

# PROGRESS



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Let's have that great front page quote again:

**"If you seek peace  
Work for justice"**

I spotted this on a banner at the Peace Rally in Melbourne in February carried by, most surprisingly to someone like me who was strapped by the Jesuits all through his schooling, a Jesuit peace group.

To me, this slogan is immensely more useful than all the other reasons held up for the cause of the mess in Iraq, because it's pointing to the long-term causal reasons for conflict. I'm largely against the war in Iraq, but I've been involved in many disputatious discussions of late as I call into question the short-term and simplistic arguments held up as reasons for not invading Iraq. Yet, given that we can't wind back the clock and get to the root cause of problems, sometimes we just have to respond to the immediate situation and object to decisions such as those of Little Johnny hoWARD.

Geoism's broad, non-nationalistic, long-term perspective on social and international justice has many invaluable contributions to make, however much apathy and blind nationalism make it difficult to get our message out there.

I won't reiterate the oft-quoted Geoist take on the common ownership of natural resources and how nobody (or even no nation) would be able to profit by the misappropriation of what should be our Global Commons. If newcomers want to explore our perspective on this one, just email me and I'll send you some short essays – alternatively, give Anne a bell at the Proz Oz office and she'll send you one of our info kits.

What I would like to emphasise is the role of economic rent in the Iraqi conflict. In plain terms, economic rent is the common wealth produced by society which can sometimes be pocketed by "rent

seekers", such as property developers, monopolists and those with privileged access to information or decision-making. Proz Oz (or EarthSharing) seeks to educate society about such forms of legalised robbery, of which the largest and most difficult to see arises as a result of our forms of land tenure and taxation.

So who are the rent seekers involved in the Iraqi conflict? Basically, they are those parties who have holdings and interests in Iraq, the Middle East and related Big Oil affairs who have their interests protected, at taxpayers' expense, by national military forces. This war isn't *just* about "blood for oil", but one factor certainly is that private interests have a lot to lose with a wild card in the Middle East oil pack. It would be bad enough if Big Oil recruited a mercenary army to march in and secure supplies, but they already have an obscenely-expensive "Coalition of the Willing" to either march in for them or to regularly flex their muscles so that no nation will step out of line.

If all Big Oil (as just one of a large number of rent seekers Proz Oz works to expose) did was to stooge the tax-paying public to subsidise their investments, that would be bad enough. But Big Oil is also a key driver of political decision-making (with a host of the Bush administration being former oil executives), and is greatly responsible for stoking the flames of military conflict.

Of course, the protection afforded is obscured by the beneficiaries, often deliberately misrepresented as in the "national interest". A few quick sums would make any observer aware that, when you factor in a fair share of the military budget into the cost of oil, we would then pay so much for petrol that many renewable alternatives would immediately be competitive. This type of true pricing is what Geoism is all about, more commonly concerned with making users of natural resources pay for what they take. It's the tough, nitty-gritty calculation of

who owes what to whom. It might sound fine (because it doesn't require much thought) to some to make simple, sweeping, poetic statements about the economy, the war, access to the Global Commons and social justice, but sooner or later you're going to have to weigh up conflicting needs and do some hard sums. If anyone can tell me of a better way than the Geoist way of doing these sums and fairly sharing Our One Earth, I'd love to hear.



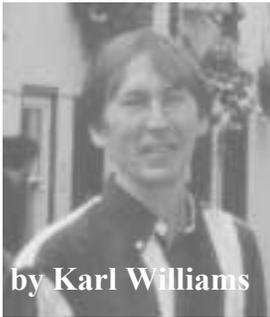
We're continuing to run with a 28-page issue while so much top material keeps coming in. Many thanks to Gavin Putland who, at the drop of an editor's hat, produced an article of the like not to be found anywhere in the ocean of commentary on the Middle Eastern mess – an authoritative Geoist perspective which weaves together natural resources, the monetary system, the lure of raw military dominance, and more. Our roving American contributor, Alanna Hartzok, also chimes in with a timely piece on what's behind the war.

But then, after Basil Fawly has screamed at us, "*Don't mention the war!*", we turn to matters philosophical. Timothy Glazier's back with something he described to me as "a psychological virus that entered our cultural hard drive some 5000 years ago". We also have a futuristic Airlord doing a piss-take on our system of land tenure.

News? It don't come much bigger than what The Greens are doing for The Cause in Scotland. There's a wrap of world news plus Geoff Forster keeping tabs on the domestic scene. Across the ditch, our Kiwi mate Bob Keall is back, this time with a piece on share markets.

And you? Got anything to say?  
- karlwilliams99@hotmail.com

# AIR LEVIES



The year is 2042 and Kerry Packer III has again increased every Australian's air levies. Some whingeing malcontents question our Airlord's right to privately own what was once considered to be the natural birthright of every person, but they are soon convinced that Kerry's grandfather worked extremely hard for the billions with which he bought the rights to purchase the Southern Pacific

air licence in 2015. In return for his contractual obligations to maintain a specified level of air cleanliness, he won the "right" to extract an annual air levy from every air-breathing human residing in or visiting his licensed region.

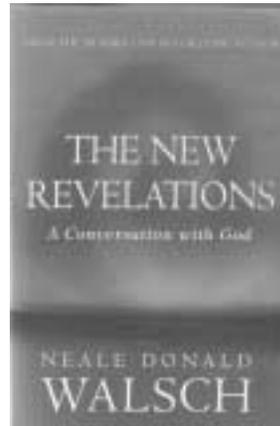
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If you're rankled by this scenario, it's because you intuitively know that no-one created air - it is taken without question to be every person's equal and common inheritance. Why is not land, also essential for human existence (as long as the Law of Gravity holds), viewed in the same manner? Air is the gift of Nature and should be our birthright. Land is initially the gift of Nature, but its value is further enhanced by the activities of the community (the presence of population and the provision of tax-funded infrastructure) - yet another argument in favour of land being deemed the rightful source of public finance.

How do we come to accept so easily the history of "civilisation", whereby the age of free access for all to land ended with the gradual enclosure of The Commons, giving way to its private ownership (usually by the few with royal or political connections)? But the partly inequitable and environmentally-irresponsible system of "free" access to The Commons is better replaced by a system of Land Value Taxation, whereby every pays in exact measure according to the value of the Global Commons to which they have exclusive use. The resulting "natural" source of public finance will enable, by all calculations, the replacement of the form of punitive legalised robbery commonly known as taxation. In other words, *Pay for what you take, not what you make*. We still retain land titles, the right to privacy, security of tenure and also the fruits of our labour, as taxes on production are phased out.

The sooner The Greens lobby for land to be an actual (and not just poetic) part of the Global Commons, the better for us all. ProZ Oz/EarthSharing is not proposing an open slather on nature, but a careful allocation and non-wasteful use based on the value of natural resources one uses. With the soaring prices of the privatised and highly speculative land market leading to increasing despair amongst the "dispossessed" would-be home owner, this recognition is ever more urgent. ■

## From a Higher Perspective



[Ed: Whether you have a spiritual perspective on this Trip or not, I thought you'd be interested to dip into a series of modern bestsellers to see what all the fuss is about (about 30 million books sold). Here's a quote from p. 255-6 of Neale Walsch's latest - is the writer a Geoist-who-doesn't-know-it, or what?]

“You claim ownership over all those things that you wish to see sustained ..... So, too, with land ..... You have it that the very planet on which you live, this sphere that revolves around the Sun and spins in its majesty one complete cycle every 24 hours, is something that you actually “own”, at least in parcels.

You have decided that this heavenly body, this celestial element, does not belong to Life Itself, but rather, to *individual human beings*. Or, in some cases, to their representatives - that is, their governments. And so, you have divided up the very Earth itself, placing imaginary boundaries on that which has no boundaries, and claiming personal ownership not only of the land itself, but of the ground as far down as it goes and the minerals and resources within it, and of the sky as far up as it goes - which is, of course, forever .... leading to intriguing international political questions about fly-over rights and “how high is up”?

You take these “ownership rights” so seriously that you start wars over them and kill and die over them - when the truth is, you cannot ever “own” any part of a planet in the solar system, even if it is a planet on which your species evolved.

You are all merely stewards, seeking to take good care of that over which you have been given stewardship - including your bodies, the bodies of your mates and children, the land on which you live, and all else that you have in your care.

These things are not your possessions, but simply articles that have been *placed in your care*. They are yours temporarily, only for safekeeping. You are asked by Life Itself to sustain them, to express the Life Principle of Sustainability, but not to declare that you “own” them and that they belong to you and no one else.” ■

# WAR, OIL AND LAND PRICES



The whole Middle Eastern situation is an extremely murky and complicated mess. But here Brisbane's **Gavin Putland** has clarified matters to an extent *never found in non-Geoist journalism*

In November 2000, Iraq stopped taking U.S. dollars for oil, and started demanding euros instead. That was bad news for property investors in America, Britain and Australia.

## THE GOLD STANDARD

Under the Bretton Woods Treaty of 1944, each participating government agreed that its currency would be "backed" by gold; that is, the government promised to buy and sell gold for a fixed price in its own currency. As long as these promises were credible, the exchange rates between the participating currencies were fixed. But because of the vast array of goods and services available in America, the U.S.

dollar was the easiest currency to spend in the global market, and consequently the most acceptable foreign currency in other countries. The demand for dollars grew until the late 1950s, when the recovery of Europe and Japan caused a suspicion that there were too many dollars in circulation, so that dollar holders began to demand gold. In 1971, in response to the depletion of U.S. gold reserves, President Richard Nixon announced that America would no longer keep its commitment to give gold for dollars [1], causing the system of fixed exchange rates to unravel. So the U.S. dollar is now a "fiat" currency: its only official "backing" is the legal obligation to accept it as payment in the USA and its territories.

Internationally, however, there is no such thing as fiat money, and a currency is not

acceptable unless it is somehow guaranteed to buy something of value [2].

## BLACK GOLD

In 1973, the Organization of Petroleum Exporting Countries (OPEC) quadrupled the price of oil but continued to accept only U.S. dollars in payment, so that the demand for dollars soared. From then on, the dollar was effectively backed by oil instead of gold -- and the U.S. government didn't even have to own the oil!

Because dollars can buy oil, countries that need to import oil -- i.e. most developed countries -- will accept dollars for their exports. Hence everyone who needs to buy from those exporters will accept dollars as payment for other things, and so on. To pay their bills, importers must have reserves of dollars. To prop up their currencies against speculative attacks, the central banks of all countries must have reserves of dollars. To get capital, poor countries must borrow dollars, and to service these debts they must export goods to obtain more dollars. About 2/3 of all currency reserves, more than 4/5 of all currency transactions, more than half of the world's exports, and all loans from the International

**the recovery of Europe and Japan caused a suspicion that there were too many dollars in circulation, so that dollar holders began to demand gold**

Monetary Fund (IMF) are denominated in dollars. As these things create demand for the dollar and shore up its value, OPEC is the more willing to accept payment in dollars. This self-reinforcing process is called "dollar hegemony".

So America exports dollars and receives real goods and services in return. America's real imports

now exceed its real exports by almost 50%, or 5% of GDP. Its net foreign debt is more than a quarter of annual GDP, and its public debt is about 60% of annual GDP. But when the exported dollars eventually find their way into foreign reserves, they can only be invested in American assets such as treasury bills, real estate, and shares. This inflow of investment creates a surplus on the "capital account" and balances the deficit on the "current account" (which includes imports, exports, interest, rent, and dividends). If the value of the dollar rises, the current account deficit widens because imports increase and exports fall, while the capital account surplus narrows because investment in the country becomes more expensive; so dollars flow out of the country and counteract the rise in value. If the value of the dollar falls, the opposite effects occur. At equilibrium, the value of the dollar is that which balances the current account and the capital account.

## LAND PRICES, RENTS, AND INTEREST RATES

Investment in real estate necessarily includes investment in land, and the supply of land is fixed. So when foreign reserves of U.S. dollars are invested in U.S. real estate, they push up land prices. They also push up rents, because potential renters are in competition with potential buyers. The winners are the big property owners (i.e. the rich). The losers are first-time buyers and renters (i.e. the poor). So we find full-time workers living in "trailers" (caravans) on the fringes of American cities because they do not "earn" enough money to buy or rent a home.

Ordinary home owners are easily convinced that they benefit from rising land prices. But in fact, every time a home owner moves to a new home, the higher sale price of the old home is offset by the higher purchase

price of the new one. If the only property that you own is your home, you cannot benefit from an increase in its value unless you somehow turn it into a retirement income stream -- in which case you forfeit the option of bequeathing it to your heirs, who will then be among the losers!



**From then on, the dollar was effectively backed by oil instead of gold -- and the U.S. government didn't even have to own the oil!**

The flow of foreign investment into real estate also pushes up share prices, because land constitutes part of the asset backing of shares. Shares are also partly backed by other non-replicable assets ("land-like assets"), including natural monopolies (e.g. water and electric power distribution), statutory monopolies (e.g. patents and mineral extraction rights), and other licenses and privileges conferred by governments. As the market cannot produce more of these assets in response to increased demand, foreign investment in the share market pushes up share prices for the benefit of current shareholders.

Simple arithmetic dictates that America's current account deficit must be either eliminated (e.g. by allowing the dollar to depreciate, so that living standards fall) or balanced by a stream of foreign investment. One way to attract foreign investment is to offer high interest rates on treasury bills. This of course forces other financial institutions, and other countries needing foreign investment, to raise their rates in order to compete. But the growth of currency reserves that can only be invested in American assets has allowed America to obtain the necessary investment with lower interest rates than would otherwise be needed [3]. Not much of this investment finds its way into export indus-

tries or import replacement industries, however, because the competitiveness of these industries is damaged by the high dollar. So the investment does not address the cause of the current account deficit, but merely masks the symptoms while propping up the prices of land and shares.

Another common motive for raising official interest rates is to restrict credit creation, thereby fighting inflation. Clearly the price of oil must be included in any realistic measure of inflation. But because oil is priced in dollars, an increase in oil prices attracts dollars out of the USA, reducing the inflationary impact within the USA. Thus America is protected from the inflationary effects of oil price rises without resorting to high interest rates.

Low interest rates are generally desirable because they encourage productive investment rather than hoarding of money, and because they minimize the flow of income from debtors to creditors (debtors being generally poorer than creditors). However, the benefits of low interest rates extend higher up the socio-economic scale than one might think. The price of a land-like asset is roughly equal to its rental value divided by the real interest rate (i.e. the interest rate net of inflation). So lower interest rates mean higher land prices. Big property owners are again the obvious winners.

Owners with mortgages are also among the winners, because their equity increases while their interest payments decrease. Intending buyers do not gain so much, because the benefit of lower interest rates is offset by the need to borrow more; indeed, people who buy when interest rates are lowest are actually buying at the top of the market, which is a fool's game.

**Ordinary home owners are easily convinced that they benefit from rising land prices**

## THE EURO THREAT

The biggest impediment to global hegemony of a single currency -- whatever that currency may be -- is the desire for diversity in investment [4]. Dollar hegemony was secured by the size of the U.S. economy and the pricing of oil in dollars. But if a second currency were to enter the oil market, the desire for diversity would soon establish that currency as a second general-purpose trading and reserve currency, especially if that currency were legal tender in an economy comparable in size to the USA.

In 1999, eleven member states of the European Union (EU) adopted the euro as a common accounting currency. Greece joined the Euro Zone a year later. On January 1, 2002, the twelve countries withdrew their old money from circulation, completing the biggest currency reform in history.

The Euro Zone already has a bigger share of world trade than the USA. In particular, it imports more oil than the USA and is the main trading partner of the Middle East. It offers higher interest rates than the USA, but does not have a huge foreign debt or trade deficit. Member states must accept tight constraints on budget deficits, and the European Central Bank has an exceptionally strong mandate to preserve the purchasing power of its currency. These things inspire confidence in the euro. It was perhaps for that reason that in 2002, Russia and China started converting some of their

currency reserves from dollars to euros, while North Korea abandoned the dollar and started using euros for trade. The strength of the euro also encourages expansion of the EU and puts

pressure on current members Denmark, Sweden and the U.K. to join the Euro Zone. In December 2002, ten new countries were accepted for EU membership with effect from May 2004. This will create a common market of 450 million people, which will buy more than half of OPEC's oil.

So the only remaining argument for preferring dollars to euros is that dollars can buy oil. As that argument does not affect OPEC, it would make sense for OPEC members to convert most of their reserves to euros by mid 2004. If OPEC members were then to price their oil in euros, whether for all customers or only for customers in the Euro Zone, they would increase demand for the euro, causing a handsome increase in the value of their new euro reserves. Similar arguments apply to non-OPEC oil exporters such as Norway and Russia. In short, if the oil-exporting nations treat the euro on its merits, dollar hegemony will end.

If the demand for dollars falls, the consequences for America are clear. Fewer dollars will be exported for goods and services, and fewer dollars will return to prop up the real estate market and stock market. The dollar prices of American land and shares will fall, and the real values will fall further because the dollar itself will be devalued. The excess dollars on the global market will flow back into the American domestic market, where they will be spent on goods and services, fuelling inflation and increasing exports. The increased exports will reduce the current account deficit to compensate for the slowdown of foreign investment, but will also reduce domestic living standards as measured by consumption of goods and services. Inevitably, the Federal Reserve will raise interest rates in order to reduce the inflation, support the dollar, attract more foreign investment, and delay the day of reckoning on which America will have to pay its way by producing and exporting real goods and services in return for its imports. But that will not rescue the landowners and shareholders, because, to the extent that land and shares are not devalued by reduced foreign investment, they will be devalued by the higher interest rates.

If interest rates are raised in America, they will also have to be raised in other countries which have large current account deficits, and which therefore compete with America for foreign investment. Those countries notably include Britain and Australia. So if the reign of the U.S. dollar

ends, land prices and share prices will fall not only in America, but also in Britain and Australia.

## ROGUE STATES

The first OPEC member to show serious disloyalty to the dollar was Iran, which has expressed interest

in the euro since 1999. In January 2002, George W. Bush named Iran in his "axis of evil", provoking a wave of anti-American demonstrations reminiscent of the Khomeini era,

and undoubtedly setting back the political and religious liberalization of that country. Undeterred, Iran converted most of its currency reserves to euros during 2002, and a proposal to price Iran's oil in euros has been submitted to the central bank and the parliament.

Let us see whether the Americans find an excuse to destabilize Iran's fledgling democracy in favour of a dictatorship that just happens to prefer dollars to euros.

**People who buy when interest rates are lowest are actually buying at the top of the market, which is a fool's game**

**The Euro Zone ..... offers higher interest rates than the USA, but does not have a huge foreign debt or trade deficit**



The second offender was Venezuela. In 2000, Venezuela's President Hugo Chavez called a conference on the future of fossil fuels and renewable energy. The report of the conference, delivered by Chavez to the OPEC summit in September 2000, recommended that OPEC set up a high-tech electronic barter system so that mem-

bers could trade oil for goods and services without the use of dollars or any other currency. The chief beneficiaries would be OPEC's poorer customers, who did not have large currency reserves. Chavez made 13 barter deals. In one of them, Cuba provided health services in Venezuelan villages.

In April 2002 there was a coup against the twice elected Chavez. The coup was welcomed by the Bush administration and by editorials in numerous American newspapers, but collapsed after two days, leaving evidence that the U.S. administration was behind it [5][6].

The third and most blatant offender was Iraq. In October 2000, Saddam decreed that Iraqi oil would be sold for euros instead of dollars, with effect from November 6. Soon afterwards, Saddam converted Iraq's entire \$10 billion "oil for food" reserve fund from dollars to euros. These events went unreported in the U.S. media.

Given America's record of toppling elected governments whose policies it didn't like (as in Chile, Nicaragua, and almost Venezuela), it is hard to believe that the motives of Operation Iraqi Freedom are as pure as its name suggests, especially considering how cheap "freedom" has become in U.S. domestic politics [see the Appendix].

Answering the allegation that the war was all about oil, George W. Bush assured the world that Iraq's oil belongs to the Iraqi people. But any asset priced in dollars is at least partly an American asset because it adds to the demand for dollars, allowing America to export more dollars and import more goods and services. The exported dollars eventually return and drive up land prices and share prices, making rich Americans richer. So the test of America's sincerity will be whether the new regime in Iraq continues to accept euros for oil.

## APPENDIX: THE PRICE OF FREEDOM IN AMERICA

It is well known that more than 100 death-row prisoners in the USA have been found to be innocent since 1973.

When we add non-death-row prisoners found innocent after serving long periods in prison, the number rises to over 200, most of whom were cleared by DNA evidence in the last decade.

What is not so well known outside the USA is that more than two thirds of these people got NO COMPENSATION. Not even reimbursement of legal costs. Not even back-pay at standard rates for the work they had to do in prison.

Only 15 of the 50 American States have

**Inevitably, the Federal Reserve will .... delay the day of reckoning on which America will have to pay its way by producing and exporting real goods and services in return for its imports**

laws providing compensation for wrongful imprisonment. In 13 of those States the compensation is capped, and the limit is invariably less than what a film star would expect to receive for a defamatory media report. In the other 35 States the legislature can pay compensation if it wants to, which it usually doesn't. The Federal jurisdiction has a compensation scheme under which the maximum payout is \$5000 (yes, five thousand dollars).

Some wrongful convictions, though not all, are honest mistakes. But when a wrongful conviction is discovered and publicly admitted, any failure to compensate the victim for years of incarceration and vilification cannot be explained by ignorance, misunderstanding, error, lack of freedom, or (especially in America) lack of resources. It can be explained only by callous indifference.

**REFERENCES**

[1] Howard Wachtel, "Adventures of the Dollar" (1987) [http://www.npq.org/archive/1987\\_fall/adventures.html](http://www.npq.org/archive/1987_fall/adventures.html) .

[2] "In the international arena... no overarching sovereign exists to decree what is money. Instead, a myriad of private agents must somehow reach agreement on which currency to use... [If a currency is] to be acceptable, market participants must be willing to hold it as a store of value. A necessary condition of that willingness is that a currency's future value in terms of goods and services be viewed as predictable." --

- Alan Greenspan (Chairman of the U.S. Federal Reserve), "The Euro as an International Currency", remarks at the Euro 50 Group Roundtable, Washington D.C., Nov. 30, 2001,

<http://www.federalreserve.gov/board-docs/speeches/2001/200111302/default.htm>.

[3] An exception occurred in the late 1970s, when falling oil prices and mounting third-world debt -- both denominated in U.S. dollars --

undetermined confidence in the dollar. The Federal Reserve responded by raising interest rates to record levels (reference [1]). Heavily indebted poor countries

are still paying for that episode. But demand for the U.S. dollar rose again in response to the second oil shock of 1979-80.

[4] "[T]he most important factor inhibiting the emergence and persistence of a single vehicle currency throughout the world is the attraction of portfolio diversification. This can be a powerful

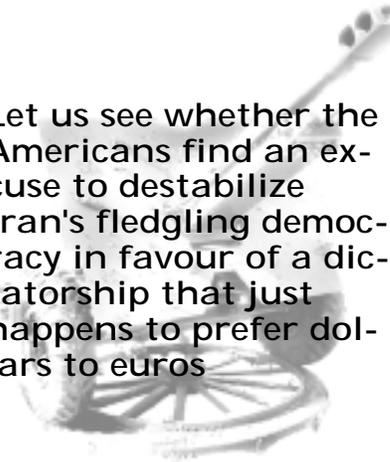
counterforce, especially because currencies offer far greater opportunities for diversification than most other assets. The average price of all currencies, by construction, is trendless, tending to increase the negative covariance within a portfolio of currencies." --- Alan Greenspan, loc. cit., <http://www.federalreserve.gov/board-docs/speeches/2001/200111302/default.htm>.

[5] FAIR: "U.S. Papers Hail Venezuelan Coup as Pro-Democracy Move", Media Advisory, April 18, 2002, <http://www.fair.org/press-releases/venezuela-editorials.html>.

[6] Ed Vulliamy (New York, April 21, 2002): "Venezuela coup linked to Bush team", THE OBSERVER, <http://www.observer.co.uk/international/story/0,6903,688071,00.html>.

For the sources of the oil-currency-war theory, see <http://ist-socrates.berkeley.edu/~pdscott/iraq.html> , <http://www.ratical.org/ratville/CAH/RRIraqWar.html> , <http://www.commondreams.org/views/03/0215-05.htm> , and <http://www.feasta.org/documents/papers/oill.htm> .

**Let us see whether the Americans find an excuse to destabilize Iran's fledgling democracy in favour of a dictatorship that just happens to prefer dollars to euros**



**"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

## SOUTH KOREA

### TOP PRESIDENTIAL POLICY ADVISOR

Great news for ALL Geoists, not just those in South Korea. Mr. Joung-woo Lee, who strongly supports LVT, has become a top policy advisor to new Korean President Moo-hyun Roh. The position is one of the three top aides in Presidential Office and deals with various policies except politics and national security.

Mr. Lee had been working as head of the Economic Subcommittee of the transition team for then-President-elect Moo-hyun Roh for the last two months.

Mr. Lee together with Korean Georgists has recently published a book titled "Rethinking Henry George a Century Later," a collection of papers contributed by eleven Korean Georgist scholars. Korean news media are beginning to pay attention to Mr. Lee and the book.

Born in 1950, Harvard Ph.D., economics professor of Kyungpook National University since 1977, Mr. Lee has participated in monthly Georgist Seminars which began in 1993.

If you wish to congratulate and encourage Mr. Lee, his e-mail address is [joulee@wmail.knu.ac.kr](mailto:joulee@wmail.knu.ac.kr).

## USA AND BEYOND

### THE ASK HENRY SEARCH ENGINE

Many of you are familiar with Ask Henry, the World Wide Web search engine specializing in Georgist web sites. Ask Henry is available at <http://www.askhenry.com>. On February 23, Ask Henry underwent a major upgrade and will be even faster and more up to date in the future.

It is thought that Ask Henry records every word of every page of every Georgist web site. If you know of any Georgist WWW page that cannot be found using Ask Henry, please let Hanno Beck know at [webmaster@askhenry.com](mailto:webmaster@askhenry.com)

Any Georgist web site that wishes to include an Ask Henry search form on any page, may do so for free. If you have an existing Ask Henry search form, you will need to change it slightly to work with the newly upgraded search software -- please contact Hanno Beck for the simple instructions to do this.

Ask Henry is a project of the Baneker Center for Economic Justice.

## SOUTH AFRICA

### DISASTROUS PROPERTY RATES BILL

Godfrey Dunkley reports:

This long-awaited bill was open for public comment up until 15th April. I have the bill in electronic form for anyone who would like a copy by email – just request me at [landtax@global.co.za](mailto:landtax@global.co.za)

The main point of concern, on first glance, is that the bill kills the best system of rating in the world, where 70% of RSA has been on Site Value Rating, 20% on Composite Rating, what many of you know as the two rate system, and only 10% on Total Value or Improved Value Rating. Sec 10. 1. (a), below, taken directly from the final draft, has already been passed by Cabinet.

*"10. (1) A rate levied on property must be- (a) a rate based on the improved value of the property shown on the current valuation roll of a municipality; or"*

As if this is not bad enough, by the influence of "overseas experts", they have been able to further distort justice by the following clause: *"(b) a flat rate for property within a specified valuation band, provided that band is below a prescribed valuation limit.*

*10. (2) The amount of a flat rate in terms of subsection (1) (b) may not exceed the amount that would otherwise have been payable on properties in the lower end of the valuation band had the rate been levied in terms of subsection (1)(a)."*

If they decide to have a band above say R1,000,000 then those cottages that have recently been sold for varying amounts between R3M and R7M for their land value only, will pay the same amount as a property worth say R1,000,500 with a land value of about R250,000. Pretty good for a government committed to bringing about economic justice and uplifting the poor!

**I believe that students of the Lincoln Foundation have played a significant roll in brainwashing our government.**

## INDIA AND BEYOND

### THIS BOOK IS A BREAKTHROUGH!

Alanna Hartzok reports:

Another international economic justice organization that I have been associated with for 30 years has now published a book which includes land value taxation. The organization is based in India but has offices in nearly every country in the world and is called Proutist Universal. PROUT stands for Progressive Utilization Theory, which means that the material world should be used in such a way as to promote human, mental and spiritual progress. I had always thought that Georgist economics had an important insight and policy to offer the Proutists and so at last, this new and most definitive book on PROUT includes Georgist ideas and policy approaches. It only took me 30 years of lobbying them! ☺

The book is called *After Capitalism* and was compiled and written by Acarya Maheshvaranda, who is now the head of the PROUT movement, so the inclusion of LVT in his book is a sign of success at last. There is

a preface by Noam Chomsky of MIT and an afterward by Frei Betto, a Brazilian leader of the Liberation Theology movement. In addition there are contributions by many other leading thinkers and activists, with Portuguese and Spanish translations will to be completed soon.

PROUT workers can be found in most major cities of the US and in at least 70 countries. You may use this book to link to them so that you can increase support for your own Geogist work. Make certain that you have the 2003 edition of the book, as the earlier edition had a less than sufficient understanding of LVT. Maheshvaranda consulted with me carefully for the current edition, so the information about LVT is now correct.

Noam Chomsky is quoted as saying: "Alternative visions are crucial at this moment in history. Prout's co-operative model of economic democracy, based on cardinal human values and sharing the resources of the planet for the welfare of everyone, deserves our serious consideration."

It is published by Proutist Universal Publications, ISBN: 1-877762-06-7 247 pages, price: US\$29.95 plus \$2.00 postage and packaging. **NB:** An alternative to buying the book is to ask your library to order a copy.

## ENGLAND

### **KNOCKING DOWN OUR DOORS?**

Fred Harrison reports from London: Government departments are now – *of their own volition* – spending hundreds of thousands of pounds to test the proposition that there is an appreciable uplift in land values which may be treated as a potential source of revenue to pay for public services.

An example is the latest initiative by the London borough of Barking. A consortium of partners is promoting a project that would tap land values. Their prospectus, *Local Tax*

*Reinvestment Programme*, opens with this statement:

"In discussions of how to finance new infrastructure projects, it is often suggested that there should be a contribution from the increase in land values that occurs when there is a dramatic increase in accessibility."

Also, my colleague Dave Wetzel and I were invited to make a presentation to the prestigious Transport Planning Society in April. The exclusive membership comprises the academic transport planners and consultants who shape government policy with what they deem to be correct methodologies.

## USA

### **TWO-RATE PROPERTY TAXES FOR OREGON?**

From Oregon activist Jeff Smith: Oregonians have a chance to win a fundamental reform endorsed by dozens of groups worldwide. We had a bill introduced to let Oregon localities shift the property tax from buildings to sites; such a shift would end the tax penalty for improving one's home while spurring speculators to put their locations to best use. Using central urban land efficiently means not having to use suburban open space at all. Using centers more intensively means more riders for mass transit, less traffic congestion, less smog, less oily runoff, more suburban habitat. It means more affordable housing, more construction jobs, etc. It's a tax reform that has worked wherever tried.

Rep Jackie Dingfelder (D) introduced the proposed constitutional amendment, HJR 30. Rep Lane Shetterly (R), Chair of the Finance Committee, is co-sponsor. With his support in this Republican-dominated legislature, we actually have a chance of getting this bill out of the legislature and onto the ballot where a majority of voters must approve it. To read HJR 30, visit

[http://pub.das.state.or.us/LEG\\_BILLS/PDFs/HJR30.pdf](http://pub.das.state.or.us/LEG_BILLS/PDFs/HJR30.pdf)

## GUAM

### **A CALL FOR HELP!**

Todd Inman makes this request: The situation on Guam has become rather dire. The government of Guam is anticipating FY 2003 revenues of approximately \$290-340 million and it has a budget of \$510 million (plus a FY 2002 deficit rollover of \$110 million). Vendors are not being paid, employees are being laid-off, tourism is being adversely effected by the threat of war (with both Iraq and North Korea) -- a full-scale depression seems upon us. The legislature just voted to increase the 4% gross receipts tax to 6%, and instituted a couple of sin taxes -- so things are likely to get worse rather than better. They have pretty much ignored property taxes which are outrageously low.

I think it would be beneficial to have someone study the local situation and assess what tax revenues would be generated by the single tax (and how much economic activity would be stimulated by the freeing up of resources and the removal of distorting taxes). Otherwise, it will be very difficult to persuade the people. I think there are people who would be very receptive to the idea of the single tax, but they will need an "expert" to move them to action. Again, I think this time and place present a wonderful opportunity for showing in practice the virtue of the single tax. Please let me know whether there is someone who would be willing to work on this project. I look forward to hearing from you.

[Ed: contact me for further info. if you fancy a trip to Guam]

## USA AND BEYOND

### **STAY UP TO DATE AUTOMATICALLY**

Since 1997, the Baneker Center for Economic Justice has been publishing an alternative daily news web

site for Georgists and all persons interested in current events, economic justice, politics and fairness. The web site is called The Progress Report and is available at <http://www.progress.org>

If you do not have a chance to visit The Progress Report every day, you can still stay up to date thanks to a new free service. If you go to <http://www.progress.org/lists/tprjoin.php> you can sign up to receive an email message every two weeks, giving you the headlines and links to the best recent articles featured at The Progress Report.

You can sign up, or unsubscribe, at any time. All are welcome to try it - hundreds of other readers are already keeping up with The Progress Report in this way.

## SCOTLAND AND BEYOND

### HITTING THE HEADLINES

In the latest edition of *Permaculture Activist* the leading article comprises 5 full pages written by Shirley-Anne Hardy (a long-time Geoist leader from Scotland) entitled *The Road to Globalisation: Where Stands Permaculture? Where Stand We All?* Contained within her article is an explanation of the Law of Rent, with the five images of the guys with the bushels in the field, just the same as in the age-old Georgist teaching material. Here they were, now in a very relevant and current context of one of the leading approaches to sustainable living! Onya, Shirls!

**"Right now, with every single penny you spend, the community already pays its ground rent, straight into the well-lined pockets of the select band who, quite simply, are charging you the entrance fee to life on planet earth."  
- Steve Wall**

## WHERE TO FROM HERE FOR THE SHARE MARKET ? by Bob Keall

Commerce is the life of every community. Essentially it is the exchange of labour-based goods and services. **Introducing into that exchange process the speculative, capitalised value of artificial, unearned, tradeable rights that produce nothing, distorts the legitimate exchange process.** It also introduces a dominating political element which adds to the confusion.

Whereas speculation in commodities stimulates production and generates employment, speculation in ownership rights to the raw materials instead of using them, inhibits production and causes unemployment, on a 4:1 ratio (every person engaged in primary production – farming, forestry, building, mining, fishing, transport – generates four more jobs downstream.)

The rogue factor inflates the currency, distorts and strangles the stock exchange periodically, starves production of capital instead of assisting it, thus causing unemployment and social problems. It drives the share market to desperately but vainly search for capital gains in the absence of dividends from genuine earnings. The inevitable paroxysms that once developed over decades are now compressed into months. Access to cheap money makes it worse. Dear money indiscriminately depresses production as much as the speculation. The 'remedy' becomes part of the malady. So-called recovery tends to be short lived and carries the seeds of its own collapse.

The solution is to convert natural monopoly rights from private, tradeable property rights, to an annual rental in favour of the community, in lieu of taxes i.e. Resource Rentals for Revenue.

Political inhibition about implementing Resource Rentals for Revenue is often due to a fomented misconception that any such charge

is an attack on private property rights. In fact it is an affirmation of true property rights, both private and communal. Taxes on production are as great a breach of private property rights as is the theft of the economic rent properly due to the community. Taxes plunder the rewards of labour in addition to the misappropriated rent and can never compensate for the consequentially depressed wages.

Justifying the theft of the rent on the grounds of having bought the rights does not apply to stolen goods or slaves. Natural monopoly rights, licences and the like are granted by the community and should not be alienated. They can never be converted to personal property. Even the "fee simple" estate in land is by definition a holding on trust. Recent privatisations retain a nominal leasehold element. A valid title can never be given to stolen property. The American Civil War was fought over the natural right of slaves to be freed, without compensation.

This social misfeasance is promoted by allowing as a tax-deductible expense the costs of financing the purchase of the right to the tax-free unearned gain which causes the problem. The same mechanism can be used to reverse the process i.e. Resource Rentals can likewise be set off against income tax. This avoids the claim for compensation.

Being charged for the resources we hold or take instead of what we do or make, would tax resources into use instead of pricing them out of reach - with a tax concession accordingly. It would stimulate production, establish the level playing field, and normalise the stock exchange as a thermometer of the good health of the whole community. ■

# DO SAY CAN YOU SEE?

## A Perspective on the Current War Crisis

by Alanna Hartzok



**Alanna Hartzok** is Co-Director of **Earth Rights Institute**, a civil society organization working for economic justice and peaceful resolution of conflicts. She is a United Nations NGO (Non-Governmental Organization) representative for the International Union for Land Value Taxation, based in London, and an educator and activist with the Carlisle Peace College. Her recently produced video - *NO WAR ON IRAQ!* - documents the October 19, 2002 Carlisle Peace College forum. Hartzok is the author of *Democracy, Earth Rights and the Next Economy*, an E.F. Schumacher Lecture. She was the Green Party candidate for Congress for Pennsylvania Congressional District Nine for a special election held in 2001.

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The unjust and inequitable ownership and control of vast amounts of the land and natural resource wealth of our planet is a root cause of the great majority of local-to-global conflicts and wars. Our current form of democratic governance is severely limited in its capacity to negotiate peaceful means of resolving resource inequities and disputes, whether over oil and other minerals or over land for housing and livelihoods.

Neither the market system as currently structured nor the force of military might have provided a democratic means to equitably sharing the gifts of nature. This fatal flaw of democracy can be most clearly seen upon review of some of the 3,000 major and 10,000 minor interventionist military forays of the US government during the past several decades. This Third World War - the war on the people of the third world - has slaughtered at least six million people in the third world

since World War II, as determined by former CIA chief John Stockwell and others. (1)

Taking control of Iraq has been a long-running strategic design of the

The administration is lying and the media is simply reporting what it is told. I see over and over again statements made by our media that are flatout lies, like the story of Iraq gas-sing its own people

oligarchy which has come to rule the United States. An article headlined *Seizing Arab Oil* which appeared in *Harper's* magazine in 1975 outlined how we could solve all our economic and political problems by taking over the Arab oil fields (and) bringing in Texans and Oklahomans to operate them.(2) Similar stories appeared in other magazines and newspapers at the time.

If home-grown terrorists based in Los Angeles had organized a hijacking of airliners to fly into the twin towers, would we have surrounded California with the full force of our military in order to launch an all out attack?

Today, there are 41 members of the Bush administration with direct links to the oil industry. Many of them have held high office in the military-industrial complex that President Dwight D. Eisenhower warned us about many years ago when he said:

*"In the councils of government, we must guard against the acquisition of unwarranted influence, whether*

*sought or unsought, by the military industrial complex. The potential for the disastrous rise of misplaced power exists and will persist".(3)*

In the words of Dr. Michael Klare, professor of peace and world security studies at Hampshire College and author of *Resource Wars*, controlling Iraq is about oil as power, rather than oil as fuel. Control over the Persian Gulf translates into control over Europe, Japan, and China. It's having our hand on the spigot."(4)

Dr. Stephen Pelletiere, author of *Iraq and the International Oil System: Why America Went to War in the Persian Gulf*, was the CIA senior political analyst on Iraq during the Iran/Iraq war and a professor at the US Army War College in Carlisle, PA for 12 years (1988-2000). He made this statement during the Carlisle Peace College **Forum on Iraq** on October 19, 2002:

"The only way, if we are saying to go into Iraq and change the regime, for us to change the regime is for us to stay in Iraq, and effectively take over the oil wells and to hand them back to the same companies - Exxon/Mobil, British Petroleum, Royal Dutch - which originally exploited the oil when the cartel ruled the Gulf. That is imperialism. That is a classic case of imperialism. You cannot put any other face on it. As soon as a country invades another country with the intention of acquiring the assets of that country to exploit for its own aggrandizement, that is imperialism. That is, I think, the only accurate way to look at what is happening there.

The US, in an incredibly rapid space of time, is going through a tremendous transformation in which we are ceasing to be a republic and are in the process of becoming an empire and no one seems to be aware of this transformation, at least you are not getting any of this from the media... The media is going through its own transition. It is behaving in a way I have never seen it. The administration is lying and the media is simply reporting what it is told. I see over and over again statements made by our media that are flatout lies, like the story of Iraq gassing its own people". (5)

The vast build-up of US military forces in preparation for a unilateral

**gorilla chest-beating does not constitute diplomacy, having the world's largest collection of phallic projectile weapons does not constitute moral authority, and invasion and penetration are not acts of liberation**

pre-emptive shock and awe attack on Iraq is immoral and illegal. It demonstrates a truly shocking disregard for the steps that humanity has made since WWII to build global institutions based on law and peaceful resolution of conflicts. If this situation was a case of domestic abuse, the Bush administration would be guilty of making terrorist threats and issued a restraining order by the legal authorities. If home-grown terrorists based in Los Angeles had organized a hijacking of airliners to fly into the twin towers, would we have surrounded California with the full force of our military in order to launch an all out attack?

The current situation has nothing to do with saving the people of Iraq from a malevolent dictator, eliminating a source of terrorism in the world, or providing for the security of the United States. The current

situation has everything to do with a small clique of cunning and super wealthy men with a focused group intent to grab geopolitical control of Eurasia and Full Spectrum Dominance of the globe. This clique of men are not the true representatives of an enlightened democracy - rather they are truly the representatives of the military-industrial complex and of several multi-national corporations. This moment - March 2003 - is their carpe diem, their time to seize rule of the world in a crescendo of voracious desire for wealth and power.

First, foremost and most immediately we must stop this maniacal and diabolical war in the heart of Eurasia. We must first, foremost and most immediately stop this war because we know that, in the words of Starhawk, gorilla chest-beating does not constitute diplomacy, having the world's largest collection of phallic projectile weapons does not constitute moral authority, and invasion and penetration are not acts of liberation.

We must support and strengthen international law and the mechanisms to enforce it. International law is the just and civilized way for human beings to deal with individuals who are guilty of crimes against humanity. We here in the United States must turn our fast growing forces for peace and justice on earth towards the reinstatement of the United States in the Anti-Ballistic Missile Treaty to stop nuclear proliferation. North Korea would not be acting as it is if we had not pulled out of the ABM Treaty and put them on the Axis of Evil list. We need to sign on to the International Criminal Court, the Kyoto Treaty to curb climate change, the Treaty to Ban Land Mines, the Convention on the Rights of the Child, and the Convention on Equal Rights for Women.

**the gifts of nature - the land, oil, minerals, other natural resources and a substantial amount of the monetary value accruing to their use - rightly belong to the people of the world as a whole**

The use and enforcement of these institutions of global governance will move us far along the path towards the abolition of war and the elimination of weapons of mass destruction worldwide including the elimination of weapons of mass destruction from the homeland of the superpower called the United States of America. The strength and good will of the other superpower - we, the citizens of the world - can bring these goals to fruition.

We hereby pledge our patriotic duty, "our lives, fortunes and sacred honour" NOT to a Pax Americana but to a Pax Gaia - an order of peace and justice on earth whereby the wealth of the world will shift away from the production of weapons of mass slaughter and towards the healing of the planet and the people. We, the people of the world, will now build a new global order to shift the wealth of the world out of the control of the World Trade Organization, the International Monetary Fund, the World Bank and other private bank accounts of the less than 300 multi-billionaires who now have as much wealth as three billion people.

We need to take a giant step forward to a new form of democracy. We, the people of the world, must now direct the wealth of the world towards the building of local-to-global economic democracies in order to meet the needs for food, shelter, healthcare, and education for all. This is not a pale, pallid plea for charitable contributions to the begging bowls of the poor. This is a pronouncement upon a criminally

unjust system of global exploitation and a prescription for the curing of the worldwide crisis of person/planet pain.

The task before us is that of building a global order based on the full

honouring of our common humanity with profound recognition and re-

spect for the dignity of each and every child, woman and man.

A new democratic mandate, which we might call *earth rights democracy*, recognizes that the gifts of nature - the land, oil, minerals, other natural resources and a substantial amount of the monetary value accruing to their use - rightly belong to the people of the world as a whole. The earth is our birthright and our common heritage. What we make from our mental and physical labor can rightfully be held as individual property but the profit of the earth should be shared by all and for all.

The cure for economic and war crimes against humanity is to declare once again, yes, RIGHT NOW, a new order of the ages, *novus ordo seclorum*, to form a more perfect union of people and planet fully awakened to the realization that though we are many, we are in truth one humanity, *epluribus unum*.

**O say can you see** (6), our common humanity, sprung from the earth our mother and seeded from the sun, we are in truth, children of the universe, and no less than the trees and the stars,(7) you and I have the equal right to be here now and to claim this planet and its land and resources as our full, fair and natural birthright?

The current crisis is now the time to pledge allegiance to the earth, and all the life which it supports, One Planet, in our care, irreplaceable, with sustenance and respect for all. (8)

Right now this pledge means **NO WAR ON IRAQ!**

Footnotes:

(1) John Stockwell, former CIA Station Chief in Angola in 1976 working for then Director of the CIA, George Bush, spent 13 years in the Agency. This information is from his speech available on video by email to [fdorrel@hotmail.com](mailto:fdorrel@hotmail.com)

(2) Robert Dreyfuss, *The Thirty-Year Itch Mother Jones*, March/April, 2003, p. 41.

(3) Military-Industrial Complex Speech, Dwight D. Eisenhower, 1961 (Public Papers of the Presidents, 1035-1040)

(4) Robert Dreyfuss, *op.cit.*, 41.

(5) To order the NO WAR ON IRAQ! video which documents the complete speech of Dr. Pelletiere and the other speakers in the Forum on Iraq call 717-264-0957.

(6) From the *Desiderata*

(7) From *The Star-Spangled Banner*, a poem by Francis Scott Key dating to the War of 1812 between the US and Great Britain. Sung with the melody of a popular 1700 era English tune which celebrated wine, women and song, it was declared the US National Anthem by Congress in 1931.

(8) From artwork by Janina Lamb, artist; Lamb & Lion Studio (cards, posters, prints & bumper stickers) Box 298, Tamworth, NH 03886 USA Tel. 603-323-7539 Fax: 603-323-8842

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**"That it was a penal offence in Britain until the 1832 Reform Act even to question the land laws, surely tells us something of the dynamite they contain, and explains the suppression of the work of these great thinkers, and hence our unfamiliarity with their names. For in its eagerness to control the minds of the people, as well as every other aspect of their lives, monopoly capitalism early bought its way into our political systems. This gave them access, of course, to the vital sphere of education. Hence our educational syllabuses steer well clear of the land question! We are not taught to think about the matter of the right to land at all, and most certainly not of its simple solution, the just and natural Law of Rent."**

**- Shirley-Anne Hardy**

## GIGGLES & GROANS

There's an amusing story of a Georgist who challenged a land baron as to the baron's right to his vast tracts. The baron knew the history of the estate of his noble bloodlines, and told how one of his ancestors had paid good money for the land, rather than gaining it by some royal grant. To this the Georgist replied, "But how did the previous owner obtain it?" Again the baron explained how that person had also once paid good money for it. Yet again and again, the Georgist persisted with, "But how did *that* owner obtain it?" Finally, the baron said, "He fought for it in battle, and won it". To which the Georgist said, "Good! I'll fight *you* for it!"



Doing econometrics is like trying to learn the laws of electricity by playing the radio.



In the Soviet Union, Stalin asked the Minister of Finance to give him an advice as to the establishment of the ruble convertibility. The minister produced a thick document, arguing in favour of establishment the rate 1 dollar = 14 rubles. Stalin looked at it and did not like that ruble is so undervalued. He took his red pencil and eliminated "1". The exchange rate was established at 1 dollar = 4 rubles.



A neoclassical economist is someone who has had a human being described to him, but has never actually seen one

# How I "Saw the Cat"



Smiley by name, Smiley by nature – David and Joan as grandparents

I grew up on various sunny and carefree beaches in the West Indies, I then endured years of England's bleak climate until an Australian girl called Joan persuaded me that Australia would be as good as the Caribbean, but with surf. Meanwhile, I had followed an engineering apprenticeship and degree into industry where a colleague persuaded me to listen to someone called Vic Blundell.

**So, how did I come to know of George?** I was actually halfway through Vic Blundell's basic economics course before George showed up at all. In those days it was policy to provide a good grounding in economics first, and also to avoid any appearances of the emotional proselytising that has been so damaging to the Georgist cause. By the time I was into the free trade and political economy courses Joan had started to follow the same path. We found the course notes and quizzes quite excellent, and we had seen the cat. And so, on "graduating", we were

asked to run a course for the South London Liberal Party (no relation to our "Liberals") and help secure the LVT plank in their election platform

But then, for a very long time, our busy lives pushed George somewhat into the background. For me, building a career in industry, in IBM, as a senior programmer in the PMG department, as a senior lecturer in UTS, and teaching MBA classes. For Joan, rearing a family, voluntary community and church work, a part-time degree, and in management as a TAFE head teacher. Returning to Georgism after all that time was quite a shock. There were

**and also to avoid any appearances of the emotional proselytising that has been so damaging to the Georgist cause**

no classes running in Sydney and the ones in London and New York had also folded. Classes in New York were later resumed, and very successfully, but only because they now targeted professionals, students, and interest groups, not Georgists. In Sydney there were good occasional seminars, but these were attended almost exclusively by Georgists. We were preaching to the converted. Any newcomers came to

one or at most two monthly meetings in dusty rooms where old men argued endlessly over definitions, raged against "false doctrines" in an archaic language, while exhibiting a defective view of modern economics. When I did run some classes these were sometimes disrupted by argumentative Georgists sitting at the back. Discouraged by what appeared to be an increasingly dysfunctional organisation, I took my research project to Macquarie university.

**Influential books and Georgists.** I am eternally grateful to Vic Blundell, my original inspiration. Later, much later, I came to regard Nic Tideman's letter to Gorbachev and Fred Harrison's subsequent Russia campaign as the most significant Georgist initiative of the 20<sup>th</sup> century. In 1997 Joan and I attended the International Union conference in Brighton and we began to become aware of professional Georgist publications such as those edited by Nic Tideman, Fred Harrison and Ron Banks, and of the grassroots political work of Alanna Hartzok in USA and Tony Vickers in UK. Back in Australia this experience made me encourage Neil Gilchrist to publish his "Land Value Taxation", the clearest comparative analysis of taxation I have seen. Later I helped launch John Young's "The Natural Economy", a condensed and much modernised version of George's three principal works. This book is now taught in an American university, and an abridged version is to be used in an Australian secondary school. In working with John and Neil I formed the greatest respect for the professionalism, honesty and integrity with which they approached all Georgist matters. I was privileged also to "meet" Tony O'Brien on the World Bank internet forum where we were both trying hard to get LVT included in the Bank's "Development Report on World Poverty". Tony's work, and that of Bryan Kavanagh and others in the LVRG, is outstanding.

**My experience of Georgist economics.** One day, wandering out during a break at a Georgist seminar, I saw a Marxist poster concerning a civil war in El Salvador. I saw in a flash that, while the land problem we were addressing at the seminar could scarcely be described as

life-threatening, feudal land monopoly in the third world was killing millions of people. Was not our view of Georgism extraordinarily narrow? Back at the seminar I pondered this and also whether the

way we were presenting Georgist economics would stand close scrutiny. I was already aware that some academics associated some Georgists with "an unmistakable aura of absurdity". At Macquarie, I was able to pursue both questions by completing 24 units in economics, politics, history, anthropology and sociology. I soon felt that the urgency of the third world land situation needed to be told. I started with three papers in the *American Journal of Economics and Social Science*. Then, to take my findings beyond academia to where major international decisions are made, I wrote "Third World Intervention". I am grateful to Alanna Hartzok, John Young and Neil Gilchrist for many improvements and to John Webber who suggested its publication by the NSW HGF. This book, along with Neil Gilchrist's "Land Value Taxation", and with considerable help from enthusiastic American Georgists, found its way into a large number of NGOs, UN departments, and international think tanks. Two years later Ted Gwartney of the International Union wrote me that 1000 copies of edition two of "Third World Intervention" had been distributed by Georgists at the UN Commission for Social Development, at the General Assembly Review, and at the UN Millennium Forum, and that they had been well received. In all this I had been in-

**I have now tried to push the Georgist remedy beyond third world development and into human rights, the environment, conflict resolution, the roots of terrorism, and into the many gaps in the social sciences**

spired by "Land Value Taxation Around the World", edited by Robert Andelson. Then, to practice what we have been preaching about forming alliances, we supported Karl Williams at the Global Greens Conference, presented a paper at the Newcastle Students for Sustainability conference, and joined the Greens.

So what is my view now of Georgist economics? First, that it should be a great deal wider than site revenue, for example "Why not air, water and all other natural resources?" (Karl Williams, in *Progress* Jan-Feb 2003, p.5.). And so,

in the ANU *Development Bulletin* and in *Geophilos* I have now tried to push the Georgist remedy beyond third world development and into human rights, the environment, conflict resolution, the roots of terrorism, and into the many gaps in the social sciences. Second, and contrary to popular Georgist belief, I find mainstream and Georgist *economics* almost entirely compatible. Modern economics contains all that Georgists need in order to acquire professional respectability. We just have to learn to use the ammunition available in economic theories. For example, comparative advantage calculates the social benefit of fair trade. Rent seeking and deadweight loss illustrates the economic and social costs of unfair trade, of agricultural support schemes, of monopolies in land and natural resources, and of nearly all taxes. Negative externality explains the transfer costs of untaxed pollution. Supply and demand graphs explain the unintended consequences of ceilings on rent and land ownership, floors on wages, and the unintended consequences of much of the legislation concerning licences, welfare, and human rights.

**Has Georgism got a future?** George's objectives, from my reading of his three main books, were to establish legislation to achieve free trade, free enterprise, and the taxa-

tion of our uses of land and natural resources. To meet these objectives requires appropriate strategies and then appropriate organisations to support these strategies. So which strategies work and which don't? Marxism targeted the intelligentsia, created an enormous literature and conquered half the world. Today's international socio-political organisations have enlisted professionals and similarly legitimised themselves with a substantial, respected literature. Though George himself published widely and also stood for political office, subsequent Georgist strategies have mostly targeted the "man-in-the-street" and, I believe, this strategy has led us into the wilderness.

So, what alternative strategies are there? Professional education? Philip Howell, a dedicated Georgist, has outlined how we might achieve leverage through short courses targeting specific professions, NGOs and interest groups, an idea also explored by the Progressive Forum. Professional literature? We already have quite a literature on the history of George and Georgism, but nostalgia is no substitute for progress. And so some of us have worked hard individually and in think tanks to contribute to a forward-looking Georgist literature and this is find-

**Truly effective organisations seem to rely less on any particular organisational structure, more on a commitment to principles of good governance**



ing its way into professional journals, universities, the UN, and in support of political campaigns in USA, Europe, Russia and the third world. Professional alliances? If Georgist bodies have neither the resources nor the abilities right now to achieve George's objectives then maybe we should form alliances with those social reform movements that do. I have suggested in *Progress* how we might start four such alliances, and Alanna Hartzok in

USA, Peter Gibb in Scotland and Tony Vickers with his Progressive Forum have actually shown us how it can be done.

What organisations does Georgism need? Truly effective organisations seem to rely less on any particular organisational structure, more on a commitment to principles of good governance. In our experience this commitment delivers the competence, cohesion and control needed to achieve objectives. For example, competence derives from appointments closely matching clear statements of tasks and objectives, a commitment to on-going learning, and an openness to new ideas. Cohesion derives from democratic decision-making, personal integrity, and ethical standards of behaviour. Control derives from performance monitoring at all levels, budgetary control, separation of duties to avoid conflict of interest, strict accountability to avoid irregularities, and complete transparency of operations by full reporting.

So, are we quite certain that our objectives are clear, strategies agreed, and the principles of good governance firmly in place? If not, how can Georgism ever find its way out of the wilderness and into the promised land?

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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 to gain the money;  
If you have no employment, then dependent on the State;  
If the State refuses you,  
you beg for the charity of the rich;  
If there is no charity,  
you steal or you die.  
Such is the chain which binds us to each other, and to the land.

-- David Brookes

## ONE'S HEART BLEEDS!

*From The Sunday Age, 16/3/03*

My heart bleeds for the struggling owners of Portsea holiday homes (2/3). How terrible that these people whose properties are appreciating at about \$1 million a year have to pay back up to \$200,000 a year in land tax (Sob!). Why, that means that, instead of getting \$1 million a year for nothing, they are only getting about \$800,000 a year for nothing (Sniff!). After capital gains tax, they may be getting as little as \$600,000 per year for nothing (Boo-hoo!).

Worse still, some of that tax will probably go towards the medical bills and living expenses of some dole bludger who gets a whole \$20,000 a year to do nothing but apply for jobs (Oh, the nerve!).

Dr. Gavin Putland  
(Land Values Research Group)  
Calamvale, Qld

## OVER-TAXATION

*From The Hobart Mercury, 3/3/03*

Sam Ramaiya sees the problem, but not the solution, when he calls for tax thresholds to be lifted (Mercury, 27 Feb). Pitting rich against poor, and workers against the unemployed are only two of the evils of our progressive tax system.

It is not who is taxed that will make a difference, but what is taxed. As income taxes rise, people work less overtime and second jobs; when taxes are levied on sales (GST), people buy less. Both taxes stifle the economy, but there is a tax that does not have these adverse effects. A tax on land values will not lead to less land being available.

The value of the land is created by the community, not by individual owners, and should be the natural source of public revenue. Full land value taxation will allow income and sales taxes to be reduced, perhaps to zero. Think of a world where you keep every cent you

earn. With that incentive, everyone will want to work. Then we will not argue amongst ourselves about who is contributing more than their fair share. Real tax reform starts with the taxation of land values.

Leo Foley  
Lenah Valley, Hobart

## REPRESENTATIVE & DEMOCRATIC?

*From The Age, 1/3/03*

When Steve Bracks promised Victorians a "truly representative and democratically elected" Upper House, I was most favourably impressed. Having "read the fine print", I find that Steve is proposing something significantly different.

Firstly, Steve wants to permit "above the line" voting, the same as for Senate voting. Voters are thus encouraged to leave the election of candidates to "faceless party members". That's not "truly representative and democratically elected"! A far better method is to require voters to place the numbers 1, 2, 3, etcetera - up to the limit decided by individual voters, not politicians or bureaucrats! - against the candidates of their choice. There's no need for every candidate to receive a number! Now that's "truly representative and democratically elected".

Secondly, Steve wants casual vacancies to be filled by "faceless party members". And that's not "truly representative and democratically elected", either! A far better method is to utilise "countback"; that is, recount the ballot papers to determine the most popular candidate not elected originally. Too difficult? Of course not! The Electoral Commission surely has access to computer systems that would do the job "quick smart".

Voters, demand that Steve Bracks delivers what he promised!

Maurie Fabrikant  
Noble Park, Melbourne



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**ME? CHEAT?  
WHY  
NOT?!**

A recent article in the *Herald Sun* entitled “Most of us want to cheat tax” was revealing. It quoted a University of Sydney study which found almost all small businesses used an accountant because the tax system was too complicated and time-consuming.

It found most people believed the tax system was adversarial. The more negative taxpayers’ attitudes to the tax system, the more likely they were to not follow tax rules.

Small business owners believed they were self-reliant and hard-working but resented paying taxes to support the welfare system while big business hired high-price advisers to minimise tax.

One example of tax system showed that, as a farmer, you may buy a ute for \$20,000 and get a \$1818 refund on GST because it is solely for farming. After 10 years you sell the now old ute to your son for \$500. Yu must repay the full GST refund even though the ute is worth virtually nothing.

**“HEAR! HEAR!”**

A choice quote from an edition of *The Courier*, in Scotland: “To the tenant, industrial or agricultural, rent is an endless drain on his cash flow; to the owner-occupier, the high price paid is dead capital that

would be better put to use in the business. The only beneficiaries of high land costs are landlords; the nation as a whole is disadvantaged.”

**WATER  
PRIVATISATION**

A disturbing article as published in *The Age* on February 3, on the growing world-wide trend in the privatisation of water. And “world-wide” means every major geographical area on the planet. Often, World Bank loans are granted on the condition that water is privatised.

In some Third World countries, water is cut off from people who cannot pay. They then resort to unhygienic sources for their water. On South Africa’s Dolphin Coast, by January 2000, the trend had been essentially responsible for the worst cholera outbreak in South Africa’s history, with more than a quarter of a million people infected.

Each of the three leading companies in this area is among the top 100 corporations in the world. Together in 2001 they had a revenue of \$US267 billion, and continued to grow at about 10% per year, outpacing some of the countries where they operate.

The trend is now to “commodify” water. The days of the free glass of water are going, at least in many places. It seems that humanity is losing control of its most vital resources to a small group of monopolistic corporations.

Well, of course, land has been commodified in many places for a long time. No doubt some bright individual will devise sooner or late some way of commodifying air!

There is a desperate need to disperse the mindset whereby the gifts of nature are treated in the same way commercially as the products of human exertion. Academic economists, as well as the compliant media, must be held largely respon-

sible for the current woolly thinking on this fundamental topic.

**PERPETUATING THE  
FALSEHOOD**

*Progress Press* (17/2/03) has much information about “booming house prices” in Melbourne eastern suburbs. For example, median “house prices” in Hawthorn East rose by 32% in one year. But the same failure to distinguish land prices from the actual building prices persists. Don’t rock the boat!

**\*\*ooOoo\*\***

**THE LOOMING  
RECESSION**

*[Ed: Recently, Bryan Kavanagh emailed a few of us with this commentary – provocative and interesting enough to pass on to you guys]*

Alan Kohler [who also writes for the Australian Financial Review] spoke about the LVRG’s *[Ed: Melbourne’s Geolist Land Value Research Group]* graph on tonight’s 7:00 pm ABC TV News. He concluded his analysis of it by saying that although the property sales to GDP ratio is at a record high currently, interest rates are very low this time around, so things may be different when the bubble bursts - we may not go into a deep recession.

Wrong!!

Interest rates are 'low' now because we are moving into a deflation. People are being suckered into debt because the rates appear to be low. However, in a deflationary environment, real rates are not particularly low, and, come the 'bust', debtors won't have inflation working for them to make their debt any lighter. Quite the opposite, because, in a deflation, a grain-of-sand-like debt on one's shoulders soon morphs into a crushing boulder! Few people these days have experienced a deflation. It can be a terrible thing, much worse than an inflation. Ask the Japanese, who can't pump-prime their way out of it, and have only had a mild dose to date!

# THE SPEECH FOR WHICH WE'VE ALL BEEN WAITING!

Relish every brilliant word of this Scottish Green's speech, guys! Could one of us have written anything better?

Motion in the Scottish parliament, 30<sup>th</sup> January, 2003:

**That the parliament notes recent studies by the Executive and is interested to build on them by considering and investigating the contribution land value taxation might make to the cultural, economic, environmental and democratic renaissance of Scotland.**

The full text of **Robin Harper**, MSP, with references:



The world really is at a crossroads. The global environmental crisis that has been long-forecast is becoming something more than that - becoming as much social and economic as environmental, and so for most people, as a result, perhaps something more real. The starkest examples are:

- It would seem that we may be about to go to war with Iraq, in dubious circumstances, but where the issue of access to oil - a valuable natural resource - is implicated.
- Osama bin Laden's 1998 *fatwa* - the preamble to the atrocious events of 9/11 - is in fact a six-point complaint about US abuse of the land

and resources of the Arabian peninsula<sup>1</sup>.

- In Palestine, Israel and the Palestinians are killing each other over control of land and water.



**It is increasingly clear that the way we go about sharing the wealth of the world - how we manage access to our common resources of nature and community - is becoming the central**

- Almost half of the world's population lives in poverty - for want of access to the resources that should be supporting them and allowing the development of their communities - while the rest of us enjoy comforts unparalleled in history<sup>2</sup>,

and

- The probably unrepayable money debts of the impoverished Global South are arguably balanced by a sum five times as large, due by the West to the South, by way of a 'climate debt' - resulting from our massive overuse of the world's finite resources.

These situations and statistics may seem rather distant to the concerns of this Parliament. But they are the above-water peaks of a massive

<sup>1</sup> In the preamble to Osama bin Laden's *fatwa* of February 1998, he sets out clearly a six-point complaint against America. All six points may be seen as justifiable grievances - "For more than seven years, the United States has been occupying the lands of Islam in the holiest of places, the Arabian Peninsula, plundering its riches, dictating to its rulers, humiliating its people, terrorizing its neighbours and turning its bases in the peninsula into a spearhead through which to fight the neighbouring Muslim peoples."

<sup>2</sup> Actually 2.8 billion out of 6 billion. World Bank *WDR 2000/2001: Attacking Poverty* <<http://www.worldbank.org/poverty/wdrpoverty/report/index.htm>>

iceberg of injustice which haunts the world, passes through all our local seas, and which will soon come to sink any ship of State - or its lifeboats of devolution - which fails to chart and navigate it.

It is increasingly clear that the way we go about sharing the wealth of the world - how we manage access to our common resources of nature and community - is becoming the central issue facing humanity today.

This is as true of the national and local situation as it is of the global one. And

it is certainly so of Scotland. The solution to the global crisis is not some sort of big top-down imposition - but rather a bundle of different local responses, all of them fired by a deep understanding of, and radical insight into, our human situation.

The world's problems need local solutions, and Scotland's need hers. This Parliament has a critical responsibility to find those solutions. Now I believe that in order to do this, we must look into things much more deeply than we have done to date. Indeed we must be willing to consider what might be thought to be outrageously radical proposals. Still, I also believe that these proposals, on considered reflection, will be seen as no more and no less than the common sense of our ancestors.

**...a private sector which is encouraged by the taxation regime to destroy the environment, waste its assets and throw away wealth**

As a Parliament we know that since 1999 we indeed have made a difference - just as we were established to do. But we have not yet made anything like the big difference that we and our constituents - the people of Scotland - had hoped we might. Scotland's problems, if slightly eased, remain unsolved. It

falls on our shoulders to do what is necessary to release our country from the spectre of:

- One in three child poverty - with Scottish society presiding over a situation which condemns a third of its new innocent citizens to immediate social injustice<sup>3</sup>.

### ...a (present) fiscal regime which rewards those who keep back from use resources whose value is created by society at large, in order to speculate on them to their own private advantage

- Of Harris superquarries and their ilk, bringing the corporate ransoming of our marginal communities, and the rape of our fragile natural environments.
- Of rising household debt crippling families, and rising intergenerational debt from the burden that we are choosing to place - through PFI and PPP - on our unborn children.
- Of the breaking pensions scandal, which will relegate most of this present generation, in its advancing years, into circumstances it will find unplanned and unexpectedly unsatisfactory.
- Of an underfunded further education system which, in spite of that fact, still neither is free - whose potential users still have to weigh up its cost, and which therefore privileges the wealthy and excludes the disadvantaged from what should be a basic social opportunity.
- Of a public sector which quite incredibly is unable to link the country's two main airports to a rail system which runs by *pretty well outside their doors* - so encouraging private car use and in-

<sup>3</sup> The Poverty Alliance, Scotland's Poverty Challenge, "One in four Scottish households live in poverty. One in three of Scotland's children live in those households. There are major inequalities in health and life expectancy between Scotland's poorer and wealthier areas. 47% of disabled adults live in poverty. It is estimated that 4000 elderly people die every year in Scotland as a result of being unable to heat their homes." <<http://www.povertyalliance.org/>>

creasing the attendant environmental and public costs that that brings.

- Of a private sector which is encouraged by the taxation regime to destroy the environment<sup>4</sup>, waste its assets<sup>5</sup> and throw away wealth<sup>6</sup>,  
*and*
  - of a fiscal regime which rewards those who keep back from use resources whose value is created by society at large, in order to speculate on them to their own private advantage<sup>7</sup>.

These are some of our country's spectres. I could go on. But my fellow Parliamentarians! Do you see the connection here?

The thread running through - no, the core of - these problems, is the same one that is shared by those global issues I just recounted. In this, our twentyfirst century, wealthy Scotland, we are presiding over a situation where there is *nothing like* equality of access to the common resources for life - to the fruits of nature, or to the benefits of community. *This* is the root of Scotland's problems.

Today's Baby Westerhailles will likely never be able to access the opportunities and support for life that are provided for all and that are the right of all. Baby Bearsden, on the other hand, likely will.

How can we ensure that the value of Scotland's common inheritance can be enjoyed freely and equally by all our citizens?

<sup>4</sup> E.g. Building a new house on a greenfield site is vat-exempt: repairing property on a brownfield site is liable to vat @ 17.5%.

<sup>5</sup> E.g. A house if it's bought for the wasteful purpose of only an occasional holiday use, is graced with 50% relief on local taxes (Council Tax). Similarly, an unwanted factory may have its roof removed by a hardup owner and thereby manage to achieve a relief of rates (UBR).

<sup>6</sup> E.g. The EU Common Fisheries Policy encourages fishermen to throw back fish dead, rather than land them for human use.

<sup>7</sup> See note 18.

Surely the answer is not charity! Re-distribution is a sticking plaster for putting on after the injury has been inflicted! What we need to do is sort out the order that *in the first place* is best for the distribution of wealth. We must remove the basic cause of social injustice. That means a systemic approach to reform.

How might we achieve an equity in the sharing of the value of our *natural* resources? - the natural richness of land; of the energy-generating wind and waves; the (albeit dwindling) oil and gas; the airwaves which carry our phone signals; the seas which (yes, less and less) provide our fish; the forests of wild game: - and also the less tangible resources, like our soul-replenishing mountains, and our *occasional* face-warming sun?

**there is *nothing like* equality of access to the common resources for life - to the fruits of nature, or to the benefits of community. *This* is the root of Scotland's problems.**

Equally - how might we achieve an equity in the sharing in the value of our *community* resources? - that is to say the value that is created by us working together and that presently is siphoned into private hands? How to share in the value created by, for instance, those things we foolishly take-for-granted but which, at present, a minority is able to tap into and use for their personal gain - to the hindrance of others: common resources like social stability, economic opportunity, physical infrastructure, public services, cultural advantage and so on. These are not things which are available to all Scottish citizens equally - quite apart from any 'ability to pay'.

They are matters which inevitably come to manifest themselves in rising (and sometimes falling) locational land prices - speculation in which fuels the crazy boom and bust cycles of the housing market - a phenomenon which Edinburgh is



**how might we achieve an equity in the sharing in the value of our *community* resources? - that is to say the value that is created by us working together and**

enjoying at the moment. Not all corners of our country are so privileged. This capital's houseowners are presently pocketing the value of Scotland's renewed confidence, and building unexpected and undue personal wealth through rocketing house values. (Which is to say land values, since the cost of bricks and mortar is fairly stable.) I include myself of course in this indictment.

So there is one way only to equality, since resources cannot be divied up physically with any enduring fairness - which is to say sustainability<sup>8</sup>. The value of these resources must be assessed, and those who choose to monopolise them and benefit directly from them, must pay to the rest of us the market rental value of what they take for the privilege of so doing.

That is the argument for reform based on fairness. But there is another reason to look carefully at the sort of reforms we are discussing: namely, practicality and economic efficiency.

The concept of deadweight losses reveals that most traditional taxes induce a negative inertia in the economy: income tax dissuades people from working; National Insurance dissuades employers from employing more people; corpora-

<sup>8</sup> Even if we value and divide everything up in this generation, how could we account for tomorrow's generation coming?

tion tax prevents enterprise from reinvesting profits. They all bring inefficiencies in the system which finally come to bear down heavily on the people and on the environment. The sum of these effects is that our national economy is hugely weighed down by our fiscal system.

**The Centre for Land Policy Studies has calculated that "the Scottish economy would have been £48.5 billion higher at £108.42 billion in 1996/7, if the government's revenue-raising system had *not* rested on those taxes that undermine people's capacity and willingness to work and save. This loss is equivalent to about £9,700 per capita."<sup>9</sup> It must be made clear that this figure is quite apart from the actual tax take - the amount of which is in addition to that.**

So what I am asking you is - how can we really resolve this: how can Scots, equally, take their place in the world?

I have an answer to this that I would like you to consider. It is an idea with some pedigree, but which over many years the landed classes have repeatedly managed to bury. Again and again the landed lobby has successfully defeated the popular will to collect community-created values for the public purse - notably:

- in 1886 with the Crofting Act<sup>10</sup>.
- In 1912 with Lloyd George's People's Budget<sup>11</sup>.

<sup>9</sup> Centre for Land Policy Studies 'The Deadweight Loss of Income in Scotland (1997)'. An estimate based on calculations by Ronald Banks, Chairman, Centre for Land Policy Studies, London derived from the methodology developed by Drs. (Prof) N. Tideman and F. Plassmann.

<sup>10</sup> The Crofting Act was a sop to radical land reform a central component of which was at the time the introduction of what was called 'The Single Tax' - land value taxation. While the Act gave crofters security of occupation and use, it did so at the cost of disregarding their full and unmitigated common birthright in their own indigenous land.

<sup>11</sup> The People's Budget was to introduce land value taxation. The House of Lords threw it out. As a result the Lords' power

- With Snowden's 1931 Budget<sup>12</sup>.
- In 1939's London Rating Bill, proposed by Herbert Morrison - Peter Mandelson's grandfather<sup>13</sup>.
- In 1947 with the Town and Country Planning Act<sup>14</sup>,  
*and*
- with the fundamentally flawed schemes of Labour's 1967 Land Commission, and the 1975 Community Land Act<sup>15</sup>.

**But now, I believe this our land reforming parliament, largely freed of the interests and the powers of that historic perverting hegemony, has the opportunity - and indeed I would say the obligation - to look at this issue again:**

**The value of these resources must be assessed, and those who choose to monopolise them and benefit directly from them, must pay to the rest of us the market rental value of what they take for the privilege of so doing**

**and in particular to consider and investigate the policy known as land value taxation. It is an idea which sits at the heart of the emerging new global green thinking.**

over money bills was reduced to only commenting on them.

<sup>12</sup> With the support of the Liberals the Bill received Royal Assent. However 1930's economic instability and the forming of the coalition National Government led to its suspension and then disposal at Conservative hands.

<sup>13</sup> Morrison was a labour MP and leader of the group controlling London County Council. He brought in a bill to introduce land value taxation, but it was defeated and the onset of world war diverted attention to more pressing matters.

<sup>14</sup> The Town and Country Planning system was envisaged to contain provisions for the collection of community-created land values.

<sup>15</sup> Both these schemes floundered on the ill-considered notion of collecting only 'betterment' at as a one-off payment at the point of development - i.e. the incremental gain only, in land value - which led to the withholding of land for development by speculators with an eye to the repeal of the legislation - which the incoming Conservative government obligingly did.

And for Scotland, I believe, it is an idea whose time has now come. As Peter Gibb of Land Reform Scotland said in Saturday's Herald - "the introduction of land value taxation, and the diminution of other

## Again and again the landed lobby has successfully defeated the popular will to collect community-created values for the public purse

taxes, could see Scotland becoming the economic powerhouse of Europe."

And as business columnist Antonia Swinson wrote in The New Statesman<sup>16</sup> last year - "the charm of a land tax is that, unlike other forms of taxation, it stimulates economic activity rather than dampening it".

I believe a core element of the solution to Scotland's deep-seated and seemingly-intractable problems - as part of an ongoing and profound transformation of our public revenue systems - must be the introduction of the public fiscal policy measure known as land value taxation. And, importantly, that it is a *replacement tax* - not an *additional tax*. No stealth tax this I'm proposing: land value taxation would simply represent a payment made for benefit directly received.

Land value taxation is an annual charge on the rental value of the land alone, excluding the value of buildings and other improvements. It would be levied on all land parcels, rural and urban, developed and undeveloped. There would be no exemption for land held deliberately idle or under-used. Valuation would be based on optimum permitted use within planning and environmental constraints.

Land values are in fact a measure of public demand for one location over another, and are generated by the public at large, not by individual titleholders. They are therefore a natural source of public revenue. Surges in property prices, such as

<sup>16</sup> See [http://clients.fadesign.net/antswin/page/si\\_article\\_002.html](http://clients.fadesign.net/antswin/page/si_article_002.html)

currently seen in Edinburgh, are largely a site value phenomenon: they have little to do with variations in the cost of building or development *per se*. The resulting values must be used to benefit the community as a whole, and not go as a windfall into private pockets.<sup>17</sup>

When recently they built the Jubilee underground line extension in London, the UK taxpayer coughed up the cost - £3b. But the *direct* advantages the development brought were enjoyed by the city landowners along the route, whose sites now had new-found amenity. Their site values collectively rose by £13b<sup>18</sup>. If we want new public infrastructure, would it not be reasonable to use that fund, which our developments create?

Land value taxation is an alternative way of raising public money. In spite of its name it is actually a form of charging, rather than a tax. It would bring all the efficiency benefits of charging, without the inevitable disadvantages of taxation. The necessary corollary of the introduction of land value taxation would be the diminution of traditional taxation.

In Scotland's present circumstances I would suggest land value taxation could best be introduced - and this Parliament has the competence to do this - as a reform of our local taxation system - Council Tax and Business Rates. The reform, while radical in its effect, would not be onerous in its implementation. It would require a revaluation based on bare land value alone, without regard for houses and buildings and other so-called 'improvements'. Given the map-based nature of the majority of that work, with far less need for site visits, such a reform would be considerably easier and

<sup>17</sup> This and the preceding paragraph have been adapted from Land Reform Scotland's *Briefing Paper 4* 'Land Value Taxation as the source of finance for local government in Scotland', which in turn was developed from an earlier text by the Land Value Taxation Campaign.

<sup>18</sup> Don Riley *Taken for a Ride* London, Othila, 2000

cheaper to instigate and maintain than the current revaluation systems based on land and buildings. Such a scheme would allow for easy periodic valuations - annually certainly - at less financial cost than the present system. It would have the happy secondary effect of avoiding the public and business upset - and the political fallout - which presently attend such revaluations.

Now I have what you may consider to be outrageous claims for this policy - for land value taxation: I am commending it to you with a view to pursuing and promoting:

...in particular to consider and investigate the policy known as land value taxation. It is an idea which sits at the heart of the emerging new global green thinking



- administrative efficiency within the treasury and civil service, leading to better government, and greater ease of compliance, leading to a happier electorate.
- The induction of a step change in the dynamism of the national economy - within a greater transparency of social and environmental constraint - and bringing a new-found enterprise within the people of Scotland.
- The physical regeneration of our built environments into places we wish to stay in, and not run away from - so using and not speculatively hoarding brown-field sites - and not spoiling our natural environment with inappropriate development<sup>19</sup>,

<sup>19</sup> Sir Joe Dwyer, Chairman of Liverpool Vision and former chief of Wimpey Homes in a speech at a urban regeneration conference in London late last year made the situation in the UK very clear: "There isn't a land scarcity, there's an *artificial* land scarcity. It's simply a direct result of land speculation and hoarding " He concluded: "Should land value tax be introduced into the UK, then in terms of impact there is no greater example than the UK housing market, with huge bene-

and, most deeply of all:

- The instituting of reform that will lead towards profound social justice, environmental fruitfulness, cultural progress and democratic renewal.

We have just achieved the enactment of this Parliament's historic Land Reform Act. We may think that we have just 'done' land re-

## I believe a core element of the solution to Scotland's deep-seated and seemingly-intractable problems ..... must be the introduction of the public fiscal policy measure known as land value taxation

form. But many believe we have hardly scratched the surface. Landed justice goes far deeper than rights to physical access over it: or the securing of 'ownership' of it - whether community or otherwise.

**So, yes, we have reclaimed for the people of Scotland the right to roam with our feet.**

**But we ourselves must dig deeper into our problems if this Parliament is to meet the justified aspirations of the people.**

**So now we must reclaim the right to roam with our minds and wills! We must search for and embrace fresh thinking!**

This Parliament must consider more deeply what land reform is, and what it does. We must see more clearly than we presently do, what our relationship is to it, and which is expressed in terms of economics in such a surprisingly profound sense.

If this Parliament were to come out positively for these ideas it would not be alone. As I speak, the Office of the Deputy Prime Minister is looking at these ideas for London. Mayor Ken Livingston and his transport czar Bob Kiley seem to be interested as well. American cities

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fits in releasing the housing market from the grip of the high inflationary aspects of land speculation and hoarding."

like Philadelphia are in the process of introducing these ideas. The Russian Federal Parliament - the Duma - is considering the introduction of a new Land Code with similar provisions. Hong Kong has long benefited economically from the application of land rents to public expenditure.

Historically Scotland has been the seedbed and propagator of these ideas. We have a chance to build on the wisdom of our own history - through thinkers like Adam Smith and William Ogilvie - and join in leading the international community to a new settlement. Scotland must now once again consider and investigate land value taxation.

Globally, I believe the problems I outlined at the beginning will only be resolved when we start to look at international relations in these same terms - the fair sharing of the bounty of nature. In that context we might be looking at the sharing of the value of common resources through licensing and resource rentals. So I think the principles underlying the idea of land value taxation have universal applicability. Our task is to determine how they apply to us.

I believe that a transformation of our public revenue system - through the simple yet radical introduction of land value taxation by this Parliament - will be an essential and fundamentally important step in the cultural, economic, environmental and democratic renaissance of Scotland. You never know: it might help change the world.

**\*\*ooOOoo\*\***

Money isn't power. It's the legal right to purchase absolute ownership of natural resources, which is power - ultimate power. Those who achieve wealth by the production of goods and services alone, are but the servants of those who own the earth, and are truly paupers by comparison.  
- Steve Wall

## Quotes of note

*"To prove legal title to land, one must trace it back to the man who stole it"*

- Lloyd George

As the old saying goes: "If you had all the money in the world, my lad, and I had all the land, I'd charge you all your money for one night's rent!"

*"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

*"There has grown up in the minds of certain groups in this country the notion that because a man or a corporation has made a profit out of the public for a number of years, the government and the courts are charged with the duty of guaranteeing such profit in the future, even in the face of changing circumstances and contrary public interest. This strange doctrine is not supported by statute nor common law. Neither individuals nor corporations have any right to come into court and ask that the clock of history be stopped, or turned back, for their private benefit."*

- Robert A. Heinlein

*"the earth is given as a common stock for men to labor and to live on .... Wherever in any country there are idle lands and unemployed poor, it is clear that the laws of property have been so far extended as to violate natural right".*

- Thomas Jefferson

*"Did y'ever think, Ken, that making a speech on economics is a lot like pissing down your leg? It seems hot to you, but it never does to anyone else."*

- U.S. President Lyndon Johnson, to the economist J. K. Galbraith

# WHY?

WHY DOES HUMANITY IGNORE, OR APPARENTLY FAIL TO UNDERSTAND, THE FUNDAMENTAL AND SELF-EVIDENT VERITIES OF ECONOMICS THAT COULD LEAD TO SOCIAL JUSTICE AND A SUSTAINABLE PLANET?



**Tim Glazier** (with partner Vicki) mightn't be able to pick a snappy essay title, but when they tour India, they do it in style.

**W**e belong to a culture that is suffering from a mental aberration. This may be a hard one to accept - because, after all it includes us! Well, as I will suggest below, perhaps some of us have freed ourselves from its grip, but looking around and seeing what mankind is doing to itself and the world, it is not difficult to agree that my main premise is correct.

What this aberration appears to do is prevent even the most well intentioned and intelligent people from seeing and implementing the simple solutions that could bring about social justice and a sustainable planet.

But what I want to try to explain in this article is WHY this aberration exists - because understanding its cause might help with bringing about a more sane society. Essentially I do not subscribe to the belief that mankind is inherently bad or evil, or even greedy - far from it, I believe that it is a loving and sharing being, and that it is this that is its inherent strength: what I want to suggest is that we are passing

through a 'difficult phase', perhaps mankind has just reached adolescence, and it is dominated by a specific mind-set that is damaging both itself and the planet. *This is going to pass.*

## OURS AND MINE

In the March/April edition of Progress I suggested that it only takes a small step of reasoning to acknowledge that all that is given to mankind in the material world - the entire universal and planetary context, the powers of the sun, the land, water, air and all the richness of the biosphere and its natural resources - that all these are OURS, they are there for the benefit and enjoyment mankind everywhere and at all times.

Everyone must have a right of access to them and to ensure that that happens, particularly at this time of massive population explosion, there have to be agreed ways of sharing out this bounty - in other words giving to people the right to say, in agreed circumstances, that this is MINE.

What is universally acknowledged as being MINE, as being *private property*, is that which you have been given or that which is the product of your own hands. However, if a person wishes to claim as MINE, that which above we have said is OURS, then that person, or company or group of people clearly owe a duty to the community at large. *It is the acknowledgement and fulfilment of that duty, I suggested in my article, that would transform the economic circumstances within which we all live, and would bring about a sustainable planet.*

This to me seems obvious and self evident, as I suspect it is to all who have released themselves from our cultural mind-set and 'seen the cat'. However this is NOT evident to the preponderance of our culture, indeed as everyone who has tried to put over this simple truth will affirm, in the face of convincing ar-

guments and facts, the majority of intelligent and well meaning socially aware people - *just don't seem to get the point.* The purpose of this paper is to ask WHY this is.

## IT'S ALL IN THE MIND

Whilst acknowledging massive vested interest that has undoubtedly gone to great lengths over the years to distort and subsume the above truth, as is set out so comprehensively in *The Corruption of Economics* by Mason Gaffney and Fred Harrison<sup>1</sup>, I will continue with my opening premise that mankind is suffering from a mental aberration and the first stage of this, I suggest, started some ten millennia ago when the switch commenced from being wandering hunter gatherers, to living as settled farmers.

For millions of years men and women had wandered the face of the earth hunting and gathering as the immediate need arose. As far as one knows, in that condition, mankind took no thought for the morrow, but lived meeting the needs of the moment - much as aboriginal peoples do to this day. There is convincing modern evidence that our hunter gatherer forebears lived in non hierarchical groups and their dominating characteristic was to share with one another - they lived a life of cooperation, not competition. This was a dreamlike existence, innocent and immediate, with virtually no sense

**With the psychological shift from the life-style of the wanderer to the settled farmer comes a totally new concept of time**

of past or future and little fear of death. In fact this is a condition we have all experienced because every human being passes through this phase of existence as a child.

But what we have to appreciate is that the move from being a wandering hunter gatherer to that of a settled farmer requires a fundamental

psychological shift - and what is more it is a gradual process that has to take place over very many generations. With the psychological shift from the life-style of the wanderer to the settled farmer comes a totally new concept of time, the former being subject to what can be described as the cyclical and seasonal sense of time, against the world of farming which is the world of extended time, of making present preparations for a future harvest, of being able to gear the actions of the present towards significant future goals, aims and rewards. In short, with the advent of farming, men and women entered an extended world of tense, time and temporal duration, expanding their life and consciousness to include the future.<sup>2</sup>

With this change came about a completely new view of the world in which mankind lived and even in the manner in which the human 'engages reality'. This is why, with the many confrontations between 'mankind the farmer', the modern property owning western society and 'aboriginal hunter gatherer peoples', there appears to be no common ground of understanding - each is living in a completely different psychological world.

#### THE LEFT AND RIGHT HEMISPHERES OF THE BRAIN

There is another way of coming at this that is becoming quite familiar in common parlance today, that can help us to comprehend mankind's

...with the decline of the goddess .... came the formation of the archaic states, the creation of surplus wealth, the invention of private property and the educational disadvantage of women



psychological change in this period and this is by relating it to the right and left hemispheres of the brain, and in his book *The Alphabet versus*

*the Goddess* medical surgeon Leonard Schlain suggests that the crucial change that took place at this time was the switch from the dominance of the right hand - holistic, nurturing, creative and 'feminine' hemisphere of the brain - which governed the perceptions of wandering early man, to that of the left - dualistic, linear, analytical and 'masculine' hemisphere of the brain - which has dominated mankind's thinking and behaviour since the coming of settled communities. He also attributes the cause of this mind-shift to the necessity of settled farmers to adjust to the new concept of time.<sup>3</sup>

Leonard Schlain goes on to suggest that this new mind-set had various other, and detrimental effects for the welfare of mankind, leading to the reverence for a *female all providing goddess* being forced to give way to the dominance of the *masculine and warlike god* - that has ever since presided over our paternalist civilised societies. This, he maintains, was primarily caused by the entry of literacy and the written word into human communities, which emphasised the linear left hand side of the brain to the detriment of the holistic, nurturing and creative right hand side. This suggestion is supported by the French anthropologist Claude Levi-Strauss who said "There is one fact that can be established: the only phenomenon which, always and in all parts of the world, seems to be linked with the appearance of writing.....is the establishment of hierarchical societies, consisting of masters and slaves, and where one part of the population is made to work for the other part".

Schlain's book further suggests that with the decline of the goddess and the coming of the alphabet came the formation of the archaic states, the creation of surplus wealth, the invention of private property and the educational disadvantage of women.

#### THE PRIVATISATION OF THE SURPLUS

Once the change in mind-set had occurred, the manner in which the new social structures manifested in various communities would have

depended upon prevailing cultural traditions, however it might be speculated that in general the change started with the arising for the first time of the concept of private ownership which, under a ho-

**the sacred income of the community was privatised ..--.. the most barbaric act in the history of our species, the basis of all the acts that disgrace the pages of our history**

listic mind-set, would not have existed. At the same time, because of the new settled life style, the phenomenon of surplus production over need would have arisen.

Initially the surplus would have been accepted as coming, as did all wealth, as a gift from the prevailing deity and in his paper *Metaman and the Sacred Money Scam*, Fred Harrison describes this surplus as the *sacred income*, which would have been "needed to support the shaman, the medicine woman, the wise leader". He goes on to say that "Today there is a technical term for that primordial surplus income. It's the *economic rent of land and natural resources...*" This rather bland sounding definition has huge implications - what is being referred to here is everything we referred to above as being OURS, all the bounty of the earth as it manifests in any specific location - be it the fertility of the soil, natural features such as rivers and forests, natural resources within the earth - be they fossil fuels or minerals - and even today the electro magnetic spectrum above the earth used for communication. All this is the natural wealth of all members of any community, it is OURS.

But Fred Harrison then goes on to describe how "somewhere on the banks of the Tigris and Euphrates, in the civilisation of Mesopotamia, someone bequeathed us the great switch: *the sacred income of the community was privatised.*" This, he describes as "*the most barbaric act in the history of our species, the basis of all the acts that disgrace the pages of our history*".<sup>4</sup> The

earth, having ceased to be held as sacred, today nearly all communities sanction the privatisation of the earth's bounty - this one tragic act leading to a condition of deprivation and suffering to replace mankind's enjoyment of earth's unlimited bounty.

## The earth, having ceased to be held as sacred, today nearly all communities sanction the privatisation of the earth's bounty

For those who would like this to be put into more modern psychospeak, this has been very clearly expressed by Belgium economist, Bernard Lietaer. Basing his view on Jungian psychology which states that if an archetype, which is the emotional field that mobilises people, is denied, then two shadows will be created in compensation: he suggests that when, some 5000 years ago, mankind denied the all providing Great Mother archetype, in which it had had complete trust through millennia, a denial of an archetype on this scale and for that length of time would lead to shadows working in a powerful way throughout society, to the extent that such a society will come to consider them as normal. These shadows, he suggests, are greed and fear of scarcity - characteristics that people today consider as normal and which are the cornerstones of the capitalist system!

### THE EUROPEAN DISSOCIATION

But this is not the end of the story because in the West we took this separation from the world around us a step further and we made this a separation between ourselves and our bodies! This is well expressed by Ken Wilbur in his book *Up from Eden*. "With the emergence of the ego level, the self had finally succeeded in differentiating itself from the Great Mother and Mother Nature. At the same time, we saw that the process was carried to extremes in the West, with the result that there was not just a differentiation between ego and nature, but a dis-

sociation ... In just the same way there was not just the *differentiation* of the mind from the body - which was a necessary and positive step in evolution - but a *dissociation* of the mind from the body. And I am saying that these two *dissociations* are one; the alienation of the self from nature (and the Great Mother) is the alienation of the self from the body."<sup>5</sup>

Again, in his recent book *YOU ARE therefore I AM*, Satish Kumah says the same thing like this "Tragedies such as 11th September 2001 attack on the twin towers of New York ... and other international conflicts - the arms race, ecological degradation and social injustice (to which we can now add the ensuing conflict in Iraq) - are rooted in the Cartesian doubts, in dualism, individualism and all the other 'isms'. The seeds of dualistic thought are to be found in Descartes' famous dictum 'I think, therefore I am': *Cogito, ergo sum*."<sup>6</sup>

### WHEN IS MANKIND GOING TO GROW UP?

So we bring our story up to date and we look around and, at a time when mankind has never been so productive, and wealth never more overflowing, we see gross economic injustice with a quarter of the world living under the subsistence level, whilst others have accumulated wealth of grotesque and useless amounts - we see suffering and ill health, and, most tragically, the devastation of the resources of the earth which is simply leading to a time, if the present condition continues, when the life of mankind on earth will be unsustainable.

And yet, were we to be able to see it, the earth is still giving forth of its bounty. Perhaps Fred Harrison has the key when he suggested that, as all Georgists would agree, the *sacred surplus* or the *economic rent of land and natural resources*, is still there in quantities that could support all people in comfort and sufficiency. Today this *economic rent of land and natural resources* mani-

fest itself in different ways than before but somehow the *natural* tendency for mankind to share with one another has been over-laid but not, I maintain, lost.

I hope that in giving this explanation it has thrown some light on WHY mankind is behaving as it is. I have not given the answer as to how this situation can be changed, however, on a note of optimism I would suggest that mankind's mind actually is changing. I think this is evidenced in innumerable ways, not least in the world wide abhorrence at the invasion of Iraq, it is expressed in the growing concern

**These shadows .... are greed and fear of scarcity - characteristics that people today consider as normal and which are the cornerstones of the capitalist system!**

about the dangers to the planet, in the whole ecological movement and in what expresses itself as a search for new ways of seeking spiritual fulfilment.

Perhaps mankind has had to live through this time - relatively short in terms homo sapiens several hundred thousand years on this planet - and that suddenly the veil will be lifted and mankind will be able to sort out its mind!

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# THE DANISH LESSON

by Geoff Forster

Many of our readers will recall “the Danish Experience”, i.e. how during 1957-60, the announcement of the intention to introduce Georgist policies led to dramatic improvement in various economic indicators. These included:

- unemployment replaced by full employment
- inflation brought to a standstill
- industrial peace (no strikes)
- the big deficit on the balance of payments turned into a surplus
- all wage increases were real increases

(full details can be obtained from a leaflet from our office)

After 1960, however, a counter-attack was mounted by vested interests, land rental revenue was abandoned and economic conditions deteriorated. But the question inevitably rises: why and how was this golden opportunity lost?

In the third edition of “Land Value Taxation around the World”, published as a supplement to the American Journal of Economics and Sociology in 2000, the chapter on Denmark contains some instructive information on the issue which is worth heeding for the lessons to be learned from this experience.

Two major reasons were offered. Firstly, Georgists were not prepared – in particular, while the land value tax was increases, land prices - contrary to expectation - did not decrease but actually increased. This was because the full economic rent was not being taken, and the overall prosperity was increasing land values faster than expected. Unfortunately, at the same time income taxes were being increased, although total taxes by 1960 were then lower. Further, Georgists could not agree about what to do with the

unexpected surplus, nor on whether compensation should be paid to landowners who could prove that LVT led to an economic loss. Nor was there agreement about terminology tax, duty, charge or whatever. Also, quarrels arose about non-Georgist matters within the (Georgist) Justice Party.

Secondly, the opposition was strongly organised. Opposing propaganda was “Sharp, sever and harsh”, and opponents had no difficulty in raising money for their campaign. Those in favour of LVT were blamed for technical imperfections in implementation. Justice Party members were blamed by the left for refusing to use excess revenue for welfare purposes, and by the



*This is a poster from the massive alarmist misinformation campaign in which Danes were warned that their homes would be stolen by Georgists!!!*

right for collecting more revenue than necessary.

The increased number of resident-owned houses in the late fifties readily accepted harsh agitation against “ground duty and the tax of incremental land values”. A public opinion poll on the proposal to tax

the full rental value of the land failed to mention the corresponding reduction of taxes on income and consumption.

Professor Louis Wasserman’s 1963 assessment revealed that:

- only a few voters understood that they actually benefited from LVT
- most voters regarded LVT as tax like any other tax
- many voters were simply against the Justice Party, including many who wanted to punish the Justice Party because in 1957 it formed a government with the Social Democrats
- the Danish Georgists had not sufficiently educated the public in their principles. Few people understood the essential harmony between full LVT and a strict free market position. To many the two seemed incompatible.

Wasserman also argued that the political chances of a single-issue party are remote. However, when such a party adds other the issues to its platform, the risk of internal dissension and fragmentation arises (for instance, the writer knows that Georgists would be deeply divided on fluoridation).

The Danish experience is important, not only in demonstrating the proven benefits of Georgist principles (as is justifiably maintained), but also in showing how care must be taken to ensure public support and to guard against the wiles of opponents.

**\*\*ooOoo\*\***

**Wage and salary earners now pay the same indirect tax on the petrol they buy and the same GST and indirect taxes on other items they purchase as is paid by multi millionaires. Surely no fair-minded person would argue that that is a fair way of raising revenue?**  
- Clyde Cameron

# GEOISTS IN HISTORY

## Sun Yat Sen (1866 – 1925)

In the turbulent and tangled history of modern China, Sun Yat Sen holds a unique place. Claimed as a personal inspiration and political guide by the most bitterly opposed political parties, he is known to millions as "the Father of the Chinese Revolution." Yet his own life was a constant scramble for livelihood and influence, he spent much of his time in exile, and almost none of his cherished schemes came near to fruition.

He was born near Canton as the son of a Christian farmer and at 13 moved to Hawaii, where his elder brother had emigrated. Three years of study in a Honolulu boarding school run by the Church of England were followed by more than a decade in Hong Kong, where Sun was formally baptized a Christian and gained certificates of proficiency in medicine and surgery. He practiced medicine briefly in Hong Kong in 1893.

Yet Sun was not typical of the rising class of Westernised Chinese intent on their own professional advancement within the swiftly changing tides of late 19th century imperialism and colonialism. He was a Chinese patriot of a more traditional kind, an admirer of rebels who had pitted their lives against the ruling Manchu dynasty (or Qing) and was at home within the conspiratorial worlds of Chinese secret societies. His head was filled with dreams of strengthening China from within by drawing on its natural resources in conjunction with new technologies, and he tried to interest powerful officials in his schemes for economic development.

He visited Honolulu in 1894 and founded his first political organisation there, the New China Party. After his first abortive uprising against the Manchus in Canton in 1895, he lived abroad in Japan, America and Britain, studying Western politics and canvassing the support of the Chinese in these countries for his cause. This was the great formative period of Sun's intellectual life, as he studied all possible political and economic systems with a view to establishing China with the distilled wisdom of all the great thinkers in history. Not surprisingly (to us Geoists, anyway), when Sun came across the works of Henry George

he concluded that these timeless and universal principles were to form the foundation of the new Chinese republic.

While in London in 1896, he was kidnapped and imprisoned in the Chinese legation and was saved from certain death by the intervention of Sir Edward Cantlie, the surgeon who was his former tutor.

When the Manchu dynasty at last collapsed in 1911, in some measure because of the ceaseless pressure exerted by Sun and his revolutionary followers, he was named provisional President of the new Chinese republic. But Sun was shrewd enough to see that he lacked adequate military strength to hold China together, and he made the bold decision to transform his revolutionary organisation into a mainstream political party. The Nationalist Party (or Kuomintang) won more seats than any of its rivals in China's first-ever national elections in early 1913. But Sun and his party still could not curb the emerging powers of the new military and political strongmen – in particular, the Northern general, Yuan Shih Kai, who had forced the emperor's abdication, and who as president (1913-1916) sought to make himself dictator. So, late in 1913 Sun was forced once more into exile, and Kuomintang members were expelled from parliament.

In 1923 he was back in Canton and was elected president of the southern republic. With expert help from the Russians, Sun reorganised the Kuomintang and established the Whampoa Military Academy under Chiang Kai-Shek, who three years after Sun's death achieved the unification of China under a government inspired by Sun's 3 principles of nationalism, democracy and social reform. While at a conciliatory conference with other Chinese political leaders, Sun died of cancer in Peking. Acknowledged by all sides as the father of the Chinese Republic, he was reinterred in a mausoleum built in his honour in Nanking in 1928. I [your Mr. Ed.] visited this massive memorial in 1999 and, sad to say, there were few signs of Sun's great Geoist ideals, as his principles have been revised and edited to suit the Chinese communists, even though Sun rejected outright the communist dogma of class war.



"The teaching of Henry George will be the basis of our program of reform...The (land tax) as the only means of supporting the government is an infinitely just, reasonable and equitably distributed tax, and on it we will found our new system. The centuries of heavy and irregular taxation for the benefit of the Manchus have shown China the injustice of any other system of taxation."