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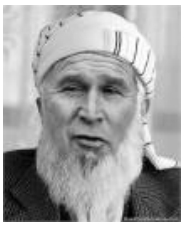
PROGRESS

Instructions for Earth's atmosphere:
Please don't adjust the thermostat
Controls were preset at the factory

A.T.O. TO BUST HIPPY-DIPPIES? 2



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ATTACKING A SACRED COW

Kallista market is definitely the grooviest market in The Dandenongs – nestled next to Sherbrooke Forest, it's the meeting place for Greens, alternatives and hippies of all sorts, and everything on sale must be hand-made or home-grown by the seller.

How anything that's so mellow and so community-building would want to be utterly destroyed by a misanthropist is incredible but true. I'm referring to He Who Would Lay Waste To Our Economy …… the tax man.

You see, everything sold at Kallista is strictly on a cash basis. A few sellers might fall under the ATO definition of a hobbyist, but most wouldn't as they sell at a number of markets around The Hills.

If the tax man had his malevolent way, he'd take a hefty percentage of their receipts – considerably more than any Al Capone or other protection racket. Further to that, he'd demand that all the sellers keep full records of each and every transaction for GST and income records (cash registers would not enhance the atmosphere there, no?). Then there would be periodic Business Activity Statements and enough paperwork to keep a big bunch of beanies busy.

Not content with obliterating the market, the tax man would swagger up to one of the community groups who sets up trestle tables there, kick it over, grab Joy-the-LETS committeeperson around the neck and sneer, "The game's up, baby – you're through!"

LETS, you see, is the Local Energy Trading System, a well-organised bartering system whereby people freely trade their skills with each other and accumulate or spend "Auras", the local currency in human energy units. With limits to how many Auras you can be in debit or credit, there are strong incentives to keep human energies and skills in healthy circulation.

Nope, the tax man would definitely plunge a dagger into the heart of LETS (just like he does to other income earners). If I willingly gave you a guitar lesson in return for your shiatsu massage, we'd both be better off, right? Enter the dragon. The tax man would kick the door in and shout, "You've both exchanged $50 worth of services – where's my cut? Hand over $15 each or I'll throw 1800 pages of tax legislation at ya!"

My Green friends, it's time to seriously re-examine the nonsense that is our clinging to the rightness and practicality of income tax. It's this easy: Tax bads, not goods – economic activity which keeps us productive should not be punished in the form of regular "fines" (as long as we pay for the use and abuse of nature in the course of our pursuits, in the form of natural resource rentals). What we rightly must pay (and therefore enable the funding of education, social welfare, infrastructure etc.) is for the amenities provided by the community. Such amenities are reflected in the value of the land we occupy. Rationale? – if we want exclusive use of our Common Wealth, we should rightly reimburse the rest of the community in direct proportion to the value of the land we occupy. Yes, I'm talking Land Value Taxation (or call it Community Ground Rent). Mugabe doesn't need to confiscate white farmers' land, only the nation's economic rent, but that's another story.

But what about the dogma of "ability to pay"? My friends, this utterly fails to distinguish between productive and unproductive ways of earning income. To use extreme examples, Geoism would allow income earned from honest work with no privileges to be 100% retained, while appropriating 100% of earnings arising from speculative activities (legalised robbery!).

Capacity to pay? To use more everyday examples, does your income tax regime distinguish between the person who earns $50,000 per year from working 5 hours a month at a board meeting or 60 hours per week on an assembly line? Does this distinguish between assets held – say, between the owner of a swag of properties and the battler who's desperately trying pay off his/her mortgage, even though their taxable income might be the same?

So you want to now tax assets? But were those assets earned from honest work or from speculative activities? From using and abusing natural resources or not?

So try to tax assets, then ….. but where'd they suddenly go? They're now split between extended family members, moved into overseas tax havens, or offset against liabilities and loss-making activities of all sorts. Creative accountants will ensure that, have no doubt. But there's one thing you can't morph, sweep under the rug or shift offshore. We're standing on it …. land. What should also be taxed are natural resources, natural and statutory monopolies, licences, electromagnetic spectrum assignments etc. (i.e. other eco-taxes).

I'll admit that income tax is necessary now in the manner of two wrongs making a right. But, when Geoist sanity prevails, we won't need it. You see, those who are most in favour of income tax are (if the truth be known) ….. the highest income earners! They're laughing at us fighting for their privileges! Laughing at us slugging the middle class with income tax (but income

tax is OPTIONAL for them)! Result: the honest earnings milked from the middle class means there's therefore no pressing need to collect the economic rent from natural resources and all the hidden privileges embedded in THEIR economic system!

Kallista market, next to Kallista Community House – Melways ref. 75 K3. First Saturday of every month, from 9:00 to 2:00. Be there or be square. But don't let you-know-who know about it, OK?

(This was posted to various Greens discussion lists on October 12)

Proz Oz's resident Drama Queen, Sheila Newman, is back again with a typically thought-provoking piece. Did she see the cat? Would she even spot one if it fell on her? A word about that spunky, Lolita-esque photo that graces the article - well Sheila's own words …. *"This may have been taken in New Zealand. I was quite a sulky teenager. Great sense of personal tragedy"*

Our tireless Geoist campaigner, Peter Consandine, returns to give us an account of why he's running for a senate position in Victoria for the Republican Party of Australia. My deep Green sentiments were surprised at the progressive, environmentally-conscious and – yes – somewhat Geoist set of policies for which this party stands.

Proz Oz's new Communications Officer, Gavin Putland, has been storming both the print columns and the air waves with his eloquent Geoist take on a sweeping range of subjects – the selection of some of his letters represent just a portion of his considerable output. When we then look at Gav's scholarly submissions on behalf of Proz Oz (one of which is reprinted here), his snappy emails and more, we can be assured that the Geoist message is now getting the public attention that's long been overdue.

– Karl Williams

Who owns land?

A true story illustrating the dodginess of the claims of land monopoly capitalism

A certain New Orleans lawyer sought a USA Federal Housing Authority (FHA) loan for a client. He was told the loan would be granted if he could prove satisfactory title to a parcel of property being offered as collateral. The title to the property dated back to 1803, which took the Lawyer three months to track down.

After sending the information to the FHA, he received the following reply (actual letter):

"Upon review of your letter adjoining your client's loan application, we note that the request is supported by an Abstract of Title. While we compliment the able manner in which you have prepared and presented the application, we must point out that you have only cleared title to the proposed collateral property back to 1803. Before final approval can be accorded, it will be necessary to clear the title back to its origin."

Annoyed, the lawyer responded as follows (actual letter):

"Your letter regarding title in Case No. 189156 has been received. I note that you wish to have title extended further than the 194 years covered by the present application. I was unaware that any educated person in this country, particularly those working in the property area, would not know that Louisiana was purchased by the United States from France in 1803, the year of origin identified in our application.

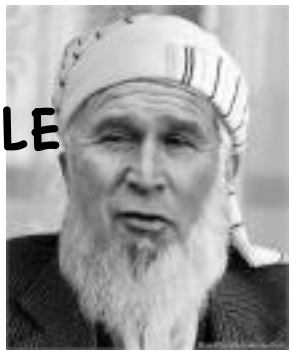
"For the edification of uninformed FHA bureaucrats, the title to the land prior to U.S. ownership was obtained from France, which had acquired it by Right of Conquest from Spain. The land came into the possession of Spain by Right of Discovery made in the year 1492 by a sea captain named Christopher Columbus, who had been granted the privilege of seeking a new route to India by the Spanish monarch, Isabella. The good queen, Isabella, being pious woman and almost as careful about titles as the FHA, took the precaution of securing the blessing of the Pope before she sold her jewels to finance Columbus' expedition.

"Now the Pope, as I'm sure you may know, is the emissary of Jesus Christ, the Son of God, and God, it is commonly accepted, created this world. Therefore, I believe it is safe to presume that God also made that part of the world called Louisiana. God, therefore, would be the owner of origin and His origins date back, to before the beginning of time, the world as we know it, AND the FHA. I hope the hell you find God's original claim to be satisfactory.

"Now, may we have our damn loan?"

The loan was approved.

THE MIDDLE EAST MESS



U.N. STEPS IN TO HALT LAND-GRAB IN KABUL

by Andrew Maykuth of Knight Ridder Newspapers

Mohammed Sediq woke up earlier this month to receive an eviction notice, Afghan style. As Kabul police stood by, a backhoe clawed into Sediq's house, collapsing the tin roof and mud walls and knocking over his portable television. While children wailed and women waved copies of the Koran, the machine took a bite out of 11 other houses in the cramped enclave.

In a thin gesture of charity, Kabul Police Chief Basir Salangi then gave residents 24 hours to clear out before he finished demolishing their homes to make way for a development of luxury villas.

"It's not fair," Sediq said. "We suffered under the Taliban, who were cruel people, yet they never did anything like this to us." But Sediq and his neighbours did something that others whose homes had suffered similarly had never done - they went to the United Nations. To the residents' astonishment, the United Nations responded by positioning troops in view of the neighbourhood. The demolition was halted, and the police chief was fired.

It was a rare victory for the underdog in what's become a burgeoning real estate scandal for the government of U.S.-backed Afghan President Hamid Karzai. Some U.N. and human rights officials say the scandal could play into the hands of the Taliban, the hard-line Islamists who were ousted by a U.S.-led coalition two years ago for harbouring Osama bin Laden. Now fighting as a guerrilla force, the Taliban portrays the new regime as unconcerned about improving life for ordinary Afghans.

While millions of displaced Afghans are living in camps or in makeshift housing, human rights officials say, entire neighbourhoods in some of Afghanistan's largest cities are being constructed for military commanders on what had been public land.

In some cases, refugees returning to their homes have found them occupied by commanders who refuse to leave, said Zia Langari, a member of the Afghan Independent Human Rights Commission. "We can't do anything," Langari said. "We just write about them in our newsletter."

"We're developing a kind of land mafia," said Yusuf Pashtun, the governor of Kandahar who until last month was the minister of urban development. Sediq's neighbourhood was among those targeted for development. The modest mud houses are in a corner of the old Shirpur military base next to Wazir Akbar Khan, one of Kabul's most exclusive neighbourhoods. Earlier this year, the defence ministry abandoned Shirpur, divided it into 55 plots and sold them to high-ranking officials at giveaway prices. The lots included the land on which Sediq and his neighbours have lived for a quarter-century.

Pashtun said Karzai's Cabinet discussed the Shripur plans. Defence Minister Mohammed Qasim Fahim presented the plan himself. "I was one of the people who was against it," Pashtun said. "I'm still against it." But Pashtun was outvoted.

The government sold 4,300-square-foot lots to the officials and commanders for about $1,000 each. Miloon Kothari, a special housing consultant for the U.N. Commission on Human Rights, said some lots were resold for more than $80,000 in Kabul's hot real estate market, which has ballooned with the influx of thousands of foreign journalists, advisers and aid workers.

Six months ago, the residents, most of whom had worked at the base and had built their homes on abandoned land without asking for clear title, were told they would have to move. Defence officials promised to help them find new land, but help never came.

The United Nations responded by moving troops "The procedure (the government) followed was completely illegal," said Kothari, the U.N. housing consultant. "What has happened in Shirpur is a small example of what is happening across the country." "If the U.N. didn't defend us, we wouldn't be here any longer," said Rahmad Shah, 43, a community leader.

Even more surprising, a delegation from several ministries and President Karzai's office visited and asked the residents what the fuss was about. The residents said they would like to stay in their houses and receive clear title to the land. No promises were made, however.

"This would be justice," Shah said, "if they gave land for us poor people to live among the wealthy."

"Incidents like this seriously affect the credibility of this government," Kothari said. "Unless this land-grabbing is arrested, you're sowing the seeds for decades of conflict."

****ooOOoo****

THE MIDDLE EAST MESS

RECONSTRUCTING IRAQ

Ed: Surprise, surprise! – even in mainstream publications some very Geoist concepts are getting airplay, like this piece on April 9 in the op ed page of the New York Times. The author was Steven C. Clemons who is executive vice president of the New America Foundation (whatever that is?)

Though most Americans don't believe this war is about oil, much of the rest of the world does. How the United States handles Iraq's oil after the war is therefore crucial. For guidance, America might look to its experiences in Japan after World War II and - perhaps more surprisingly - in Alaska in the 1970's.

Most revolutions that produce stable democracies expand the number of stakeholders in the nation's economy. America's occupation of Japan succeeded not just because the United States purged Japan's warmongers and established a peace constitution but because it imposed land reform. American occupiers broke up vast estates held by the Japanese aristocracy and redistributed the land to farmers, thus linking Japan's most lucrative resource to millions of citizens. Now America should do the same with Iraq's most lucrative resource, oil.

Here is where Alaska comes in. In the 1970's, during the construction of the Trans-Alaska Pipeline, the state realized that the new oil leases would produce an enormous windfall. Its citizens set up the Alaska Permanent Fund to manage this income, directing that the revenue be invested, the principal remain untouched and the gains be used for state infrastructure investments. A part of the proceeds was distributed as dividends to every Alaskan. By July 2002, the fund had grown to more than $23.5 billion. Dividend payments to Alaskan families averaged about $8,000 per year.

Iraq's annual oil revenue comes to approximately $20 billion. A post-war government could invest $12 billion a year in infrastructure to rebuild the nation. The other $8 billion could anchor an Iraq Permanent Fund, to be invested in a diverse set of international equities. The resulting income would go directly to Iraq's six million households. These payments would make a huge difference to families in a country whose per capita gross domestic product rests at about $2,500.

Establishing this fund would show a skeptical world that America will make sure Iraq's oil revenues directly benefit Iraqi citizens. By spreading capital broadly among new stakeholders, the plan would also prevent a sliver of Iraq's elite from becoming a new kleptocracy. Finally, the creation of an Iraqi oil fund could begin to help repair America's damaged image abroad - itself no small dividend at a time when many people remain suspicious about American motives in the Middle East. ■

COMMENT BY BRYAN "BUBBLES" KAVANAGH

Director of Melbourne's Land Value Research Group

Ed: That's right, Bryan – "Bubbles", due to your astute analyses of land price booms and busts and nothing to do with your cross-dressing habits, the privacy of which I'll solemnly respect.

OIL PRICES AND THE COMING CRASH

I notice that OPEC has sent the cost of oil up $4.00 a barrel. This apparently will equate to 4 cents a litre at the pump. Overlaid against the US's political and economic problems, this could become quite a big thing, particularly if the Arabs continue to ratchet oil costs upwards as a one-fingered gesture at the US. I wonder whether it will become similar to the 1970s OPEC crisis which got so big that the enormous worldwide property boom that peaked in the West in 1972 and 1973 was reduced to a fly speck by the media? That was the 'bust' that flung governments out all around the world at the time, including Whitlam. So, any crunch we have will be simplistically mislabelled another 'OPEC oil crisis', thereby re-writing history again?

That these property booms become subsumed by 'sexier' events in the Middle East suits certain interests right *down to the ground*. It would not surprise if an oil crisis did become the trigger for an economic collapse in the West. But that is all it would be - a catalyst, striking at the deeper malaise created by land prices and taxation. FWIW ■

from GEOFF FORSTER

TAX DODGERS THRIVE

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

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

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

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

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

MORE IS NOT BETTER

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

TWEEDLEDUM AND TWEEDLEDEE

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

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

LAND BOOM OR LAND DOOM?

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

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

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

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

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

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

TAXPAYERS HELPING RICH BUY MANSIONS

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

overseas", according to their solicitor, but their grand new address was their first purchase in Australia.

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

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

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

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

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

Even in low-wage economies the major thrust of globalisation has been to privatise the public domain into rent-seeking monopolies. The economic returns of privatisation have taken the form largely of capital gains based on getting into a position to extort monopoly prices without entailing corresponding operating costs.

- Michael Hudson

GIGGLES & GROANS

A classic example of globalisation is Princess Diana's death:

An English princess with an Egyptian boyfriend crashes in a French tunnel, driving a German car with a Dutch engine, driven by a Belgian who was drunk on Scottish whiskey, followed closely by Italian Paparazzi, on Japanese motorcycles, treated by an American doctor, using Brazilian medicines!

And this is sent to you by an Armenian, using Bill Gates' technology, and you're probably reading this on one of the IBM clones, that use Taiwanese-made chips, and a Korean-made monitor, assembled by Malaysian workers in a Singapore plant, transported by lorries driven by Indians, hijacked by Indonesians, unloaded by Sicilian longshoremen, trucked by Mexican illegals, and finally sold to you by Jews

☺☺☺

"I'd rather be vaguely right than precisely wrong."
- J.M.Keynes

☺☺☺

Seven habits that help produce the anything-but-efficient markets that rule the world by Paul Krugman:

1. Think short term.
2. Be greedy.
3. Believe in the greater fool
4. Run with the herd.
5. Overgeneralize
6. Be trendy
7. Play with other people's money

Quotes of note

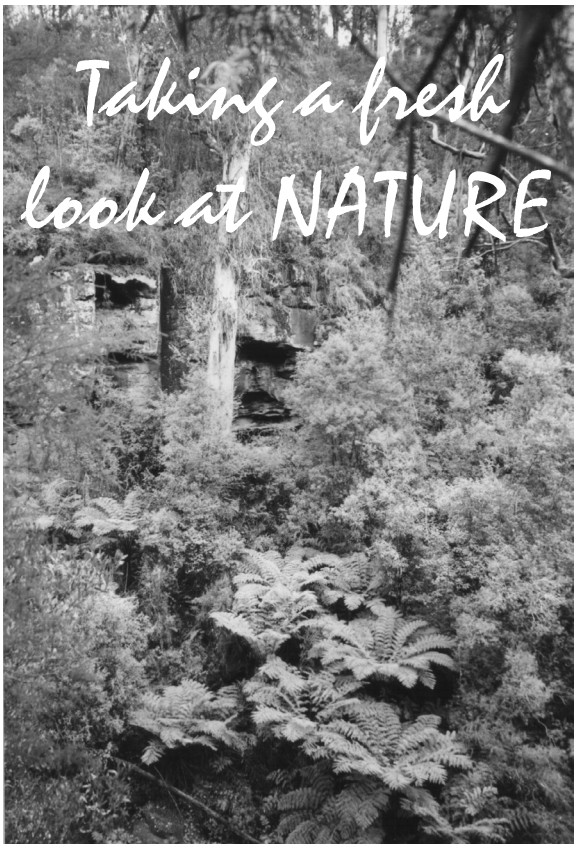
"The Law, in its majestic equality, forbids the rich, as well as the poor, to sleep under the bridges, to beg in the streets, and to steal bread"
- Anatole France, (1844 – 1924), French Nobel-prizewinning writer

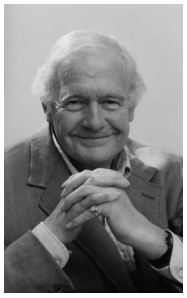
"People should pay to society the value of what they receive from society, which is reflected in the value of the land they occupy. To allow that value to be bought and sold between private individuals is morally wrong. Land is, by natural law, the common property of the community."
- Sir Kenneth Jupp, Former British High Court Judge

"Who reads shall find in Henry George's philosophy a rare beauty and power of inspiration, and a splendid faith in the essential nobility of human nature."
- Helen Keller, (1880 – 1968)

"The idea that man is a naturally aggressive and violent creature is not born out by fossil evidence.... it was the beginning of farming which introduced conflict, when people began assuming a personal stake in the land."
- Richard Leakey

"For some years prior to 1952 I was working on a history of American reform and over and over again my research ran into this fact: an enormous number of men and women, strikingly different people, men and women who were to lead 20th century America in a dozen fields of humane activity, wrote or told someone that their whole thinking had been redirected by reading Progress and Poverty in their formative years. In this respect no other book came anywhere near comparable influence, and I would like to add this word of tribute to a volume which magically catalysed the best yearnings of our fathers and grandfathers."
- Dr. E. F. Goldman, Princeton historian





from our correspondent in the UK
Timothy Glazier

The concept of nature is central to all geoist thinking and so when the theme for this year's Economist/Shell Essay Competition was announced as being "Do we need nature?" I felt that it was a challenge that just had to be taken up! However, in considering how best to approach such a subject, it became evident that the conventional view of nature is that it is something "over there", to be worked on and used and modified to our ends, something essentially separate from us - to the ultimate absurd extreme suggested by the clever and provocative theme of this essay competition, that we hardly need nature any more - we are doing quite nicely on our own!

In spite of the absurdity of this extreme view, is it not, to some degree or another, what the majority of our urbanised culture believes? And is this not why it is so difficult to bring about an understanding of the geoist point of view?

That being the case I thought that it would be a useful exercise to a fresh look at nature.

NATURE'S UNLIMITED RESOURCES.

Nature is the infinite power of the universe. In human terms it is unlimited. It reaches us, as inhabitants of a planet in the solar system as the energy of the sun and manifests as the natural resources of the planet and as the richness of the biosphere which provides the conditions within which life can flourish. Humanity is part of that pattern of life and is thus totally dependent upon the resources of nature from the energy of the sunlight, the air that is breathed, the water that sustains all life, the earth of which humanity is made and upon which it lives, all the planets storehouse of resources, the electro magnetic spectrum and other invisible energy forms and all the myriad life forms that constitute the biosphere.

All life forms adapt to the conditions of the biosphere for survival and as these conditions change, life forms come and go. Humanity has adapted and developed in a unique manner and its strength arises out of its ability to use nature. As humanity's intelligence has increased with its evolution, the use to which the resources of nature have been put has increased to the sophisticated command of nature that we know today. Mankind is the great toolmaker - all that it can control in nature has become its tool. Mankind uses nature.

THE CREATION OF THE COMMUNAL BONUS.

This "use" to which mankind puts nature is the creation of wealth. Ever since mankind ceased to be hunter gatherers this has been known. What has also been known is that this creation of wealth, this

This comes about because our culture appears to sanction the private ownership of the resources of nature together with the communal bonus

added value to the resources of nature, increased with the size and facilities of a community and this is what, in this paper, is called the communal bonus. And, as all geoists know only too well, the most common and obvious manner in which the communal dividend manifests itself is in the value of land.

This bonus is created by the community and is therefore due back to that community. In many communities throughout history this has happened, these communities becoming strong, healthy and happy, often achieving cultural and creative heights that we marvel at today. However, invariably through time just one section of a society or acquisitive rulers would start to benefit to the detriment of the rest, this being achieved in one way or another by the privatisation of the communal bonus - this often heralded the collapse of such a community.

This obligation was known by the classic economists as the economic rent of land and natural resources

Today precisely this situation exists, but now on a global scale. Globally we see that communities and countries, more often than not in the developing world, live under tyrannies that purloin the communal bonus as personal wealth, or whose natural resources have been, or are

Because no one will wish to claim more of natures resources than they can afford, then natural resources and affordable land will be available for everyone

being removed by outsiders, often from the developed world. This comes about because our culture appears to sanction the private ownership of the resources of nature together with the communal bonus.

Because every human requires access to land and the resources of nature to survive this means that those who have claimed exclusive use of land or nature's resources have the opportunity for the creation of wealth, whilst those who are denied the use of natural resources cannot and are rendered dependent upon those who have, thus extremes of wealth and poverty, servitude and slavery arise. From the community's point of view, if the communal bonus is privately owned, that community is denied its natural source of communal revenue.

WHAT IS THE SOLUTION?
The solution is simple. Individuals or groups who wish to have exclusive use of the resources of the nature or specific pieces of land, owe an obligation to the rest of a community for that. This obligation was known by the classic economists as the economic rent of land and natural resources.

What has to happen – and this has to be enforced by governments at a local, national or international level – is that the value of natural resources and the unimproved value of land, as it arises annually, should be paid to the community.

This will have several effects. Firstly no one will wish to have exclusive right to more of nature's resources that they can afford - be this a natural resource that has to be mined from the earth, water that flows in a river or any specific piece of the dry surface of the land. Because no one will wish to claim more of natures resources than they can afford, then natural resources and affordable land will be available for everyone, from which they can themselves create wealth and thus become free from servility.

Secondly, the payment of that obligation is nature's way of creating communal revenue which in turn will mean that governments would not need to raise taxes on production and individual earnings, and the movement and sale of goods.

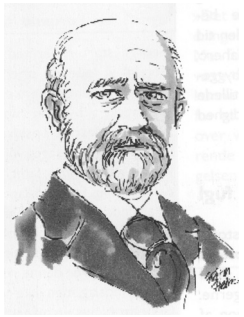
This obligation that is created by the use of nature within a community is nature's communal bonus, the realisation of which, for the benefit of

which in turn will mean that governments would not need to raise taxes on production and individual earnings

all instead of a small number of individuals and groups of individuals, could transform the world in which we live.

****ooOOoo****

It is inherent in the use of property-tax exemptions to subsidize many underutilizations of land and hobbies of the rich, like redundant airports for private jets, cemeteries, golf courses, campuses, church parking lots, conservation easements, timber, etc. Some of these may foster socially defensible uses, but note it is the lands, not the personnel, that are tax-exempted.
- Prof. Mason Gaffney



HENRY SAID…

"It must be within the province of political economy to give such an answer. For political economy is not a set of dogmas. It is the explanation of a certain set of facts. It is the science which, in the sequence of certain phenomena, seeks to trace mutual relations and to identify cause and effect, just as the physical sciences seek to do in other sets of phenomena. It lays its foundations upon firm ground. The premises from which it makes its deductions are truths which have the highest sanction; axioms which we all recognize; upon which we safely base the reasoning and actions of everyday life, and which may be reduced to the metaphysical expression of the physical law that motion seeks the line of least resistance--viz., that men seek to gratify their desires with the least exertion. Proceeding from a basis thus assured, its processes, which consist simply in identification and separation, have the same certainty. In this sense it is as exact a science as geometry, which, from similar truths relative to space, obtains its conclusions by similar means, and its conclusions when valid should be as self-apparent. And although in the domain of political economy we cannot test our theories by artificially produced combinations or conditions, as may be done in some of the other sciences, yet we can apply tests no less conclusive, by comparing societies in which different conditions exist, or by , in imagination, separating, combining, adding or eliminating forces or factors of known direction."
[p11 & 12 of centenary ed. of P& P]

Letters Letters Letters Letters Letters Letters

THE OTHER SCALPERS

From The Sunday Herald Sun, 21/9/03

Grand final tickets are strictly limited in supply. So is Melbourne land.

As the ticket supply runs low, the market price rises. Likewise with land. But while we prosecute anyone caught selling a ticket for more than the nominal price, we allow people to sell land for whatever they can. And while we devalue resold tickets by making them void, we reject any policy that would devalue resold land.

Our tolerance for land scalpers leads to speculative bubbles that eventually burst, so that buyers end up with devalued land anyway. What governments won't do once and for all, the market does again and again.

Gavin R. Putland, BE PhD
Calamvale, Qld.

TAX LAND VALUES

From The Sunday Age, 28/9/03

"Property makes debt level highest in West" (21/9) should have our politicians searching for ways to stop the booming land values, which form the greater part of the increase in house prices.

The best way to curb the increase in house prices, which are increasingly becoming unaffordable for many, would be for the Commonwealth to introduce a tax on the increase in land values.

Increase in land values is brought about through the provision of infrastructure and other community action. Therefore, as a matter of equity, the benefit should return to the community through its government.

David Barkley
Box Hill North, Melbourne

POINTER TO A CRASH

From The Sun-Herald, 28/9/03

"Even your rent is up for auction" (The Sun-Herald, September 21) is a sign of a market in pre-crash denial mode. Property investors have belatedly realised that recent prices are not justified by rental yields, and are hoping that auctions can drive up rents, as they have driven up prices.

Buyers beware: As more and more buyers pay due attention to rental yields, vendors will look for ways to exaggerate prospective rents in order to shore up prices. The first step in any such scheme is to inject uncertainty. Some landlords' agents are advertising ranges of rents (obviously with optimistic upper figures), while others are cultivating the expectation that prospective tenants will bid above advertised rents.

How long will it be before we see a two-tiered rental market, with lower rents for the locals and higher rents for the mugs?

Gavin, Putland
Calamvale, Qld.

COPING WHEN HOUSING BUBBLE BURSTS

From The Sunday Telegraph, 7/9/03

The spring season of home auctions has started early and fast, but buyers are still paying above reserves ("$5.8m for this brick bungalow", ST, 31/8). The implication is that sellers are bailing out while they're ahead, but buyers haven't yet got the message.

The message is that homes are overvalued because rental yields are less than interest rates while debt-servicing costs as a fraction of income are approaching an all-time record.

Construction of units continues in the teeth of soaring vacancy rates and falling rents. Unit prices in Sydney and Melbourne have already started to fall; detached home prices must follow, especially as falling rents and prices reduce the attractiveness of ownership.

Because all this is happening at the bottom of the interest rate cycle, investors will face the double whammy of rising interest rates and falling collateral values. As they go broke, they will take down their creditors with them, who in turn will take down more creditors, and so on, causing a general depression -- unless the chain reaction is broken.

I urge the Federal Government to enact a new form of bankruptcy protection which can enabled by the Executive in times of national emergency, and which allows an insolvent entity to prioritise unsecured debts in reverse chronological order, so that anyone who supplies goods or services to that entity goes to the top of the queue of creditors. As long as the cutoff date between paid and unpaid debts is moving backwards, people will be willing to give credit.

Creditors at the back of the queue might have to invoke the same protection themselves, but all affected entities would continue to trade and create jobs, while the bad debts would eventually be borne by those who can bear them without becoming insolvent.

Gavin Putland
Calamvale, Brisbane

AFFORDING A HOUSE

From The Hobart Mercury, 2/9/03

Solutions to housing affordability problems will not be found in wonky economic thinking.

Real estate agents indicate that 40% of Tasmanian properties are now

sold to interstate buyers, with prices reflecting their willingness to pay inflated prices. But, Tasmanians are now questioning that whether it is such a good thing. We should welcome interstate migrants, who bring their skills and spending power to boost our economy. But so-called "investors", who merely speculate on property prices continuing to spiral, do nothing for our economy. They will bleed us, taking their capital gains back to fund their Sydney lifestyle.

Calls to legislate a cap for interstate buyers are understandable, but futile. Markets work best when they are free of unnecessary regulation. But there is a natural way of ensuring only genuine residential buyers enter the market. The value of land is created by the community, so a tax on the value of land, which recoups the economic rent created by that community demand, will kill off speculation. Then we could welcome all interstate investment in our State without reservation.

Similarly, the call by Island State CEO, Mr. Gillam, to double the first home owners grand is poor economics. Further cashing up buyers will only inflate property (land) prices further, perhaps by more than the grant. Should we double it again next year? Bigger mortgages might suit the finance industry, but they hurt buyers - mostly ordinary Tasmanians. Taxing the increases in the value of land (economic rent) will reduce the cost of house and land packages, without the need for more intervention using taxpayers money, and without distorting the economy.

The land value tax would not be an additional tax, but would replace existing taxes, starting with the odious payroll tax and income taxes. Community discussion on land value taxation needs to start now!

Leo Foley,
Lenah Valley, Hobart

CHANGE RATING SYSTEM

From the Mornington Peninsula Leader, 16/9/03

Your recent report on high land prices on the peninsula highlights the need for site value rating, as is used throughout Queensland and NSW.

Rising land prices are partly due to the services and amenities provided by the council; site value rating would ensure that community-generated values were collected, at least in part, for the community.

At the same time, rates on houses, shops etc. would disappear, thereby encouraging improvements and hence employment opportunities. It is a win-win situation.

Geoff Forster, McCrae

SPREADING THE COST OF PUBLIC TRANSPORT

From The Sydney Morning Herald, 11/9/03

Can public transport be self-supporting? If "self-supporting" means fully funded by fares, the answer is no, because if you raise fares in an effort to cover costs, you are defeated by reduced patronage.

But if "self-supporting" means passing a cost-benefit test, the answer is yes. If we also stipulate that some of the benefit must be realised in cash and used to defray the cost, the answer is still yes, because the benefits of public transport are manifested as increased land values along the route, and a fraction of this increase can be collected annually by land value taxation.

If the rate is high enough (say, 3 per cent per year, with no threshold) and the base broad enough (all land except owner-occupied residential land), the tax generates enough revenue to amortise the fixed costs of the transport system over its working life, so that fares need only to cover marginal costs.

Property owners benefit from this arrangement because their land values are enhanced by infrastructure that would not otherwise be provided, while the tax takes only a fraction of their unearned windfalls.

Gavin R. Putland
Calamvale, Brisbane

FIGHTING POVERTY

From The Sunday Telegraph, 17/8/03

Your story on the growing incidence of poverty (ST, 10/8) exposes the futility of current anti-poverty policies. Safety-net wage rises are taken away by income tax and income tests on social security, and price some workers out of jobs. Rent assistance for private renters allows them to bid up rents for the benefit of landlords. Increased welfare similarly raises rents in welfare-dependant suburbs. Public housing would avoid these pitfalls.

However, when public housing is provided at below market rents, it causes two other problems. First, the system runs at a loss, so that there is never enough funding to meet demand. Second, if there is a gap between public and private rents, officials and incumbent tenants can demand some of this gap as a kickback from incoming tenants.

Both problems could be solved, at little or no cost to taxpayers, if we gradually sell off well-located public housing units to private buyers, and use the proceeds to construct medium-density public housing on crown land. As private rents fall (because of increased supply), phase out rent assistance (causing further falls in private rents). Continue this process until private rents fall to a level comparable with public housing rents. From then on, offer public housing at full market rents, but continue with the other elements of the policy in order to

maintain the oversupply and keep market rents low.

The deliberate oversupply of the budget housing market is not wasteful. It reduces the rents not only of the housing provided by the government, but of ALL competing housing. Thus it is a very efficient way to relieve financial stress on low-income households.

Gavin Putland
Calamvale, Brisbane

TAXING TIMES FOR THE HOUSING BUBBLE

From The Weekend Australian, 20/9/03

Treasury boss Ken Henry has let the "B" word slip: the housing market is in a bubble - meaning that investors have forgotten rental yields and are relying on the circular argument that prices will keep rising.

A bubble cannot correct itself in an orderly manner, because if prices stabilise, the justification for those prices is removed. The only possible "correction" is a crash. Further evidence of the bubble is that in spite of low interest rates, household debt servicing costs relative to income are at record levels according to the Reserve Bank, or nearly so according to the bureau of statistics.

Real estate turnover now exceeds 25 per cent of GDP. In the past, any value over 19 per cent has portended a crash and recession.

Unit vacancy rates in Sydney and Melbourne have blown out, and the resulting rent reductions have spread to detached homes and affected unit prices. Detached home prices are next. Because all this is happening at the bottom of the interest rate cycle, investors will face the double whammy of rising interest rates and falling collateral values.

As they go broke, they will take down their creditors, who in turn will take down more creditors, and so on, until most entities have neither sufficient credit nor sufficient equity to do business. That's a depression.

To avoid disaster, the federal Government must legislate a new form of bankruptcy protection which can be enabled in times of national emergency, and which allows an insolvent entity to pay its unsecured debts on a last-on-first-off basis, so that anyone who supplies goods or services to that entity goes to the head of the creditors' queue. As long as the cut-off date between paid debts and older unpaid debts is moving backwards, the entity remains credit-worthy. While creditors at the back of the queue might have to invoke the same bankruptcy protection, all affected entities continue to trade, creating wealth and employment.

The bad debts are eventually borne by those who can bear them without becoming insolvent. There is a redistribution of wealth, but no depression.

But the Government had better be quick, because the fool's paradise won't last until the next election - unless the election is very early.

Gavin R. Putland
Calamvale, Brisbane

THE RESERVE'S MESSAGE

From The Weekend Australian, 13/9/03

There are none so illiterate as those who can't read the writing on the wall.

Australia now has the lowest unemployment rate, the highest current account deficit relative to GDP, the highest real estate turnover relative to GDP, and the highest household debt servicing cost relative to income, since just before the last major recession. The one we had to have.

Costello is crowing. So was Keating.

Gavin R. Putland
Calamvale, Qld

HARE-CLARK MAY SUIT IRAQ

From The Australian Financial Review, 24/9/03

It is vitally important for the stability of the Middle East, and for relations between Muslims, Jews and Christians there and in South -East Asia, that there is a stable government in Iraq. However, the number of religious and other factions will make establishing a stable and representative government difficult. Some form of proportional representation, for example a party list system, may result in those at present controlling each religious group or faction sharing power. Equally, it could result in extremist leaders having too much power, which could have dire consequences. A more appropriate structure would he the Hare-Clark electoral system, which has been used to elect governments in Tasmania since 1907 and was adopted by the Australian Capital Territory in 1992. In Tasmania, the same party formed and held government between 1934 and 1969. One reason for that could be that the system encourages members to truly represent all the voters, so there is a tendency to have a middle-of-the--road government. This system should be suited to the complex situation in Iraq.

David Barkley
Box Hill North, Melbourne

Letters Letters

LAND TAX MYTHS

From The West Australian, 25.9/03

Memo to West Australian taxpayers: Mair & Co and the Property Council of Australia are trying to rip you off-- using the time-honoured method of peddling myths ("Vow to take on land tax", September 3, p.63).

MYTH: Land tax undermines business productivity.
FACT: My land tax liability depends solely on the value of land that I own. It does not depend on my productivity and therefore cannot influence my productivity -- except perhaps by forcing me to be MORE productive in order to pay the tax.

MYTH: Land tax is a burden on tenants.
FACT: By making it uneconomic to own vacant premises, land tax forces landlords to seek tenants. One attracts tenants by REDUCING rents, not increasing them! One might also be forced to build or renovate, thus increasing the supply of accommodation and further reducing rents.

MYTH: Land tax causes a decline in after-tax rents received by self-funded retirees.
FACT: This only happens when the growth in property values is outstripping the growth in rents -- in other words, when the property market is in a speculative bubble. Higher land tax rates would make speculation uneconomic and prevent such bubbles from occurring in the first place. Property owners' associations do not exist for the benefit of businesses, tenants or self-funded retirees. They exist for the benefit of landlords, and their most consistent and cherished goal is that landlords should pay less tax. And if they pay less, you pay more.

Gavin R. Putland,
Calamvale, Brisbane

A Crash Course in the History of Land Ownership

The first person to enclose a piece of land and say, 'It's mine', gave birth to the most enduring form of social inequality in the world.

The idea that a person could own land has not always existed . Earlier civilizations- whether hunter-gatherers or pastoralists- held land communally and would have found the concept of private ownership ridiculous if not sacrilegious. The belief that land belongs to no-one is still held by most tribal peoples in the world today- be they in Australasia, Africa, Asia or the Americas. Communal ownership minus the religious element, was also proposed by Plato in his *Republic* as the only way to achieve peace and unity in society.

Feudal lords in medieval Europe had little truck with such ideals. All land belonged to the monarch. He or she would distribute it to supporters as 'tenants in fee'. In return these lords and barons would swear loyalty, provide armies and pay taxes. The nobles would themselves distribute land to peasants, exacting labour and taxes in the form of the food they grew. Peasants were also obliged to pay taxes to the Church. The lords and clergy had, for their part, a duty to provide for the poor in time of hunger or need and let them graze their animals unhindered on common land- the only means of survival for many.

But from the 16th century onwards the landed gentry realized the benefits- to them- of claiming and enclosing common land. A series of Enclosures Acts were passed which effectively forced the rural poor off the land and into towns and cities. Those who remained became landless labourers with little option but to work on the estates of local landowners. Subsequent laws, such as the Act of Settlement, cut deeper into the rights of these rural poor by not allowing them to leave the parish unless they owned land.

These injustices, before long, provoked radical and even revolutionary reactions both in England and Europe. The Diggers and the Levellers in England ritualistically burned land titles seized land and set up communes. The movements were short-lived but gave expression to eloquent and compassionate calls for justice. A leader of the Diggers movement Gerard Winstanley, wrote in 1652; "The poorest man hath as true a title and just a right to land as the richest man...by the Law of Creation it is everyone's and not a single one's. Kingly government was that of the highwayman who had stolen the earth from his younger brother."

Private Property A History

from New Internationalist Magazine www.newint.org

Dr Gavin Putland is the Communications Officer for Prosper Australia. This article is based on a draft submission to the Productivity Commission's Inquiry on First Home Ownership. The reforms proposed in the submission are aimed specifically at the issue of housing affordability, and are not as far-reaching as the reforms that Prosper Australia would prefer if the terms of reference were wider.

How governments tax the family home

The surging cost of housing is *not* the fault of the property development industry, whose profit margins are limited by competition and are not unusually high in proportion to the risks and lead times involved. Even less is it the fault of the building industry, which is fiercely competitive and operates on dangerously narrow margins. If building prices rise due to cyclic increases in the demand for new houses, there is little relief for builders and their suppliers and contractors, because the same demands that allow them to quote higher prices also increase their input costs.

All three claimants provoke some degree of denial, and none bothers to suggest a viable alternative source of revenue, let alone one that does not inflate home prices

In any case this is a short-term effect – in the long term, the real prices of new houses, excluding land and indirect taxes, are falling because of technological progress. But of course the price of a new home *includes* ``land and indirect taxes"; that is, it includes the price of the developed land and the influence of indirect taxes on the prices of the house and developed land. These are the causes of the problem and must be the targets of any solution.

Concerning indirect taxes, the Commonwealth blames stamp duties for inflating home prices. The States hit back by blaming the GST, while the Housing Industry Association (HIA) stands ringside and complains about up-front infrastructure levies. All three claimants provoke some degree of denial, and none bothers to suggest a viable alternative source of revenue, let alone one that does not inflate home prices.

Before we can adjudicate on these claims and counter-claims or suggest a solution, we must make four crucial distinctions that tend to be overlooked in public debate:

(1) Let us define house-like assets as *assets that can be produced at will by private individuals or firms*. These assets include houses and other buildings, machinery, consumer goods, and most other products of human effort. On the contrary, let us define land-like assets as assets that *cannot* be produced at will by private individuals or firms. These obviously include natural resources such as land. But they also include monopolies and privileges of all kinds; for example, a large physical network for delivery of services is likely to confer a monopoly, because new customers cannot be provided with an equivalent service at a competitive price except by connecting them to the *existing* network.

the party who can more easily avoid the transaction has more leverage and therefore pays less tax

(2) Buildings, fences and other artificial structures on or under land are called "improvements". The improved value of a block of land includes the value added by such structures *within the block*. The unimproved value of the block excludes the value added by improvements within the block, but includes the *locational value* added by improvements on surrounding land -- including roads, power lines and other services that pass by just outside the block. Improvements are house-like assets. The unimproved value is a land-like asset; in particular, the locational value is a land-like asset because the party buying the block usually cannot afford to add locational value by ``building up" the surrounding area. But the scope of the ``block" is subjective. For someone buying a site for a house, the block is the single lot, and the adjacent roads and other services provided by the developer are part of the locational value (unimproved value; a land-like asset). But for the developer, the block is the whole estate, and the services provided by the developer are improvements to that block -- i.e. house-like assets.

(3) Hence the terms developed land and raw land (i.e. undeveloped land) are *not* synonymous with ``improved land'' and ``unimproved land'' respectively. A developed estate is substantially improved from the developer's viewpoint, but a vacant lot in that estate is unimproved from a home buyer's viewpoint.

But home prices are *reduced* by holding taxes on land-like assets in the supply chain

(4) A transaction tax is one for which the tax liability is attached to an avoidable economic decision (the ``transaction''). A holding tax, on the contrary, is attached to an asset and is payable by the owner of that asset regardless of any transactions that occur during the period of ownership. Having defined our terms, we can now set out the general laws governing the effects of taxes on prices.

A transaction tax can be avoided by avoiding the transaction, and the parties to a proposed transaction can use this option as leverage when negotiating the price; the party who can more easily avoid the transaction has more leverage and therefore pays less tax. So the going price is such that the tax burden is shared by the buyer and the seller in proportion to their need to conclude the transaction. This logic applies even in the case of land-like assets; that such assets cannot be produced at will does not limit the rate at which they can be bought and sold, and places only an upper limit on the rate at which they can be rented and let. So a transaction tax on any kind of asset is partly paid by the buyer; from the buyer's viewpoint, *all transaction taxes increase prices.*

In contrast, a holding tax on an asset encourages the owner to sell it and deters others from buying it. These influences must lower the price *in the short term*. For house-like assets, the tax discourages production, slowing the growth of stock and raising prices *in the long term*. But for land-like assets, there is no long-term adjustment of supply. So, *a holding tax on a land-like asset reduces the price.* To see whether the tax also reduces the total cost of ownership (TCO), we must compare the price reduction (or the interest thereon) with the annual tax liability. In practice the price reduction is generally dominant because the tax makes it less attractive to hold the asset for speculative purposes, i.e. for a capital gain. A sufficiently high holding tax drives speculators out of the market, leaving only the genuine users to bid among themselves. The TCO falls because of the reduced competition and the elimination of speculative ``bubbles''. The reduction in the TCO is clearer if the buyer is in a tax-exempt category while competing bidders are not.

So the accusations by the Commonwealth, the States and the HIA are all correct: home prices are inflated by *all* transaction taxes in the housing supply chain -- notably including GST, stamp duty, up-front infrastructure levies, and payroll tax. Home prices are also inflated by holding taxes on house-like assets in the supply chain; these taxes include municipal rates on the values of improvements, and land taxes paid by developers on the value *added by the developers*.; these taxes include municipal rates levied on *unimproved* land values (as in Queensland and NSW), and State land taxes levied on all components of land value except those created by the owners. In particular, land tax paid by developers on the ``raw'' value of their land, plus any value subsequently added by rezoning, policy change, demographic change, economic growth or public expenditure (e.g. on infrastructure), reduces home prices.

Now let's deal with some of the denials:
Federal ministers have obfuscated the effect of GST by pointing out that the tax applies only to *new* homes. But because established homes are in competition with new homes, and because taxes affect the total stock of housing mainly through their effect on the rate of new construction, any tax that inflates new home prices also inflates established home prices -- except that the rise is pocketed by the seller instead of the Tax Office. If the GST were removed from new homes and applied to the value added on resale of established homes, the same competition would ensure that the price reduction on new homes would extend to established homes, with the GST borne mainly by sellers instead of buyers.

except that the rise is pocketed by the seller instead of the Tax Office

Similarly, prices would fall across the board if stamp duty were removed from new homes, even if the duty were increased on established homes in order to replace the revenue. So much for the States' argument that they can't afford to cut stamp duty on new homes.

Infrastructure levies are paid by developers to defray the costs of connecting their new estates to the rest of the world (e.g. with main roads, public transport, and trunk lines for drainage, sewerage, water, gas and electricity) and of the incidental demand for State schools, public hospitals, police stations, emergency services, etc. Supporters of infrastructure levies argue that the associated rise in land prices is caused by the infrastructure and not by the levy, so that land prices paid by consumers would be the same with or without the levy. But because permission to develop is contingent on payment of the levy, the levy is a transaction tax and deters the ``transaction'' -- i.e. impedes development, forcing up prices of developed lots. If the ``infrastructure levy'' were implemented as a tax on the value of the land -- including the value added by the public provision of infrastructure -- then it would become a holding tax on a land-like asset and would therefore reduce, rather than increase, the prices paid by home buyers.

All these measures, by increasing the spending power of home buyers, would tend to raise prices

What about shared-equity schemes, intergenerational wealth transfers for home purchases, HECS-style credit lines to maintain mortgage payments during income interruptions, and the other ``demand-side'' measures by which the Prime Ministerial Task Force on Home Ownership proposes to improve housing affordability? All these measures, by increasing the spending power of home buyers, would tend to raise prices. Under normal circumstances this would merely be wasteful. But in the present overheated market, the price rise caused by a single demand-side policy change could attract new speculative demand and accelerate the inflation of the ``bubble'', causing the price rise to overshoot the increase in spending power, leaving first-time buyers worse off, and increasing the fallout when the bubble eventually bursts.

the suggested reforms should not require too much political courage

In conclusion, housing affordability could be improved by:

- removing holding taxes on house-like assets in the housing supply chain,
- removing transaction taxes in the housing supply chain, and
- replacing the lost revenue by means of a holding tax on the unimproved value of land, with an exemption for owner occupied principal residences.

The first point merely requires local councils to remove improvements from the rating base and adjust the rates so as to preserve revenue. As to the second, each State could abolish payroll tax and infrastructure levies, exempt new homes and new housing estates from stamp duty, repeal the existing land tax legislation with its multiple rates and thresholds, and replace all the lost revenue by means of a new flat-rate land value tax with no threshold, but with an exemption for owner-occupied principal residences. While the required land tax rate would vary from State to State, it would typically be of the order of 3 percent to 4 percent. Considering that most voters would not pay the land tax, whereas *all* voters currently pay payroll tax in the prices of goods and services, and considering that payroll tax is widely and correctly reviled as a ``tax on jobs'', the suggested reforms should not require too much political courage.

****ooOOoo****

A Spray from Mr. Ed

By way of a column-filler, for those who have not gazed upon the Blessed Countenance of the Geoist Paradigm . . . .

Why aren't we all co-owners of the Global Commons, receiving (through the medium of the public purse) our Citizens' Dividend from full royalties and charges and rentals and licence fees and Community Ground Rent? Because we have, instead, an insane economic system which firstly grants to a few the immense wealth of the Global Commons and then, to make up for this first robbery, institutes a second robbery for the purposes of providing education, infrastructure and palliative social welfare - that is, taxes on Labour.

Here's just one example of why the poor are so poor. Nearly all of us are, in effect, born onto a planet where all the seats are taken (some few have laid claim to the very Earth itself!), meaning we have to pay for permission to these usurpers in order to live (in the form of rent for the use of land). Please get the full impact of this one point, though brevity prevents me from explaining it here: COLLECTING THE FULL COMMUNITY GROUND RENT (or call it land value taxation) WOULD BRING THE MARKET PRICE OF LAND DOWN TO *ZERO* !!! Land would have no purchase price! We wouldn't have to start our life's journey having to save for "our" share of the earth (and, in the meantime, the confiscatory taxes we have to remit will pay for the infrastructure which will make the block of land we're saving to buy even LESS AFFORDABLE!!!).

It's all a horrible trap! You're totally brainwashed in the Matrix, mate – just let me help get you guys out!

How I "Saw the Cat"

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

My understanding of the cat, mathematics and tax is relatively canine, meaning that I came at it from a different perspective than Henry George, who was not into biology or ecology. My seeing the light was to realise that geoism was a way to demonstrate the 'auto-cannibalism" (a fine ugly French term) of land speculation and possibly to stop it. I hoped thereby to save green spaces from humans. My formal research has led me to believe that land speculation actually drives population growth. Whilst fertility drives have been a feature of first world economies in times past, and there is evidence that they may return, high immigration is currently the major population increaser for first world countries. I thought if we could discourage speculation, we could discourage high immigration and pre-empt fertility drives. If we could do this then we might achieve a stable society and economy that wouldn't make further incursions on nature.

As soon as I saw his graphs I formed an emotional attachment to geoism, because it had recognised the efforts of this independent, unfunded researcher

The cat I have seen is the commodification and privatisation of land and natural resources and how LVT can make us value them properly and use them sparingly.

Try as I might, I can't remember where I first heard about Prosper, however a few years ago, I sent off for a trial free subscription to this newsletter. Perhaps someone had sent me something about HG in reference to my studies on population policies in first world countries. These studies had led me unexpectedly to land-use planning and housing systems and land speculation

The Secretary, Anne Schmid, sent me some issues. I initially poured over them until I found something that I didn't like. I think it was the idea that land was there to be used up for humans. And there was an absence of praise for green open spaces and solitude. It looked like the Geoists might be perfectly happy to cover the world in shops, factories, hotels and small market gardens in the belief that human works were God's works or some such. (Indeed some geoists might be, but not all; it depends on values and what you know.) I concluded that I had made a mistake. The subscription eventually petered out.

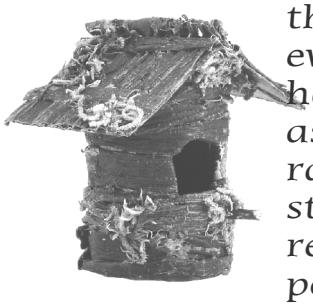
Then someone I was corresponding with mentioned HG again, suggesting that Geoists were more varied in their perspectives on life, land and taxes than the impression of them which I had initially gleaned. I think that was when I actually signed up as a paid subscriber to Progress. The first issue I opened was a special issue featuring an article by Tony 0'Brien, "The Poverty Enquiry to End All Poverty Enquiries!" in the Sep-Oct 2001 issue . As soon as I saw his graphs I formed an emotional attachment to geoism, because it had recognised the efforts of this independent, unfunded researcher. Tony was graphing the same things I had spent the last four years graphing, but from a different perspective. His perceptions complimented and enriched mine – or so it seemed to me - using different data sources. Finally someone was interested in the glaringly obvious fact that land was becoming increasingly unaffordable.

The cat I have seen is the commodification and privatisation of land and natural resources

Ed: This sketch is Sheila's handiwork

Although Tony had not the slightest interest in population growth, he was interested in hearing my views and thinking hard about them. This, to me, showed that he was a true intellectual with an honest desire to cut through ideology/bullshit. This was why I joined Prosper. Any organization that would publish a

Tony O'Brien was worthy of support. I was later to find out that Tony had dedicated to the research published in Prosper much of the last years of a life increasingly dominated by Vietnam war-related illness which would ultimately kill him.



the right of every animal to have a burrow, as it were, rather than to struggle to pay rent to the powerful

Although I had made other 'discoveries' in my life, such as the fact that wildlife and wilderness and the most ordinary of green spaces were being trashed daily, rarely had my discoveries seemed to have the potential to interest a wide audience. Unfortunately most humans don't care about other creatures and seem blind to the beauty of nature and to the merits of freedom and solitude. But the question of land-rights; the right of every animal to have a burrow, as it were, rather than to struggle to pay rent to the powerful, struck me as the kind of issue that could not fail to interest a wider public in the problem of decreasing resources. Where discussing population growth struck many as politically incorrect, discussing property development, land speculation, poverty, greed and homelessness, was eminently correct and charitable, I thought.

I thought … but I was wrong. Real research means finding out what counts out there and I discovered that, not only were the universities not interested in land speculation – except in so far as it brought them money - but that established charities don't really seem all that practically interested either. Could this be because they also invest a lot in land? Or could it simply be that just about every force in the land is beholden to land speculators one way or another, and few have ever looked into land-use planning and housing systems philosophy?

I began a correspondence with Tony O'Brien which was sadly interrupted by his death. I remain filled with admiration for his work and for his kindly attention to mine. The fact that Tony never demonstrated any interest to me in preserving nature and that he believed (erroneously in my opinion) that Australia could have a much larger population, did not detract from his courage, honesty and enthusiasm. He was open-minded and willing to exchange different views.

Indeed I have found that many Geoists are true intellectuals capable of comparing systems, concepts and values.

They are, however, generally rather different from that of Sustainable Population Australia (SPA), who also tend to be intellectuals, but have a natural science bent that favours genetic explanations for much human behaviour, as I do myself. Geoists are basically social engineers. Human wealth redistributors. Henry George is distinct from Malthus in George's belief that you could fundamentally change human systems through appealing to reason and enthusiasm. Material limits were not a problem. But Malthus, whom I admire and who Henry George hated, believed that, although some people were more cautious, human populations overall had an inherent tendency to maximise to the limits of available resources and then crash. Malthus felt that if you let material resource control get away from you, and population, there lay a Hobbsian future, because there were limits to wealth/supply. In a sense Geoists are social engineers and SPAs are evolutionaries. But I am a geoist and a SPA. Fundamentally I am fascinated by the truth and reality of the animal condition that lies in the land, and so are Geoists, except that they see this as an economic question which has monetary solutions. In their narrowest manifestation, Geoists seem to see it all as a question of taxes and monetary income arising from the land. Or they can come at it from a moral/religious starting point which seeks a form of just allocation of resources according to a work ethic, but which takes the biosphere for granted and assumes it is indestructible and spiritually dead.

My taste is to not selling land at all and to land therefore being free and uncommodifyable.

The thing is to be able to name and discuss the issues and the tools for a viable approach to the problems of resource distribution. Nature can be incorporated in this. Indeed it must be. And human nature as well. And science.

Geoism has the merit of being an economic philosophy that retains terms for examining the interaction of resources and humans ('land', 'infrastructure' and 'taxes'). Few other modern economic systems theories preserve the notion of land/natural resources as the basis of wealth. Instead they take resources or their substitution for granted, and deal more or less exclusively with the liquid metaphor of money, tending to blur and lose the distinction between the material world and fantasy. Geoism, however, by preserving the place of land-values, permits their extrapolation to evaluate the biological interaction of resources, humans, other creatures and plants, and energy.

What it still lacks, to my mind, is a scientific discourse incorporating thermodynamics and the biological use, transmission and storage of energy which is incorporated in the land. It is possible to discuss 'land', 'equity', and 'social justice' in ecological and thermodynamic terms: The geoist system could be applied to promote:

Or could it simply be that just about every force in the land is beholden to land speculators one way or another?

The right to a burrow for every creature, a place for tree roots to spread and stretch, and water not just for drinking and industrial use, but to sustain equilibrium amongst aqueous microorganisms; and soil, not just to produce human wealth with, but to preserve intact the marvellous chemical chain that links minerals to soil microorganisms to plants up to the very photons that radiate from the sun upon which all us animals and all political economies depend.

Geoists are one of the few intellectual societies around in Victoria. That in itself makes them worthwhile. I found books by extant Geoists on land and also discovered the rather nice little library at Prosper Victoria, which has something of every kind on every kind of issue that can come up with regard to land. I wish that I had more time to study this. And, without some kind of system in place, even if we once reduced population growth, it would always start up again, given the incentives demand induced land-priced inflation. ■

Geoism has the merit of being an economic philosophy that retains terms for examining the interaction of resources and humans

If you have no land to live from, you are dependent on money to purchase the products of the land; if you have no money to live from, you depend on employment; if you have no employment, then dependent on the State; if the State refuses you, you beg for the charity of the rich; no charity, you steal or die. Such is the chain which binds us to each other, and to the land. It is the entire spectrum of human economic existence, and none can escape it.
- Steve Wall

SIR ROBERT'S ROLE

-

Sir Robert scanned Australia vast
So sparsely populated
"O something must be done", said he
To get folk immigrated.
I'll tax the toilers more and more
To get my plan in motion
And I will trot across the globe
To coax men o'er the ocean

Sir Robert raised the income tax
The school books got their levy
He burdened most consumer goods
With duties huge and heavy
The big landholders grinned with mirth
And said the scheme was clever
They knew land values would increase
Without their own endeavour.

As migrants by the million came
They needed land for tillage
The owners asked them such a price
'Twas nothing else but pillage
Among thee men who owned the land
Great fortunes cumulated
The landless peoples' lot grew worse
Their needs were aggravated

"I'll help the newly weds," said Bob
To show I'm philanthropic
I'll grant them all three hundred pounds
This proved him most myopic.
The fellows who owned all the land
Half split their sides with laughter
They could demand three hundred more
For blocks of land hereafter

Sir Robert said I'll build new roads
And smear the land with posph'rous
Improve the railways and the ports
And make Australia prosp'rous
The workers had to foot the bills
He took their cash in slices
The speculators were enriched
As land advanced in prices

The land went into fewer hands
The estate business flourished
The workers' bankbooks and their kids
Went sadly undernourished.
As agricultural land grew scarce
The farmers' sons went townwards
This caused a labour surplus there
Which forced all wages downwards.

The workers in a drastic plight
For higher wages pleaded
Sir Robert and his government
Relented and conceded
Then wages soared up very high
But prices spiraled higher
Wage earners were not better off
They stayed stuck in the mire.

Sir Robert by his very act
The big landholders pampered
By placing fortunes in their hands
While industry was hampered.
For when the market price of land
Exceeds its valuation
It locks out capital and works
Thus fostering stagnation.

With all the aids of implements
Discoveries in science
All labourers should be opulent
Content in self reliance
Instead we have the phenomena
Of booms that end in busting
When toilers cannot get a job
Machines lie idly rusting

So much for Robert Menzie's role,
And Calwell's is no better
Their views keep capital hamstrung
And labour in a fetter
We must shake off the parasites
Shake off taxations burden
Collect land rent for revenue
So toil can reap its guerdon.

J.S.Rankin
"The Bard of the Baw Baws"
Reprinted from Progress November 1965

GEOIST WORLD NEWS

NIGERIA
NIGER DELTA FUND INITIATIVE

Alanna Hartzok reports that the Niger Delta Fund Initiative is moving along nicely now, with more about 24 organizational endorsements - about half from Nigeria and half international (most of these US).

"A paper written by IMF consultants has recommended an oil royalties fund for Nigeria just as we propose and we are getting mileage from this with a press conference and news story organized by Gordon Abiama, who is visiting the USA with the new Finance Director of Bayelsa State and others in a delegation. The intention is to make the best use possible of them and to connect the work in Nigeria with the LVT movement in Pennsylvania. "

NEW ZEALAND
KIWI RATES REVOLT

Bob Keall reports that the Auckland Regional Council rates revolt still continues, with 85,000 non-payers, and is a daily or weekly subject of press reports. When the change in the rating basis to Land Value occurs in other areas occurs next year, the focus will then be on Auckland city. The implications for the city then will make the current revolt a mere drum roll.

NICARAGUA AND BEYOND
LVT STUDY FOR NICARAGUA?

Alanna Hartzok is also working on another international front, approaching the International Union for Land Value Taxation to support Nicaraguan work, where Georgists now have a very strong Educational Centre. It has graduated several hundred students in the past year under the directorship of. Paul Martin.

There's also the possibility that Joshua Vincent will do a land value tax study for Nicaragua. A group of Geoist discussed the possibilities at the Bridgeport CGO conference and expert assessor Ted Gwartney might also be involved with this. Alanna is in favour of Josh doing this study as an opportunity for Education about implementation of land based taxes for other NGOs and for UN agency officials in Central America.

Strategically, it is thought that this, in addition to the Nigeria project, would really begin to put the International Union and the LVT movement on the map as consultants to the UN.

If you've not checked out Alanna's Earth Rights Institute, then go to www.earthrights.net

THE UK AND BEYOND
FREE NEWS SERVICE

The Henry George Foundation in the UK has launched a news email list – contact Peter Gibb at office@HenryGeorgeFoundation.org if you wish to sign up (and why wouldn't you?). Only occasional mailings will be posted - no more than one or two a week.

SOUTH KOREA
GO GET 'EM, GUYS!

From Yoon-sang Kim comes news of further developments:

Korean Georgists are encouraged, since government is preparing a plan to levy heavier burdens on landowners under the leadership of Joung-woo Lee, the President's Chief Policy Advisor. Mr. Lee believes that land value tax is the best of all taxes and of all anti-speculation measures, and is the editor of the book published in 2002, "Henry George: Revisited 100 Years Later."

I attended a meeting of top policy makers at Blue House (Korean President's office) as an academic expert a few days ago. Although the plan is far from LVT, we interpret it as a few steps toward the ideal.

The Henry George Association of Korea holds, in addition to the annual Land School, regular chapter meetings, frequent education sessions, an annual leadership camp, and various campaigns including monthly picketing on the most visible street in Seoul, and nationwide signing-up on a petition for special legislation on Land Value Taxation.

IRAQ
STEALING IRAQI OIL NOW LEGAL

Here's a classic example of a current day form of the ancient Roman law of "dominium" - legalization of land acquired by conquest and plunder. It does this by banning any adjudication of conflicts and legal rights to Iraq oil, giving full control to the usurper.

An extraordinary Presidential Executive Order, signed into law by President Bush on May 22 but kept out of the pages of the US media, further underscores the real motivations behind the illegal US-led invasion and occupation of Iraq.

Ostensibly drawn up in order to protect Iraq's oil wealth, Executive Order (EO) 13303, PROTECTING THE DEVELOPMENT FUND FOR IRAQ AND CERTAIN OTHER PROPERTY IN WHICH IRAQ HAS AN INTEREST, provides unlimited authority for US corporations to loot Iraqi oil and grants them permanent immunity from any legal actions over the consequences.

EO 13303 begins with a declaration that the possibility of future legal claims on Iraq's oil wealth constitutes *"an unusual and extraordinary*

threat to the national security and foreign policy of the United States". It goes on to state that *"any ... judicial process is prohibited, and shall be deemed null and void"* with regard to the Development Fund for Iraq, as well as for any commercial operation conducted by US corporations involved in the Iraqi oil industry.

Section 1(b) of the EO eliminates all judicial process for *"all Iraqi petroleum and petroleum products, and interests therein, and proceeds, obligations or any financial instruments of any nature whatsoever arising from or related to the sale or marketing thereof, and interests therein, in which any foreign country or a national thereof has any interest, that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of United States persons."*

Condemning it as a blank check for corporate anarchy, Tom Devine, legal director for the non-profit legal firm, the Government Accountability Project (GAP), issued a damning assessment of Bush's EO on July 18. "In terms of legal liability," Divine's report begins, "the Executive Order cancels the concept of corporate accountability and abandons the rule of law."

Devine noted that section 1(b) of the EO protects all corporate activities with roots or any connection to Iraqi oil [and] covers everything from extraction through transportation, advertising, manufacture, customer service, corporate records and payment of taxes. It covers compliance with contractual obligations involving Iraqi oil that industry enters with the US government in post-war Iraq. The scope can be further expanded to virtually all oil-related commerce, by blending Iraqi oil with domestic supplies for any given commercial transaction.

The EO means that American oil companies operating in Iraq are now completely immune from legal accountability. If they carry out environmental destruction, oil spills or labour rights violations, no one affected will have any legal recourse. In addition, the EO eliminates the potential for any future Iraqi government to sue US oil companies for compensation and damages. The GAP report describes it as "a licence for corporations to loot Iraq and its citizens".

The EO exempts US oil companies operating in Iraq not only from international law, but from American civil and criminal liability as well. It renders any commercial activity within the US involving Iraqi oil exempt from judicial accountability. Devine notes that this legal exemption covers everything from laws concerning workplace safety, minimum wage requirements, environmental protection and consumer fraud.

Also overridden are the normal accountability requirements relating to US corporations in receipt of government contracts. US administrative law enforces a raft of conditions for the awarding and administration of US government contracts in areas such as competitive bidding, labour conditions and open accounting standards. None of these will now be enforceable for contracts involving Iraqi oil, giving the Bush administration a free hand in its relations with companies such as Halliburton and Bechtel. As Devine noted, "the EO is a blank check for pork barrel spending".

If you tax labour, there will be less employment. If you tax consumption, there will be less demand. If you tax profit, there will be less investment. But if you tax land, there will not be less land, and those who own land will have to use it so as to cover their tax

- Gavin Putland

CLASSICAL ECONOMICS CLASSIC QUOTE

"Both ground-rents and the ordinary rent of land are a species of revenue which the owner, in many cases, enjoys without any care or attention of his own. Though a part of this revenue should be taken from him in order to defray the expenses of the state, no discouragement will thereby be given to any sort of industry. The annual produce of the land and labour of the society, the real wealth and revenue of the great body of the people, might be the same after such a tax as before. Ground-rents, and the ordinary rent of land, are, therefore, perhaps, the species of revenue which can best bear to have a peculiar tax imposed upon them. .... Ground-rents, so far as they exceed the ordinary rent of land, are altogether owing to the good government of the sovereign, which, by protecting the industry either of the whole people, or of the inhabitants of some particular place, enables them to pay so much more than its real value for the ground which they build their houses upon. .... Nothing can be more reasonable than that a fund which owes its existence to the good government of the state, should be taxed peculiarly, or should contribute something more than the greater part of other funds, towards the support of that government"

Adam Smith, An Inquiry into the Nature and Causes of the Wealth of Nations, 1776, Glasgow Edition, Oxford, 1976, Page 844 Chapter V.ii.e..

Our Street Warrior & the R.P.A. - how Geoist?

Prominent Australian Georgist from Sydney – **Peter Consandine** - has been endorsed by the Republican Party of Australia (RPA) to head up the RPA's senate ticket for the state of Victoria in the coming federal election. Peter has set up literally hundreds of street stalls over the years, beating the drum of both the RPA and Geoist economic reform. Now, it's no secret that your Mr. Ed is ardently Green, but I have to admit that I was surprised and impressed at both the breadth and the wisdom of some of the RPA's policies (including some Geoist principles). Judge for yourself, anyway, but first let's hear about Peter's federal campaign:

Q: Why are you standing Peter?

A: Well, as a perennial candidate for Federal Parliament, I was always going to stand this next time around, as hitherto

Q: Yes, but why Victoria?

A: The Party failed to stand a ticket for the State of Victoria in both the 1998 and the 2001 Federal Elections due to the weak efforts of the "wannabes & gunnabes" of the then Victorian Executive of the Party - on both occasions...a matter entirely beyond my control as National Executive Director of the Party".

I genuinely believe that we cannot allow this unfortunate outcome to be revisited. Furthermore, the authoritative quantitative opinion polls clearly reveal that Victoria continues to stack up as the State most desirous of an Australian Republic - with whatever model for a Republic is on offer. This is not surprising given that Victoria came closest of all the States to carrying the first Republican Referendum back on 6 November, 1999 – and only fell short by some 0.04% in carrying in the affirmative on that first occasion. My standing in Victoria will ensure that the voters of that State will not be disenfranchised again.

In a Double Dissolution Federal Election - which I predict will happen, what with going on a dozen potential triggers, the RPA's electoral prospects will have improved five-fold. We have excellent preference arrangements in place through our conscientious efforts and involvement in the lobby group: The advocacy for multi-party democracy - a group that includes The Australian Greens - and in early November I will be establishing my Victorian Campaign Committee".

The bonus which will ensue upon my election to the Australian Senate is the place where I can fully espouse the RPA's platform of 'regional republicanism'. The Land Value Taxation Society's (which I am also National Executive Director of) ecological taxation reform agenda forms part & parcel of the RPA's platform, as most "thinking" Australian Georgists would be aware. Make no mistake - I would make the most of the term of Parliament I won to champion, in an ongoing, informed fashion, what I have always described as 'the decent and total taxation reform campaign'. The electoral avenue is but one route to the establishment of Land Economics schools being established in all 38 Australian Universities and I would, obviously enough, be best-positioned to get real and durable attention for this passionate goal of mine.

Q: But isn't the RPA a single-issue Party, Peter?

A: No. And it never since inception in January 1982 has been a single-issue Party. We've always been a multi-issue Party. Admittedly, we concern ourselves with primarily the five major areas in which we have some expertise. But that stands to reason... we are, after all, a micro-minority Party with about 1300 Members Australia-wide".

Q: What are the five major areas of concern?

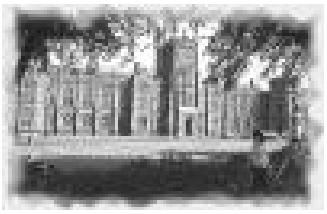
A: Broad ranging Constitutional Reform; Government System Reform; (as I asserted earlier on) Ecological Taxation Reform; (corresponding) Land Management Reform and Electoral Reform".

In effect, none of our five major areas of concern can be taken in isolation from one another. Indeed, the said five major areas of concern are integrally linked. I would go one stage further and claim that the five major areas of concern for my party are inextricably linked - they are, literally inseparable.

Q: There has been widespread criticism of your "Georgist" credentials. How do you answer your critics?

A: I think there has been some confusion about what I mean by the inclusive terms I use: community Georgism and modern Georgism. More particularly, I believe this so-called confusion is unfounded. After all, I have written extensively about these topics in the august pages of Progress over the years. The nub of it is that modern Georgism, per se, is viewed as 'impure Georgism'. I mean, I have - since 1979 -

had total faith in a two-tier system of governance in Australia. It has been somewhat axiomatic that the municipal rating system - taxes on the value of land that ratepayers exclusively occupy - would be the ideal/perfect primary source of revenue for the second tier of government in a two-tier system of governance. And whereas, I am a diehard proponent of the revisiting of Federal Land Tax, I am profoundly not an adherent of double-dipping. Therefore, when Land Value Taxation is a mainstream tax again - as I sincerely believe it could be again – I would only want it applicable to one level of governance. In this context, it is eminently suited to the second level of governance. In the regional republic scheme of things, this ideal/perfect primary source of revenue would only be assessed and collected at the second level of governance".



The electoral avenue is but one route to the establishment of Land Economics schools being established in all 38 Australian Universities

Municipal rating, writ large, is pure Land Value Taxation. Overall, to my way of thinking, modern Georgism is both progressive and implementable. I contend that this is the only interim way the ideal of a Land Value Taxation regime can be sold to Joe and Josephine Public".

And, as regards the concept of community Georgism ... well, that is merely counterpoint to community republicanism .... There has to be a certain amount of differentiation so as to keep confusion to an absolute minimum. The two issues are inextricably linked but the beautiful thing is that they are detachable and can therefore be promoted singly and severally.

Mine - and the RPA's standpoint - is that the global capital system has to be made to work better. The start can be made in Australia. We can, I maintain, devise a smarter, fairer, more efficacious taxation system right here in Australia. Then we can export or, at least technologically transfer our great revenue-raising system to the world.

Q: How are you going to fund your Victorian campaign?

A: As usual, in these things, Karl, we must garner the donations where and when and how we can. Soon we will bring on line our latest Guessing Competition - for a dollar a ticket people will be asked to nominate what year they think the inevitable second Republican Referendum will be held. We should be able to - depending on when PM John Howard calls the DD Election - raise several thousand dollars from that course. But there will necessarily be other means and methods - my new Campaign Committee will be asked to address this important matter, you can be certain of that.

For the first time since the first (failed) Republican Referendum, Victorian voters will have a Direct Election Republican they can vote for. I imagine that there are thousands of disaffected Labor voters in Victoria - what with all the vicious internecine faction warfaring going on in the State in the ALP ranks. I will be, amongst other registered left-of-centre Party candidates, vying for a place from which I can better prosecute the regional republican ideal and corresponding platform.

But judge for yourself the worth of the principles which Republican senators will champion:

A Republic for Australia until that ideal is achieved – we would advocate a popularly-elected, ceremonial Australian Head-of-State (a President) whose powers would be codified (see the RPA's website for its maximalist presidium model: www.republicans.org.au);

A two-tier system of governance on the premise that this country is manifestly over-governed – one level of the three levels of governance has to go. We would amalgamate the six State Governments, the two Territory Governments, the seven hundred plus Local Governments & the fifty plus Land Councils into one whole and then divide that whole up into thirty semi-autonomous Regional Governments…to achieve this end we see the absolute need to (a) resuscitate Section #101 of the Australian Constitution and re-establish the Inter-State Commission and (b) refashion the Australian Assistance Plan;

A more appropriate system of land management to put both a check and control on rampant land-clearing practices and land speculation trends; *'[Ed: all shading is mine, to highlight some Geoist principles]*

A more equitable, progressive & transparent taxation system – one which would phase out, over five-seven years, all indirect taxes (the GST included) & steadily introduce a complete system of ecological taxation reform which would comprise a more perfect mix of only direct taxes;

A people's election of the Speaker of The House of Representatives – an adult Australian citizen who is not a current Member of any State-registered or Federally-registered political party and who will nominate for the Office of Speaker as an Independent;

A discontinuance of appointment of Ministers of State in The Senate and that The Senate should act entirely as a House of Review;

A need for four year fixed terms of Federal Parliament i.e. four year fixed terms for both Houses of Federal Parliament – The House of Representatives and The Senate;

A rotation system, over a four year period, of at least one Parliamentary Joint Sitting in each of the six States and of the two Territories i.e. Sittings of both Houses of Parliament twice per year away from Capital Hill (New Parliament House) while the Federal system of governance obtains ;

A true one vote/one value voting system: Proportional Representation in both Houses of Federal Parliament – to foster multi-party democracy per multi-member electorates (preferably nine members per Federal electorate but at least seven);

A removal of the "grandfather clause" in The Commonwealth Electoral Act so that only Australian Citizens can vote in Australian Elections, Plebiscites & Referenda;
A Standing Constitutional Convention elected by the People for four year fixed terms &
A series of three important constitutional amendments to give The Commonwealth Government full jurisdiction over (a) The Murray-Darling Basin and indeed all rivers, estuaries and waterways; (b) The Health System (c) The Education Portfolio

And here are the pledges to be undertaken by Republican senators:

- To weigh up all legislation which comes before them on merit;
- To, as far as practicable, adopt a united stand on policy initiatives BUT, where necessary, to freely act or vote on legislation in clear conscience;
- To not pay "lip service" to the diktats of majoritarian political party groupings (Labor or Liberal/National);
- To not be beholden to any lobby group, veto group, sectional interest group or vested-interested group;
- To account for our words, deeds and actions by posting our evolving, individual Parliamentary & Electoral Track Records onto our respective Websites for public scrutiny and comment;
- To remain "Community-focused" and continue to hold Public Meetings with the Australian Citizenry;

I would go one stage further and claim that the five major areas of concern for my party are inextricably linked

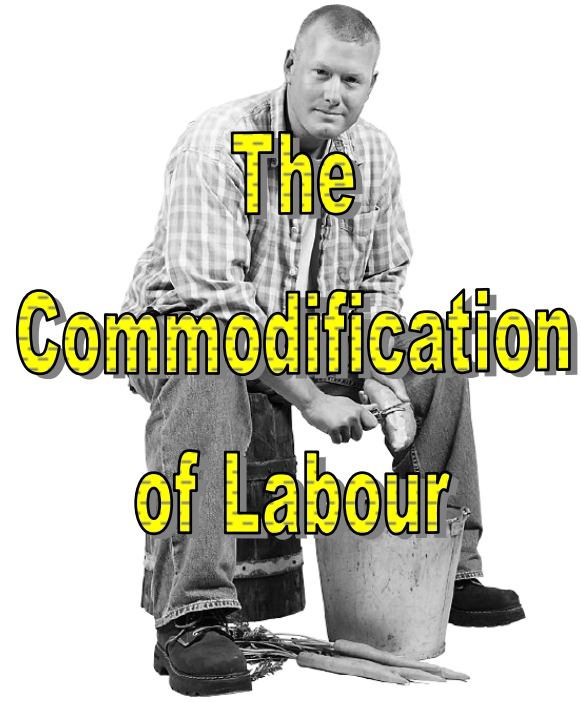
- To petition the Government of the Day to proclaim Wattle Day (1st September each year) a National Public Holiday so that "All Things Australian" can be celebrated in an uncontroversial way by all Australians;
- To further petition the Government of the Day to continue the de-colonisation process and replace the Queen's Birthday National Holiday in June with a National Reconciliation Day Holiday on 3 June;
- To ridicule and expose the dangers of racism and fascism tendencies in this country and to denounce all those who would undermine the especial Australian characteristic of secular tolerance in the broad;
- To keep the communication lines open to feasible ideas from all quarters and to foster inclusivism;
- To support a system whereby Workers' Co-Operatives could buy back failed businesses;
- To urge the Government of the Day not to underfund the research and development sector and not to diminish, in any way, the fully-fledged investment in broad-ranging education programs;
- To encourage the Government of the Day to prosecute freer free trade policies BUT not to the detriment of the Australian Economy. Being fully involved in the global economy necessitates best managerial practice, therefore, Republican Senators believe it will be smarter to be disciples of Socio-Economic Rationalism. And, generally speaking, Republican Senators would favour multilateral trade over bilateral trade;
- To never block, delay or reject a Government of the Day's Supply Bills BUT to show cause, when necessary, where amendments to same might be well worth considering;
- To insist that the Council of the Arts, the Australian Broadcasting Corporation and the Australian Sports Commission are more than adequately funded from consolidated revenue;
- To embolden the Government of the Day to legalise all drugs of dependence so that there can be effective, uniform control of the distribution of drugs and a logical managing of what is mainly a major health, pharmacological and social problem in this nation. Republican Senators believe a policy such as this would, gradually, put illegal drugs traffickers out of business and tilt the balance in favour of the victims of the illegal drugs industry whilst turning the so-called "Drugs War" into one which can actually be won;
- To show leadership on the so-called "HEMP" issue. Republican Senators know that a low THC hemp paper, hemp fabric, hemp oil, hemp ethanol & hemp medicinal products industry in Australia would be a positive employment growth generator;
- To strengthen the argument for an ecologically sustainable population. Commensurate with this, Republican Senators will pursue an entirely ecological approach to immigration relevant to an optimum national population level. The plight of genuine asylum seekers and refugees would always be a consideration of Republican Senators in the equation. On balance, Republican Senators believe a population projection of twenty five million by the year 2025 to be close to perfect requirements;
- To encourage Profit-Sharing Schemes for both private sector and public sector employees;
- To campaign for the removal of all taxes and charges on savings accounts, annuities investments & superannuation schemes;
- To stimulate and accommodate the Small Business Sector by (a) bringing on stream a just and reasonable Unfair Performances regime to balance the Unfair Dismissals regime & (b) crediting all those businesses which are compelled to collect revenue on the Federal Government's behalf with 5% of the gross amounts involved;
- To embarrass the Federal Parliament into reforming the extravagant Federal Parliamentary Superannuation Scheme and to bring it more into line with the "Super" schemes available to Joe and Josephine Public;
- To hold that Medicare must be maintained as a viable Health Insurance Scheme;
- To adopt a holistic approach to the Australian Tourist Industry;
- To be ever-vigilant that the especial Australian Environment be preserved and conserved to the optimum ex-

tent for succeeding generations of Australians. Republican Senators want cohesive macro and micro "Greening" national programs and will be instrumental in suggesting ways and means to achieve these ends. As a first step, Republican Senators would be proponents of a nation-wide "gardenising" scheme whereby lawns were removed and replaced with native plants, trees, bushes and shrubs grown in garden settings, landscapings, rockeries and the like. As a second step, Republican Senators would propound the beginning of the end of water waste and the uneconomic, unecological growing of introduced, water-guzzling crops;

- To support a Parliamentary Inquiry into the cost and value of Household and Domestic Work relevant to Social Capital mores as an additional means of establishing a fairer mix of direct taxes ;
- To endorse and support the important, eventual Bill to make the Kyoto Protocol into Australian Law;
- To explore the efficacy of allowing Tasmania to become the "Punta Arenas of Australia" – the first State or Region to be totally Indirect Tax-free and to extend the anticipated success of this implemented idea to the remaining five States so that we can phase out all Indirect Taxation over a five – seven year time span;

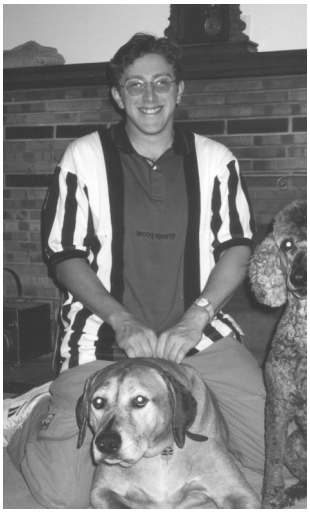
We can, I maintain, devise a smarter, fairer, more efficacious taxation system right here in Australia. Then we can export or, at least technologically transfer our great revenue-raising system to the world

- To recognise the contribution of non-profit and co-operative enterprises in Australia. As an extension of this, Republican Senators will hold in great store the contribution made generally by the so-called Third Sector in the Australian economy;
- To demand that Public Liability Insurance will affordably be available to all Community Groups who need it – even if that means the Commonwealth Government must get back into the business of providing insurance;
- To be exemplary in all of our polycultural dealings;
- To be capital "R" Reconciliationists BUT capital "N" Non-separatists…Makarrata "Yes" - Treaty "No"! Republican Senators will not countenance Separate Development or an Australian version of Apartheid – in any guise – for one moment;
- To rigorously espouse the sense of establishing an Aboriginal and Indigenous Peoples' Development Corporation along the same lines as the former Australian Industries Development Corporation (AIDC);
- To bid for Land Economics Schools to be established at all thirty-eight Australian Universities;
- To support the re-financing of a fresh Defence of Government Schools (D.O.G.S.) case in the High Court;
- To wage the necessary new campaign for a comprehensive Australia Card;
- To expose and have outlawed the "dummy bidding" and "gazumping" practices of Realtors at House Auctions. Republican Senators will also work to have outlawed the practice of real estate agents, realtors, property developers and land speculators being able to stand for election to Local Councils;
- To contribute to the easing of adversarial, inefficient and counterproductive law practices in Australia with the view to gradually phasing in (a) aspects of prosecutorial French and Scottish law & (b) provisions for accused persons to avail themselves of options such as "No Contest" pleas. Republican Senators want to rectify "slow law" practices which exist in this country so that international criminals, racketeers, pirates, people smugglers and sex slave traders can be brought to justice sooner and, where they are proved guilty, they may be expeditiously dealt with, jailed or deported;
- To deplore loopy revenue-raising ideas e.g. (a) tax credits, (b) flat taxes or their variants, (c) Tobin taxes (d) matched savings schemes, (e) education bonds or (f) shares subsidisations – any or all of which might contribute to the bankrupting of this country and bring it into economic disrepute;
- To gear the metropolises for "leading edge" technological development in tandem with the C.S.I.R.O., the Universities and T.A.F.E.s. Republican Senators will not brook the cities of Australia being digitally divided any longer and, therefore, they will be arch-advocates of all new buildings having broad bandwidth facilities installed therewith so that everybody has access to the Internet and all future technological innovation;
- To explore the practicalities and workshare opportunities of having Post Offices open at least six days a
- To replace The Duke of Edinburgh Awards with Governor-General's Awards pro tem – as we work towards the day when we can have The President's Awards;
- To usher in a National Department of Creative Thinking and a commensurate "Great Ideas" Think Tank;
- To take the decolonising process one stage further by removing the Prime Minister's province of being able to countermand the Australian States in appointing its own Queens Counsel;
- To resist with all vigour Prime Minister John Howard's anti-democratic, power-grabbing attempt to emasculate The Australian Senate apropos getting its unpassed legislation through in a Joint Sitting following merely a Half-Senate Election;
- To recognise that all Australian symbols need to reflect contemporary Australian Society;
- To write a brand new Australian Republican Constitution &
- To begin at the first realistic opportunity on progressively working on the appropriate modelling for an Australian Charter of Rights, Freedoms and Responsibilities to form an integral part of a future Australian Republican Constitution as a replacement for, what will automatically be, outmoded British Common Law. ■



The Commodification of Labour

New Proz Oz member and Cat Seer from last edition, SCOTT COPE, begins a series of articles on where classic liberalism went wrong and how the understanding of nature of land and natural resources became fatally misunderstood



In his book The Three Worlds of Welfare Capitalism Gosta Esping-Andersen used the concept 'decommodification' to differentiate between liberal, conservative, and social democratic welfare-States. To decommodify labour is to make it less dependent on the market. Esping-Andersen categorized welfare-States according to the extent that the welfare state provided services that diminished or severed the link between consumption and income from employment. Scandinavian welfare-States tended to be the most decommodifying; the Anglo-Saxon ones the least. The answer to the puzzle of a low rate of decommodification Esping-Andersen found "in countries with comparatively powerful labour movements, like Britain, Australia and New Zealand," he believed lied in the "historically dominant legacy of institutionalized liberalism."

Marxists . . .blur capital and property into one malevolent entity and view property and the market as synonymous evils; ironically consolidating the fatal error made by their counterparts and neo classical economics

When John Locke theorised property as derived from labour, labour too was commodified and natural rights had been taken to its logical conclusion. Just as God, Locke believed, has a right over us, as God's creatures we acquire rights over nature. The implication of these natural rights, was that land and animals were treated as commodities possessed by man; resources for whomever acquired their usage.

In his Second Treatise of Government Locke stated that "God hath given the world to men in common… By the same law of nature and reason by which a man has a Property in his own Person. The labour of his body and the work of his hands we may say are properly his. Whatsoever, then, he removes out of the state that nature hath provided and left it in, he hath mixed his labour with, and joined to it something that is his own, and thereby makes it his property." Both wealth and private property, Locke had alleged, were simultaneously produced by labour. This view was adopted by many subsequent liberals, yet rejected by other liberals like Thomas Paine, Adam Smith, David Ricardo, Richard Cobden, James and John Stuart Mill who continued to view land as a gift of nature rather than a commodity. But when John Locke wrote that "every man has a Property in his own Person" and so "the Labour of his body, and the work of his Hands, we may say are properly His" in context he was possibly saying that a person who works a part of the earth is entitled and deserving of its product. Thereby he owned his labour.

The distinction blurred between wealth and land as both became considered a function of capital.

"But this original state of things, in which the labourer enjoyed the whole produce of his own labour, could not last beyond the appropriation of land and the accumulation of stock," writes Adam Smith in The Wealth of Nations "the whole of labour belongs to the labourer. He has neither landlord nor master to share with him." Similarly Geiger argues "the individualisation of ownership eventually affects the ownership of land. Bought and sold by measure and for money, land is assimilated in this respect to the personal property produced by labour; and thus becomes, in this general apprehension, confused with it." It is treated as merely another commodity to be bought, sold and used as a means of profit. The value of commodities is confused with the value of land, private wealth and with social value. The distinction blurred between wealth and land as both became considered a function of capital. This commodification operated in such a way that those who had only their labour to sell in the market became in effect "wage slaves" forced to accept any wage to afford a cost of living that ceaselessly rises. In Progress and Poverty Henry George questioned why "in spite of increases in productive power, do wages tend to a minimum which will give but a bare living.

The right to life, liberty and the pursuit of happiness are denied when the equal right to land –on which and by which men alone can live- is denied. Equality of political rights will not compensate for the denial of equal rights to the bounty of nature. Political liberty, when the equal right to land is denied, becomes, as population increase and invention goes on, merely the liberty to compete for employment at starvation wages"

This commodification operated in such a way that those who had only their labour to sell in the market became in effect "wage slaves

The person whose resources are wholly dependent on a wage or salary is clearly less autonomous than someone who derives income from rent. Whereas Henry George and the physiocrats recommended targeting this, Marxists view all forms of property as constraints on the individual. They blur capital and property into one malevolent entity and view property and the market as synonymous evils; ironically consolidating the fatal error made by their counterparts and neo classical economics.

The conventional socialist approach of progressive income tax within a capitalist system, attacks labour, where mans' condition is equal, rather than the disproportionately endowed value of land. It solves nothing because it leaves intact the original source of maldistribution. Redistribution from income taxes, in my view, mongers social resentments, harms the most productive, benefiting only the idle rich and idle poor.

The more radical socialist solution of nationalisation compounds the problem of land monopoly. State ownership of the means of production, transfers private property, monopoly intact, over to the State, which means the State acquires the monopoly and its attending power. Economic privilege based on the value of land ownership becomes privileges of a bureaucratic elite who can make all the decisions that control peoples' lives. A private tyranny that violates peoples' economic rights has been substituted for a State one that has the ability to violate human rights, over and above.

Land as common property is not achieved by confiscating income or by confiscating land but is accomplished by confiscating the rent of land through a single tax on land values. This returns (the unearned increment of the value of land) to society what has unjustly come into the possession of private hands, compensating those that have been Locked out of land without challenging the institution of private property. The social collection of the rent of land potentially combines the equity of socialism and the liberty and prosperity of the free market system. The impoverished of the world would at last be enfranchised and given their share. The full benefits of free trade would be realised. The more equal and productive property-owning society originally envisaged by liberals, and the transition from a political democracy to a genuine social democracy would be completed. ■

US agribusiness corporations are like drug addicts hooked up to the drugs from Washington. They will never be able to increase farm outcomes because they are not focused on that -.. all they want to be is the best government lobbyists known to man."
- Ron Greentree, chairman of the Grain Growers Association

ECONOMIC THEORY – THE EFFECT OF TAXATION

by Gavin Putland

If it were more profitable to do business on one site than on another, the additional demand for the first site would raise its gross rental value so as to cancel the difference in profitability. So the effect of land rents -- and hence the effect of interest on the purchase price of land -- is to equalize the profitability of all unimproved sites, reducing profit margins to those obtainable on MARGINAL sites, i.e. sites with zero rental value. More desirable sites are called SUPERMARGINAL (or viable) and yield positive rent. Less desirable sites are called SUBMARGINAL (or unviable) and yield no rent.

Now consider the effects of taxes. Income taxes reduce consumers' spending power without cutting costs for producers. Indirect taxes increase prices without increasing spending power. So both forms of taxation can cause otherwise supermarginal sites to become submarginal, and hence cause otherwise viable communities to become pockets of unemployment. In contrast to income taxes and indirect taxes, a tax on the value of land cannot cause supermarginal sites to become submarginal, because marginal sites pay no tax while supermarginal sites pay only part of their gross rental values in tax. Hence one can say that land value tax in lieu of other taxes would revitalize depressed country communities and cut their suicide rates.

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UNEARNED INCREMENTS AND REALITY IN CALIFORNIA'S RECALL ELECTION

by Mason Gaffney, Prof of Econ., Univ. of CA, Riverside

Ed: Well, The Terminator has won California's wild and peculiar governor recall election, but what were the real Geoist issues nimbly avoided? For a while there, it looked as if the atrocious "Proposition 13" might actually be challenged (this was the "reform" which obliterated semi-Geoist property tax, and has subsequently led to a chronic fiscal mess in that once-prosperous and affordable state.

California homeowners are wallowing in unearned increments beyond the dreams of avarice, while its governments are courting bankruptcy. Warren Buffett dared point this out, and overnight changed from the Oracle of Omaha into the Numbskull of Nebraska because he does not understand the "reality of California politics," the oxymoron du jour.

Being a tearful widow "on a fixed income" insulates one from reality checks.

Most candidates for Governor fled like startled deer. Buffett's sponsor, well-tailored Mr. Muscles, recalled meeting a tearful widow who said she would have been taxed out of her home were it not for Prop 13. Poor thing, her home had risen in value. No one asked her name, or whether she knew what she was talking about, or had her claims audited - being a tearful widow "on a fixed income" insulates one from reality checks. The press chimed in with pix of poster oldsters, gazing from their multi-million dollar perches over the blue Pacific, fretting about Buffett's solecism and its possible effect on them, never mind anyone else.

Fact is, unearned increments ARE income, at the time they accrue. Illiquid? They are better than cash income because you can turn them into cash by borrowing on them, and pay no income tax on the cash. If you have trouble with that, the tax man himself will arrange it for you by placing a tax lien on your appreciated home, rather than foreclose and evict you. This helps explain why we never actually see one of these evicted widows suffering from unearned increments - they are maudlin figments for mythmakers. The evictees we do see are renters who couldn't pay, and had no equity to mortgage. Who cries for them?

Several rich candidates would pay more under a revived property tax than they pay in income taxes. Mr. Muscles, like previous Hollywood idols, gets most of his income as land appreciation. This income is not taxable unless he sells, and not then if he hires good lawyers, which of course he does, to play his cards right. Arianna Huffington lives in a $7 million home, but reports little net taxable income. Warren Buffett himself, like the owners of so much California land, resides and reports his income out of state. These facts should tell us something about who pays most of the property tax, but no candidate is inferring principles from mere facts.

The evictees we do see are renters who couldn't pay, and had no equity to mortgage. Who cries for them?

Governor Gray Davis, supposedly fighting to close a deficit, chimed in endorsing Prop 13, citing the mythical widow again to explain why non-residential property, about 2/3 of the tax base, should enjoy low rates. Faced with a negative poll, he backed right down from his "land tax on wheels," the higher vehicle registration fee. No one has said a word about a severance tax on oil and gas, although California is the only major producing state without one.

[Ed: I asked Mason about this term, to which he replied: "Severance", in this American context, means removal from the ground or waters. The tax can be specific (per unit quantity) or ad valorem (a percentage of value). A severance tax is levied on oil and gas at the time it is "severed" from nature. It is a crude device for collecting rent, and is often improved upon in complex ways, but I finessed all that for brevity. For example, the crude is usually measured and valued "at the wellhead," although it would be better to value it at the well-foot, before pumping up.]

No one has crusaded for a severance tax on water withdrawals, although it would solve both our revenue and water crises in one stroke. No one has said word one about taxing the taboo lands used for golfing, timber, or farming.

Only Cruz Bustamante has proposed any specifics. He would begin dismantling Prop 13 - still not menacing the mythical widow - by raising assessments on industrial/commercial property. A whispering campaign right off has it that Bustamante is leading an Hispanic conspiracy to take over the southwest and turn "white, European" Americans into a minority to kick around. We observe mixed marriages on every hand, and Spain is still European, but this is California, where "reality" means mythology. May Warren Buffett continue to get in our faces with facts. ■

SISTER ORGANISATION

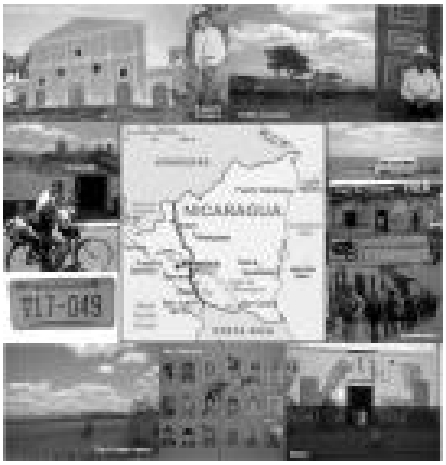
***Paul A. Martin**, Director of Instituto Henry George in Managua, **Nicaragua**, fills us in on activities there.*

Hola Friends....

Now you can view concise, comprehensible, comparative socio-economic statistical indicators (from a Georgist perspective) on Nicaragua and Central America (with Cuba, Chile, Mexico & USA included for further comparative interest) on the IHG Mga website at www.ibw.com.ni/~ihg. Just enter and click on the "FACTS, STUDIES, & Common Sense" link to get to the "Estadísticas Socio-Económicas de Nicaragua 2002" & "Estadísticas Comparativas de las Américas, 2000" which include visual graphs. Most of the data is bilingually labelled in English & Spanish.

Let me also take this opportunity to share with you something you may appreciate: Why is Nicaragua so impoverished? Yesterday, the tending-to defend-the-logic-of-the-privileged-class newspaper (La Prensa) came out with a front page article declaring that the 1980's socialist (Sandinista) government's confiscation of private property is the "principal cause of Nicaragua's enormous internal debt". According to the article, there is a pending debt of $536 million that the Nicaraguan government "owes" to landowners whose properties were confiscated during the revolutionary 1980's. This is on top of the $963.5 million already paid out.

Hold on a minute. In the 1980's, when those properties were confiscated, the vast majority were undeveloped lands or lands with minimal capital (physical) improvements, and so they would have had extremely low economic and even market-based (speculative) value. Even accepting the idea that the Nica Government should pay off the 1980's market rental value of the confiscated properties, the price tag wouldn't be more than a few million at best. Where do they get the calculations for the mega sums which the Nicaraguan government seems to think it is obliged to pay off today with Nicaraguan public funds (included loaned and donated funds from citizen tax money of the US and other donor countries)?



You and I know the answer. They are playing the speculative pricing game, basing the indemnification values on today's speculative fantasy prices. This is the biggest out-in-the-open swindle you can imagine. They even put it on the front page and nobody has a clue. Why? Because all the government officials, all the big business owners, all the government consultants, in short, all those who have a voice and make it all work are all invested in the real estate game and no one would think of negotiating down those values because it would cut into the value of their own real estate investments.

So instead of responsible public servants pointing out that the People of Nicaragua are not obliged to pay compensation for more than the real economic value of the lands confiscated, we have the publicly elected real estate club of Nicaragua donating hundreds of millions in public funds to the cause of their own wealthy parasite class (most of whom do not even live in Nicaragua).

And then they wring their hands over the formerly unheard of phenomena of children dying of starvation in the north of the country because Nicaragua is too "poor" to do anything about it besides beg the rest of the world for more donations which can then in turn be channelled to pay off their huge "debts" including that of the real estate club.

But wait, there's more. According to the article, the other culprit of the internal debt of Nicaragua are the state bonds issued to pay off the half dozen bank bankruptcies on the last three years. And the cause of those bankruptcies? Fraudulent loans guaranteed by, you guessed it, speculative land values whose real value once liquidated left the Nicaraguan people paying the difference once again.

And of course, the whole thing works very well, because the "big stick" US Government policy continually threatens to cut off economic aid to Nicaragua if she doesn't pay off all those confiscations of property of "US citizens" (Nicaraguans who left those idle and bombed-out properties in the early 80's) and guarantee the financial stability of her banks (the defrauded millions seem to be treated as a banking cost-of-doing-business and to date not a single individual has been convicted of a single count of fraud in any of these cases).

Only by making the public conscious of Georgist political economy can the public perceive and defend itself against these kinds of fraudulent raids on the commonwealth. That is the mission of the IHG here in Nicaragua.

Enjoy your visit to our website!

Paul A. Martin, Director
Instituto Henry George
De la Rotonda Bello Horizonte, 4 cuadras al sur,
3 cuadras abajo, 1/2 cuadra al sur, casa # L-II-4.
(Mail to: Apartado Postal SL-145)
Managua, NICARAGUA
Nica phone-fax: +505-244-1699
nssmga@ibw.com.ni
http://www.ibw.com.ni/~ihg

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Who? Where? CONTACTS How? How much?

Prosper Australia Executive

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

Vice-President
Lloyd Churches (our web maestro)
(03) 9457 2677
lloydchurches@optushome.com.au

Vice-President
Bruce Every
(03) 9848 1489
bevery@optusnet.com.au

Secretary
Anne Schmid
(03) 9729 2379
anneschmid@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

Bill Pitt
(03) 9846 4323

John Poulter
(03) 5259 2790
jjwp@bigpond.com

Sheila Newman
(03) 9783 5047
smnaesp@alphalink.com.au

Jill Quirk
jillkquirk@bigpond.com

Bill Fenner
billmonniefenner@bigpond.com

Adrian Barnett
adrian@spacelink.com.au

Sister Organisations

NSW Henry George Foundation Ltd
Suite 9, 58 Pitt Street Sydney 2000
PO Box H73 Australia Square 1215
Tel/Fax (02) 9252 9790
nsw.hgfl@optusnet.com.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
ecotaxreform@lvtsociety.org
www.lvtsociety.org

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
10 Broome Street
South Perth WA 6165
(08) 9367 5386

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

Major International Contacts

International Union for Land Value Taxation
Suite 424 London Fruit & Wool Exchange, Brushfield Street London E1 6EL UK
iu@interunion.org.uk
www.interunion.org.uk

Robert Schalkenbach Foundation
149 Madison Avenue – Suite 601
New York NY 10016-6713
staff@schalkenbach.org
www.schalkenbach.org

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Tel: (03) 9670 2754
Fax: (03) 9670 3063
prosper@vicnet.net.au
www.prosper.org.au
www.earthsharing.org.au

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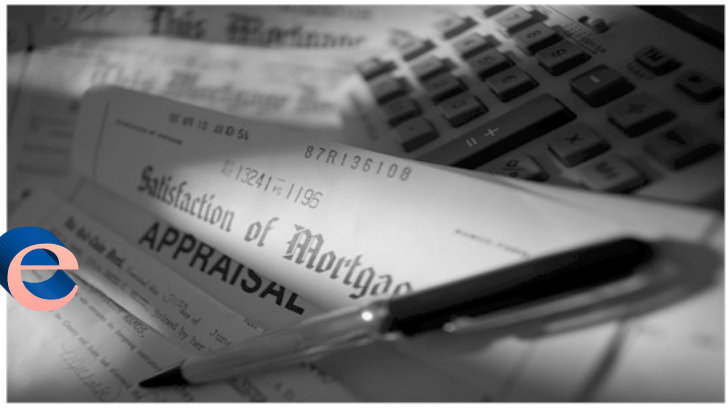
The Mortgage



We worked through spring and winter, through summer and through fall,
But the mortgage worked the hardest and steadiest of all:
It worked on nights and Sundays, it worked each holiday
It settled down among us, and it never went away;

Whatever we kept from it seemed almost as bad as theft
It watched us every minute and it ruled us right and left.
The rust and blight were with us sometimes and sometimes not
The dark-browed, scowling mortgage was for ever on the spot.

The weevil and the cutworm, they went as well as came,
The mortgage stayed for ever eating hearty all the same.
It nailed up every window, stood guard on every door,
And happiness and sunshine made their home with us no more.

Till with failing crops and sickness we got stalled upon the grade,
And there came a dark day on us when the interest wasn't paid.
And there came a sharp foreclosure, and I kind of lost my hold,
And grew weary and discouraged, and the farm was cheaply sold.

The children left and scattered, when they hardly yet were grown;
My wife she pined and perished, and I found myself alone.
What she died of was a mystery, and the doctor never knew,
But I knew she died of mortgage just as well's I wanted to.

If to trace a hidden sorrow were within the doctor's art,
They'd have found a mortgage lying on that woman's broken heart.
Worm or beetle, drought or tempest, on a farmer's land may fall,
But for first class ruination trust a mortgage 'gainst them all.

- **Will Carleton,** from his "Farm Yard Ballads"

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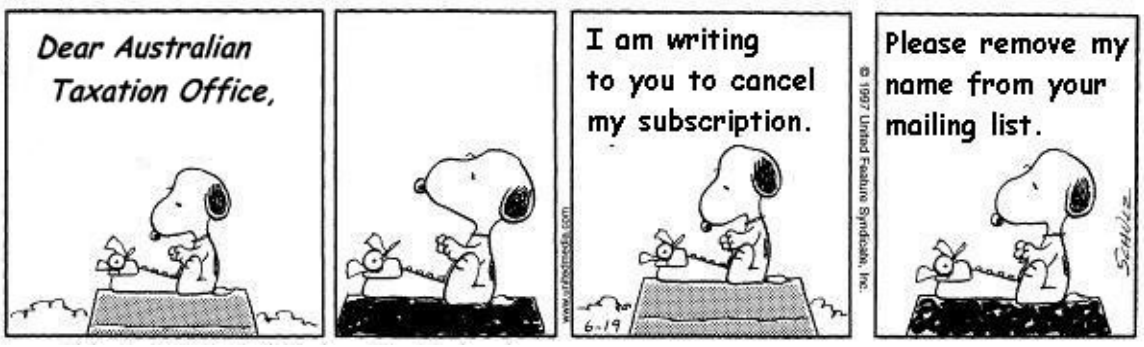

GEOISTS IN HISTORY

Walter Burley Griffin (1876 – 1937)

One of America's greatest architects, in 1912 Griffin won an international competition for the design of Canberra. His original design was set aside but Griffin was invited to Melbourne in 1913 and there became director of construction of Canberra. Various disputes led to a royal commission which, in 1917, found in favour of Griffin. He remained as director until the end of 1920 but refused to serve on the committee which superseded him although his final grandiose and geometric plan was adopted officially in 1925. He then went into private practice in Australia, designing Newman College and the Capitol Theatre in Melbourne and the radical Castelcrag estate in north Sydney, which embodied a number of his Geoist principles.

At the early age of 14, Griffin had first read Henry George's "Social Problems" and received a lasting impression, and soon after read "Protection or Free Trade". His acquaintance at college with the hopeless jumble of contradictions which does duty as orthodox Political Economy, only made him more firmly convinced of the truth of George's teachings and, on leaving college, he began to take an active part in their propagation. By his own claim, he always talked Single Tax to those whom he met.

The Geoist perspective gave Griffin a new and wider conception of public or social property, as distinct from what individuals may justly claim, bringing with it a new correlation of individual and social duties. The recognition of these social obligations gave rise to the Garden City and Town-planning movement, which Griffin made his special study. It aimed at the provision of fresh air and sunlight, of comfortable homes amid healthy surroundings, of playgrounds and ample spaces for recreation, so that city dwellers may acquire some of the advantages of a country life, and so that city children may never after be permitted to grow weedy, stunted and deformed.

Griffin keenly perceived the great extent to which the "evil" (as they were called) conditions were (and are) due to unjust taxes and equally unfair exemptions. Griffin knew how this is the root cause which hampers production and enslaves the workers. He proclaimed how taxation on just lines is the weapon to combat these conditions, and to bring about a new social order of health, happiness, peace and prosperity.

He found encouragement in the fact that Canberra, in which he aimed to embody his architectural ideas, began to carry out his ideas of public morality by taking as the source of its municipal revenue, the value which the land derives from the public expenditure and social progress of the people of this Commonwealth.

It was largely due to his influence upon the federal Ministry that the future values of the land of the A.C.T. were set up to be retained for the people (later thrown away in a pork-barrelling exercise by P.M. Gorton). The land was originally not sold, but let on a 99-year lease. The land rent was set up to be re-appraised after twenty years, and thereafter every ten years.

Griffin designed a Hall and Club Building for the Henry George movement in Melbourne, and was one of the founders of the Henry George Club, an entity set up to provide a permanent home for the Georgist movement in Melbourne.

"Behind every radical movement you will find Single Taxers. Woodrow Wilson is surrounded by them."

In a letter to the Australian Minister of Home Affairs in September 1912, he wrote:
"Without being familiar with political affairs in Australia, I cannot refrain from extending congratulations to your Government on the stand it has taken to maintain for the Commonwealth in perpetuity the rental value of the capital site. Failure to do this everywhere is largely responsible for distortion and prevention of natural city growth, nowhere better exemplified than in our own capital, Washington, where speculative holdings perverted the development from a splendid start with far-seeing plan, and where the financial benefits of the nation's backing are now accruing to private individuals."