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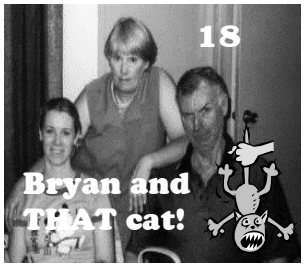
PROGRESS

Reclaim the Global Commons!



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WHEN THE BOOM IS ACTUALLY A BUST

The silence is deafening.

Here we are in the midst of an unprecedented so-called boom in "house" prices, and our governments, our pundits and our economic academics are virtually silent about the consequences of it all, and whether it's a good thing or a bad thing.

RISE IN "HOUSE" PRICES	June quarter %	Year to June %	5 years to June %
Melbourne	7.7	19	99
Sydney	4.2	22	70
Brisbane	4.2	21	33
Perth	2.8	11	37
Adelaide	4.1	17	47
Canberra	2.4	17	43
Hobart	2.0	7	16
Darwin	0.5	3	3
Capitals	4.9	19	62

If you ever wanted an absolute indictment of neoclassical economics, look no further. We've had this strong phenomenon for over 5 years now, yet conventional "wisdom" doesn't know what to make of it, even though it has enormous financial consequences for every single home-owner and prospective home-owner.

That this far-reaching phenomenon could take place in the virtual absence of editorials and observations on the desirability of this property "boom" is proof positive of how the failure to distinguish between land and capital leaves economic policy-makers completely lost for words.

Actually, though, there have been a few who have commented on the property "boom" – entirely inaccurately! Stooged by predatory real estate speculators and their utterly false terminology, a few observers have hesitatingly parroted these vague descriptions of our "robust" and "healthy" property market. They've actually been stooged even further, because they refer to the boom in "house" prices – as if houses were somewhere suspended in space, and that somehow the cost of house materials has inexplicably skyrocketed!

About the only hint that escalating land prices are actually damaging comes from the Reserve Bank, with muted threats to dampen the "overheated economy" through raising interest rates. So what do they propose? With the clumsy, blunt instrument of raised interest rates, the Bank seeks to take the "heat" out of the speculative rush into real estate …… and, like broad-spectrum antibiotics that indiscriminately kill everything within reach, strangle the life out of honest, wealth-creating, employment-generating activities. In other words, because we can't see the sanity of Geoist land value taxation, we have to belatedly stifle the speculative rush into real estate – and take the whole economy down with it!

But there's something else that propels this mass delusion – plain old human greed! It's just so easy to be blinded to the reality because home-owners like to recalculate their net worth and conclude they're better off (only looking at half of the balance sheet). But are they really better off? My brother was smugly saying recently how, because of the "boom", his Bentleigh house is now worth "half a mill".

"But", I responded, "aren't you, like most Aussies, likely to move house 3 or 4 times in your lifetime?" …… "Sure, Karl."

"And aren't you far more likely to move up to something better rather than something downmarket?" …… "Sure."

"And, because of this property 'boom', won't this more expensive property most likely have appreciated more than your present property?" …… "Yeah."

"So, won't the net result of this property 'boom' be that you'll end up actually owing more money to the bank?"
…….. "I suppose so."

"And that, furthermore, this property 'boom' will mean that your 3 kids will despair even further about ever owning their own place one day?" …… "I guess so."

"And moreover, as a consequence of this 'boom', you'll be paying higher interest rates on your home loans, not to mention your business loans?" …… "Yeah, I'll go along with what you say – but I just want to recalculate my net worth!"

GGGGGGGRRRRRRRRR!!!!!!!!!

"Reclaim the Global Commons" is a slogan that's been somewhat fuzzily adopted by a number of environmental groups of late. Any articles or snippets that will help expand and clarify the understanding of Global Commons will be much appreciated. Meanwhile, on the opposite page, is a piece that will refine our understanding of how best to equitably and efficiently share the Global Commons.

Lastly, please note the request on page 13 to spread the Geoist word.
- Karl Williams
karlwilliams99@hotmail.com

Beach Fees

– right or wrong?

[Ed: Although, here in Oz, the thought of having to pay to sit on a beach seems outrageous, the underlying principle of such a practice actually has a good deal of merit – especially in more crowded places. This was the subject of a Land-Theory discussion recently, in which Dan Sullivan commented thus:]

It (beach fees) is perhaps more analogous to a congestion charge, which lies somewhere between a land value tax and a specific user fee. That is, one can spend time on the very crowded free beach, or on the less crowded beach where a fee is charged. It is like a user fee in that one pays to use the beach, but it is like a land value tax in that one is paying to be on a beach where those who will not pay are excluded.

The locals would be more likely to buy season passes, and their political clout would tend to make the day passes higher and the season passes lower

The poor (and non-users of the beach generally) are spared paying for maintenance and amenities that are borne by taxpayers for "free" beaches. Also, land values near a good beach are always going to be so high that what the poor have to pay more in transportation expenses and travel time trivializes the cost of the beach fee.

This brings up the question of fee structure. There would be some logistical problem in retrieving someone from the beach when his hour was up. The only method I could imagine would be that one would bring his receipt back for a partial refund if he left early. Even then, there is potential for abuse, but it is less.

(On the question of whether the fee really for access to the land or is rather a fee to pay for the lifeguards and sand cleaning equipment). Either one would be a land value tax, the latter being to pay for community improvements that attach to the land value. In that case, it would be like paying for roads, etc. If the fee exceeds costs, and goes into general revenue, then it is theoretically a device by which other taxes can be lowered, or, just as likely, wasteful spending elsewhere can be subsidized.

(On the question of fees charged for renting chairs, rafts and umbrellas, which is akin to a land value tax and/or fee for monopoly privilege (in which there's often little apparent competition), and the license arrangement for these vendors) Even with these franchises, anyone should be able to pay the fee and conduct business on the same terms. The fee should be low enough to provide the ideal balance between maximum services and minimal congestion, and not granted in such a way as to limit the market to a few price-gouging monopolies.

(On the question of the sliding scale which makes longer stays cheaper seems to favour the wealthy who can afford to take longer than a day/weekend break than the working class). The logical rationale is that it is more costly to collect fees daily than weekly, however, I suspect it might just be a matter of custom, with little analysis given to it. The locals would be more likely to buy season passes, and their political clout would tend to make the day passes higher and the season passes lower.

(Concerning whether, if the beach were just open to the public, a tax on the higher land valuation of the adjacent property would be sufficient to take care of the public maintenance costs (lifeguard, cleaning, etc.) in the same way that, theoretically, a land value tax pays for the public costs of d roads, police, safety, etc.) It probably would, if the coastal towns actually were on a land value tax system, but living next to a beach that is less crowded is also more valuable than living next to a crowded beach.

(There are many other issues to explore such as…) what agency sets the fees, what its jurisdiction is, how the fees are used, how one gets a vending franchise, etc. *(In brief),* I can tell you is that the fee lies somewhere between a user fee and a land value charge. It would be more like a land value charge if it were higher on weekends, as space is more valuable on weekends. It would be more like a user fee if it were higher on weekdays, as the per capita cost of lifeguards and other attendants is higher when the beach is less crowded.

****ooOOoo****

"How far, O ye rich, do you push your mad desires? Shall ye alone dwell upon the earth? Why do you cast out fellow sharers of nature and claim it all for yourselves? The earth was made in common for all ..... Why do you arrogate to yourselves exclusive right to the soil?"
- Saint Ambrose

THE GREAT BETRAYAL

Why civil society walked out and withdrew consent from W$$D

by Dr. Vandana Shiva

[Ed: The great Indian social justice activist, Vandana Shiva, is edging closer and closer to being a Geoist, such is her growing insight into the distinctive rights associated with natural resources. Excerpts from her post-mortem of the farcical Earth Summit conflict sharply with commentaries from mainstream media – unsurprisingly!]

The World Summit on Sustainable Development (WSSD) was organised in Johannesburg from August 26 - September 4, 2002 was supposed to have been the Earth Summit II - ten years after the Earth Summit was organised in Rio de Janeiro in 1992. Instead of Rio + 10, WSSD became Doha+10. Ten months ago, the Ministerial Meeting of W.T.O. was organised in Doha to salvage the W.T.O. negotiations for a new enlarged round which had failed in Seattle due to citizen protest and a walk out by smaller countries who had been marginalised and excluded in the negotiations. The implementation document of WSSD mentioned Doha and WTO 46 times at one stage and Rio only once. The draft had been introduced undemocratically by the U.S. and E.U., and with minor modifications was reintroduced by South Africa. There was no rebellion by Governments against the surreptitious substitution of the sustainability agenda of Rio with the commercial and corporate agenda of W.T.O.

While the landless people and the movements against privatisation marched for environmental and resource rights, globalisation pundits kept repeating the mantra that the poor could not afford the "luxury" of their natural capital -- they needed globalisation. Globalisers do not see that globalisation would rob the poor of their resources, make them the property of global corporations who would then sell water and seeds at high cost to the poor thus pushing them deeper into poverty, and over the edge of survival.

During PBS/BBC debate in which I participated, industry spokesmen clearly said that imposing private property rights to natural resources was their first priority. Globalising the non-sustainable, unethical, inequitable systems of ownership, control and use of natural resources was the main agenda at WSSD. The corporate hijack of the Earth summit was the overall outcome – WSSD had mutated into W$$D.

But the implications go further than the hijack of one summit. These are dangerous trends for democracy. The substitution of multilateral legally binding agreements (Type I outcomes) by so-called Type II outcomes in the form of public private partnerships are reflections of the privatisation of states and privatisation of the U. N. The U. N. of "We the People" was transformed in Johannesburg into the U.N. of "We the Corporations". It appeared to be an auction house where the Earth herself was being put up for sale.

For us in civil society the earth and one world is not for sale. That is why we withdrew our consent to the outcomes.

Instead of governments committing themselves to conserve water and defend and uphold water rights of all their citizens, they were selling off water in privatisation deals, even though water is not the property of the state, but the commons cared for and shared by communities.

The privatisation of water commons is illegal and illegitimate in common property law, natural law and moral law. This is why there were protests against water privatisation through out W$$D. That is why we withdrew our consent from the process. The police attacked one such protest on 24th Aug with stun bombs, injuring three people. During a T.V. debate, when a person displaced by a dam in Lesotho to bring water to South Africa's industry and towns called money generated by water privatisation "blood money" -- the head of South Africa's water supply said, "I love blood money that creates wealth".

Johannesburg made it clear that the real clash of cultures is between cultures of life and cultures of death. The anti-poverty movement, the justice movement, the sustainability movement, the ecology movement are actually one movement, the movement to defend the resources for sustenance and right to sustenance as a natural right -- a right that is not given by states and cannot be taken away by greedy corporations. Corrupt deals on pieces of paper cannot extinguish that natural right. This is why in Johannesburg the movements had the moral power, not the corporations or governments. The moral degradation of the ruling elites was also evident in the privatisation of life through biotechnology and patents.

Our collective civil society statement issued on September 4, when we disassociated ourselves with deep concern from the outcomes of the World Summit on Sustainable Development was simultaneously a declaration of our resolve and commitment: "We celebrate our common resolve to strengthen the diversity of human cultures and the integrity of our Planet Earth. We reaffirm that 'another world is possible' and we shall make it happen."

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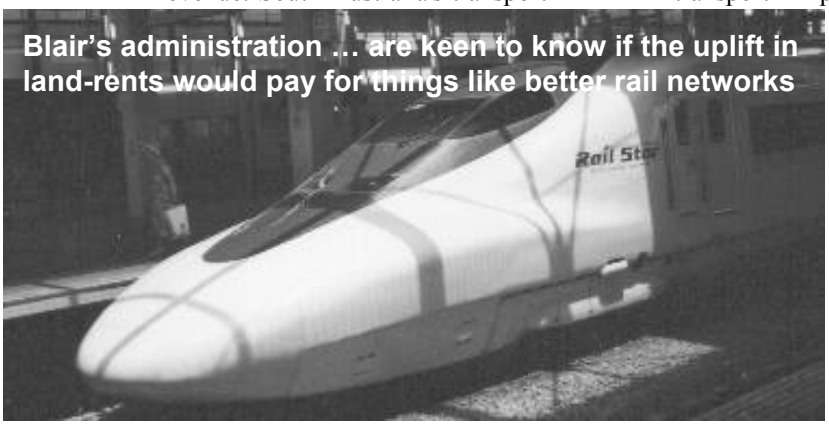
British Breakthrough!

from Fred Harrison, Director, Centre for Land Policy Studies, London

The first major political breakthrough in 50 years for the rent-as-public-revenue policy at national government level is now on the cards.

Britain's Deputy Prime Minister, John Prescott, has commissioned an investigation into how public spending raises land values. The contract has been awarded to one of London's leading property consultancies and London University. They will review the literature that documents the link between investment in transport systems and increases in the rent of land.

Collecting the evidence is the first step towards working out new policy strategies. But I can report that other government ministers in Blair's administration – strapped for cash to pay for health and educational services – are beginning to force the issue. They are keen to know if the uplift in land-rents would pay for things like better rail networks.



Blair's administration ... are keen to know if the uplift in land-rents would pay for things like better rail networks

(the investigative commission) will review the literature that documents the link between investment in transport systems and increases in the rent of land

This turn of events originated with the publication of a book by the Centre for Land Policy Studies (CLPS). Don Riley, who restores property on London's South Bank, discovered that the construction of the extension to the Jubilee Underground line had raised the value of land – including his sites. And he wanted to tell the world that it was wrong for a few privileged people to pocket the proceeds.

His analysis of how £3.5bn of taxpayers' money was translated into an uplift in land values of about £13bn – according to his estimate – appeared in "Taken for a Ride." We published the book in the summer of 2001 as the first in a series of Inside Stories. The reaction was astonishing. Reason: the book answered a question that was worrying governments all over the world – how to finance improved services.

Government transport agencies as far apart as Ireland and New Zealand bought the book – and some of them have now launched their own research projects into land-rents as a possible source of public revenue. South Australia's transport minister, Michael Wright, sought a briefing on the subject when he recently visited Dave Wetzel, Vice-chair of London Mayor Ken Livingstone's Transport for London.

"Taken for a Ride" received glowing testimonials from the Press when we launched it in cooperation with the Institute of Economic Affairs, one of Britain's leading free market research institutes. Setting the tone was the major piece in the Financial Times on August 30, 2001. Columnist Samuel Brittan opened with the statement that Britain's Treasury minister, Gordon Brown, and Mayor Livingstone, "could learn something from David Ricardo's 200-year-old analysis of land values. Here is one of the very few examples of a tax that, far from being a distortion, should aid efficiency".

Mayor Livingstone: "Here is one of the very few examples of a tax that, far from being a distortion.

Mayor Livingstone, in his draft London Plan – published in June – has responded positively. He declares that "large increases in land values, much of which is attributable to the planning system or to public investment, should be recouped to re-invest in the public interest. For example, increased land value created by public sector investment – especially public transport improvements – should be partly recouped for the public benefit".

Media endorsements came thick and fast, culminating last month with a major analytical report in The Economist (August 31) *[Ed: This article has been reprinted in full on page 20]*. Under the headline "Getting there faster: Why not make those who benefit pay for transport improvements?" the prestigious journal offered an account of how the Blair government was focussing on land values.

Citing Don Riley's experience, The Economist reported that "the idea of taxing increases in land values makes eminent sense". As if that was not enough of a fine endorsement, The Economist went on to admit: "The idea of taxing increases in the price of land may sound dangerously radical but actually it is not. It has a history stretching back to the mists of fiscal time".

A benign public climate is in the making. If we can consolidate the gains, so far, we make it more difficult for the traditional opponents to deride the rent-as-public-revenue policy.

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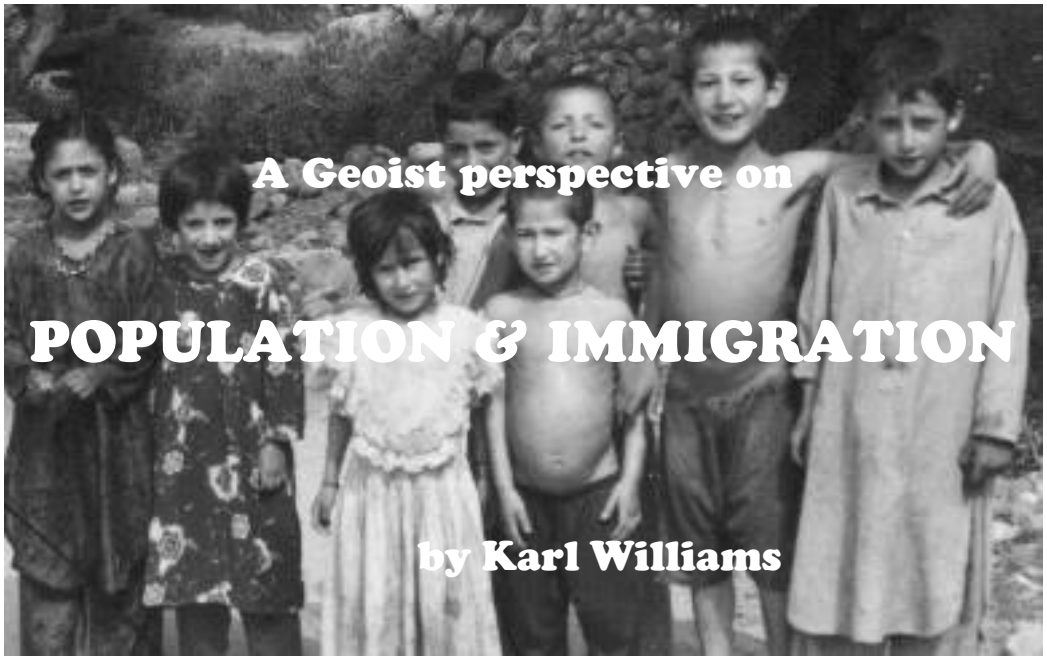

A Geoist perspective on

POPULATION & IMMIGRATION

by Karl Williams

What does a guy do when faced with an issue where politically-correct angels fear to tread? Barge right in, of course! And there can be few more sensitive areas than those concerning the proposed size of Australia's population or of the related issues of our immigration policy & the rights of asylum seekers. Touchy topics indeed, but maybe the approach of George Bernard Shaw was the most effective in the way he cut through all the delicate sensibilities here when he simply said, "The world is populated by people who should not exist!!!"

Ahem!

Geoists know, however, that many of these and other economic and social dilemmas simply would not arise where Geoist sanity prevailed. The nature of Henry George's philosophy and economic proposals are so timeless that we'll still be referring to them in a 1000 years. On the question of population, George argued against Thomas Malthus basically because of Malthus's overemphasis on the importance of resources in wealth production, rather than the importance of labour. As I see it, Henry George was way ahead of his time on a vast array of social and political issues, but only correctly predicted the outcome of 2 of the 3 great poverty & population concerns:

1. Correct! – Much of our present poverty is needless, and not the result of a shortage of resources. Neoclassical economics (our present system) inevitably leads to gross inefficiency and wastage. Where land cannot be hoarded and natural resources cannot be undervalued and frittered away, the implementation of Geoism has been likened to the sudden discovery of new continents. By presently not collecting the economic rent of land, we allow land to be underused or unused because of the incentive to hold it out of use and wait for increasing population and tax-funded infrastructure to increase its market price.
2. Correct! – Disparities of wealth would, however, continue to worsen under our present neoclassical economic systems. As human history has continually shown, poverty is the greatest overall cause of high population growth rates. Almost alone amongst 19th century thinkers and futurists, George foresaw that the benefits of technological advancements would be greatly offset by increasing disparities of wealth. As George showed by his elaboration of "The Law of Rent", poverty must inevitably accompany progress. Overpopulation is a symptom of the deeper problem of poverty, and we cannot solve the problem of poverty by focusing on population, as is the neo-Malthusian approach which focuses on resources rather than (underutilised) labour in wealth production. With a Geoist system in place, the problem will be nowhere as urgent as otherwise. Without a Geoist system in place, it is a problem that cannot be solved.
3. Wrong! – George overestimated the sustainable carrying capacity of the planet, which is perhaps forgivable, given the scientific knowledge of the day.

The nature of Henry George's philosophy and economic proposals are so timeless that we'll still be referring to them in a 1000 years

THE GREAT DEBATE

Conventional economists of the 19th century had picked up on the theories of Thomas Malthus and developed the "wages fund" theory which maintains that there is only a fixed fund of capital set aside for the payment of wages, whereas George (and Marx) maintained that wages are not paid out of capital but out of the product of labour. Hence, Malthusians place an overstated emphasis on the scarcity of resources. Were the proponents of a wages fund correct, then efforts to increase wages must be essentially in vain; and were nature insufficient to support the Earth's population without the aid of the checks accepted by Malthus then misery and social evil were not only inevitable, but they thereby received a tacit "scientific" justification. George was instead pointing to our system of taxation and land tenure as the cause of poverty, rather than the "niggardliness of Nature".

The Georgist, or Geoist, outlook of the 19th century has been vindicated in many ways, not least by the affluence of resource-poor nations such as Singapore and Japan, amongst many nations which

have prospered while their populations have increased by orders of magnitude. At the same time, great poverty prevails in every country, no matter how great its national wealth – disparities of wealth within nations are worsening and reaching obscene levels.

LIVING BEYOND OUR MEANS

But, you may ask, if population limits have not quite been reached yet, surely it is just a matter of time before we do reach our limits? Not only are you right, but I'd go further and assert that we've *already* exceeded our *sustainable* population level – at least, according to our present energy-profligate state of affairs. Simply, we are living way beyond our means in terms of energy (oils reserves especially), soil replacement, water (use and abuse), loss of habitat & biodiversity, etc. We are living in a unsustainable fool's paradise – this is simply a matter of verifiable fact for anyone who wishes to examine the hard evidence concerning the depletion of finite resources, both mineral and organic. On this point, because there is no room here to lay out the proof, I urge the unconvinced to read the powerful *"Last Days of Ancient Sunlight"* by Thom Hartmann.

Unfortunately, because this issue has become muddied with emotive (however valid) arguments concerning asylum seekers and accusations of racism, environmental groups in this country have backed away from the critical question of Australia's maximum sustainable population

So, whether now or in the near future, the planet must come to terms with the population time bomb. Unfortunately, because this issue has become muddied with emotive (however valid) arguments concerning asylum seekers and accusations of racism, environmental groups in this country have backed away from the critical question of Australia's maximum sustainable population.

And recent alarmist media hype about our declining fertility rate has further obscured the population issue. With Victorian Premier Steve Bracks – apparently under the sway of powerful property speculators – now entertaining thoughts of boosting Melbourne's population by another one million, it's hard to find clarity (much less sanity) in these matters anywhere.

HYSTERIA RULES!

Put it this way: in 1965, when Australia's population was around 10 million, would there have been any hysteria if it was proposed that Australia's population should level off at a sustainable (by some calculations) 15 million? Probably not. Why, then, all the hysteria today when our declining fertility rate suggests that, in the unlikely event of a massive cutback in immigration, our present population of 19 million might *decline* to 15 million or so? As if, with 6 billion mouths to feed and rising fast, homo sapiens is suddenly in danger of extinction?!!!

What, then, is being proposed is a clear, rational target-setting of Australia's population *based on our long-term carrying capacity*. This contrasts sharply with the ad-hocery of our current decision-makers who are swayed by emotive or politically-opportunistic reasons. How the media have suddenly given so much airplay to those calling for a population of up to 50 million without serious consideration of the sustainability of this, is downright criminal!

As if, with 6 billion mouths to feed and rising fast, homo sapiens is suddenly in danger of extinction?!!!

But regardless of the ideal population for which Australia should aim, we'll still have to face up to the immigration and refugee issue.

GEOISM AND THE RIGHTS OF IMMIGRANTS

Basically, I'll outline the pure Geoist philosophy (which would advocate unfettered immigration) but then partially weaken it with a number of practical considerations.

We have no inherent right to exclude anyone from this land – it's not "ours" to claim. There is no absolute right of present occupants to exclusive use of this land as theirs because of their "right" of prior occupancy. Everyone has an equal and common birthright to land and natural resources. Just as no one citizen has the right to exclusively claim the benefits of using nature's resources, so too one set of occupants of a nation-state do not have the right to collectively claim any land as "theirs".

However, there are a number of considerations we must account for in this multifactorial equation which militate against unbridled immigration:

FIRST AND FOREMOST, THE ENVIRONMENT

Basically, until we address Australia's grave environmental problems, we are not in a position to accept great numbers of immigrants. Simply, with our unsustainable and profligate lifestyle, we would be turning low-impact immigrants into high-impact Aussies. Research by the Australia Institute has shown that the average migrant comes from a country with less than half the per capita greenhouse gas emissions of Australia.

A higher population is possible with less environmental impact than we have now, but would involve far-reaching reforms. It's certainly a long road ahead of us – which is a call for urgent action, rather than an expression of hopeless despair. Australia is the world's highest per capita greenhouse gas emitter – latest annual estimates include India at 1.1 tonnes, China 2.6 tonnes, USA 20.7 tonnes and – *"Aussie! Aussie! Aussie! Oi! Oi! Oi!"* – Australia at 27.9 tonnes. We are also the second highest producer of waste per head behind the USA. And, despite being the driest inhabited continent, Australia uses more water per head than any other continent except North America. There are

endless more disgraceful statistics – not that they stopped Little Johnny Howard obstructing the recent Earth Summit in Johannesburg.

While here during the Tampa crisis, Bill Clinton is reported to have said that he couldn't understand all the fuss about 400 boat-people when, unless climate change is more effectively dealt with, there will be 400,000 climate change refugees on Australia's shores!

So, anyone who advocates a higher population for Australia should be actively promoting these environmental goals. Furthermore, it's downright speciesist to argue that the desires of would-be human immigrants should override the survival of many non-human species.

CULTURAL DIVERSITY

While not denying the benefits of multiculturalism, surely the world would be a poorer place if it was a great melting pot (albeit with lumps of little ethnic ghettos floating around)? Cultural diversity is what makes life interesting and rich, and its loss is one of the hidden costs of globalisation. Living in Denmark some years ago, I came to sympathise with their concerns for their unique, admirable and very vulnerable (because of small population) culture, in danger of being swamped by large numbers of immigrants (this is a dangerous and easily-misunderstood view, admittedly).

A SENSE OF PLACE

This is not a major point against large-scale immigration, but perhaps is still worth a mention. A sort of tribal "belonging" to one's home or homeland does seem to be a human need or desire, though there's certainly a down-side to this (others could quite rightly argue that most wars have been fought along tribal or ethnic lines).

This sense of place fits in with the environmental understanding and appreciation of what's called "bioregionalism" which, while certainly not prohibiting freedom of movement, does endorse the sense of belonging many feel for their landscape and family home, with a range of environmental benefits. Loyalty and community spirit (from knowing one's neighbours) are a few other spin-offs here.

It's downright speciesist to argue that the desires of would-be human immigrants should override the survival of many non-human species

PLAIN OLD HARMONY

This is a dangerous point to make because easily misconstrued, but I'll say it anyway. Unfortunate though it is, the fact is that human nature is not yet evolved enough (in terms of tolerance) to cope with large numbers of immigrants moving into "their" territory. No, this is not pandering to intolerance - rather, it's just stating the obvious when one considers that human nature has its limits to the rate of change to which it can adapt, and the speed of migration should (in a small degree, perhaps) take this into account. In other words, there are few really successful examples of multiculturalism (Australia used to be sometimes cited as the best example).

NITTY-GRITTY SOLUTIONS

Brevity limits us to focus on only an outline of the major solutions to which Geoism would give rise here. I'll baldly assert that the Geoist paradigm holds the keys to the riddle of unemployment and, consequentially, of needless poverty.

There is all manner of empirical evidence to back up the assertion that population growth rates correlate negatively with education levels (particularly of women) and general standard of living. Population growth rates tend to spin out of control when there is some huge distortion in the local or regional economy – such as the presence of dire poverty, people lacking access to basic health services and clean water, etc. The most important variable determining how many children a woman will have is the opportunity for the woman to achieve status outside of the role of child-bearer.

Geoism provides the big solutions here, not just palliatives. Foreign aid is not an effective solution – it has been well described as "the giving of aid by the poor of rich countries to the rich of poor countries". Neither does migration really solve the problem – it's more like transferring the problem.

The root cause of overpopulation is poverty, and the root cause of poverty is (entirely unnecessary) unemployment, basically through the private misappropriation of land and natural resources, plus a host of other inefficiencies of our system of land monopoly capitalism.

THE ULTIMATE ECO-TAX

The Land Value Taxation (LVT) assessment process monitors land and natural resources, not people's activities and possessions, and can be elegantly customed to take account of all sorts of intangible environmental assets that might otherwise be trashed as near-worthless (as our native forests, most evidently). Because full environmental costs would be built into an assessment, we'd get much better price signals and warnings of environmental damage and looming resource shortages when those using our finite natural resources have to pay the full cost of so doing. The approaching limits to growth will be brought to the forefront.

Examples of the sort of price changes we would have:

- Much more expensive weekend newspapers, which feed on "near-worthless" woodchips and pulp
- Many items of food would cost more - we generally pay too little for our food at the moment, especially non-organic food which externalises the costs to soil, water, air etc. Factoring in the full (Geoist) eco-taxes, water-squandering cotton and wet rice would be unprofitable to grow in this country. Wheat-growers, who piss away 7 kg. of soil for every kg. of actual wheat produced, would be forced to drastically amend their ways.
- Public transport would become cheaper relative to private transport

It must be emphasised that, in a Geoist society, wages would inevitably be much greater.

DECENTRALISATION

If the assessment process (not just for LVT but for prices of fuel, power, water, as well as other eco-taxes) factored in the full downline costs that residents in big cities impose on the rest of society, then an elegant, natural form of cross-subsidisation of rural LVT assessments would take place, resulting in a more balanced distribution of our population, with less environmental impact and greater carrying capacity.

GLOBAL RESOURCE JUSTICE

Now THIS is radical! If we can ever put politics & human greed aside, we could and should redistribute the fruits of nature on a global scale (by the worldwide collection of source, site, and sink rents) – this would largely remove the global inequities that cause mass migrations. Where's the justice in a Yemeni having to scratch a miserable living while, over the other side of an arbitrary border, an oil-rich Saudi lives high on the hog?

Foreign aid is not an effective solution – it has been well described as "the giving of aid by the poor of rich countries to the rich of poor countries"

Even if we only applied eco-taxes to the Global Commons (those which lie outside national borders), then much wealth could be redistributed which could alleviate migration-causing poverty e.g. eco-taxes on fishing rights, electromagnetic spectrum rights, geo-stationary or low earth satellite slots, sea-bed minerals (already a common heritage of mankind according to law of the sea), air & water pollution charges.

But the reality is that there's little chance in the medium or short term of such international cooperation, so what can we do in the meantime? First we'll look at conventional economics, the Geoist economics applied within Australia only.

CONVENTIONAL POLICIES - ENVIRONMENTAL

We urgently need a federal government population policy to stabilise Australian population numbers at a level that is precautionary and ecologically sustainable, and to be administered without discriminating on ethnicity, colour, sexuality, beliefs or wealth. We should immediately:

- Ratify the Kyoto protocol on climate change. If Australia doesn't ratify we're in danger of missing out on lucrative international trading opportunities.
- Introduce a carbon tax and higher water prices for agriculture and industry
- Cut the billions of dollars of annual subsidies to fossil fuel use – such subsidies are, in reality, NEGATIVE eco-taxes!
- Invest in land and water repair

CONVENTIONAL – FOREIGN AID

We must redirect the bulk of our foreign aid towards eradicating poverty and towards those programmes which empower women – the problem, of course, is that much non-Geoist infrastructure development, in the end, merely enriches land-owners.

We need to ensure that Australian family planning programmes, both domestically and overseas, deliver services in the context of reproductive health programmes which increase the power of girls and women to determine their own reproductive lives, and increase the understanding of men of their reproductive responsibilities.

CONVENTIONAL – POPULATION & IMMIGRATION

The basis for Australia's population and immigration policy, both domestic and global, must be ecological sustainability, intergenerational equity and social justice. A precautionary approach is required in order to take into account the consequences of human impact on the environment – i.e. we should allow our population to fall somewhat. As Australians we also have a responsibility towards non-human species, many of which have already become extinct or endangered since European settlement.

But exactly which immigrants? I personally lean towards accepting those on a humanitarian basis (genuine refugees), but it must be noted that many of those who arrive here as refugees are indeed so-called queue-jumpers. But wealthy Hong Kong business migrants are also queue-jumpers who "bribe" their way in! The federal government must be condemned for its needlessly-inhumane detention and treatment of asylum seekers (in part because of the privatisation of our prison/detention centres) but, on the other hand, it does have a duty to fairly "award" the scarce opportunities to settle in Australia.

We generally pay too little for our food at the moment, especially non-organic food which externalises the costs to soil, water, air etc

Emotive media representation of rejected applicants glosses over the fact that there are far more needy and genuine refugees who can otherwise be accepted. That Australia must, to a certain extent, put out signals to would-be immigrants that we don't have a first-come, first-serve policy is a harsh but necessary reality, otherwise about half the Third World would set sail

for Australia. When I spent time in Pakistan a few years ago, it seemed that just about everybody would emigrate if given the chance. There the going rate to "fix" a falsified visa to Australia was US$9000 – a king's ransom in Pakistan.

"BREEDING SUBSIDIES"

Squarely facing the hard reality that, if the planet doesn't reduce its human population to sustainable levels, we are building a population bomb that must surely blow up in our faces, then we must deal with the individual right to have children.

Just as we must pay for the full environmental cost for purchases and other activities, so too should people be fully (i.e. financially) responsible for the new hungry mouths to which they give birth. Rather than seeing this as a discouragement to parenting, it more like taking away those lucrative subsidies which further overpopulate the planet. Income tax breaks for children (certainly for the third and subsequent children) as well as a whole range of family allowances should be abolished – at least until we've achieved ecological sustainability.

To repeat: this is simply removing an entrenched privilege – a subsidy that acts as a type of negative eco-tax.

PULLING IT ALL TOGETHER – SOME HARD FIGURES

While many will speak on general population issues, few are game to specify an ultimate population limit for Australia – not even our federal government! For it's become such a touchy issue that even environment groups have backed off – one is so often branded a racist for suggesting a low figure. Well, I'm no racist but I'm going to propose a set of relatively low figures. But it all depends, you see – there are so many variables to be factored into the calculation that one can only speak in round figures, and do so with a number of qualifications. Here goes, anyway:

But wealthy Hong Kong business migrants are also queue-jumpers who "bribe" their way in!

With only a few modest environmental improvements, Australia's population ought to decline then level out at around 15 million. With a reduced immigration intake (mainly refugees) and low fertility, this could be achieved quite painlessly.

Rather than seeing this as a discouragement to parenting, it more like taking away those lucrative subsidies which further overpopulate the planet

But if we continue down our present (grossly-destructive) path of our current federal government, the high environmental impact of the average Australian's "lifestyle" (now *there's* a misnomer!) means that we could sustainably support a population of no more than 10 million. This can be achieved by reducing immigration to a very modest intake (mainly refugees, again) and reducing fertility further by eliminating all subsidies and inducements to bear children.

However, if we lift our game and implement the (conventional) environmental policies mentioned above (Kyoto, carbon taxes etc.), Australia might well be able to sustainably support a population of around 20 million. Here immigration could be used to top up our (desirable) low fertility rate.

But if we venture into an almost unimaginably new Geoist dimension, a whole new set of factors will come into play. With land being put to its best possible use, we'd have much more compact cityscapes that no longer sprawled over valuable farmland. Vast resources would be saved as infrastructure no longer would have to leapfrog over underused land to reach far-flung outer suburbs. Eco-friendly public transport and other shared community infrastructure would suddenly become affordable for governments to invest in, as the enhanced land values would be "recycled" back to community coffers through LVT. Of course, all other eco-taxes (not just the limited range proposed by today's Greens, who are only now getting to grips with macroeconomic policies) are contained within the Geoist paradigm.

Similarly, rural land would be put to its optimal use, freeing up vast tracts of marginal and other land to become national parks and wilderness – the desperately-needed "lungs" our planet requires. With LVT being based on "maximum sustainable yield" on rural land, backed by an Ecological Security Deposit, agriculture will quite rightly have a huge financial stimulus to go organic.

Brevity dictates that the far-reaching list of Geoism's unique environmental enhancements cannot be listed here, but the point should be well-made already: it would be like the discovery of a parallel continent within our present continent! Whatever our fertility rate becomes, we'd still be able to share our fair land with great numbers of new immigrants. What's my guesstimate of the sustainable carrying capacity of a Geoist Australia? – around 40 million.

****ooOOoo****

Why is it that the rich are getting richer, while the poor are growing in number and getting poorer? The answer lies in the fact that we have failed to support the only remedy that will cure a disease that is causing progress and poverty to be accepted as natural partners – i.e. by the collection of the full economic rental value of land.

- Clyde Cameron

from GEOFF FORSTER

SHORT SHOTS

WHO'S THE BOSS?

A worthwhile quote from the National Tax and Accountants Association: "The average worker works 74 days for the Federal Government, 37 days for the State Government, and another 35 days for various governments to pay for indirect taxes. In an average year, that is, the entire pay of an average employee form July 1 to November 23 goes to the government."

BOOKS SLAMMED SHUT

That old maxim "The power to tax is the power to destroy" is well illustrated by the following excerpts from a recent Melbourne "Age" report:

"If books are to the mind what exercise is to the body, then the national obesity crisis may soon become mental as well as physical. Publishers are blaming the GST. The latest figures from the Bureau of Statistics showed book sales collapsed by 19 per cent to just over 104 million books in the year following the introduction of the tax on July 1, 2000. At the same time, the average publishing business cut staff by 15 per cent, while profit margins tumbled 41 over cent."

SOME LIGHT READING?

And here's a timely clip from the "Canberra Times" – a stark contrast to the minimal compliance and collection costs of Geoist sanity:

"Australian's tax system is 'complicated, inefficient, misunderstood and poorly administered', the National Tax and Accountants' Association claimed. Association president Ray Regan said there were 50 million transactions between taxpayers and the ATO as a result of the Howard Government's tax reforms. The Tax Act legislation had grown from 3000 to 9000 pages."

DRUG DEAL DEDUCTIONS!

And this clipping from a recent Melbourne "Age" report proclaims the utter absurdity of our tax system:

"A jailed heroin dealer can claim a $220,000 tax deduction for money stolen during a drug deal, the Federal Court [recently ruled]. Justice Robert Nicholson ruled that Francesco Domenico La Rosa earned his taxable income by dealing drugs. He was entitled to claim the deduction because the money was stolen during a deal directly connected with his illicit business.

La Rosa was jailed for 12 years in 1996 for importing heroin and possessing heroin, cocaine and amphetamines. But after La Rosa was sent to jail, the Taxation Office moved in. It found he had not filed a tax return for seven years and calculated tax assessments for him based both on evidence provided during his court appearances and on its own estimations.

Its assessment for the 1994-95 financial year showed La Rosa earned a taxable income of $446,954. But La Rosa appealed against the assessment to the Administrative Appeals Tribunal last year.

The tribunal allowed the $224,793 tax deduction and the Federal Court yesterday upheld the decision.

Justice Nicholson said the tribunal found the loss "was directly connected with the carrying on of the taxpayer's illicit drug-dealing business … in a way normal to it."

The tribunal was told the money had been buried at La Rosa's daughter's property. La Rosa, his daughter and his son-in-law testified to the tribunal that La Rosa had intended to buy drugs with the money but had been set up and robbed by other criminals.

However, La Rosa will still have to pay tax on the remaining $264,610, even though it was seized under Western Australia's proceeds of crime laws."

Meanwhile, people who produce socially useful goods and services are hounded by complex tax regulations.

****OOooOO****

GIGGLES & GROANS

Q: What do you get when you cross the Godfather with a neoclassical economist?
A: An offer you can't understand.

☺ ☺ ☺

If all economists were laid end to end they would not reach a conclusion.
- George Bernard Shaw

☺ ☺ ☺

A physicist, a chemist and a neoclassical economist are stranded on an island, with nothing to eat. A can of soup washes ashore. The physicist says, "Lets smash the can open with a rock." The chemist says, "Lets build a fire and heat the can first." The economist says, "Lets assume that we have a can-opener..."

☺ ☺ ☺

There's a now-famous story of a student who was taking a class by Milton Friedman at the University of Chicago, and after a late night studying fell asleep in class. This sent Friedman into a tizzy and he came over and pounded on the table, demanding an answer to a question he had just posed to the class. This student, shaken but now awake, said " I'm sorry, Professor, I missed the question but the answer is 'Increase the money supply.' "

In "Georgism in Trouble" I identified the main agents of change as national governments, world movements, corporations, and the larger non-governmental organisations. I argued that Georgism cannot effectively reach the decision-makers within these agents of change, principally economists and legislators, until it understands what modes of discourse (manner of communicating via language, symbols and specialised concepts) they respond to. In this article I want to look at the gap between the Georgist and the modern economist mode of discourse, and ways of bridging the gap.

The Georgist mode of discourse.

What might be called "strong" Georgism claims to remove poverty by the immediate replacement of all taxation by a single tax on the full annualised value of all land. What might be called "weak" Georgism advocates a gradual implementation, in time and rate, with exemptions, deferments, and the retention of some other taxes. Regrettably, with few exceptions, the mode of discourse used in either case has not changed significantly from that used by the classical economists. Also, Georgist initiatives tends to be local, whereas those of more recent social movements tend to be global. This need not be the case. Georgist analysis is highly relevant to problems of aid, development, debt, structural adjustment, conflict resolution, human displacement and migration, human rights, sustainable development, and environmental degradation.

The neoclassical mode of discourse.

Inheriting the concepts of the classical economists, neoclassical economics then emulated modern science, using graphs, equations and economic models to illustrate and quantify concepts inherited from Smith and Ricardo. Regrettably, the classical economists' concern with equity has been replaced by concerns for efficiency. Also regrettably, as capitalism replaced feudalism, and land became more widely owned and frequently traded, land was assumed to be equivalent to other forms of capital. We can thank environmental economists for starting to question this assumption.

What, in modern economics, are the main concepts we should understand, adapt and use to plead our case? I will omit macroeconomics since Georgism, particularly strong Georgism, favours a minimum role for government, and since in any case there is little agreement amongst economists as to how a country should be run. Economists are, however, in general agreement on how markets work, how they can fail, and how government intervention can fail. It is in these areas that Georgist strengths should be exploited and Georgist weaknesses corrected.

How do markets work?

Those who have attended the standard Georgist courses will have no difficulty in understanding how supply and demand determines what goods and services are produced, what factors are employed and what returns are distributed to them. The superiority of the market to any other method of allocating scarce resources is widely accepted, and well illustrated in the parable of Zig and Zog in early editions of Samuelson's *Economics*, which I have paraphrased here. Two countries, Zig and Zog, were threatened by famine. In Zig, a command economy, the president requisitioned all grain then rationed it out at low prices. As the famine hit, the dying citizens saluted their dying president. In Zog, a market economy, merchants bought up the grain then sold it at high prices. This powerful price signal caused extra grain land to be brought into cultivation and also encouraged the production of alternative animal and vegetable foods. Small quantities of grain also came from as far away as Zig. When the famine ended the citizens were alive but the merchants were cursing the competition which had held their profits down.

As capitalism replaced feudalism, and land became more widely owned and frequently traded, land was assumed to be equivalent to other forms of capital. We can thank environmental economists for starting to question this assumption.

How do markets fail?

Markets may fail to prevent monopoly, to provide public "goods" such as education and welfare, to control externalities such as pollution, and to reduce unemployment. Developments from monopoly theory in the last 30 years are of vital importance to Georgism. Monopoly theory, in the context of industry but not as yet of land, measures the amount of a social surplus called economic rent transferred from society to the monopolist, and the amount of dead weight loss, the Harberger triangle, suffered by the whole economy. A recent extension, the theory of rent seeking, calculates further economic losses, the Tullock rectangle, when rent seekers divert their energies from productive activity to unproductive lobbying and bribery. The first study of rent seeking found that lobbying for import licences in India was consuming 14 percent of GDP. It would be interesting to know the dead weight loss of land monopoly, or the costs of land rent seeking and rent protection, which include the quite enormous costs of armed conflict over territories and natural resources.

Markets fail to provide welfare leading, rightly or wrongly, to a major example of government intervention. The strong Georgists claim that the size of land rent

sets a moral limit on the size of government revenue regardless of that set by democratic public choice from time to time in elections, and that private charity is sufficient and redistributive taxation is stealing, claims often regarded as absurd. The weak Georgists claim that LVT would meet most needs of governments, also regarded as absurd. In Europe, for example, these needs range from about 30 to 60 percent of GDP. So, how absurd are these claims? Data are

David Smiley's still hittin' the curls when he's not writing - a bit wobbly nowadays but, hey, at 72 he's looking pretty good.

scarce. Antiquated national accounting systems suggest that land rent is a very small percentage of GDP. But new research reported by Tony O'Brien (Progress, September-October, 2001) indicates that revenue from LVT would, once present tax revenues were discounted for the dead weight loss of their inefficiencies, more than satisfy Australian government needs.

Markets are not good at reducing unemployment, again leading to government intervention. And again, strong Georgism may be thought absurd in claiming that LVT would remove unemployment by giving everyone access to land. From definitions found in the Oxford Dictionary of Economics, LVT would reduce cyclical unemployment, but by reducing speculation, not by giving everyone access to land. In the third world LVT would certainly reduce structural unemployment. But demand-deficiency, demographic, disguised frictional, long-term, and involuntary forms of unemployment all have other causes, mostly technological change.

The first study of rent seeking found that lobbying for import licences in India was consuming 14 percent of GDP

What is government failure?

Since governments are less efficient than markets, the costs of intervention may often exceed the benefits. Two very large costs are "bureaucratic rents" (the opportunities and temptations of office) and inefficient taxation (see the research results of Nic Tideman in *The Losses of Nations* and the LVRG estimate of 25 percent reported by Tony O'Brien).

Conclusions.

I have tried to explore important differences in the ways Georgists, and the decision-makers we seek to influence, think and communicate. I have suggested some repair work on Georgist discourse which might increase our credibility, and some areas, particularly in monopoly theory, where we should try to catch up with mainstream economics. I have not touched on environmental or human rights problems because Georgist opportunities here are too big to be addressed in this particular article. And I have not touched on the superiority of LVT over other sources of revenue because you know that already. Or do you? Let me set you some homework. You are to respond to the following three standard objections to LVT found in texts on land economics. But, in responding, you must use the language and concepts of a typical economist in the tax department, Oxfam, Exxon or the World Bank, not a Georgist. Otherwise in ten years time textbooks will still be printing the same objections, which are:

1. LVT, in making rent equal to zero, is equivalent to confiscation.
2. If the net return is zero, bureaucrats, not the market, will decide land use.
3. It is difficult to separate unimproved from improved values.

These are paraphrased from O'Sullivan's *Urban Economics,* but in your answer, you should consider equivalent objections from other texts on land economics. I will mark your answers out of ten and offer to co-author the best one in a submission to the American Journal of Economics and Sociology.

This article carries a warning that it may contain misconceptions regarding economics. If you know an economist, or someone studying economics, get him or her to check it out. This may even lead to the sort of professional alliance I am advocating.

****ooOOoo****

IT'S WORTH SHOUTING ABOUT!

Geoist sanity is the most desperately-needed reform for the planet, yet our numbers are small. We need YOU to spread the word!

The easiest way is, when you have an interested listener, to offer to arrange a free 3-issue trial subscription to this magazine. We have hundreds of extra copies printed for this purpose – but YOU are the person we need to attract inquirers. To arrange a trial subscription, contact Prosper Australia on (03) 9670 2754 or prosper@vicnet.au

On 2nd September, Tony Lamb delivered the address at Melbourne's annual Henry George Commemoration Dinner. Tony is the President of the Association of Former Members of the Parliament of Australia, having been the member for La-Trobe and Streeton, the Caucas Secretary, and Deputy Government Whip during the Whitlam and Hawke governments. As a member of Prosper Australia, it was fitting for Tony to speak, as it was 63 years to the day since Tony's father, Hamilton Lamb MLA gave the Centennial Oration in Melbourne marking the Centenary of Henry George's birth.

Tony's speech covered a sweeping range of economic, political and social issues, far too lengthy to reproduce here where only excerpts can be reprinted. Those wishing to read the full text of Tony's speech need only to email me and I'll happily forward it. It's makes for a great read.

HISTORICAL PERSPECTIVE

My, how Australia has changed since my children's grandfather was born on the 1st January 1900 and later when he adopted Georgism and entered parliament during the Great Depression and then over the last 30 years since I entered the Federal scene with the election of Gough Whitlam on December 2nd 1972. But what is more startling is that the struggle for equality and social justice although somewhat advanced is still under attack. As we shall see, many of Henry George's basic tenets still ring true and provide an avenue for salvation.

Many of Henry George's basic tenets still ring true and provide an avenue for salvation

I have long realised that the Right side of politics will never deliver the Australian dream of fairness, greater equality, even a fair go and social cohesiveness. John Curtin put it better than I when he said "You can't get from anti-labor governments great changes in social practice. Their main purpose is to resist innovation, to delay reform, to prop up vested interests, and to maintain the existing order."

DEMOGRAPHICS AND POPULATION

following, cornered the country vote outside the provincial cities and secured the support of the ageing end of the electorate.

Idealism and protest from the younger voters has subsided as they battle to keep afloat academically and financially but they are concerned about the environment and their future. Yet for all that Labor needs only a swing of 1% and a handful of seats to achieve victory.

DISPARITIES OF WEALTH

The income of the richest 20% Of Australians is seven times that of the poorest 20%, a multiple not much better than the factor of nine that prevails in the US, a record infamous in the eyes of the UN Human Development Report of July this year. The Australian Treasury reveals that over the last 12 years Australia's private sector real wealth doubled to $3,000 billion with real estate accounting for half of that amount.

Idealism and protest from the younger voters has subsided as they battle to keep afloat academically and financially but they are concerned about the environment and their future

Another comparison will illustrate my point. Recently its was reported that thirteen people competed to purchase the single imported Ferrari for $1.7m while thousands could not afford the registration and basic insurance for their clapped out family car.

AN INDICTMENT OF OUR PRESENT GOVERNMENT

Take John Howard. During his visit to America earlier this year he embraced the American values that individuals were greater than the State, that the family played a central role in society and that competitive capitalism was the key to national wealth. He welcomed the tide moving to the Right around the world. He praised Margaret Thatcher and Ronald Reagan as the two people he regarded as the towering figures of world conservatism.

"Their legacy has instructed me in my understanding of what my own party stands for", he said. Should we remind him that it was the Baroness herself who said, "there is no such thing as Society."

SYNERGY

I am reminded once again of my father who as I mentioned died on the Burma Railway. When his comrades returned home they reported that the rate of British deaths were two to three times that of the Australians because the Diggers shared their meagre rations and helped eachother to survive as a group whereas the British imbued by class distinction made sure the officers were seen to first and the rest could make do. Surely a basic lesson that each is better off when the group is better off – synergy in action!

THE HAWKE & KEATING LEGACY

Poverty remained and unemployment rose while the national economy grew as a whole. The stage is set for the ALP to reinvent itself, to recover its lost soul, redefine its social & economic objectives and communicate with the electorate in a way that unites them behind a banner for a better, fairer, more just, encouraging and rewarding Australia for more than the few. Georgism as I will show has a major role to play in this resurgence.

THE NEED FOR DIRECT POLITICAL INVOLVEMENT

Labor's first task is to establish which economic model to follow. Early in our history Georgist economics were Labor's choice with the exception of free trade. There was a recognition that supply and demand left to market forces were basic, and that the public be protected by government owned instrumentalities such as the Commonwealth Bank, the GPO, the PMG *[govt. postal service]*, Industrial Courts and basic pensions. Government income was raised from a range of sources including land taxes. The Depression, the experience of the Premiers' Plan and the rise of Keynesian economics during the mid 30s and 40s saw Labor adopt more centralised economic controls as they realised tweaking interest rates alone could not control the economy. Keynesian and Galbraithian economists reigned supreme even under Menzies, Gorton and Fraser.

There is no housing boom, it is a land and house purchase and essentially a land boom

Now we face among other matters the challenges of globalisation, pressure on our environment, urban expansion and an ageing population - all tasks for true members of Prosper Australia to confront. In my Centennial view of The Single Land Tax and Australian Party Politics, delivered two years ago, I explained that Georgist economics which had played such a large part in Australian Politics over the early part of the last Century had faded as the movement which had split from the ALP failed to be politically involved either as an alternative party or as a lever to influence one or more parties. Prosper Australia needs to become directly involved as a political partner.

LAND

Only the ALP offers a partnership to adopt elements of your platform as a "Third Way'. Raising revenue through land is the key. There is a lot of confusion in the housing business. While economists and real-estate people see the so-called housing boom as a sign of a healthy economy, and lower interest rates desirable as it feeds the market frenzy, younger people and battlers see their dream, their security, their basic shelter, slipping further away. Older people see their paid-off property as their security yet it is largely illiquid for their needs. Let us be clear about all this. People rarely own only housing; they are not simply buying a house. There is no housing boom, it is a land and house purchase and essentially a land boom.

It is the community which creates the value of the land, not the owner. Mowing the lawn each week-end didn't add much value.

THE CANBERRA SAGA

Early Canberra was a model for this "third way". In the lead up to Federation there was fear that speculation would rake off the increase in land values in any new capital so the Constitution included a clause that the land of the Federal Capital should be vested in the Commonwealth. Freehold was forbidden by the Seat of Government Act in 1910 and a system of 99 year leaseholds was established. Leases were of two parts - a premium and rent. From 1924 the first lease rent was set at 5% of the UCV reassessed every 20 years. The 20 year assessment shocked lessees in 1969 when inner properties had increased in value from $3,000 to $400,000 and their rent from $150 to $20.000 pa .... the increase going to the public. This was Henry George's policy in practice

It is the community which creates the value of the land, not the owner. Mowing the lawn each week-end didn't add much value.

Jealousy erupted as newer and older residents were paying largely different contributions in rent - commerce was unequal between centres. Prices were frozen and water and sewerage rates introduced. John Gorton in 1970 at a by-election he hoped to win announced unexpectedly at a public meeting "here and now land rent in Canberra is abolished." Loud clapping all round but he did not win that by-election ... the Whitlam caravan was on the move. Since then profits have gone to landholders and people seeking their first home site have not been thankful to John Gorton as prices soared and taxes remained unabated.

The ACT has sold land for income and the Federal Government has been recently accused of breaking the Constitution after it sold for more than $6m. land in the southern Canberra area of Tuggeranong for 'vested' purposes i.e. income. The battle between Wilson 'Ironbar' Tuckey, the responsible Federal Minister for Territories, and the ACT Minister, Labor's Simon Corbell, continues as the Federal government tries to over-ride the new Labor government's attempt at controlling prices, earning income and improving town planning.

Outspoken Labor frontbencher, Mark Latham, Shadow Minister for Urban Development and Housing is a rare Canberra fan applauding the ACT government's plans to use their unique leasehold system to resume planning through government controlled land management or in partnership with commercial developers.

THE PROPERTY SPIRAL

The governor of the Reserve Bank, Ian Macfarlane, a Liberal appointee, is nervous about the housing market. He was reported as saying "the situation over the last eighteen months where more than half of the total increase in housing loan approvals has gone into the investor market". House prices have jumped 40% in the last five years - while it may give home owners a happy feeling we cannot but help think of the people, mainly in the younger age groups who aspire to own a home. If land prices are to be harnessed the ALP would need to declare a halt to any further sale of Crown land and impose strict pro-environment leases on renting of any Crown land, State or Commonwealth..

COMPETITION

It has been open season for big business to attack the Australian Competition and Consumer Commission and to personalise it by demonising its head, Alan Fels. The corporations would love to continue their mergers and takeovers, leading to bigger but less oil companies, banks, airlines and so on in the interests of economies of scale to deliver lower prices to the consumer. Or should that be higher payouts to the shareholders and bigger bonuses to those who sit on the Boards?!

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SWINGING FORTUNES IN RUSSIA

Fred Harrison sends this report:

Russia was a golden opportunity in 1992. The race was on to see whose model of society would be inscribed on the face of that country's landscape.

Other former communist countries capitulated in double-quick time to the Western model of property privatisation. The one country to hold out for 19 years was Russia, and I have no doubt that the Georgists played a major role in resisting the multi-billion dollar pressures from the West. We have not lost.

- Russia employs a land tax which has now been refined in the direction that we should welcome. But, speaking personally, I regard trivial revenue from a land tax as not constituting anything remotely like the Georgist paradigm. This colours my assessment of our impact in Russia.
- Russia has a President who consistently advocates the need to deepen his government's capture of rents from natural resources.

The State Duma has now passed the last part of the Land Code. This legitimises the privatisation of farmland. The "safeguards" against foreign owners is nebulous. In truth, the Western ideologues who campaigned persistently for the privatisation of land – to enable them to pocket land and resource rents – are the victors.

Those victors have won a battle, but not the war. President Putin, in the last few weeks, has sent out powerful signals to the oligarchs that he is still determined to recapture the rent of Russia's natural resources. I continue to help our colleagues in Russia such as Dr. Dmitry Lvov in what is now a behind-the-scenes struggle for the soul of Russia.

FAREWELL TO ARCHER TORREY

A hero has passed away. Here is the sad announcement from Yoon-sang Kim:

Dear Georgists around the world,

Archer Torrey, Reverend of Anglican Church and the leader of Korean Georgist circle, passed away on August 6th in a hospital where he had been in a coma for several weeks.

I am the Korean translator of Progress and Poverty and have met Rev. Torrey several times. I guess he was around eighty years old.

Rev. Torrey served in South Korea for about 50 years and established Jesus Abbey, a Christian community. He enthusiastically advocated Land Value Taxation as a modern application of Jubilee and moved many a Korean to get involved in the Georgist cause spiritually as well as politically.

VIVA, NICARAGUA!

Paul Martin, Director of the Instituto Henry George of Managua, Nicaragua, reports on the progress and status of the IHG Nicaragua.

The IHG, started in March 2000, is a research and educational project supported in part by *[various Georgist bodies in New York]*. You can get full information on our mission, progress and projects at our websitehttp://www.ibw.com.ni/~ihg. Our goal is to make the entire Nicaraguan nation aware of the Georgist analysis and remedy for poverty.

Our plan, which seems to be working, is to educate all levels of Nicaraguan society via our popular Comprender La Economia course, workshops, videos, TV and radio presentations, and other media as available. To date we have graduated more than five hundred students and introduced thousands of Nicaraguans to the concepts of Henry George. We are arriving to a new phase in our development where we hope to be able to multiply the activity of our CE course in order to reach more hundreds of students who are waiting for their opportunity to participate all over the country.

ENCOURAGING WORLD BANK REPORT

Mason Gaffney reports:

This is to call your attention to a new World Bank paper by Benoit Bosquet, "The Role of Natural Resources in Fundamental Tax Reform in the Russian Federation."

Benoit is a Belgian native whom several of us met in Moscow when we were addressing The Duma. He was at that time very friendly and supportive, as well as bright and sophisticated. He has now gotten his Ph.D. from Maryland, under Herman Daly, and moved to Washington D.C. with The Bank. He is fluent in Russian and English and (I presume) French, and who knows what else. He and his Mrs. have just become parents.

This is a (nearly) perfect statement of the Georgist position. There is perhaps more emphasis on user charges, and less on property taxes, than some of us prefer, but it speaks to the modern consensus for conservation. It is notable for its insistence on distinguishing low-cost (high-rent) from high-cost (low-rent) deposits, and focusing charges on the former. It gives numbers and cases, from oil and gas, and from timber, especially.

It is readable, straightforward, and reasonably short (66 pp. with notes and bib.).

I commend it (as best a non-Director can) to your consideration:

A. To be reviewed
B. To be stocked, advertised and distributed;
C. To be cited when we are called upon to explain our position on extractive resources.

Copies are available FREE from Doreen Duff, mail stop H4-407, The World Bank, 1818 H Street NW, Wash. D.C. 20433. email mailto:dduff1@worldbank.org. It is Policy Research Working Paper 2807, from the Poverty Reduction and Ec. Management Sector Unit, Europe and Central Asia Region.

[Ed: Prosper Oz will soon have copies in our Hardware Lane library]

GEOIST WORLD NEWS

WHEN IN NEED OF SOLACE, ASK HENRY!

Hanno Beck, of the Banneker Center for Economic Justice, has the following very useful announcement to make:

Let me take this occasion to remind everybody that the Ask Henry search engine indexes all and every Georgist web page. Its last re-indexing took place on July 6 *[Ed: and probably again since then]*, so it is pretty current. If you ever find a Georgist page that is not reachable via Ask Henry, please let me know.

Ask Henry is for everyone, to make research a little faster and easier. Ask Henry is also the best page to recommend to newcomers, so that they can choose their own interests and be taken to Georgist pages most suited to them.

This is "our" search engine – the search engine of the geoist movement. And, if I can adjust Ask Henry to make it a more useful resource for you, please let me know your ideas.

http://www.askhenry.com

[Ed: It's also worthwhile checking out Hanno's "The Progress Report" at http://www.progress.org Its slogan says it all "Free Independent Nonpartisan News Daily"]

GEOWRITER SEEKS ASSISTANCE

A note from Jeff Smith:

Geotopia, a feature-length script on life in a geoist future, languishes, needing the critical feedback of a good script doctor. If you're familiar with what makes scripts work, contact the author for an e-copy at Jeff Smith, geonomist@juno.com. Thanks.

GEORGISTS & GREENS

It's worth mentioning the highly successful "Green Theme" annual conference of the Council of Georgist Organizations, held in London, Ontario, Canada on August 21-25. According to Hanno Beck, "there was an inspiring and unprecedented level of cooperation between Georgists and members of the Green Party of Ontario …(from which)… we can look forward to a long and fruitful era of mutual advancement of a "geo-green" economic program."

FAREWELL TO TANYA

From Fred Harrison comes this report:

For the last 10 years we have been fortunate to have had Dr. Tanya Roskoshnaya as our anchorwoman in Russia. Our projects, directed under the Russian Fund campaign, relied on her skills to link foreign Georgist activists to the key personnel in Moscow. Tanya oversaw all the translation of our monographs and books. As Executive Director of Land & Public Welfare Foundation, she ensured continuity in our work. Her professional skills in town planning, and her economic knowledge, made her valuable for the work on which we embarked in 1992.

She has now been head-hunted by Habitat, the UN agency responsible for pushing forward policy on the rehabilitation of the urban landscape. Habitat's HQ is in Nairobi, which is where she headed in September in a senior capacity. Her responsibility will be for the renewal of the gutted cities of Eastern Europe, Afghanistan and Serbia, and is being given the opportunity to work with countries in a policy-advising capacity.

Habitat, at a congress held in Vancouver years ago, passed a declaration which committed it to land taxation. So Tanya's brief is consistent with her Georgist beliefs. She will need support from our network of Georgist experts. I have no doubt she will draw on that knowledge base to assist her in the Habitat work.

Tanya is handing over her responsibilities to another of our colleagues, Dr. Galina Titova, who has built a powerful reputation as advisor to senior legislators both in the State Duma and regional governments.

THE ECONOMISTS' BIBLE

by Gavin Putland

BABEL

Now all the economists of the world were of one language and of few words. And it came to pass, as men journeyed from the east, that they found a plain in the land of Vespuccia and dwelt there. And the economists said one to another, ``Go to, let us write books, and prove them thoroughly." And they knew what was capital and what was labour and what was land. And they said, ``Behold, the capitalist createth his profit, as the labourer createth his wages; but the landlord createth not his ground-rent, as the beggar createth not his alms. Therefore let the commonwealth tax neither wages, lest there be less employment and higher prices, nor profit, lest there be less production and higher prices, but ground-rents, for there cannot be less land." And the people heard it, and understood it, and were glad.

But the sons of the serpent cried out unto the LORD, saying, ``This cannot be! For if we no longer grow richer as we sleep, how shall the serpent be rewarded for his guile?"

So the LORD raised up new economists, which confounded the language of the old economists: and what was land became capital, and what was ground-rent became interest, and what was wages or profit became rent, and what was appropriation became production, and what were three factors of production became two, and what were three classes of persons became two. So the people no more understood the economists, and left off murmuring against the ground-landlords, and began instead to murmur against the capitalists.

And the new economists did eat at the tables of the sons of the serpent unto this day; but the old economists were driven into the wilderness unto this day. Therefore is the name of the place called Babel: because the LORD did there confound the language of the old economists, and from thence did the LORD scatter them into the wilderness.

-- *Genesis* 11:1-9 EV (Economists' Version).

How I "Saw the Cat"

by Bryan Kavanagh

I was born at a very early age (!!!) and, as a kid, developed a strong sense that many things were spoiling an otherwise pretty good world. Years later, during my early Geoism, I joined the ALP for about three years, until I realised they only want to defeat the Libs so *they* can get to do exactly what the Libs do.

By the look of the expression on Bryan's face that damn cat must be a bit on the nose, but things don't seem to have wafted in the direction of wife Linn and daughter Julie.

My initial discovery occurred while wandering through Hardware Street about two years after completing my qualification in real estate valuations at RMIT in 1973, when I noticed in the window of a small shop a commentary on State Land Tax. "What would this crowd know about Land Tax?" I thought. I went into the rather quaint little bookshop and took away some pamphlets. They obviously grabbed my attention, because I revisited the shop, the office of *The Henry George League*, shortly thereafter to buy a copy of Henry George's *Progress and Poverty*.

I could not put the book down. I read it through what remained of my lunchtime, on the way home in the train to Glen Waverley, and through most of the night. I had finished reading it in my next lunchtime, the day after I bought it. I was thunderstruck at the ease of George's logic and language. Moreover, I had heard nothing of his ideas during my valuation course at RMIT, although I thought valuers should surely be interested in the very principles underlying property 'rating'. I had not even begun to contemplate before reading George that land price could simply be the private capitalisation of publicly created land rents, yet I had completed a course in real estate valuation. I could not comprehend why I had not been given this information in the valuation course. Was Henry George such a threat that he had to be kept quiet? Most valuers I spoke to, likewise, had not heard of Henry George. Those older valuers who had heard of him, spoke of him dismissively. When questioned about his principles, it became clear to me that their understanding of George was either extremely superficial or badly misinformed. I found no valuer who had read him, although I was later to meet Noel Wigmore, a valuer, Georgist, and former head of the Victorian Railways property division.

I could not put the book down .... I was thunderstruck at the ease of George's logic and language

Not inspired by what I (rightly or wrongly) perceived to be a lack of activity in the little shop in Hardware Street, I did not join the Henry George League, but I did take the opportunity over the next few years to read all of Henry George's works and a number of other books by Georgist authors.

Was Henry George such a threat that he had to be kept quiet?

In January 1983, I rang the little shop in Hardware Street – I believe it was Geoff Forster who answered my phone call. No, he was not aware of the article, but he could give me the home telephone number of a man who may have seen it. That man was Allan Hutchinson, the director of the ***Land Values Research Group*** [LVRG]. He advised me that, yes, he had read the item in **The Valuer** and had intended to reply to it, but why didn't I do so, in his stead? I did. It was not a particularly good letter, but I had been stirred into action by the typically sloppy logic or ad hominems that I had found to be commonly directed against the arguments of Henry George. At Allan Hutchinson's invitation, I joined the Henry George League shortly after the publication of my letter in **The Valuer** in April 1983. If you can't lick 'em, join 'em, I thought. Subsequently, I had many happy evenings with Allan and Mary Hutchinson eliciting supplementary Georgist information from them. I joined Allan's LVRG and the General Council for Rating Reform, enjoying the people I met on 'working nights'.

Following the death of Allan Hutchinson, I volunteered to take over the directorship of the LVRG. Working with the late Tony O'Brien on LVRG matters in recent years was a rare privilege. My particular specialty has been fairly mundane, collecting and collating data on real estate sales from the Australian States and territories since1987, back to 1972, which, when aggregated against GDP, appear to confirm Geoist theory. As a director of a thriving Melbourne real estate valuation, consultancy and property management company, I'm daily brought into contact with the world of land values.

On a personal note, I feel sad that the Catholic Church lost its way in times past

when it decided to settle for charity, instead of economic justice, and to move in with the landlords. Recently I've been campaigning in a small way to highlight how the Churches have a most unholy level of involvement in property speculation. Nobody could rightly suggest that the Church supports paedophilia, but it does now undoubtedly believe that property rorts are simply "smart business", even though it has adverse ramifications for other sections of the community. The Church has got to work out for itself what business it is really in, the saving of souls or the amassing of property

Actually, I don't think that my Geoism has deepened over the years – I got fired up and just stayed that way. My broad suggestion to take the movement forward is to keep our eyes on the ball. Servicing meetings and nest eggs is not what it's all about.

I think we should 'say it like it is', in accordance with the principle of William of Ockham ['Ockham's Razor'], ie. that most effective solutions are not complicated. Economies are teetering on the brink because revenue regimes send all the wrong signals. It seems to me that we can continue to tax people for being productive, and keep humanity in its sometimes unwitting serfdom, or else we pay natural resource rents into the public coffers in order to kill off monopoly and speculation, freeing, thereby, people, the planet and the economy.

Our case is unassailable, and exciting times lie ahead for our movement.

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BOOK REVIEW

By Geoff Forster

"MESOPOTAMIA AND CLASSICAL ANTIQUITY" by Michael Hudson

Reviewed by Geoff Forster

The third edition of *Land Value Taxation Around the World* was issued as an annual supplement to The American Journal of Economics and Sociology (Volume 59, publ. 2000). There are 26 chapters on the attempted application of Georgist principles in various places around the world, including Australia, as well as a masterly introduction by the editor, Robert Andelson.

This first chapter (noted above) of the book deserves its own special review as it points out how in some respects Mesopotamia in the millennia B.C. was more enlightened as regards land policies than our present–day societies. Hudson points out that interest-bearing public debt is now growing sharply, at compound rates of interest. The accumulation of interest payments has enabled finance, insurance and real estate sectors to translate their economic power into political power, and then shift taxes onto other sectors. The result is that public debt's carrying charges fall on taxpayers other than real estate owners. Yet this debt arises largely from untaxing the latter.

He adds that a perverse tendency has developed to levy taxes not on a genuinely economic basis, but to tax profits and wages rather than unearned rent and "monopoly incomes from zero-sum economic free rides." Recent trends have seen a decline in property taxes as a proportion of public budgets and national income, accompanied by rising interest charges.

In today's world, land has become so heavily mortgaged that the majority of growth in land rent over the second half of the 20th century has been taken by mortgagees in interest. In contrast, the Mesopotamian "Clean Slate" proclamations freed the land of debts and enabled cultivators to direct their stipulated payments to the royalty.

Further, maintains Hudson, it is governments that have been squeezed throughout the world. In the USA, the real estate industry has gained so many tax breaks that it has become virtually free of income taxation.

The foregoing provides just a few points from Hudson's article in the larger work which is accessible at our Hardware Lane library. Also, copies of an article by Michael Hudson on Mesopotamian "clean slates", the Biblical Jubilee, and the deficiencies of the Jubilee 2000 campaign are also available as a leaflet from the Hardware Lane office.

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A BIT OF HISTORY

THE ORIGIN OF THE TERM "RACK RENT"

by Cliff Cobb

I've come to the conclusion that one reason the definitions of "rack rent" have been inconsistent is that the definition was not uniform in the past. The Oxford English Dictionary gives two definitions:

1) full economic rent, and

2) excessive rent.

If the OED is confused, I'm not surprised that I am. This came to mind today because I'm reading some sections of Lawrence Stone's book, *The Crisis of the Aristocracy, 1558-1641*. This is a crucial period in the transformation of the English economy. Prices rose dramatically. Rents rose faster. The older aristocracy, which was based on stability, declined, and a more entrepreneurial aristocracy arose. As the value of land rose, landlords were faced with a dilemma. Under feudal law, it was often not possible for landlords to impose rents higher than those set in previous centuries, but it was possible to impose large "fines" or up-front payments at the beginning of each new lease. Furthermore, all capital improvements could revert to the landlord at the end of a lease. That meant, in some historical situations, that when a lease was renewed the landlord charged tenants rent on the improvements they had made during the previous lease.

In principle, the fine could equal the difference between the capitalized value of rent payments and the capitalized value of the residual, but accounting methods were crude. Even though saving enough to pay the fine was difficult for tenants, many preferred it to "rack renting," the term used for payment of the full economic rent. Both sides were damaged by the older system. The landlords were hurt because they received a lower total revenue; the tenants were harmed because they were less able to make capital investments in their property after having paid off the fine.

In addition, since leases were for "lives" (assumed at the time to be only seven years, based on the high mortality rates of the 15th century), the period between lease renewals (and thus fines) grew over time. Nevertheless, the uncertainty of the situation, including the unpredictability of the next fine, made the lives of tenants insecure. Those who could not pay the fine were turned off land their family had farmed for many generations. Thus, over time, tenants were convinced to accept rack-renting as preferable to a system of rents and fines.

Feature reprint from *The Economist*, August 31,2002

GETTING THERE FASTER

Why not make those who benefit pay for transport improvements?

As London booms, gridlock beckons. Average speeds on the most congested routes are now down to 3mph. In the past 15 years, the capital's population has grown by 600,000, nearly 10%. With the population forecast to grow even faster, congestion is likely to get worse, not helped by a queue of transport projects stalled for lack of funding.

Top of the list is the £10 billion ($15 billion) Crossrail high-speed link between Docklands and Heathrow via a tunnel between Paddington and Liverpool Street stations. If you add other much-needed improvements, such as the East London line, the extension to the Docklands railway and light rail schemes in West London, the total amount of money required is probably nearer £20 billion.

Why should developers, landlords and tenants make untaxed windfall gains from transport improvements funded by general taxation?

It is not only London which faces the threat of creeping paralysis. The Strategic Rail Authority has a long list of projects for which it has no funding, notably a new high-speed dedicated express route to the north from London, costing between £15 billion and £20 billion.

Where are these huge sums to be found? The chancellor, Gordon Brown, shows little enthusiasm for financing transport projects, especially those in London. The Treasury, jaundiced by the cost overruns on the £3.5 billion Jubilee line in the 1990s, believes that the capital is over-indulged compared with the rest of Britain. Crossrail, whose benefits according to its promoters are double its costs, does not even feature in the government's ten-year transport plan.

Significantly, however, the chancellor is warming to the idea that another way may have to be found to finance transport infrastructure. A recent local government green paper backs the idea that councils should be allowed to share in development gains, by raising business rates in special areas. It is not a big step from this to using the tax system to capture the value of transport developments.

In theory, the idea of taxing increases in land values makes eminent sense. Why should developers, landlords and tenants make untaxed windfall gains from transport improvements funded by general taxation? The Jubilee line is a case in point. After a good deal of arm-twisting, the owners of Canary Wharf put up £180m, a fraction of the amount it gained as a result of the line. Other developers and landlords along the route paid nothing, although the value of their properties soared by as much as four times.

Don Riley, a south London property developer, claims that the Jubilee line could have been financed without any government subsidy if part of the increase in land values had been captured. The £5.5 billion Channel Tunnel Rail Link has similarly led to a boom in land values in areas such as Kings Cross, Ebbsfleet and Stratford. A new high-speed line to the north would bring big gains to any city along its route. When public money brings windfalls to a few, why should the state not take a share?

Other developers and landlords along the route paid nothing, although the value of their properties soared by as much as four times

The idea of taxing increases in the price of land may sound dangerously radical but actually it is not. It has a history stretching back to the mists of fiscal time. It is advocated passionately by some academic economists but politicians have been unenthusiastic, not least because of problems of implementation. The Treasury's reassessment of land value taxes in the green paper is thus encouraging, though officials stress the review is at a very early stage.

The Jubilee line could have been financed without any government subsidy if part of the increase in land values

Current methods of capturing planning gains are opaque. Section 106 of the 1990 Town and Country Planning Act empowers local authorities to reach agreements with developers. This has enabled some of the gains that result from planning approval to be tapped on behalf of local communities. But the results are ad hoc, uncertain and often bear little relation to the potential returns.

Other countries have adopted a more coherent approach. In America, $10 billion has been raised in the last five years by anticipating increases in property tax revenues. Tax increment financing (TIF) captures increases in property values resulting from development. San Jose in California, one of the fastest-growing cities in the country, has raised $1.4 billion in this way to redevelop its city-centre.

In Britain, several ways have been proposed to capture part of the increases in value due to planning and infrastructure gains. Stephen Glaister of Imperial College and Tony Travers of the London School of Economics have proposed an infrastructure fund for London financed by a hypothecated levy on the national non-domestic rate, adding perhaps 6% to business rate bills. CB Hillier Parker, a commercial property agent, suggests that Crossrail could be financed by a levy of 2p per pound on the rates, or perhaps a 2% freehold levy on businesses thought likely to benefit from the new line.

Ken Livingstone, the mayor of London, is seeking to persuade the government that this is the right way to tackle the burden of financing transport. But if local authorities are to be allowed to borrow against future tax revenues, the chancellor will have to relax his iron grip on local government spending. With 96.5% of all taxes paid to the Treasury, the scope for local initiative is currently non-existent. It is perhaps not a coincidence that Britain's highly centralised economy has led to decades of under-investment and one of the worst transport systems in Europe.

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School of Cooperative Individualism

SISTER ORGANISATION

This largely web-based (as yet) school is the brainchild of Ed Dodson (pictured), the dynamic Pennsylvanian Geoist with a large streak of that peculiarly-American libertarianism. It's an immense website well worth more than a mere browse, if only for the outstanding archives that Ed has compiled, which feature a massive collection of essays on a vast array of subjects from the best Geoist minds worldwide.

The stated principles of SCI are:

That all persons share the same species-specific characteristics and have a similar need for the goods (e.g., adequate food, clothing, shelter, nurturing, medical care, education, leisure, culture and civic involvement) for a decent human existence.

That we join together in society to enhance our ability to acquire such goods and for our mutual benefit and enjoyment.

That the source of the material goods necessary for our survival is the earth, equal access to which is the birthright of all persons, as is the full enjoyment of what individuals produce therefrom.

That liberty is the basis for moral human behaviour, inherent in which is the constraint that such behaviour in no way infringes on the liberty of others.

That human behaviour falls outside the realm of liberty and within the realm of criminal license when such behaviour violates the liberty of others.

That the orderly functioning of society requires the granting to individuals of licenses that distribute privileges not enjoyed by others. To the extent such licenses come to have exchange value in the marketplace, this value is acknowledged to be societally-created. Justice requires, therefore, that society collect this value as a fund for equal distribution to all members of society and/or for societal expenditures democratically agreed upon; and

That a society is just the extent to which liberty is fully realized, equality of opportunity prevails, criminal license is appropriately penalized, the full exchange value of economic licenses is collected for distribution and/or societal use, and the wealth produced by one's individual labour (directly, or indirectly, with the assistance of capital goods) is protected as one's naturally rightful property and not subject to taxation or other forms of confiscation.

The mission of the SCI is to promote the socio-political philosophy and principles of cooperative individualism as contained in the statement of principles found at the website. A hope for the future is that those who come to accept cooperative individualism as their guiding principles would raise the resources to establish a community based on these principles, practically applied. Within the community would be a centre for scholars and researchers, publishing, degree-level coursework, leadership training, conferences and seminars. All land would be held by the community and leased to users under a competitive bid process that ensure the full location rent would be collected for use in providing community goods and services (with the potential for a community dividend distributed annually to each qualified member).

Ed Dodson was first introduced to Henry George's writings in the early 1970s as a result of an interest he developed in land use planning. about a year after moving to the City of Philadelphia in 1979 he discovered the existence of a Henry George School and enrolled in its educational program. After graduating from the school, he was invited to join the faculty and has been teaching and lecturing at the school ever since. In the mid-1980s, Ed began working on a masters degree in liberal arts at Temple University in Philadelphia. His research and writing at Temple frequently focused on Georgist issues, in particular its philosophical principles. Searching for a way to describe George's socio-political philosophy, Ed came across an essay written by E.B. Gaston, one of the founders of the "Single Tax" community established at Fairhope, Alabama. Gaston used the term "cooperative individualism" to describe the principles on which Fairhope was to operate. This term, to Ed, very appropriately described the principles of Henry George. Over the next several years, Ed developed and taught a course at the Henry George School he titled *The Search for the Just Society* exploring history and the struggle to establish cooperative individualism as the basis for the just society. Then in 1997 he established The School of Cooperative Individualism (http://www.cooperativeindividualism.org) as an internet education project. Here, visitors can find not only the writings of Henry George and many essays written about George, but access to a growing library of materials on political economy not available elsewhere. Additionally, the SCI website houses a "biographical history of the Georgist movement" that recognizes the involvement and contribution of the countless number of dedicated persons around the globe for more than a century."

The SCI's bannerhead says it all: **"The School of Cooperative Individualism, where the idea of liberty thrives!"**

DIVIDE AND CONQUER?

A MODERN DAY FABLE WITH A STRATEGIC MORAL

BY GAVIN PUTLAND

Once upon a time, there was a world inhabited by workers, employers, and robbers. The workers and their employers were good citizens, and they created much wealth by their hard work and wise management. But as every good citizen went home with his well-earned wages or profits, he was confronted by a series of robbers. One robber would say, "Give me 50 dollars, or you shall not pass this way." Another would say, "Give me your coat, or you shall not pass this way." Sometimes the good citizen would yield to the robber's demand.

The Great Robber would say, "Give me everything you have, save your working clothes and one loaf of bread, or you shall not enter."

For those interested in checking out more of Gavin's work, go to his excellent website: www.users.bigpond.com/putland

But if the robber demanded too much, the good citizen would simply take a longer way home. In this manner, the robbers on the way were prevented from taking too much, and every good citizen approached the door of his house with most of his wages or profits intact.

But there the good citizen was attacked by one final robber, the mysterious Great Robber, who was stronger than all the others, and who stood in the very doorway of every good citizen's house so that the good citizen could not pass by another way. The Great Robber would say, "Give me everything you have, save your working clothes and one loaf of bread, or you shall not enter." Moreover, whenever an employer tried to leave his office he was confronted by the same Great Robber, who stood at the exit and said, "Give me all your gains, save the going rate of interest on your capital, or you shall not return." So the good citizens, having been diligent and wise, were treated as sluggards and fools, for the fruits of their diligence and wisdom were taken away by robbers.

The police hunted some of the robbers and arrested a few of them. But most of the robbers, including the Great Robber, had no reason to fear the police, because their robbery was perfectly legal. These robbers used some of their ill-gotten gains to employ lobbyists, place advertisements, endow professorships, fund "research programs" and "institutes", support political candidates, and take over newspapers and publishing houses. By such organs of propaganda, they convinced the good citizens that most forms of robbery were services to the community, for which the robbers should be richly rewarded. Only the most violent forms of robbery, which were usually committed by the poorest robbers, remained illegal. But the legal robbers actually wanted a few forms of robbery to remain illegal, so that, by denouncing the illegal robbers and drawing attention to them, the legal robbers could divert public resentment away from themselves.

But most of the robbers, including the Great Robber, had no reason to fear the police, because their robbery was perfectly legal.

The legal robbers not only escaped arrest, but also paid far less tax than they could have; indeed, they often paid less tax than a worker or employer would have paid if he could earn such a high income, which he could not. The taxes on workers and employers raised the prices of their products, causing workers to demand higher wages. But whenever they received higher wages, prices rose again. So the central bankers said, "Let us raise interest rates and force employers out of business. Then there will be a shortage of jobs, and no worker will demand higher wages lest his job be taken by another." So some of the workers were unable to find jobs and became beggars. But the legal robbers, by means of their lobbyists and advertisements and "research papers" and political speeches and editorials, convinced the good citizens that the beggars were really robbers, so that public resentment was directed toward the beggars and away from the legal robbers.

However, the legal robbers did not entirely escape censure. From time to time, great writers condemned activities that they regarded as robbery. Thus a certain Dr Smith attacked the robbery which he called mercantilism, and which later thinkers called protectionism. But when governments followed Smith's advice, the lot of the good citizens did not improve. Later, a certain Dr Marx alleged that employers, whom he called capitalists, were robbers. After Marx died, his movement overthrew the governments of many nations and imposed his ideas by force. But eventually his system collapsed, forcing many of his followers to admit that employers were not robbers after all.

Shortly after Marx's death, while the good citizens were still wondering why Dr Smith's prescriptions did not seem to work, a certain Mr George offered an answer. Unless we first defeat the Great Robber, said Mr George, nothing will improve the lot of the good citizen: "So long as this last robber remains, what will it benefit such a man to drive off any or all of the other robbers?... They are the lesser robbers, and to drive them off is only to leave more for the great robber to take." The solution, said George, was to abolish taxes on workers and employers and to tax the Great Robber for each doorway that he occupied. Abolition of taxes on workers and employers would ensure full employment, while the Great Robber, being forced to vacate some of the doorways, would not be able to take so much from the workers and employers whose doorways he still occupied, because these workers and employers would have somewhere else to go.

"Moreover, if they can get rid of the joker in the doorway, they will be able to pay you much more, and willing to pay you at least a little more, to pass your way."

The followers of Mr George never became as powerful as those of Dr Marx. One obvious reason what that the Great Robber's propagandists accused the Georgists of being Marxists, although George himself had described Marx as "the Prince of muddleheads". Another obvious reason was that the Marxists accused the Georgists of being capitalists, Marx himself having described George as "capitalism's last ditch".

The solution, said George, was to abolish taxes on workers and employers and to tax the Great Robber for each doorway that he occupied

But the main reason, according to a certain Dr Putland, was the tactics of the Georgists themselves. He chided the Georgists, saying: "In the abstract, you agree with George that all our efforts are in vain unless we defeat the Great Robber. In practice, however, you attack every robber in sight, great or small, as if you could defeat them all at once. You've been doing this for 120 years and what have you achieved? How can you defeat all the robbers who together have almost the whole world's discretionary income at their disposal? How can you implement your program when no one in a position of influence has a vested interest in supporting it? Do you think all the robbers will suddenly do the right thing simply because it is right? Have you never heard of Original Sin? Have you never considered the behavioural implications of Darwinian natural selection?"

Putland concluded: "We must join forces with the lesser robbers to wage a propaganda war against the Great Robber. When the Great Robber's gains are taxed away, the market will divide the spoils between the lesser robbers, the workers, and the employers. The benefit to workers and employers is what we want, while the benefit to the lesser robbers is the price of getting what we want. This is as much as we can accomplish. If we hold out for more, we will accomplish nothing."

Some Georgists heeded Putland's advice. Other denounced him for "treachery" and "duplicity". Still others suspended judgment, waiting to see what the end would be.

Putland went out in search of one of the robbers who had accosted him in the past, and on finding him strode up to him with such unaccustomed boldness that the robber almost fled.

"Look, I don't exactly approve of what you're doing," said Putland, trying to be diplomatic. "But that shadowy character who stands in your doorway when you go home is making far more money by doing far worse things."

"He takes more from me than I take from any one person," the robber answered with a nod, "but only a fraction of my total takings. Still, I'd be glad to get rid of him."

"In that case," said Putland, "you have a common interest with the workers and employers in your street, who have to pay him the same amount from smaller incomes, so that they can barely survive. Their interest is stronger than yours, but otherwise the same. Moreover, if they can get rid of the joker in the doorway, they will be able to pay you much more, and willing to pay you at least a little more, to pass your way."

The robber's face lit up. ``Well!" he said, ``I never thought of that..."

"So let me make a deal with you," said Putland. "Pay me a small fraction of your takings and I'll become your public relations officer. Whenever you are criticized in the press, I'll deflect the heat away from you and toward the joker in the doorway, pointing out that whatever is taken back from you will simply leave more for him. If I can turn the workers and employers against him, there'll be more loot for them and for you. What do you say?"

And the other Georgists, following Putland's example, offered their services to other lesser robbers.

And they all lived tolerably – not perfectly happily, but more happily than before – ever after.

****ooOOoo****

BANKS WON'T MAKE PROPERTY CHEAPER

From The Australian Financial Review, 25/9/02

The Prime Minister has endorsed a proposal whereby a family buys a home in partnership with a bank, on the condition that the bank takes a share of the subsequent resale price.

Because the bank will not receive rent for its equity, its share of the resale price will be greater than its share of the equity, so that the family will lose more in the resale than it will save in the initial purchase.

The direct entry of banks into the residential property market will add to the effective demand for residential land without increasing supply, so that land prices will rise, further reducing the benefit for families.

Furthermore, the banks will inevitably issue shares in their equity, so that stockmarket investors will indirectly enter the residential land market, further increasing prices and forcing families to accept smaller equity shares.

The bottom line: housing will not become more affordable but most of the growth in residential land values, which used to go to families, will now go to bankers and stock-market investors.

Sheer genius, Mr Howard.

Gavin Putland, Brisbane

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power, water and telephone services)" and "The Committee sees land tax as a relatively efficient form of taxation and a source of revenue that has been relatively under used, particularly in Victoria".

David Barkley, Box Hill, Melbourne

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REAL ESTATE AND UNEMPLOYMENT

From The Big Issue, 19/8/02

David Manallack ("Home Coming", Ed#156) explains how "real estate porn" drives property prices out of the reach of the poor and unemployed. Now let me explain how it also causes poverty and unemployment.

Some background information: Economists define the "natural rate of unemployment" as the minimum rate that does not increase inflation. This is the rate that makes jobseekers desperate enough, and workers fearful enough of losing their jobs, to keep a lid on wage rises.

If unemployment falls below the natural rate, the Reserve Bank detects a danger of inflation and raises interest rates to create some more unemployment. If inflationary pressures increase for any other reason, the Reserve Bank concludes that the natural rate of unemployment has increased, and raises interest rates until the unemployment rate rises to the new natural rate.

Now here's the point: Unearned gains in the value of real estate are taxed more lightly than earned income. In the case of owner-occupied principal residences (which we call "family homes" to make them sound sacred), these gains are not taxed at all. So everybody wants to own real estate. The resulting demand pushes up prices. This is inflationary because:
(a) it increases the price of a necessity of life, and
(b) lending against inflated property values increases the effective money supply.

The Reserve Bank fights this inflationary dragon the way it always does – by creating some more unemployment. We have unemployment and the associated poverty because the right to make a killing on the property market is considered more important than the right to work for a living. If this obsession with property is called real estate porn, what shall we call the consequences? Real estate rape, perhaps?

Gavin Putland, Brisbane

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POLL NEEDED

From The Whitehorse Leader, 14/8/02

Whitehorse Council should take note of W.H. Pitt's letter (7/8) and conduct a poll with citizens fully informed, asking if they wish to have unimproved site value rating. One of the advantages of this rating is that it would encourage those so inclined to change to higher density living. This would increase the number living in the city, making more efficient use of the existing infrastructure. Its general adoption would lessen the spread of the metropolis into good agricultural land.

David Barkley, Box Hill, Melbourne

Letters Letters Letters

BANKERS WILL BE WINNERS

From The Courier Mail, 23/9/02 The italicised paragraph did not appear in print.

The Prime Minister likes the idea of a family buying a home in partnership with a corporate investor on the condition that the corporate investor takes a share of the subsequent resale price.

Catch 1: Because the corporate investor will not receive rent for its equity, its share of the resale price will have to be greater than its share of the equity, so that the family will lose more in the resale than it will save in the initial purchase.

Catch 2: The direct entry of corporate investors into the residential property market will add to the demand for residential land without increasing supply, so that land prices will rise, further reducing the benefit for new buyers.

Catch 3: If, as expected, the corporate investors sell shares in their equity, then share investors will indirectly enter the residential land market, driving prices still higher and forcing new buyers to accept smaller equity shares.

Catch 4: It is said that the ``corporate investor'' will not be the lender. That may be true for first-time buyers. But buyers who need to sell or let a previous home already have too many balls to juggle. The need to obtain the agreement of a corporate partner will make their task impossible unless that partner, at least in the first instance, is also the lender -- usually a bank.

The result? Housing will remain as unaffordable as ever, while most of the growth in residential land values which used to go to families will now go to bankers and share investors. Moreover, the added demand for residential property will prolong the housing boom, and the longer the boom, the bigger the crash and the deeper the recession.

But as long as the crash is delayed until after the next election, it doesn't matter -- eh, Prime Minister?

Gavin Putland, Brisbane

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CHANGING TIMES?

From the Winter 2002 issue of The Society for Australian Industry and Employment Newsletter

Time sometimes brings about remarkable changes – even to economic rationalists! 20 years ago, who would have thought that any of their ideas would coincide with those of Henry George, the !8th century author of "Progress and Poverty" who was so far ahead of his time and whose visit to Australia spurred the political moves for social equity and justice, evident in pre-Federation and early governing parties.

The economic rationalists are aware that, with globalisation, capital is becoming extremely mobile and will go wherever there are little or no taxes on industry. Therefore, to eliminate or reduce these taxes, other sources of revenue must be used. Community resource charges, not taxes, on finite resources, including land, water, gas, oil, minerals and electromagnetic spectrum have been mentioned.

In this connection the following extracts from the published Full Report of the Victorian Government Business Tax Review Committee is of interest:

(p. 55) "land tax can also be viewed as a means of capturing benefits that have accrued over time to landowners through the provision of [publicly funded infrastructure which is connected to or incidental to land (for example public roads, gas power, water and telephone services)".

David Barkley, Box Hill, Melbourne

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We shall be hosting a special series of talks by **Dr. Kenneth Wenzer**, the noted historian and much-published scholar at the Lincoln Institute of Land Policy in Cambridge, Massachusetts.

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"Henry George and the Georgist Movement"

Sunday December 1, from 11.00 to 3.30 (with an interlude for lunch)
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Confirmation and further details will be provided as things firm up.

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Who? Where? CONTACTS How?

Prosper Australia Executive

President
Maurie Fabrikant
(03) 9512 4869
fabmel@optusnet.com.au

Vice-President
Alan Brown
(03) 9457 2944

Vice-President
Bruce Every
(03) 9848 1489
bevery@melbpc.org.au

Secretary
Anne Schmid
(03) 9729 2379
anne_schmid@optusnet.com.au
prosper@vicnet.net.au

Treasurer & *Progress* Editor
Karl Williams
(03) 9754 8356
karlwilliams99@hotmail.com

Public Officer
Bryan Kavanagh
(03) 9803 5607
bryank@earthsharing.org.au

Other executive members:

David Barkley
(03) 9890 8216
BarkleyDavid@yahoo.com.au

Mark Hassed
(03) 9888 6585
mhassed@lexicon.net

Lloyd Churches (our web maestro)
(03) 9440 6601`
lloydchurches@optushome.com.au

Bill Pitt
(03) 9878 7831

Sister Australian Organisations

NSW Henry George Foundation Ltd
Suite 9, 58 Pitt Street Sydney 2000
PO Box H73 Australia Square 1215
Tel/Fax (02) 9252 9790
NSWHGF@RADical.com
http://www.Henry-George.org.au

Land Value Taxation Society of Australia
National Executive Director:
Peter Consandine
Secretary/Treasurer: Kerry McNally
PO Box 843 Castle Hill NSW 1765
(02) 9899 5474 fax: (02) 9894 5686
lvtsociety@ablesoft.net
http://www.ablesoft.net/lvtsociety

Association for Good Government
Chairman: Mr John Booth
Secretary: Richard Giles
PO Box 443 Enfield NSW 2136
(02) 9744 8815 Fax: 9744 3804

Site Revenue Society (Queensland)
Secretary: David Spain
PO Box 8115 Bundall Qld 4217
dspain@themis.com.au
(07) 5574 0755

Henry George League (South Australia) Secretary: John Hall
26 Landsdowne Avenue
Belair SA 5052
joval@senet.com.au (08) 8278 7560

Henry George League, Kimba
Mrs Betsy Harris
PO Box 286 Kimba SA 5641

EarthSharing (Tasmania)
Secretary: Leo Foley
31 Brushy Creek Road
Lenah Valley Tas 7008
(03) 6228 6486
foleyl@tafe.tas.edu.au

Georgist Education Association (WA)
President: Charles Eadon-Clarke
Treasurer: Richard Hart
(08) 9367 5386
10 Broome Street
South Perth WA 6165

Bob Keall
Resource Rentals for
Revenue Association
45 Dominion Street Takapuna
Auckland NZ
(09) 486 1271
takasec@xtra.co.nz

Major International Contacts

International Union for Land Value Taxation, Suite 427 London Fruit & Wool Exchange, Brushfield Street London E1 6EL UK
iu@interunion.org.uk
http://www.interunion.org.au

Robert Schalkenbach Foundation
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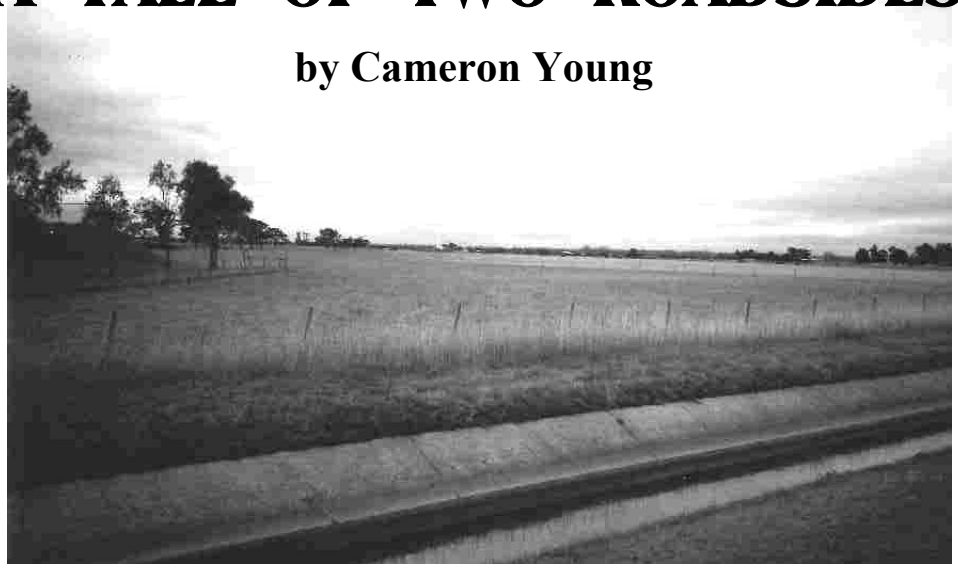
A TALE OF TWO ROADSIDES

by Cameron Young

Mention of the suburb of Braeside, if you know it at all, might bring to mind images of light industry and cow paddocks somewhere between Mentone and Dandenong *(Ed: in the light industrial/residential outer south-eastern suburbs of Melbourne)*. Until recently this was accurate enough. With the construction of the freeway and the recent assignment of major new parkland in the area, developers have elected to buy up some of the paddocks and partition them into 'saleable units'.



What was previously populated only by a few ruminating cows has, by a marvel of exploiting the needs of the community, been converted into a speculator's dream come true. Plots of vacant land range between one eighth and one tenth of an acre sell at upward of $250,000.

Above shows one such 'estate' (formerly cow paddock) viewed facing west from Springvale Road.

Turn on your heel 180 degrees and you will see the sight below. The speculator with his cow, otherwise known as a farmer, withholds the paddocks waiting for the right time to cash in.

"Whilst labour is pressured to pricing itself into work by working longer and harder for less, to constrain inflation, share and property prices still go to the highest bidder without constraint, save a modest, self-defeating, demonstrably ineffectual rise in interest rates – a "remedy" applied to effects not the cause. The "remedy" itself enters into headline inflation; tax cuts too are rapidly absorbed by unearned gains – the real cause!"
- Bob Keall

"Our primary social adjustment is a denial of . In allowing one man to own the land on which and from which other men must live, we have made his bondsmen in a degree which in- aterial progress goes son. It is this he blessings of material progress into a curse."
- Henry George

paying taxes. The only thing is--I could be just as proud for half the money."
- Arthur Godfrey

GEOISTS IN HISTORY

AMBROSE BIERCE (1842-1914?)

Perhaps it's stretching things a bit to call Bierce a Geoist, but it's hard to classify a figure so diverse and fascinating as he was – Bierce was dubbed a brilliant satirist as well as a bitter misanthrope.

This American writer and journalist became best known for his realistic war stories and for his tales of horror and the supernatural with a distinctively-crisp and precise writing style. The characters in his stories are driven by the lowest instincts and many act like animals, with little conscience. Yet, at the same time, his witty satire did expose many of the privileges of his day.

Bierce was born to poverty-stricken parents on a farm in Meigs County, Ohio. He fought courageously for the North in the Civil War (1861-1865) and was seriously wounded. The effects of his early poverty and brutal war experiences intensified his naturally gloomy temperament. As a result of distinguished service, he went west with a military expedition and settled in San Francisco and wrote brief, witty, political pieces and then a column for the News-Letter. By 1868 he had become editor of the paper. He moved to London in 1872 for 5 years before returning to San Francisco. From 1899 until 1913 he worked for the Hearst interests in Washington D.C. as a prominent columnist.

Bierce's most famous collection of stories is Tales of Soldiers and Civilians (1891). From 1881 to 1906, he wrote hundreds of satirical word definitions for his newspaper column, and many of these definitions were collected in The Cynic's Word Book (1906), later published as The Devil's Dictionary (from which the quote below was taken).

In 1913 he went to Mexico and disappeared, the circumstances of his death remaining unknown. This mysterious ending is somehow fitting for this unfathomable character.

"LAND, n. A part of the earth's surface, considered as property. The theory that land is property subject to private ownership and control is the foundation of modern society, and is eminently worthy of the superstructure. Carried to its logical conclusion, it means that some have the right to prevent others from living; for the right to own implies the right exclusively to occupy; and in fact laws of trespass are enacted wherever property in land is recognised. It follows that if the whole area of terra firma is owned by A, B and C, there will be no place for D, E, F and G to be born, or, born as trespassers, to exist."