings is included in the tax base. Home owners obviously own buildings, while developers buy bare land and wait for it to be rezoned. So, if you include buildings in the tax base and reduce the rate to maintain overall revenue, developers pay less, which means home owners pay more.

MYTH: Most ratepayers will pay less.

REALITY: Most ratepayers own buildings and therefore pay more.

MYTH: The overall effect will be positive.

REALITY: In the long term, taxing the value of buildings discourages building and renovation, causing a shortage of accommodation and forcing up rents. Any exceptions are caused by short-term speculative bubbles.

As a post-mortem, it might be instructive to examine the pecuniary interests of the backers of CIV rating.

Gavin R. Putland
Calamvale, Qld

QUICK SWITCH

From The Sunday Herald Sun, 16/11/03

Early this month, as property investors were riding higher on the debt-financed housing bubble, economic pundits said there was no need for an interest rate rise. Then there was a fall in unemployment, and these same pundits said: ``Fire! Fire! Too many people have jobs! We need another rate rise!"

Pretty obvious whose side these pundits are on.

When phenomena laying at the heart of wealth-seeking play almost no role in the theoretical map being drawn of the territory, a form of intellectual repression seems to be at work. A century ago Freud revolutionized psychology by explaining that sex represented the great human drive but had been repressed as a diagnostic tool out of embarrassment. Modern economics needs a similar breakthrough to explain how it has come about that although rent and the dynamics of compound interest are draining societies throughout the world, these returns to property remain absent from economic models. Wealth itself has become embarrassing to deal with, and the unearned income of free lunches most embarrassing of all.
- - Michael Hudson

Gavin R. Putland, BE PhD,
Calamvale, Qld.

BUBBLE-PLAGUED ECONOMY

From The Australian, 17/11/03

Critics of negative gearing -- most recently the Reserve Bank -- keep saying that it pushes up home prices by stimulating demand from investors.

In reply, defenders of negative gearing keep saying that it encourages building of rental homes, thereby keeping up the supply and containing rents.

In the middle, I keep saying that if negative gearing were disallowed on future purchases of established homes but still allowed for new construction, it would give even greater stimulus to building while removing the upward pressure on prices of established homes. My suggestion is met with silence. Which shows that the purpose of present policy is not to encourage building, but to prop up prices for the benefit of established investors.

G.R. Putland
Calamvale, Qld

Sale of Forests to Private Loggers Could Create Ecological Crisis

You didn't think it possible that Russia could manage to desecrate its environment even more by privatising what should be our rent-yielding Common Wealth? Hold on to your hats as Nick Paton Walsh, from the UK's Guardian, reports

A plan by the Kremlin which would allow Moscow to sell off the 843m hectares of Russia's forests to private logging companies has raised fears of an ecological disaster. Forest makes up 70% of Russia's territory and spans 12 time zones. It is known as "Europe's lungs" and is second only to the Amazon in the amount of carbon dioxide it absorbs, and is home to many rare species.

This week the Kremlin decided to revise the law on state ownership of Russia's forests, currently under the management of the ministry of natural resources, so they could be bought up by private companies. The estimated value of the land at private sale has been put at $164bn (£106.5bn). Yet environmentalists fear that the cost of its destruction to the planet, and air quality in Europe, may be far higher.

Yet environmentalists fear that the cost of its destruction to the planet .... may be far higher

Andrei Ptichnikov, forest coordinator of the World Wildlife Fund, Russia, said: "Russia has 22% of the forest on earth -- a very important part of climate stability and global biodiversity because of all the rare species that live there. According to some estimates, Russian forests absorb 15% of the world's carbon dioxide or carbon monoxide. It provides a huge amount of oxygen for not just Europe, but the world."

A new draft of the forest code -- a part of Russian law notorious among bureaucrats and ecologists for being as dense and impenetrable as the forest it governs -- focuses on selling off the forest to private companies. At present, private firms can lease some of the land from the government for up to 49 years. The Kremlin heavily regulates its use. The new law however gives any private company the chance to buy the forest land outright, or to have use of it for up to 99 years and then buy it. The government hopes it will be approved by parliament by November 1, 2003.

A spokesman for Alexander Belyakov, head of the parliamentary committee on natural resources, which has to approve and refine the new law, claimed that the law is being carefully scrutinised to ensure the state does not lose out if oil or other valuable natural resources are found beneath the soil after the land is sold off.

But Mr Ptichnikov said that, while the forest code was in parts positive because it extended the lease period for companies to 99 years, forcing companies to take a greater interest in the sustainability of their plot of forest, it also allowed the sale of land to private construction companies to build housing. "There is a lot of concern that this may affect the forest around big cities," he said.

In Russia, logged wood sells for $1 (65p) a cubic metre, whereas it sells for $30 in Finland and $15 in Estonia

He added that the new forest code did not "really provide a strategic way to ensure sustainable forest management. It has a lot of Soviet-era features. The same state officials are responsible for the commercial use of the forest as well as looking after it ecologically. Obviously, they will be inclined to spend more time on the profitable commercial issues. The new law provides a logging plan that is theoretically enough to ensure sustainability. But in reality, it is hard to get it to work well because there is not enough funding [to police the law]."

In Russia, logged wood sells for $1 (65p) a cubic metre, whereas it sells for $30 in Finland and $15 in Estonia. "Prices are cheaper, but there is also less money to keep the forest going," he said. "It is difficult to see how that can change. Forest compa-

nies do not want their expenses to go up."

Alexei Morozov, from Greenpeace Russia, said: "The law's effect depends on the regulations that govern logging. The basic regulations for the last 1997 version of the code have only just been put into practice now. State ownership means the local government and population can negotiate over how to log some areas and protect others. Private ownership means businessmen can suit their own agenda."

The Russian government has overseen the forests clumsily so far. While Russia has nearly a quarter of the world's forests, it exports a quarter as much wood as Finland or Sweden. Now the government is keen to ensure that it profits from the exploitation of the forest, rather than illegal loggers. Timber contraband already represents a large problem in the region, , according to a report by the World Wildlife Fund last year. Legal exports accounted for only $4.15bn in 2001, they added, calling for stricter state control.

The potential levelling of vast swaths of the Siberian forest could also threaten the existence of several endangered species. The far eastern leopard, of which there are

Russia (loses) an estimated $30bn a year from illegal trade in wood with China and Japan

only 30 left, and the Siberian tiger, of which 400 remain, would all suffer from widespread logging. Rare trees such as the Siberian cedar pine and Korean cedar pine are also threatened in Russia's far east, and the wild chestnut, already being illegally logged in the Caucasus, is also at risk. ■

The big sell-off
So far, corrupt insiders rather than the Russian people have been the beneficiaries of privatisation.
Oil, gas and aluminium During the mid-90s, the Yeltsin government accepted a proposal by businessmen to "manage" the state utilities and natural resource companies, in exchange for a "loan" to the government. This gave half a dozen men control over companies like Gazprom, which

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HOW LAND TAX REFORM COULD UNLOCK £50BN

A reprint from The Sunday Herald, Scotland's leading Sunday broadsheet.

The article, part of a special report on land and subtitled "Who owns Scotland?: A long-term solution", was by Rob Edwards and ran on 5/10/03

Imagine that we paid no tax at all except a levy based on the annual rental value of our land. Would we be better off? The answer, according to leading land experts, is yes – considerably. Ronald Banks from

A land value tax, like the "community chest" in the game of Monopoly, is a way of ending landowners' monopoly on wealth

the Centre for Land Policy Studies has estimated that everyone in Scotland would gain an average of nearly £10,000 a year, and the Scottish economy would be approaching £50 billion richer.

Land reform campaigners, however, have been reluctant to advertise these figures because they fear that people will not believe them. The financial advantages of introducing such a radical change in the system of taxation simply seem too good to be true.

But an increasing number of specialists, pundits and politicians are beginning to grasp the idea of land value tax, and see the tremendous advantages it could bring. "There's a big revolution coming in the way we raise public revenue," argues Peter Gibb, chief executive of the Henry George Foundation, a land reform think tank in Edinburgh.

"New economic thinking shows that we have to stop taxing good things, like people working or exchanging their goods. Instead we have to start charging those whom we allow to monopolies our finite common resources. We have to charge them for their privileges, and compensate us for what we've lost," he says. "In 20 years time I don't think we'll have anything like a base rate of income tax, nor any VAT. But until tax policy changes, we're stuck with the seemingly intractable problems of relative poverty, homelessness, and environmental blight."

Gibb points out that a land value tax would make it much more difficult

for rich landowners and property developers to dodge taxes by creating complex networks of companies in foreign tax havens. "Land has one certain advantage over anything else you might think to tax: you can't hide it," he says. He argues

The power of landowners .... conditions our entire national psychology

1252 families. "Land is the ultimate reality behind money. It is where real power and influence lies. That is why, as soon as people make money, they buy land and keep others off it," she says. A land value tax, like the "community chest" in the game of Monopoly, is a way of ending landowners' monopoly on wealth. The power of landowners is, she claims, "the biggest scam I have ever written about". "It is one which costs all of us in the UK lots of money every day of our lives, robs us from putting aside adequate money for our old age, and conditions our entire national psychology."

The first stage of reform, which is within the power of the Scottish Executive, would be to replace council tax and business rates with a land value tax. The momentum behind the idea is gathering pace with the Executive under pressure to take it seriously. Both Labour and the LibDems agreed to review local government finance and the Green Party is pushing for the inclusion of the land value tax option. A Green motion in favour of land value tax being considered was passed by MSPs in January because Labour members abstained en masse.

The Executive, however, seems distinctly unenthusiastic. "The Executive has no plans to investigate land value tax," a spokesman said. "Land taxation is no panacea – if it were, it would be used universally. Property taxation is virtually universal because it is stable, predictable and comparatively easy to administer."

But this attitude strengthens the determination of the Greens to ensure that the promised inquiry into the financing of local government encompasses land value tax

that major landowners should lose their exemption from rates and be obliged to pay a tax on every hectare they own, based on rental value. "This would be a persuasive stick for land needed for community use, but blocked by self-interested landowners, to be quickly released."

The financial writer and novelist, Antonia Swinson, has become an compasses land value tax. "It should be a wide-ranging review that looks at all aspects," says Mark Ballard, Green finance

But this attitude strengthens the determination of the Greens to ensure that the promised inquiry into the financing of local government encompasses land value tax

spokesman.

"For the Executive to try and close off discussion of innovative ideas would be a mistake. It would be an unforgivable missed opportunity." There are examples of land value tax in Australia, New Zealand, South Africa, Denmark and some states in the US.

Landowners too are suspicious of any new tax, pleading poverty. "Highland estates have inadequate income to meet their rising costs," claims tax adviser to the Scottish Landowners' Federation, David Collier. "There are no soft targets for tax any more."

But, if some rumours are true, such doubts could be about to be swept aside. There are intriguing signs that ministers in Westminster are seriously considering a form of land tax.

In June, Deputy Prime Minister John Prescott hinted that the government was examining ways of taxing the increased value of land caused by public investment. There is even speculation that Chancellor Gordon Brown may

enthusiastic convert to the cause of land value taxation. Her book, "Root Of All Evil?", published earlier this year, makes a passionate plea for reform.

She points out that in Scotland two thirds of the land is owned by just

say something in this autumn's Budget.

[Ed: the editorial on that same day came out and stated: "It is up to the Treasury and the Inland Revenue to clamp down on dodgy auditing or accountancy practices and examine the merits of alternative tax systems. There are ambitious alternatives to current taxes, ideas we want dragged in from the fringes for serious political debate.... The Executive has a golden opportunity to light a radical torch for land and tax reform."] ■

RAISE TAXES IN SOUTH, THINK TANK URGES

By Ben Leapman and Hugh Dougherty in England's Evening Standard 30 October 2003

Taxpayers in London and Home Counties should pay more to help close Britain's North-South divide, Tony Blair's favourite think tank urges today. A report from the Institute for Public Policy Research calls for new local taxes and levies in the South, to raise extra money for public services and lift the burden from the Treasury. The Government would then be freed to pour millions-from the public purse into run-down parts of the North and Midlands, with thousands of civil servants transferred from the capital to provincial cities.

In a blunt warning, the report's authors say: "Prosperous areas of the UK should bear more of the costs of extra spending required to deal with the problems of success." They suggest that this could be done through "schemes such as congestion charging and capturing increases in land values". Experts have proposed that big projects like the £10billion Crossrail scheme could be funded by charging property owners along the route, to reflect the increase in value that they will enjoy when the rail line opens.

The IPPR suggests that problems in and around London - spiralling house prices, high living costs and overcrowded transport - could be met by boosting the economy of the North at the expense of the South. Lead author

John Adams warns that current Government targets for closing the North-South divide are "ineffective" and "lack ambition".

The report argues that Deputy Prime Minister John Prescott's should help bridge the north-south divide by relocating his 3,500-strong department, currently housed in Whitehall, to Liverpool or Middlesbrough. It also identifies a string of other Government departments or agencies which could move north, at least in part, including the Ministry of Defence, Department of Work and Pensions and the Medical Research Council.

The IPPR, which is itself setting up a northern office in Newcastle, also calls for a major rethink of jobs creation policies. Mr Adam said: "What is needed is a market in graduate jobs in the north which would mean they are not all attracted to London. "It would be good for Government to lead that with a perspective that we don't all have to be in London to get on." ■

GEOIST WORLD NEWS

SOUTH KOREA

KOREAN GEORGISTS IN THE MEDIA SPOTLIGHT

This report comes from Kim Yoon-sang, the Korean translator of Progress and Poverty.

Georgist solutions are being highlighted in South Korea, where housing prices have been soaring up for the recent two years. This is the first time ever in Korean history that land value taxation is considered seriously as a policy alternative.

Korean Georgists are excited, contributing articles to newspapers, having interviews and debates on national TVs and radios, giving lectures on the Korean National Education TV, demonstrating on the streets of Seoul and Busan, and so on.

President Roh Moo-hyun said in the State Address delivered in the National Assembly on October 13, he is determined to bring real estate prices under control. He said, "For the sake of the daily security of citizens as well as the national economy, real estate speculations will not be tolerated. The Government is now preparing a comprehensive real estate policy." Roh added that if it should not work properly, he would consider to introduce a stronger measure.

Mass media speculate that the "stronger measure" is probably land value taxation, because President's top policy aide, Mr. Lee Joung-woo, is a Georgist, who co-authored the book, "Henry George Revisited 100 Years Later," published in December last year. The book has been selected one of the excellent books of the year by Ministry of Culture and Tourism.

NIGERIA

NIGER DELTA FUND GAINS RECOGNITION

Alanna Hartzok of the Earth Rights Institute continues her quest to bring Geoist justice to the people of Nigeria and to demonstrate how natural resource values can benefit all people instead of just a few. Alanna launched the Niger Delta Fund Initiative (NDFI) and has now gained further recognition.

The Environment Commissioner of Bayelsa State, Nigeria, has offered to host a one day conference on the NDFI. The conference is being designed as part of a larger Niger Delta stakeholders' conference that the government is planning for next month. It will last three days.

The state's new Commissioner for Environment, Dr. Godson Omubo-Dede made this confirmation at a recent meeting with the Director of NDFI local partner, Africa Centre for Geoclassical Economics, Mr. Gordon Abiama in his office in Yenagoa, the state capital.

The conference, according to Dr. Omubo-Dede, is being born out of the government's genuine desire to ensure socio-economic and environmental justice and sustainable development in the state and the region in general with regards to oil extraction.

For more information and to find out how you can assist in the success of the NDFI, contact Alanna Hartzok at earthrts@pa.net and visit www.earthrights.net/nigeria/index.html

USA

PHILLY BREAKTHROUGH

Richard Biddle reports:

After expending about $750,000 and over eight months of research, analysis and public testimony, the Tax Reform Commission has done something I held out absolutely no hope that they would do (among other considerations) by recommending a heavier land value tax for Philadelphia. This is an awesome development very gradual but incredible!!!!

Assessment reform - especially getting land value assessments accurately corrected - is a hugely important piece of this, and once accomplished would have the greatest immediate impact. The tax shift to a heavier land value tax takes place over 10 years (from about 78% on improvements / 22% on land values currently down to 50% on improvements / 50% on land by 2014

SOUTH AFRICA

LAND REFORM IN SOUTH AFRICA BECOMES JUST ANOTHER CORRUPT BUREAUCRACY

Ed: When you divvy up land instead of collecting the rent, you're bound to end up with inefficiency – and corruption. Hopewell Radebe reports:

Government's land redistribution policy is no longer favouring the landless poor, but sets out to develop a class of black commercial farmers who own capital and have access to bank loans, says a study conducted by the University of the Western Cape.

The research supports statements that since government introduced the Land Redistribution for Agricultural Development (LRAD) policy, land transferred to wealthier beneficiaries is considerably more than that transferred to poorer beneficiaries, per capita.

For example, in Eastern Cape and Western Cape, individuals and small groups with access to loans and other resources

acquired an average of 72.8 hectares and 88 hectares of land per person, respectively. Meanwhile, poor people who formed larger groups only acquired 15.1 hectares of land per person in Eastern Cape and 3 hectares per person for Western Cape.

"The big winners under LRAD would appear to be small groups with substantial resources of their own and with access to Land Bank loans," said one of the researchers, Peter Jacobs. LRAD has decreased the number of poor beneficiaries because of demands on individuals to have some form of cash. And as a result, the redistribution programme is falling short of its modest target to transfer 30% of commercial agricultural land to black owners over 15 years. Meeting this target would require the redistribution of about 1.64-million hectares a year.

Although the pace of land delivery increased in recent years and government redistributed almost 1.5-million hectares of land to 130,000 beneficiaries since 1995, half of it was in only three provinces: Eastern Cape, Mpumalanga and Free State.

"This figure is less than 2% of all commercial agricultural land in South Africa," Jacobs said. While LRAD policy provides for a range of commercial and some form of "subsistence" uses, it has nonetheless removed the requirement that applicants should be "poor" to be eligible. Through LRAD, government makes available larger grants to individuals able to contribute to the cost of land and also invest in production. ■

How I "Saw the Cat"

Jill Quirk continues our series of personal journeys relating the different paths by which we arrive at Geoism. To "see the cat" is to experience a sort of revelation, in the manner of when a kid sees the hidden cat in those activity book drawings of a tree or bush. After you see the cat, the Geoist paradigm just seems so obvious.

I'm not sure that I've actually seen a cat but here's my story.

My paternal grandfather died when I was 6, so I have scant memory of him. I am told that he used to talk about the philosophy of Henry George with his friends for hours on end. His daughter, my aunt used to listen to their conversations, completely fascinated, as a child. Over more recent years in discussions with her about subjects which concern me such as environment, human overpopulation, land prices, international trade and tariffs, transport and travel it seemed to bring to light things that her father had said during those early Henry George discussions. She would quote fragments from them such as "There is enough in the world for everyone, but there is unequal distribution." "The land, the sea and the air were put here for everyone, but you only *occupy* the land, you cannot really own it." "There is one perfect tax system, a tax on land." " Labour should not be taxed."

She remembered the following argument:

People told him it sounded like communism, but he said that it was the opposite!

"If you were in a train carriage you only occupy one seat so why should you be able to hold more land than you can use and prevent someone else from using it?" She tells me " It was a clear to my him as daylight is to you and me that if Henry George's philosophy were put into place in our tax system, we would have equality or at least equal opportunity. It would be a perfect state. People told him it sounded like communism, but he said that it was the opposite! He said we are born capitalists and should have equal opportunity. She tells me there was an active Henry George group in Albury N.S.W. in the late nineteenth century, but it was defunct by the 1920s when she would have been listening to her father and his cronies.

I was slightly interested in these quotes from the distant past but couldn't work out the essence of Henry George's ideas from what she said, as there was never any real thread to it.

My father would also have heard these conversations but I can't recall him talking to me about Henry George. He certainly talked politics of a kind, however and it was dominated by a deep concern for the environment and man's impact on it. This led him to realize that it was increasing human population, which meant that the effect of man's activities on the environment was unlikely to diminish and things were not going to improve as long as the population kept increasing. He read books like "The population bomb" by Dr. Paul Ehrlich and I did too. I took on his concerns. When I was in my late teens, however, and near voting age (which was then 21), there was no political party which represented my views. A lot of my friends were leaning towards the A.L.P especially given Australia's involvement in the Vietnam War and seemed to think this party held the answer. I had no such feelings. To me the parties did not seem contrasted enough and neither party had a concern for the environment.

At 23, I touched down in India en route to Europe and noticed that for a really overpopulated country, things did not look as bad as I expected. I guess that's when I realized that different peoples had different impacts on their environment according to the level of technology and standard of living. The higher the standard of living the worse it was for the environment! This seems really obvious now but that was the first time I had ever been in a third world country. After this I lived in Europe for a couple of years and did not pay much attention to politics in Australia. The books I read around this time were Albert Camus- "The Outsider" and Jean Paul Sartre's trilogy "Roads to Freedom', and "Nausea." I liked this moody French introspection and the grappling with ethical questions in a world envisaged with neither God nor purpose. I also read Germane Greer's "The Female Eunuch." which was a great introduction to the world of feminism. This was the early 70s and the western world was in a state of social revolution. It was the time of the "hippie" and those people in San Francisco with flowers in their hair. It was so different from my parents' world and the world in which I had grown up.

To me the (political) parties did not seem contrasted enough and neither party had a concern for the environment

I started my B.A. at the University of Melbourne at the age of 25 after returning from Europe. (Before leaving for Europe I had qualified as a reluctant librarian and also dropped out of an art teaching course) At Melbourne I studied philosophy and French as well as politics and psychology. I read Plato's "Meno" in philosophy, which is a dialogue arguing as to what are the qualities of the "perfect" or the "good" man. Jean Paul Sartre popped up again

in both philosophy and French. I also remember reading Berkley's dialogue about how we know the world through our senses, how unreliable they are and the conclusion that our perceptions must be placed in out minds by God.

During my university course I enjoyed debate on philosophical matters but never felt as fascinated by politics even though I studied it for one year. My concern was the environment and for the major political parties this was a side issue.

Over the next decades, the Australian environment continued to deteriorate, as did that of the globe as a whole. Lake Pedder in Tasmania was flooded and ruined forever to provide hydro electricity to a continually growing Australian population, more and more land was covered in houses to accommodate more and more people. Species were lost at the rate of knots. More and more cars on the roads meant more and more animal deaths and the efforts of conservation groups like the Australian Conservation Foundation seemed fruitless in the face of this.

Most people I spoke to could not see this connection between increasing human numbers and a deteriorating environment. I usually got the feeling that making this connection was not approved of and was "anti-people." Discussing this question left me feeling perplexed and on dangerous ground.

At the end of my B.A. in which I majored in French and Psychology, I studied audiology, which is the science of hearing. This was a whole new discipline to me as it was very factual and hard science, which I found quite refreshing. The only political remark I heard during this one year post-graduate course was when a hapless New Zealander fellow student got the red and blue headphones mixed up and told the supervisor that he always associated red with the left side of politics, yet the red headphone belonged on the right ear! I loved his association but the supervisor was not amused at all.

Through the 80s I concentrated on my new career but somewhere in there joined a book group via one of my colleagues. I loved this group and the discussions that came out of our monthly books. One of my absolute favourites was "Woman on the edge of time" by Marge Piercy which was set in the year 2137 via the "disturbed" brain of a woman suffering in a mental hospital but able to see into the future. It was a sort of Utopia where there were no more cars and everyone travelled together on fabulously efficient, fast and comfortable public transport, life was communal and non-sexist and magic was possible. Another interesting look into the future was Margaret Atwood's "The Handmaid's Tale." which I read in these years. This novel pictures a dystopia where fertile women are only allowed to breed in a world where human population has been destroyed presumably through atomic radiation and the protagonist looks back nostalgically at her former life when she had a lover and women were allowed to have jobs, money and independence.

This has nothing to do with Prosper or Henry George but I'm getting there! The environment was still my main political concern and I was a member of the Australian Conservation Foundation and the Wilderness Society. They did not seem to get anywhere in saving our animals and our forests and when the ACF decided to ignore population as a conservation issue. I really felt "what's the use?"

In the 1990s I discovered a group called "Australians for an Ecologically Sustainable Population", now known as "Sustainable Population Australia." It is an environmental organisation, which from my point of view, acknowledged the key issue in preserving our environment. *We need to stabilise our human population!!*

At last I was talking to people who saw the situation as I did. It was through "S.P.A." that I met Sheila Newman who at that time was writing a thesis on land use planning and its relationship to speculation in land and population growth. It gradually dawned on me that there was a connection between the housing industry and population growth. I saw that by having most of our housing provision in private hands that there was a huge incentive for those who had the means to buy large tracts of land, wait for the population to increase and then to sell the land as building blocks at much higher prices. Money for jam.!! . Poor people do not have any such opportunity to make money without doing any work. If there is a rising population then the price of land will go up because (as Mark Twain is credited with saying) "They're just not making it any more." I could see that these speculators would not be content to be patient and wait but that they would lobby government to speed up this process by increasing the rate of immigration. Bingo!!

Back to my aunt……..in the last year or so we were having one of our usual discussions about everything including land speculation and the name of Henry George resurfaced. I still only had fragments to go on so she kindly gave me her father's copy of "Progress and Poverty."

That same evening when I returned home from Wodonga where she lives, I took a look at my email and found people I knew writing about Henry George!! This was an amazing coincidence!

My bedtime reading that night was "Progress and Poverty", which I found fascinating and meticulously argued. I started reading the detailed arguments against defining any part of labour as capital and against taxing people for their work. I must admit that I have not finished this book because I am con-

tinually distracted by other books but I will get back to it!

If there is a rising population then the price of land will go up … "They're just not making it any more."

It seems to me that if people were obliged to pay rent on the land they hold in accordance with its value then there would not be this opportunity to make a capital gain. There would therefore be no incentive to hold excessive land in the first place. There would then be no incentive for speculators to pressure government to increase population through immigration in order to sell the land to them or get them to pay rent. We could have modest immigration perhaps at a rate, which replaces those who have left the country, and for more humanitarian reasons, and at least for other reasons than to fill land and houses to make a few people rich.

Population growth would then slow down to about half our present rate and in future decades level off. It is a shame that the Australian population will continue to grow for quite a few years yet just through natural increase but it would eventually stabilise and we might be able to cope with that level of population and our limited water resources etc. at perhaps a lower standard of living than we have now but maybe one that would be tolerable. Our local environment may stand a chance for a while.

From the global perspective, human numbers continue to increase and with this the incidence of poverty and hunger in the world. In the last year or so I read a fascinating book on this topic by Reg. Morrison called "The Spirit in the gene", which has had quite a profound effect on my attitude towards this problem. I see the human species as any other species in the sense that it can outgrow its territory and all that sustains it. The human species is part of nature despite the enormous changes it has wrought on its environment. It seems from my reading, inevitable that it will be brought into line and cannot continue to grow forever.

We have no control over this global inevitability, but we can have influence over what happens within our country. If we saw land as a precious resource not to be monopolised by those with the means, we could calm down greed and speculation. If we could stop worshipping "growth" and instead look forward to a smaller population (and economy) we would also be looking towards an improvement in quality of life in terms of air quality, green spaces and cost of housing.

I understand that Henry George and all related ideas are ignored in university economics in Australia and in other countries. My impression is that economics is taught with an underlying assumption that the finiteness of resources is not a problem that man will need to face and is therefore irrelevant in an economic environment of infinite growth. With no pun intended I think that Henry George from his grave could bring them down to earth. I hope that the scholarship that is being offered by Prosper to university students will help to bring his ideas into the student population via the back door even if they are banned from the official curriculum. ■

The individual's rights to "land" (natural resources) are security of tenure and recompense for improvements – subject to the covenants of the lease. The community's rights are to the rent and environmental constraints, as terms of the lease.
- Bob Keall

COMMENT BY BRYAN KAVANAGH

FEDERAL OR STATE TAXES?

State land taxes fall on the wealthy TOO progressively, would you believe? State land taxes are a bad application of a very good principle - as a result of the progressive rates of tax that are applied to the land values. "What's wrong with that?" do I hear you ask? Well, the thresholds and exemptions, plus the progressive rates distort the taxing situation badly. A while back in Victoria 1% of land tax payers paid two-thirds of the State's land tax. It therefore becomes too easy for the super wealthy to claim that the tax is too Robin Hood-ish and ought to be scrapped. We need to remember that the wealthy already own more land than the less wealthy, and they also own the more valuable land. Therefore, unlike the income tax system, the wealthy would still pay a major part of the land tax even with a flat rate land tax. That's why an 'all-in' land tax favours the little guys (provided other taxes are being concomitantly scrapped).

I think the States play politics with their land taxes anyway, inviting business to their State because 'our land tax rates are lower' and their Stamp Duty and Land Tax systems are beyond repair. We should therefore aim to abolish State land taxes and Stamp Duty, bring a federal land tax administered by the Reserve Bank, and cut back other taxes. The RBA would then have the weapon it needs to keep the lid on property booms such as we are currently experiencing (which will end up biting us all on the bum in a big way!) The RBA has no mandate to 'dampen demand' by increasing interest rates, but we should give it one to dampen property speculation.

The federal land tax thus collected should be rebated back to the States. Once that's in place, we should replace the GST by ratcheting up the federal land tax rate. FWIW.■

SHORT SHOTS

TAX DODGERS THRIVE

It was recently reported that Australians are now neglecting to declare more than $100 billion a year in income to the Tax Office – an estimated 15% of gross domestic product and more than the whole New Zealand economy.

Since the GST was introduced in July 2000, the cash economy has risen by about 1 percentage point of GDP, from just over 14%, with the underground economy now worth about $14,000 for each Australian household.

While the introduction of Australian Business Numbers had seen some success in reducing cash transactions between businesses, a report by the Taxpayers' Research Foundation said the new tax system had not stopped underground transactions in the household sector. Because consumers could not claim GST credits, as businesses could, they had a clear incentive to use cash.

There was the promise that the GST would reduce the cash economy. To quote PM Howard back in 1998, "We will catch more of the cash economy – at least $3 billion over three years. And remember that without the GST that would not be possible." At the same time, Treasurer Costello claimed, "The broad-based GST brings in revenue that isn't brought in by the wholesale sales tax at the moment. It also brings in a lot of money from the cash economy."

All this is further evidence of the absurdity of the current tax system and of the need for the rational Georgist system.

from GEOFF FORSTER

MORE IS NOT BETTER

According to *The Age* on 15/9/03, Australians paid approximately $19 billion more tax last financial year compared with the previous one, with the national tax harvest now growing at almost double the rate of incomes.

TWEEDLEDUM AND TWEEDLEDEE

The ALP has now decided to drop its protests about the GST. The Opposition is increasingly looking like the Alternative Liberal Party.

Meanwhile, on the ABC's "7:30 Report" on September 25, John Clark and Brian Dawe, those superb social commentators, brilliantly satirized the utter bankruptcy of the Labor Party's current taxation policy (or lack of it). A Georgist could not have done it better!

LAND BOOM OR LAND DOOM?

The price of land in Melbourne's outer suburbs soared by up to 50% since the urban growth boundary was introduced in October 2002, thereby causing further gloom for first home buyers (*The Age*, 4/8/03)

The Housing Institute of Australian executive director for Victoria stated that some blocks of land rose by 50% overnight. Another source said that developers were now under immense pressure to reduce block sizes from 650 square metres to 350 square metres, to maintain affordability. It was stated that the days of the quarter acre block had almost gone.

Median land prices showed some curious changes from the June 2002 half year to the June 2003 half year. For Altona Meadows, the increase was 36.8%, Narre Warren, 97.8%, whereas for Greensborough the figure was 3.4% and for Taylors Lakes 2.6%.

At the same time, a report in the *Financial Review* quoted the head of one of Australia's home-building companies saying that the price of residential land lots in Melbourne jumped by 250% during the past 10 years, compared with construction and materials cost increases of just 49% during the same period. For example, land lots in the Melbourne suburb of Rowville cost $60,000 10 years ago, but now cost $220,000. Within Melbourne's established home market, the average home price is now $359,000.

Meanwhile down on Mornington Peninsula, some 50-100 km south-east of Melbourne, the *Mornington Leader* (18/8/03) reported that land prices on the Peninsula increased a massive 39% in 2002. Median home prices showed the following increases for 2002: Dromana, 42%; Portsea, 66%; Flinders, 47%; Somers, 42%. Also, the median price of homes on the Peninsula showed a threefold increase over the last 18 years; even allowing for inflation, this is notable.

Of course, as is usual in these reports, the distinction between land and the buildings upon the land is generally not drawn. As well, the obvious step to draw upon these rising land prices for community revenue is overlooked – especially, it would seem, by the federal treasurer in his enquiry into "housing".

TAXPAYERS HELPING RICH BUY MANSIONS

An article in Sydney's *Daily Telegraph* on September 27 revealed how a harbourside mansion in Hunters Hill was snapped up for $6.55 million by a wealthy couple who took the $7000 first home buyers' grant. Jun Hong Chen and husband Lie Ho have "vast interests overseas", according to their solicitor, but their grand new address was their first purchase in Australia.

An investigation by the newspaper has revealed 543 people who purchased homes worth more than $1 million have taken the grant since July 1, 2000. They all fulfilled the definition of first home buyers to be eligible for the grant, worth up to $14,000.

The majority bought homes on Sydney's lower north shore or in Sydney's east. In four cases identified by the Office of State Revenue, the homes bought were worth more than $5 million.

The grant was designed to offset the GST on housing, but there is nothing to stop wealthy people applying to buy mansions. Real estate agents dealing in elite properties said rich expatriates and immigrants were the main culprits because the scheme allows a person to have owned property overseas. Another common method of rorting the system involved parents buying investment properties in the name of their children.

Meanwhile, it was reported that Federal Treasurer Peter Costello said that changing the eligibility rules would be costly and he wouldn't consider amendments without support from state and territory leaders.

Does anyone need any further proof of the intellectual and moral bankruptcy of the federal government's home ownership policies?

CRUNCH TIME

HOW OUR LOOMING ENVIRONMENTAL MEGA-CRISES ARE FORCING US TO ADDRESS THE NEED FOR NATURAL RESOURCE RENTALS.

The excellent Radio National investigative journalism program "Background Briefing" has investigated the depth of the environmental crisis in Australia. Here are reproduced key excerpts of this important radio doco, interspersed with a few Geoist perspectives.

UN Secretary-General Kofi Annan: Let there be no distinguishing the perilous state of earth or pretending that conservation is too expensive when we know that the cost of failure to act is far greater. Let us stop being economically defensive and start being politically courageous.
[Ed: Fine rhetoric, which has been uttered for decades, yet the same insane practices of underselling our natural resources has continued almost unabated! If you really want to be serious about the plight of the planet, Kofi, then why keep ignoring the implementation of Geoist Natural Resource Rentals?]

If you cause topsoil loss in the process of farming, then one should say that should be accounted for, and should be put on the price of the wheat or cotton that you're farming

ABC presenter, Wendy Carlisle (WC):. We're now being told that we can't save everything, that some species and some parts of the landscape are so far gone they're ecological basket cases, and that we must sacrifice some in order to save others.
*[Ed: This is the principle – and frightening - conclusion that this program makes: that much of our environmental heritage is so hopelessly wrecked that it can't be practically repaired. That is, cut our losses, and concentrate on what **can** be saved]*

Professor Hugh Possingham (HP), a mathematical ecologist at the University of Queensland who heads the Federal government's Biological Diversity Advisory Committee:

you're liquidating capital benefits that were bequeathed to the planet that aren't yours to liquidate

The Western Australians already, in terms of salinity management, have already said 'Well, there are some places it looks as though we really cannot restore, we're going to have to leave them and maybe deal with them in 50, 100, 200 years time, our best bang for our dollar comes from these marginal areas that aren't yet basket cases.'

WC: Farmers are doing it tough. In 1996 two-thirds of them didn't make any money, and 80% of our agricultural profit comes from less than 1% of the farms. And despite the decade of Landcare, farmers' conservation practices are actually declining. It's hard being green when you're in the red. It all points to the need for a new kind of agriculture that is uniquely suited to Australia's environment.

.... to which one **Andrew Campbell** *(qualifications unknown) replied***:** Absolutely. We're still persisting with the same things that Captain Phillip had on his boat, and in R &D terms we probably spend more money on controlling worms in sheep, or breeding a marginally better wheat, than we do on exploring the Australian biota. West Australia has the worst salinity problem in the nation. It's the most heavily cleared State, and like much of the country, it's in the grip of drought, part el Nino and possibly part climate change. Wheat growers are expecting their worst crop ever. And even though land clearing stopped two decades ago, the State's salinity problem will just keep getting worse ….. we just don't know how to fix salinity and acidic soils. The science just isn't there.

…and then CSIRO's **Dr Tom Hatton:** There's actually a number of chemical reactions that take place that are hostile to living creatures. Just the way in an extreme sense, acid burns one's skin, that can happen in a more subtle and pervasive way. But also, as water is acidified, it dissolves more metals and carries along with it more metals like manganese, aluminium, iron, and the cumulative impact of the loading of those metals downstream in an ecosystem, is of some concern. Now it must be said that not all drains in the wheat belt of Western Australia run acid, but there does seem to be a broad swath of country where that is true.

Another CSIRO scientist, **Denis Saunders:** We must factor in everything, including the environment. But we take it as a given and don't pay for it. It's not costed into the price of our weetbix and t-shirts. This, the economists say, means that sheep and cotton and wheat are in effect subsidised by the environment. So what happens when that subsidy runs

out? I'm saying that ecologically I can tell you that Australian agriculture and Australian water production is subsidised by the environment, and that subsidy is going to stop, we can see the enormous damage being done. How do we replace that subsidy and how do we address the sorts of remediation we need to do, that's a societal and political problem. I'm saying it has to be done. The subsidy can't continue, and basically we are paying far too little for food and fibre, and we should be paying more and we should be paying costs that reflect the production costs, but that is a major problem economically to deal with, and not being an economist I don't know how to begin other than to say it needs to be done.
[El: Bravo! Subsidies – whether visible or invisible (as highlighted here) – effectively are NEGATIVE Natural Resources Rentals]

WC: A couple of weeks ago in the journal Science, a group of American and British researchers came up with some astounding figures on the cost benefit ratio of conserving the world's natural ecosystems. After crunching figures from all around the world they concluded that raw nature, or what's left of it, is now worth 100 times more than the cash value of developing it. Scientists in Australia have been coming to a similar conclusion. Professor Hugh Possingham again.

HP: I don't think we're accounting for the degradation of natural capital. Ultimately if you cause topsoil loss in the process of farming, then one should say that should be accounted for, and should be put on the price of the wheat or cotton that you're farming, because you're liquidating capital benefits that were bequeathed to the planet that aren't yours to liquidate. The same is true for water use, soil loss, biodiversity loss. It would be nice to be able to account for them and then when you do cause destruction of those things, put them onto the cost of the product you're producing.
[Ed: Pure Geoism!]

the three top things were all prevention is better than cure. Simple message

WC: The environmental repair bill Australia faces is enormous. The Prime Minister's been told it's $65-billion, and that's just to try and fix salinity. At the moment we're only spending a fraction of that. The National Action Plan on Salinity stands at about $1.4-billion over the next seven years, which roughs out to about 30-cents per hectare, per year. Or put it another way, Australia's whole effort in land degradation, including the billion dollars Natural Heritage Trust, wouldn't fit into our foreign exchange losses in defence. The full cost of fixing our environment problems is already beyond us.

HP: We rated national activities in terms of their dollar value per species saved. And their collateral benefits in terms of improved agriculture, carbon credits, tourism and things like that. And these were very, very rough calculations. But the three top things out of the 30 or 40 things we considered, the three top things were all prevention is better than cure. Simple message. Don't clear or try and cease or slow down the clearance of native vegetation because putting it back costs you 20 times as much as it costs you to save it. Don't over-allocate water in major river systems, in fact maybe we should have some major river systems that haven't been allocated heavily, haven't been dammed, left as they are. And the third thing was stopping invasive species coming into the country rather than spending, well we should spend money trying to get rid of them once they're here, but the strategic investment is stopping them getting in, and eradicating them soon after they've got in, like the fire-ant problem.

WC: It's almost as if Treasury has arrived in the environment debate. We've moved from Das Kapital to natural capital, and things called ecosystem services, which is economist speak for what nature gives us: the birds and the bees, pollen, fresh air and water. Economists are now saying we should start figuring these ecosystem services into the way we do our books.
*[Ed: I wish it were **all** economists, Wendy – many in the lunar-right are saying that ecosystems would be better managed if totally left in private hands!]*

But no-one's paying for that except Mother Nature. So economists are now searching for ways to re-jig the economic signals

For instance, the value of pollen, yes, pollen, is $1.2-billion. But no-one's paying for that except Mother Nature. So economists are now searching for ways to re-jig the economic signals. One idea is for a cutely named five-frog tax system, which would actually deliver rebates to those who conserved the environment, and taxed those who didn't.

Dr. Mike Young, a CSIRO economist who's on the Prime Minister's Science, Technology and Advisory Council.**:** We understand the economic instruments but governments have not yet been prepared to enforce them. We have talked about in some of the work we've been doing about a framework where all people, right across all of Australia, would have an incentive to conserve the environment, and look after it, and that would hang off a rebate system tied to income tax, where people who looked after the environment would pay actually a smaller amount of income tax

than those who didn't, through a five-frog rating system we've suggested, as one way of doing it.
[Ed: Can you believe this? Instead of recommending a straightforward system of NRR's, he's recommending a system of subsidies – less harmful subsidies, but still subsidies which encourage people to use the Global Commons without reimbursing the rest of society. And instead of collecting the natural source of public finance and thereby relieving us of taxation on income and capital, this guy would have others pay ***more*** *income tax to relieve environmental users of theirs]*

WC: Or perhaps farmers should be paid for producing a bag of pollen instead of a bale of wheat? That's the kind of thinking that's now coming out of the government's economic think tank, the Productivity Commission, where Neil Byron is a commissioner.
[Ed: Such pollen-producing "services" can more simply be factored into the Geoist annual Land Value Taxation assessment (based on maximum sustainable yield)]

the journal Science ..... found that the cash value of conserving the world's remaining wild nature is 100 times more valuable than developing it

Neil Byron: In many parts of Australia farmers are trying to produce bales of wool and bags of wheat, and not making a great deal of money out of it, and it may turn out to be much better for land and much better for the farm family to produce a few less bales of wool and bags of wheat and a bit more environmental services, whether that's in water quality or yield, or wildlife conservation services, or any of this set of ecosystem services. I'm not suggesting that all farms immediately switch over to be like national parks, but it's quite conceivable that farmers will manage some of the land to produce environmental services that the rest of us appreciate and will, through some mechanism will be paid for doing so.
[Ed: It's still arse-about! The bottom line is that consumers of resource-intensive products should pay ***more*** *at the store as well as being relieved of their income tax burden. Just make farmers pay the full environmental cost.]*

WC: And there's another big stick looming on the horizon, and it's already been flagged in Johannesburg and in the World Trade Organisation. Some EU countries are arguing that environmental degradation is a hidden subsidy on cheap exports. And they're looking at WTO rules to try and pull countries like Australia into line. Environmental trade embargoes are a hypothetical, but a possibility. Australia could be in for a rude shock with one of its major commodities one day.

MY: I think it's much closer than a lot of people think. It's a very easy framework to put in place. It's more likely to be something that emerges out of the market rather than through international trade rules. All it would need would be a company of a large size somewhere in the world to say, 'I'm sorry, we won't buy from Australia any more, simply because we don't like the environmental standards you're setting.' And Australia has a problem, because of the national audit process, they see through our State of Environment reports and so forth, we have informed the world how bad we're doing, we've actually rolled out all the information that makes it very clear we haven't got the situation under control. And as we've done that, it's very easy for people to come back to us and say Australia, we can't buy Australian, in fact it would make sense not to buy Australian because we want to send a strong signal back to Australia that it's time to fix up what it's doing. It's really saying that things like salinity, and to a certain extent species, these sorts of issues are things that are subsidies into the agricultural system and they should be paid for, and Australia is not doing it at the moment. So we can't actually acquire things from Australia.
[Ed: You fraud! This is to deny the profit motive of business, and to make honourable consumers subsidise those consumers who don't give a damn about the environment. This voluntary system has never worked, and will never have a significant effect. This is not a "market" – at least, not a fair market]

WC: And you think that's closer than we think?

MY: I'm worried about it. There's enough evidence around, and I've spoken to people in Europe and in the European Community, who are talking like that, saying, 'Well we shouldn't be buying from you because of all the problems you have' and the lack of the effort that the nations are making to fix up their problems.
[Ed: We simply don't believe you! What's your excuse for making the ***real*** *culprits (irresponsible farmers and consumers) pay?]*

we're being warned of a global ecological collapse because ..... we're counting the destruction of nature as profit, when it's not

WC: But what about another, more radical idea? What about something called ecological tax reform? Professor Robert Costanza is one of those economists specialising in ecosystem services. He co-authored the article in the journal Science which found that the cash value of conserving the world's remaining wild nature is 100 times more valuable than developing it. On the phone from Vermont in the United States, he explained to Background Briefing how economists could factor in nature's freebies, the so-called externalities, into the tax system.

Robert Costanza: There's an idea called ecological tax reform that's had some currency now in Germany and Sweden and other European countries, and is being talked about a little

here in the US, but the idea there is to shift the tax burden away from good things, like labour and income which we are currently taxing, and towards bad things like the destruction of natural capital and these ecosystem services, so that those economic incentives get passed through the market system, and those signals then get communicated and we begin to be-

shift the tax burden away from good things, like labour and income which we are currently taxing, and towards bad things like the destruction of natural capital

have in a more appropriate way vis a vis ecosystem services.

WC: It's a radical re-think about the way in which we do accounting, about the way in which we structure our economy.
[Ed: Que? Radical? Isn't this just plain common sense?]

RC: In a sense it is, in a sense it's an idea that's been around for a long time. I mean I think economists since Pigou have realised that externalities as they're called by economists, are something that gets in the way of the market functioning efficiently and if these externalities are large, and I think what we've done is to conclude that in fact they're huge, they're probably larger than the internalities, if you want to think of it that way, you know, if you avoid them, the whole system doesn't function very well.

WC: And the warning is this: in much the same was as Enron and WorldCom collapsed through fudging the books, we're being warned of a global ecological collapse because we're doing the same with nature. We're counting the destruction of nature as profit, when it's not. For scientists like the CSIRO's Dr Graham Harris, that gives us a couple of options. It's now time to choose.

GH: I think we've actually got two possible futures. One is if you like a business as usual future, in which case by 2050 we'll have a series of rivers that are in poor shape. We'll have spreading salinity, we'll have spreading soil acidity. Biodiversity will be declining even more than it is now, we'll have lost lots of woodland birds and parrots and things that people are familiar with now, and we'll just be further down the track from where we're going at the moment. But there's another, I think much more inspirational future which is possible, and that is a future where we have sustainable rural and regional communities, that's both socially and economically. We're one of the world leaders in environmental management, we export our services overseas, and our own environment is much more sustainable, and that we've restored the rivers, we've got high agricultural production which is done in a sustainable way. We've got large areas reserved for native bush and biodiversity, many of our endangered species are back, and we have a landscape doing for us what are called ecosystem services, that is, cleaning up the air, providing fresh water of high quality and so on. So I think there are two futures for Australia, and I think we're poised on the cusp of which way we're going to go.

Which rivers to restore and which to let go, which species to keep and which not to keep

WC: What the triage advocates are saying is something similar. It's also about profit and loss. We can't afford to save everything, there simply isn't the money, or the political will. So we have to spend it wisely.

GH: We cannot go back all the way to the First Fleet, you cannot have a population of 25-million Australians, or whatever it levels out to be, living on this landscape with the Western lifestyle and big cities the way we do, demanding energy and demanding water. I don't think anybody would want to do that. Therefore we've got some hard choices to make.

WC: Which species to let go?

GH: Which rivers to restore and which to let go, which species to keep and which not to keep.

WC: It's come to that?

GH: It came to that a long time ago.

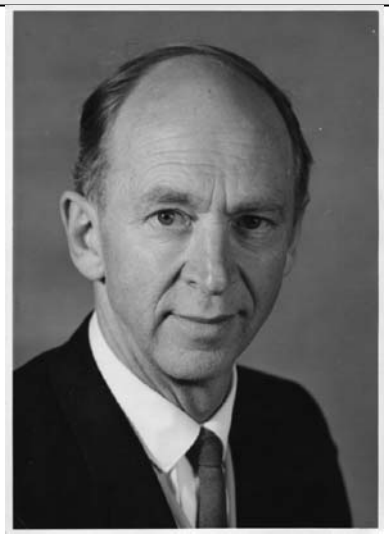
Background Briefing's coordinating producer was Linda McGinnis. Research from Paul Bolger. Technical production from Tom Hall. Executive producer was Kirsten Garrett ■

Value-free economics is the essence of the past century's shift away from classical value theory to post-classical price theory. The history of economic institutions also has been stripped from the academic curriculum, along with the history of economic thought itself. The political context has been dropped from political economy, relegated in the sociological study of institutional economics. The only silver lining in this narrowing of today's free-market orthodoxy has been that its divergence from reality has opened the path for a revived analysis of free lunches as representing the core of modern postindustrial economies, not merely marginal anomalies.
- Michael Hudson

OBITUARY

William Herbert Pitt (Bill) 1912 – 2003

Past President, Treasurer and Trustee Henry George Foundation (Aust.)
Director Henry George Club Ltd.



Bill was known in most parts of the world for his tireless and dogged pursuit of social justice. Bill was also known as the Georgist on whom you could rely to never back down. He knew his economics inside out - he knew it so well he could smell a rat, no matter how cunning or in what disguise it was presented.

But there is another side to Bill that very few have seen, yet the whole Georgist movement in Australia continues to benefit from the solid foundations laid down by Bill.

Bill could best be summed up in four parts

1. His family
2. His God
3. His mentor Henry George
4. His friends.

FAMILY

Bill's oldest son Mark had this to say:
"Dad was always keen on tennis and joined the local church tennis club and in turn we kids did the same. The local St Stephens Church of England played a large part in our social lives. As a family we had lots of camping trips to the beach and mountains. Dad's encouragement of outdoor interests had a great impact on the careers and sports we chose".

Howard, Bill's youngest, had this to say:
"The holidays were great for us kids, especially as we could invite our friends along. The Easter trips were mostly male affairs with an introduction to mining. His outdoor passions included skiing; he loved his cross-country and downhill adventures on the High Plains & Mt Hotham, and put all of us on skis at an early age. Passing on in a week when we also lost RM Williams and Cliff Young certainly made me look at how much he had in common with the old time Bushmen".

Ed: Anyone who ever met Bill Pitt – ever if only for a few minutes – knew that here stood a man who's entire life was dedicated to our Great Ideal. It's certainly no surprise, then, that at Bill's funeral the following poem was handed out to all attendees, with Bill's handwriting at the top asking:

"If at all possible, have this sung at my funeral exuberantly".

THE EARTH IS THE BIRTHRIGHT OF ALL MANKIND

For living in beauty all mankind needs room;
For swinging the hammer, for working the loom,
But we cannot see beauty, our hopes cannot bloom,
While monopoly lingers and land prices boom.

It's perfectly clear to eyes and to mind,
That the earth is the birthright of all of mankind.
But the birthright is gone, we cannot be brothers,
While landlords are some and paupers are others.

Site rentals are ours, if large or if small,
For they measure the worth of the roads, rails and all,
That built by our labour, belong to the nation.
Take site rentals in full! It will end all taxation.

There's beauty and joy in the wonderful cry,
That site rental for land makes it free as the sky.
With that for our people, from every location,
There'll be no price for land, just great jubilation.

Birthrights will be equalled, without pain or sorrow,
By charging site rentals – not taxes – tomorrow.
So sing the grand song; raise the old honest call,
That the rental of land belongs to us all.

****

Formed anew from the words of others.
W.H. Pitt
December 1992

GOD

Like many great Georgists of the past, Bill was strong believer in Jesus Christ the man. And like the Good Samaritan he would stop and put out that hand of friendship. The best example of this is in the words of a street busker that Bill befriended in Hardware Lane in the early 1990, whose name is Shakti.

Shakti has his own Web site now with a section devoted to Henry George and wrote the following to Bill's son Howard:

"A timid but friendly old gentleman came up to me and invited me in for a cup of tea and a sandwich. He explained to me that if there were no land ownership then the revenue raised by land rent would totally replace all taxes.

"Your father had left me with a profound memory of the sort of person I believe that should be running the world instead of the ones who are. Of course the genuine, honest, welcoming, humble, friendly, and hardworking people tend to always take a back seat to the ambitious who force their way to the to.

"I just got this sense that what I had imagined him to be was the real person, there was nothing false about Bill.

"You see one of the most fulfilling parts of life is to pursue one's passion and have the desire and energy level to carry it through. However in today's commercial society people's passion often takes second place to the necessity to make a living."

HIS MENTOR HENRY GEORGE

Bill joined the movement in 1946 and it was not long before the movement made good use of his many talents. Bill was the longest serving Trustee who served as both Treasurer and President on the Henry George Foundation (Aust).

Bill knew the value of sound communication and good public relations. His understanding of education motivated him to donated $25,000 to what is now known as the Foundation's Promotional Organizer's Fund.

Hardware St. is a Georgist landmark only because Bill put his own money on the line and bought 46 Hardware St. Bill, being a director of the Henry George Club, persuaded the club (whose function is to provide a home for our movement) to buy it from him. The club later sold no. 46 to buy 27 Hardware St, and there was enough profit from the sale to fit-out the old ground floor offices.

HIS FRIENDS

Bill Served in the Signal Core during the Second World War. During his war service he would certainly have experienced the Australian code of mateship. Like most of us we have lots of acquaintances but only a small number of dedicated friends. This was most true of Bill, and I am proud to count myself as one of Bill's true friends. We could and would fight like cat and dog, but in the end we would return to our own corners. But if you needed help Bill was there, and would not leave until all was well.

Your friend John Poulter.

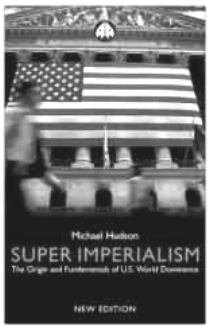
Fred Harold Ingamells

9/11/1913 - 11/10/2003

We regret to report the death of Fred Ingamells. Fred joined the organization just ten years ago at the age of 79, not to remain on the sidelines but to become actively involved. His willingness to lend a hand soon saw him taking up a position on the Executive but at the same time lamenting that there was not a younger person willing to take his place. Fred's experience in so many other areas of social and environmental reform was of great benefit to us.

However it was in the year 2000 that Fred will be especially remembered as that year he generously opened his home to Prosper Australia when our rooms in Hardware Lane were undergoing a renovation. Fred not only allowed his spare room to be taken over but he also welcomed us into his beautiful, hospitable living room for our meetings. We shall remember his hospitality, his quiet humour, and a man with a real love for humanity.

Our deep sympathy is extended to his family.
- Anne Schmid, Secretary



Super Imperialism by Michael Hudson

New Publication

Super Imperialism - Chile's Failed Economic Laboratory

An Interview with the author, Michael Hudson

Full interview at http://www.counterpunch.org/schaefer10202003.html

Q: Regarding land distribution, some historians on both the left and right point out that Allende had attempted land reform, angering owners. Is this the case essentially?

MH: Allende's attempts at land reform were half-hearted. He focused on urban problems, not agriculture. Chile's problem was vast underutilized tracts of land the *latifundia* I mentioned earlier, which were ruining Chile just as Pliny the Elder said that they had ruined ancient Rome. Allende did not have a coherent economic program to provide this land to smallholders who would use them. He was so anti-business that he did not think of opening up rural credit banks to finance agricultural modernization.

It does not seem to have occurred to Allende that rather than threatening to nationalize these estates outright, he could have used the tax system to break them up. He could have proposed a rent tax on the potential value of this land. That would have obliged the large landowners either to use their land efficiently or pay the government a tax as if they had done so. The landowners might have yelled "confiscation," but a property tax is normal for any country to levy.

Chile's landowners had a stranglehold on the government that was not much different from that which the Roman Senate had in the closing centuries of the Roman Empire. They had managed to avoid paying taxes, and were quite passionate about holding their property. Allende's response was a crude one of confiscation rather than using the country's existing fiscal system to legally accomplish the same end. He seems to have thought that the idea of collective farming or simply redistributing the land would solve Chile's food production problem.

The problem was that like most politicians, Allende was not sophisticated about economic policy. He took a crude "command economy" approach.

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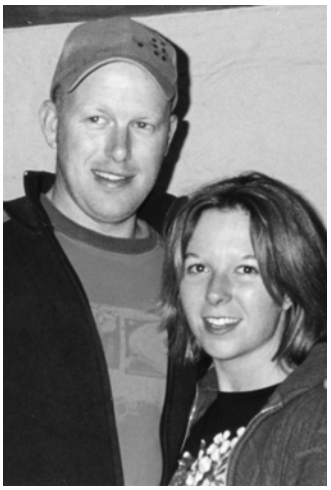
The 2003 Sydney Social Forum

A major Sydney gathering of activists seeking economic reform was well attended by Geoists with the result that, according to organiser James Murray, "Over summer, I am going to push that LVT be made a principle policy objective of ATTAC worldwide". Melbourne's

Karl Fitzgerald

was in the thick of it, and had this to say about these groovy movers



The 2003 Sydney Social Forum was attended by 450 people at the University of Technology, Sydney, in late October. We were invited by James Murray of Sydney's ATTAC, a contact that Karl Williams had made following his presentation in Canberra last year at the Global Green's Conference. The networking continued as this was a gathering of positively open minded people that were always pricking their ears up when we spoke.

The 'Social forum' phenomena is sweeping the world, with events being staged to promote the Global Justice movement on all corners of the planet. The third World Social Forum is planned for Mumbai, India, January 2004. The first attracted 15,000, the second 30,000 and next year is expected to top 40,000. The European Social Forum attracted over 40,000 people alone last year in Florence. The point is these events are attracting huge numbers of people who have few solutions. With the maturity of the Global Justice movement they are now more willing to listen to our beliefs. We need to have a well organised, modern presence at these events. Has world opinion ever been riper for our message?

The Sydney Social forum organisers were very positive and supportive of what we had to say, so much so that they gave us two workshop sessions. The Sydney crew did Saturday (Mark Pavic, Tony Fitzgerald and Graeme Strand) and Sunday saw Mark chair the workshop I gave. It was fantastic to meet our Sydney friends and hear about this amazing history we share.

Soon on entering the building on day one I was introduced to one of the international guest speakers, Nicola Bullard from Focus on the Global South (Bangkok) and gave her a quick synopsis of the Geonomics theory. Next we were exchanging cards as she was eager to hear more on this concept she'd only vaguely heard of.

Similar meetings of the minds occurred throughout the conference in other workshops (where we soon recruited willing ears for the best workshops of all, out to lunch or later in the pub!) putting our opinions to Marxist economists and ISO members alike and getting them to see a little light. Generally we were very happy that so many people were willing to listen to our concept positively.

On the way to the Saturday workshop I was out spruiking people on escalators, only to hear two guys loudly mocking our claim that there was a simple solution to poverty. 'If there was a simple solution, we would have heard it by now' they said. Soon I'd challenged them to hear what we had to say and they were in the door. One of the two came to both sessions and by the time Sunday came around his eyes had widened a few times as he understood the outcomes of land having no speculative price added to it. This was despite the fact that he was a young guy and owned 5 properties. His escalator mate had misconceptions spread by a former Sydney member of the movement and soon started to come around with some creative diplomacy from Mark.

his eyes had widened a few times as he understood the outcomes of land having no speculative price added to it

The Sunday workshop had 12 people, about the average size of most workshops. The discussion was free flowing with participants of all ages asking questions. They were particularly interested in the concept and its' effects in the developing world (though Sydney's high land prices were a hot topic, with quotes of Sydney's Valuer General stating 50% of metropolitan land to be unused or unproductive shocking a few).

Most of the social forum workshops were educational of some sort, with many reporting on various trouble spots around the world. The attitude was generally upbeat, with reports of protest successes proving of interest. Nicola Bullard's reporting on behind the scenes at the WTO Cancun was very informative, leaving little doubt that there is no democratic process to this suspect system.

There were a few economics workshops held by ATTAC (check http://australia.attac.org to check out some progressive economics thinking) such as 'What is Global Tax Justice?', 'An activists guide to Global Economics' and so forth. Other ideas workshopped by different groups were 'Manifestos for Another World: George Monbiot and Alex Callinicos' and 'Natural Monopoly, Socialism and Participatory Economics'. Whilst there were some interesting views discussed and much learnt, few dared to propose a policy that could solve much.

Since the forum we have gained some good support from James Murray, who has said he is going to push ATTAC to adopt LVT as a policy. Other positives include reports from Sydney that a number of people who came to our workshops have followed up the interest generated at the forum by attending the Association for Good Government's Machiavelli workshop (held on Sunday November 9th). This topical talk attracted 19 new and mainly young people.

Over the weekend we gave out probably 50 editions of Progress, 20 Introductory Kits and grabbed at least 30 email addresses. The Sunday workshop was filmed, which I later heard will be sent to Sydney's 'sister social forum' of New York. Hopefully we can now build on this network and get our message out to the Global Justice movement, people who are screaming out for solutions.

Let's ensure we have a number of Georgists at the World Social Forum in Mumbai, January 2004 to give this rollercoaster of public opinion a positive policy that can be independently implemented. ■

GEOISTS IN HISTORY

OK, it's a bit cheeky to count Huxley as a full-blown Geoist, but if you follow the trail of his amazing life you might just conclude that he was groping his way Geowards. Huxley's novels, essays and commentaries are both sweeping in their coverage and profound in their depth. How, then, could he possibly have had the time to tackle the Great Riddle of an apparently-insoluble system of economics? Answer: well, he didn't have the time and so didn't solve the riddle but, near the end of his extraordinary life, he apparently discovered and agreed with the writings of Henry George.

His bloodlines were distinguished but somewhat oddly mixed, but there's no doubt that Huxley was raised in a family that took intellectual inquiry very seriously - indeed, he maintained a lifelong interest in science, and he treated the religious instinct with utmost respect. I counted 6 other Huxleys in the World's Biographical Dictionary, illust.h7(leest)6(i5e)8( )]TJ-020014 Tc 030029 Tw 0 -1.15 TD4(scieta), hcieta an