

January - February 2010

# PROGRESS

SHARING THE EARTH SO ALL MAY PROSPER



## ENVIRONMENTAL SUSTAINABILITY

How Can Changing The Tax System Help The Environment?

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### GROUNDING THE GREEN MOVEMENT

The Environment of Monopoly and the Sustainability of Privilege

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### ADDRESSING CLIMATE CHANGE WITHOUT COST

# PROGRESS

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# Asset Bubbles Forever

Phillip J Anderson  
Tuesday 2nd March

6.30 - 8 pm | \$5 entry, | JASPER HOTEL  
489 Elizabeth Street | Melbourne VIC 3000  
RSVP - [office@prosper.org.au](mailto:office@prosper.org.au)

Phil Anderson, (Economic Indicator Services) author of *The Secret life of Real Estate*, will discuss the economic policies of the day in light of his arresting array of charts. Will the commodities boom push us upwards and onwards or are other issues likely to influence 2010? Phillip has spent much of the last year traveling the world presenting to packed audiences. We are looking forward to another exciting talk.



REGULAR EVENT: 4th Tuesday of the month

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Lyon Street, Brunswick  
Essential - register here

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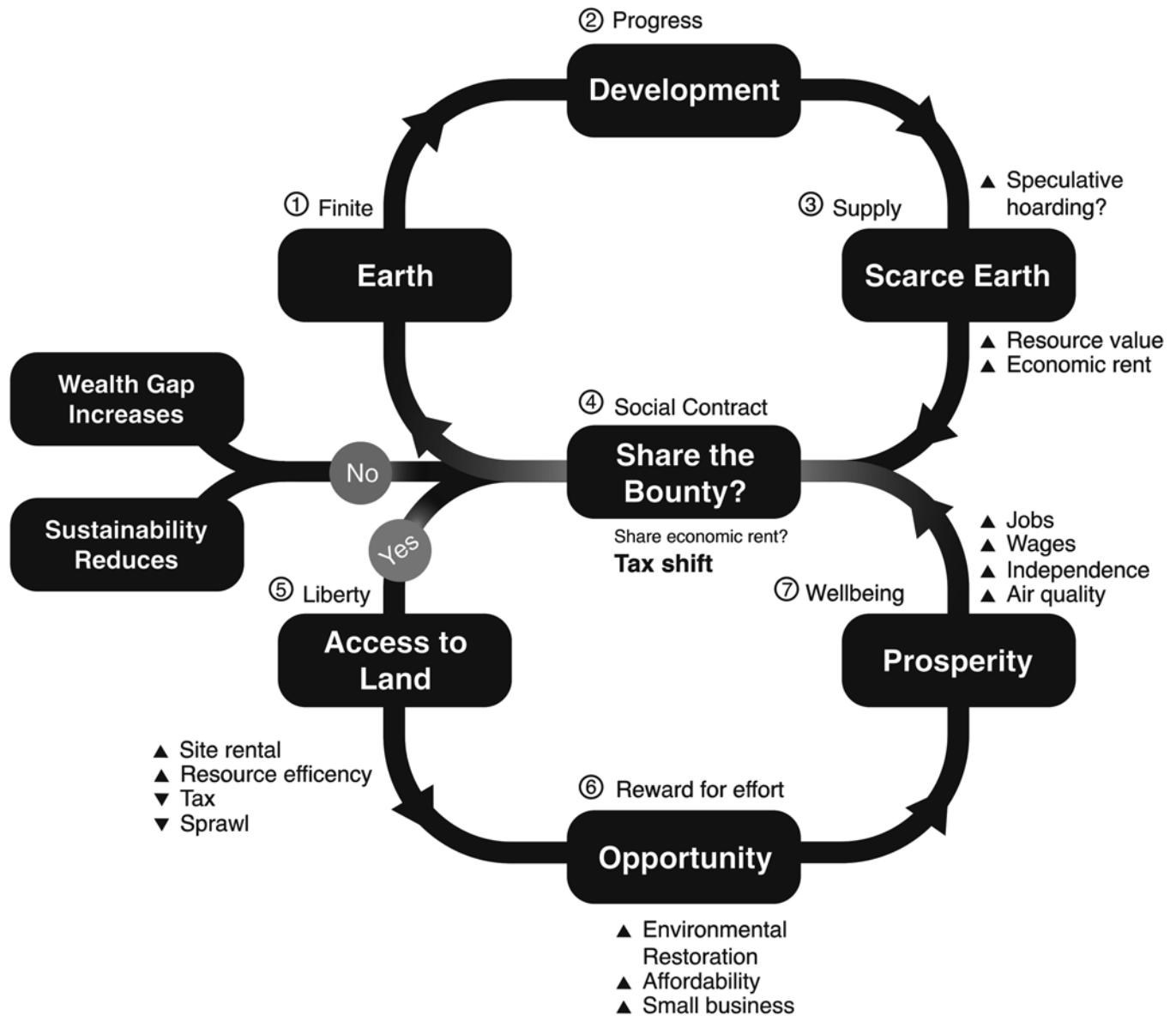
\*\*\*Please note room seekers - at about half of our gigs there have been more rooms on offer than we could fill. Housing affordability crisis!!!! You know it is media warfare out there, with the property lobby trying to 'market' scarcity so we all pay higher rents. Now we have a regular alternative so the renting community can interact outside of the real estate monopoly.



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## Sustainable Wealth Flow



# ENVIRONMENTAL SUSTAINABILITY

is the theme for this issue...

## Environmental Justice By Fred Foldvary

Must we sacrifice economic prosperity and growth for the sake of saving the natural environment?

That is a key question for policy dealing with environmental destruction and the consequences of lost species, global climate changes, and potential environmental catastrophe.

Economists remind us that there is no free lunch. There are always trade-offs. We can't have a healthy environment without some costs. No pain, no gain.

This is true, but misleading. If we outlaw theft, there is pain for the thieves, and a trade-off between the well-being of thieves and that of their victims. But since the thief is an outlaw, we don't feel his pain, and are happy to make the trade-off. And if we can make the thief compensate his victims, enforcing the law against theft does not have to cost the rest of society anything.

Polluters and other environment destroyers are thieves, stealing our common natural endowment and heritage. Making them compensate us for the damage they cause is not a trade-off problem but a matter of environmental and economic justice. So saving the environment will cost someone, but that someone should be those who pollute, kill off wildlife, and change the global climate.

Environmental justice does not have to reduce prosperity and growth. The reason is that governments are already damaging the economy with barriers and taxes. If the barriers are lifted and taxes are shifted from good things such as enterprise to bad things such as pollution and wasting land, there is no extra cost to the economy, and we get an environmental benefit. It is not exactly an economic free lunch, since the polluters who were getting rich by forcing their filth on society now have to pay compensation or pay to reduce their

pollution. But morally, it is a free lunch for civil society, since criminals should indeed pay restitution.

If governments impose pollution taxes on top of other taxes, then this policy will hurt the world's economies. If environmental standards are enforced by command-and-control regulations, there will indeed be a big economic price to pay. But if instead the policy is a tax shift from taxes on income, sales, and goods, to payments for land rent and pollution, then the result will be more prosperity and growth and also a healthy natural environment.

The basic rule for environmental justice is to make the consumer pay the full social costs of the goods she or he consumes. When polluters pay a charge proportional to the pollution damage, that cost is passed on to the consumer. Environmental and economic justice also requires full market charges to consumers for resources such as water, timber, minerals, and oil, with the rents, the values due to nature, shared as common community if not global resources.

If you'd like to read a good book on environmental economics, I recommend Green Markets, by Theodore Panayotou. Let us request and demand that our policy makers follow sound economics by making users and abusers of natural resources pay the social costs, instead of burdening consumers, workers, enterprises with taxes and costly regulations. A win-win solution is possible by shifting burdens to environmental users instead of imposing ever new burdens on the public.

Reprinted from [www.progress.org](http://www.progress.org)

## A difficult question

The following comment was found at [onlineopinion.com.au](http://onlineopinion.com.au) in response to an article by Bryan Kavanagh called Propping up Australia's real estate. It is a well thought through comment and a common concern for landowners who want to do the right thing. The comment begins thus:

"Thanks for this article, Bryan Kavanagh.

I was surprised that an article written by someone from inside real estate could write an article which seems to me to be against the whole justification for that sector of the economy.

One thing about taxing land.

It seems to me that land taxes in Queensland are unfair to a certain kind of land owner, that kind being one who

owns a large amount but is not seeking to use that land to gouge profits from rent, land speculation or property development. One such land owner is in my family. Most of his land has been left largely untouched, whilst all around others have raked in huge profits by bulldozing natural habitat to build free standing houses, or where houses exist, knocking them down and the surrounding trees to build blocks of units.

As a result land values have skyrocketed and he has to pay taxes according to those values.

None of the invaluable ecological services provided by his land are paid for by those around and there is no commensurate discount from his land taxes or council rates.

As a consequence of one huge land tax bill he is left with no choice but to sell a large block of land on which one of the few decent contiguous remnants of urban rainforest is to be found in Brisbane.

Almost certainly that will be massively degraded by the new owner as a consequence even if council rules are properly adhered to and the overall microclimate and ecology of Brisbane will be further degraded.

Ultimately my family member would agree that it is not particularly fair that he owns so much land whilst many others don't own any. If the system was set up to rectify that, instead of just ultimately enriching speculators at his and everyone else's expense, he would not object.

I fear that your proposal to increase land taxes, unless it takes account of people in his circumstances, will only make matters worse.

Posted (online) by daggett, Thursday, 14 January 2010.

## **Response by John K Bennett**

If only the public appropriation of the annual site values was the basis of government coffers then the question above would not arise. The difficulty for many proponents of the Rent as Revenue (RasR) proposal, the profoundly wise Mr B.Kavanagh being one, is having to address the political, social and environmental abuse consequences as symptoms and expected to put band aids on cancer.

All landowners want to do the right thing as do tenants and government alike. Gouging rents as profits is a reality in a society which values privilege over industry. The decline of manufacturing in Australia is testament to the apathy of government to address the monopoly tendency in land acquisition practices. The land value in society does not skyrocket, only the price does. Value is the same tomorrow as it is today; only the price on sale may double or be halved to the expectation or disappointment of the vendor.

Leaving land untouched while the surrounds are developed is the common practice of speculative behaviour at the margin, so that leapfrogging occurs. Western Sydney and infrastructure expense are a case in point. The ecological values of native vegetation sanctuaries and species habit havens is of no consequence to the market of price in land.

The question above is a loaded one, how do we solve environmental degradation within the confines of a political

system which favours one type of user over another and designs taxation to favour the land price market. The question the author is asking can be restated: Why do governments attempt to regulate the use of land instead of regulating the revenue from the land?

The question is rhetorical from a land and site and environmental perspective. The land price SYSTEM can never be set up to rectify environmental degradation because it is not valued to the extent to which the market seeks to exploit it. This is why the market in its wisdom deems environmental destructive behaviour to fit the circumstance.

So the universal function of government is to govern ALL land, not the people on it, nor what people do with the land. One parcel of property at whatever size and condition may regrettably be turned over to the bulldozers because it is situated in the growth corridor at the whim of the masses. But unless the questioner above appreciates the catalyst for the condition which gives rise to the existence of price in that which has zero manufacturing cost then she will in perpetuity remain unable to reconcile the environmental injustice in outlying areas and more importantly at the heart of the city of Brisbane where the major land values are lost by rampageous speculation.



## **Environmental questions and answers**

Why are old growth forests being chopped down?

Why are some farms being over worked until they become infertile?

Why are fisheries being over fished?

Why aren't there more parks and reserves planned for new estates?

Why are ground water reserves drying up?

Why don't we protect species habitat and repair/rehabilitate land?

Why are we expanding our cities when there are many vacant or underdeveloped sites throughout the city?

There are many ways one could answer this:

(continued on page 7)

# ADDRESSING CLIMATE CHANGE WITHOUT COST

By Frank de Jong, former leader of the Green Party of Ontario

When the fanfare and posturing of the 15,000 Copenhagen climate change conference delegates finally died down, the parting conference communiqué announced – luckily – nothing much.

Governments sheepishly pronounced that while climate change is a critically important problem the cost of action is prohibitively high, that it would require additional job-killing taxation and massive transfers of wealth to poor countries, none of which their respective taxpayers would accept. The heads of state positioned themselves on the fence between the climate change defenders who pleaded this would be money well spent and the skeptics who insist climate change is a non issue, and announced that inaction was the economically responsible if environmentally riskier choice.

Climate change is no longer a theory; it is a scientific fact, a looming catastrophic planetary disaster of unimaginable consequences. And while, scientifically, inaction is not an option, neither, politically, is increased taxation on the productive economy. The current panoply of climate change players – defenders, skeptics and governments – entrenched in their respective dogmas, are unable to develop a universally supportable economic theory to address this crisis.

But an economic program to address climate change does exist that does not include additional taxation, government expenditures nor wealth transfer to poor countries.

Climate change can and should be addressed at zero cost to taxpayers by using the tax structure as a policy tool, i.e. tax shifting -- untaxing jobs and business and up-taxing resource use, land values and the privilege of polluting. Green tax shifts are revenue-neutral and cost governments nothing. In fact they benefit the economy by rewarding resource-efficient, clean production which is generally wealth-producing, value-added and job-intensive.

A revenue-neutral carbon levy would offset income taxes and still maintain the government income needed to fund services like healthcare and education, plus help reduce

pollution-related healthcare costs and address climate change. Taxing carbon will encourage a greener economy by raising the cost of production of polluting industries by charging users a more accurate environmental cost and eliminating the deadweight loss of taxation on local, sustainable, labour-intensive, value-added production. The reduced income and sales taxes will decrease the cost of production in non-polluting industries; the new green-collar jobs replacing jobs lost in dirty sunset industries.

Carbon taxes, like all resource levies and land value taxes, don't damage the economy since they don't raise the overall cost of production. In fact, they are not taxes at all, but fees that collect only the economic rent that accrues to finite, non-replicatable assets -- unearned wealth that is generated by the community in the first place, and should thus return to the community (via the government) to finance services and infrastructure.

When there is more profit in monopoly control of finite resources (like oil, trees, land, water...) than in the production of goods or services, money is “invested” in natural resources rather than in enterprises. It is politically difficult to reduce greenhouse gas emission when it is more profitable investing in oil and coal than in renewables or conservation, so an economic program that collects the economic rent on oil and coal levels the

playing field with renewables and conservation (which don't generate economic rent).

(Furthermore, too much money chasing finite assets like land, oil and other resources inflates prices, ties up cash, causes unemployment which forces central banks to reduce interest rates creating cheap money, which in turn fuels speculative bubbles which ultimately must deflate causing recessions.)

Moving the source of government revenue off personal incomes and business profits and onto levies and fees on the use (of oil, coal, gas) and abuse of the global commons (CO<sub>2</sub>, methane...) should become policy whether climate change is a reality or not. The parallel benefits including

**Climate change can and should be addressed at zero cost to taxpayers by using the tax structure as a policy tool, i.e. tax shifting -- untaxing jobs and business and up-taxing resource use, land values and the privilege of polluting.**

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more jobs, a more prosperous economy, less sprawl, more walkable neighbourhoods, increased economic viability of local food and clean energy, resource conservation, nature preservation, less poverty, and fewer preventable diseases like asthma, cancer and diabetes. There will be winners and losers, but since the higher resource costs are offset by reduced labour costs, business can avoid taxes by going green.

Poor countries can address climate change with green tax shifting as readily as rich countries; there is no need for the transfer of billions from rich countries. As well as reducing GHGs, economic rent recovery will benefit poor countries by breaking up land and resource monopolies allowing all citizens access to the gifts of nature which will kick start business start ups and value-added employment and provide a road out of poverty.

(British Columbia was the first jurisdiction to roll out a revenue neutral carbon tax with the revenue going back to the public in the form of a low-income tax credit, reduced personal income taxes and lower corporate taxes.)

Addressing climate change is more than an environmental necessity, it is also an economic opportunity. Carbon levies, when applied early in the production chain, encourage innovation, efficiency and alternatives, and when coupled with regulations, provide a total package for a solution to the climate change crisis. Every economic decision is influenced in part by the tax system so when we get the taxes and regulations right, the market will take care of the rest.

This policy program builds bridges between climate change skeptics and defenders, between business and eco-activists by offering a win-win, fiscally-responsible, politically-attractive market mechanism which addresses climate without additional taxes, unfair subsidies or punitive compliance legislation. This program makes sense for both rich and poor countries regardless of the real or perceived climate change threat and would avoid the need for future international climate change agreements, the intrinsic rewards being sufficient.

By Frank de Jong



(continued from page 5)

## Answer 1

Firstly because we do not recognize that we belong to the land and have a collective responsibility to protect it. If we all recognized that we wouldn't let pristine forests be chopped down or farms and fisheries be over worked / overfished. We would decide where we want parks and reserves. Most importantly though, by sharing the land through site rating or site revenue we would build in the incentives to conserve land, to build compact cities instead of sprawled ones.

## Answer 2

Jobs! All governments are obsessed with trying to save and/or create jobs in order to win votes and create incomes that can be taxed. Therefore they allow the above situations to go ahead. Chopping down Tasmanian forests provides jobs for votes and incomes for workers that can be taxed by the government. It's ironical that they tax jobs when they really want to create more jobs. Most people in fear of losing their jobs would in fact find new employment quite swiftly though workers from some regional places may have to move to another town or city. Full employment can never be reached when there is not equal access to land or its bounty.

## Answer 3

Money. The owners of most of the resources have purchased the resources using borrowed money and are committed to paying it back. This forces title holders to extract the most they can in the short term to pay it back. What tends to happen is that the income from extraction just goes to pay the interest and there can be variations in the interest rate so that more debt may need to be arranged.

## Answer 4

Money. As in the government has too little to invest in the things we want like planting trees, creating habitat for endangered species, rehabilitating farming land, recycling waste, public transport and so on. They would have plenty of money if we just shared the land using site revenue but we don't do this because of reason one.

## Answer 5

Population. A common view is that our population growth is causing us to run out of resources. I know this view is often debated by geologists and environmentalists. The arguments on both sides can seem pretty convincing but the main danger I see is that a belief in population growth as the main culprit can distract people from the fact that poverty is a distribution of wealth problem which exists because there is not equal access to land and resources. Lets correct the distribution problem first and later see if we need to curb the population.

By Lloyd Churches

# FRESH THINKING

By Gavin R. Putland  
Research Officer of Prosper Australia

## Land and debt

Advocates of land value taxation emphasise the need to assess the ‘value’ of the land and not the actual income received therefrom. An ordinary income tax, in so far as it applies to income from land, can be avoided simply by failing to generate the income: one can hoard the land indefinitely, depriving the economy of the use of that land, with no holding cost. But a tax on the value of the land reflects not the actual income but the potential income, and is payable whether that potential is realised or not. Thus it pressures the owner to realise the land’s potential in order to cover the tax—or sell the land to someone who will.

Debt likewise generates income, called interest, which is likewise subject to income tax. If the debt is not being serviced — that is, if the interest is not being paid—then the tax is not payable. Such delinquent debts can be carried indefinitely with no holding costs, while the debtors are barred from further economic participation due to impaired credit.

If large numbers of debtors are in this position, the result is economic stagnation — perhaps a ‘lost decade’. But if the tax were on the debt rather than the interest, it would be payable whether the debt were ‘performing’ or not. Thus it would encourage creditors to write down ‘non-performing’ debts until the tax thereon is commensurate with the feasible interest payments. The result would be earlier clearing of bad debts, earlier rehabilitation of debtors, and faster economic recovery.

Hence the pace of recovery from the present crisis may well depend on

the willingness of governments to tax debt rather than interest. So may the ability to avoid the next crisis—because if mortgage lenders pay tax on debt whether it ‘performs’ or not, they will be more reluctant to make loans that may not ‘perform’.

Parallels between land and debt are all the more pertinent when we consider how much debt is secured against land. “In cases in which it became necessary to consider the relations of mortgagee and mortgager,” said Henry George, “I would treat them as joint owners.” This approach would reduce the cost of politically motivated exemptions for particular categories of land owners (e.g. residential owneroccupants), because the exemption could be granted in respect of the owners’ equity but not the lender’s equity.

So for purposes of taxation, if our attitude to land is: tax value, not income! then perhaps our attitude to debt should be: tax debt, not interest! And if that is granted, surely our attitude to debt secured against land should be: tax the creditor, not the debtor!



## ‘Free’ trade isn’t

The most important point about “free trade”, which Martin Feil completely misses (“Trade deals are a losing gamble”, The Age, Oct.21), is that it doesn’t mean what it says. The trick is that “free” has been redefined to mean “non-discriminatory between domestic and foreign origins”. As long as your trade laws don’t distinguish between local and foreign products, trade can be taxed, regulated, restricted and monopolized to the point of prohibition and still be considered “free”.

Hence a “Free Trade Agreement” is an extension of restrictive trade laws across national boundaries. In a “bilateral FTA”, each country agrees to enforce the other’s restrictive trade laws within its own borders.

Hence “FTAs” make consumers pay more for the benefit of monopolies and cartels — which, funny enough, are the loudest advocates of “FTAs”. That is why the results have been so “dismal”. Things might be better if trade were literally free; but that experiment has never been done, and never will be done except over the dead body of every vested interest under the sun.

[Letter By Dr Gavin R. Putland, as submitted to The Age, Oct.21. Published with alterations under the title “Nothing is free”, Oct.22.]

# GROUNDING THE GREEN MOVEMENT

## The Environment of Monopoly and the Sustainability of Privilege

By John K Bennett

The World Commission on Environment and Development (WCED) issued a report in 1987 titled "Our Common Future". This report launched the 'sustainable development' term with the definition as "...development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

Since 1987 the 'Sustainability' investment community have mastered the communication practice of sustainability discourse. Unfortunately the sustainability of the environment and the quality of life therein do not factor to the purveyors of taxation instruments and speculators of land. And yet sustainability and the economy is the same thing. Ecology and the economy is the same thing<sup>1</sup>. Sustainable development practices and the reality of the existence of something other than an economy is what we all wake up to each day. As poverty is in existence wherever there is progress, how then can the landscape where poverty exists be sustainable<sup>2</sup>?

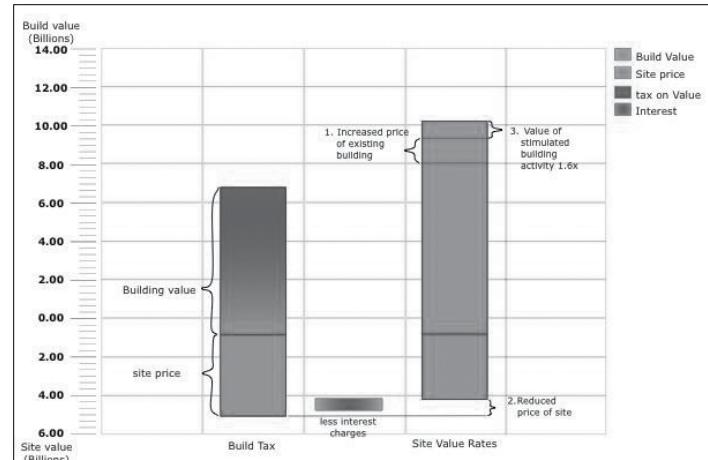
An economy can only exist when equity exists between each of the factors of production. Our current system of finance, trade, exchange and currency transfer is not an economy and therefore is unsustainable. Parcels of land are sold off in an ever-increasing population sprawl, while leapfrogging vacant and under utilised sites in city, suburbia and at the margin.

Paradigms of conservation & sustainability in the body politic do not work to deliver an economy via the revenue system. Taxation is an anathema to sustainability and erodes public confidence in government. Taxation centred governments are the purveyors of unemployment & poverty. Within successive political cycles, renaming, reclassifying, rebranding, repackaging, and reorganising taxation incidences on employment, production & consumption, so far has been an impediment to the economy, and an injury to the ecology.

### The Cost of Building Taxes To The Community

Financial incentives to retrofit renewable energy technologies in the built environment are not required by the market for quality investments in the capital stock to occur. Buildings

of superior design are subject to even higher local taxes and this disincentive is yet to be acted on by voters in any meaningful and lasting way.



At the local government level, where building taxes occur the suppression is in the order of tens of millions of dollars to the capital stock and hundreds of millions in lost economic activity to the municipality as a whole.

Revenue from the value of land is not a tax, as the land value is measured by demand for the land, and is retained by the site, irrespective of the status of land ownership.

### What is a monopolconomy?

A monopolconomy describes the current worldview of capitalism. A land priced society that generates cyclic corrections, delivering a scarcity of land supply to the captive, drip feed market.

A society supported by taxes and the existence of land price boom-busts, peak-troughs, ebb-flows, will always be a monopolconomy and will always have disparities between the privileged and the dispossessed.

Repeated government practices & events bear this out in the documented history of social problems<sup>3</sup>, under-employment, poverty, hunger, land insecurity, land banking<sup>4</sup>, deforestation, species loss, and the tendency to maintain the taxed society.

The situation is maintained by a land (site) price data "black hole" which does not occur with production, consumption or employment data. Because data on real estate values as a time series excluding the existence of buildings, compared to unimproved land values is publicly unavailable.

<sup>1</sup> Paul Ehrlich, LnL Jan 21, 2010

<sup>2</sup> Politicians squabble over child poverty failure:  
David Maddox 29 Dec 2009

<sup>3</sup> Third of Men drink to drown out job stress John Carvel,  
The Guardian, Jun 8, 2006

<sup>4</sup> Office of Fair Trade, Competition Commission investigates big retailers use of resale covenants May 2006

# Environmental Sanity

Site Revenue (SR) halts environmental degradation by auctioning the right to exploit, and forcing responsible use of natural resources, with the proceeds of such auction being applied to amelioration & restoration. It requires a thorough & full accounting by those who exploit the global commons e.g. by pollution, devegetation and privatized resource extraction: these abuses, together with price-rigging, government-conferred subsidies & special privileges, are the main evils of globalization. It rewards with rebates those who keep their land vegetated & attractive, thereby cleansing the air and visually-benefiting other sites, swelling their SR obligations.

Landlords (competing for tenants) and siteholders (keen not to devalue their improvements) actively will beautify their sites with vegetation & open space. By burdening all sites, including speculative, vacant & under-used inner-city sites, with assessments reflecting potential best-use, SR encourages consolidation and diminishes urban sprawl: this constrains blight of the countryside and facilitates transport efficiency.

Because land price is destroyed, resumption of land for desirable public purposes becomes much more feasible. Laying waste to rural land (e.g. by over-stocking) would not be viable, as its SR would be assessed at original capacity or that of adjacent equivalent land and medium-term reduction in its ability to service that SR would force its transfer for below the value of its improvements. In any event, normal environmental laws, protecting flora & fauna, would continue to apply.

**from Site Revenue: Key to Economic Sanity  
by David W Spain**

See backpage for a table showing the difference between Communism, Capitalism and Site Revenue.

# NEWS

## Prosper California

A new political organisation in America called Prosper California has been set up to campaign on behalf of the California Tax Reform Initiative.

The Initiative proposes to “eliminate most [current] taxes which discourage productive enterprise and commerce in California,” and replace them with “a tax which economists agree does not penalise productive activity—a tax on the rental value of California’s enormously valuable land.” Their website mentions Prosper Australia and links to Prosper’s submission to Australia’s Future Tax System review. View more details at [www.prospercalifornia.com](http://www.prospercalifornia.com)

## Ireland to implement Site Value Tax

It's exciting to hear that the Irish government is planning to introduce a site value tax on all land except agricultural land. This is good to hear and lets hope they succeed. There is the problem that Ireland's land hasn't been thoroughly valued and it will take some time before the valuation system is in place. Such a problem would not exist in Australia. Here we could immediately go to a site value tax because all land is already valued for municipal rates. We hope the Irish can implement the tax before the next election where we of course expect the privileged class to try their best to kill the plans.

Lloyd Churches

## International Trade

Just heard a great example of the true meaning of international trade. Chinese ships have for years carried goods made in Chinese prisons and sweatshops for sale in Britain. Problem was the ships were returning empty.

Then a Chinese woman had a brainwave. Britain produces recyclable waste much faster than the country's plants can process it. Why not ship it to China in the empty ships? So now the woman is a multimillionaire, Chinese rubbish is shipped to Britain, British rubbish is shipped to China, British wages and conditions are suppressed, productive British career opportunities are lost, and lots of the world's fuel oil is burnt. Win win win for everyone! That's trade.

Dion Giles

# TAX REVIEW NEWS

News on Australia's Future Tax System otherwise known as the Henry Report.

## Waiting for the Henry Tax Review

Some of us have been eagerly awaiting to see the tax review. Initially we thought it would be released on Christmas eve. Then we heard it would be by the end of December 2009. Then when it was delivered we find out that the government wouldn't release it to the public! What a let down. Prosper Australia has put in a submission and so has Gavin Putland and Bryan Kavanagh so we eagerly await to see if we've had any influence. It seems that the government want to be prepared with a response before they release it to the media and the general public. Now the days have turned into weeks and the weeks into at least a month. Several reporters have come out saying they know what is in the report including national resource rents to replace state mining royalties.

## Another Tax Review by another Henry

We've become aware of another tax review and curiously the report is written by someone called Henry. Consultant Dr Henry Ergas has produced the tax review in December 2008 for the then shadow treasurer Malcolm Turnbull but it has not been released.

Dr Ergas revealed the reports content to The Age and it sounds positive from first reports. The report's core recommendation is a flat income tax rate of 20 per cent and taxing the family home.

The coalition has been sitting on its own tax review report for more than a year. Dr Ergas believes that he now owned the unreleased report, rather

than the coalition. Mr Hockey told The Age that the Ergas tax review was not a public document at the same time he called for the government to release the Henry report. Isn't it about time we got all these reports out and start the public debate on tax reform.

Source: SMH 4 February, 2010.

## Chinese Mining company fear resource rent tax

Chinese state-owned miner MMG has warned the government that proposed mining projects could be threatened by the introduction of a national resource rent tax.

The resource rent tax is rumoured to be part of the Henry Tax review even though it has not been publicly released yet.

MMG are making claims that it will kill off foreign investment and then the government will not receive income tax from mining jobs.

Don't believe them. In other publications they predict a very strong demand for the metals they are mining! It's natural that they try this tactic, they want to take for themselves what should be shared between all Australians.

Source: SMH, 29 January, 2010



## Ken Henry's latest speech

Michael Janda reporting for the ABC on The DRUM says that Ken Henry's latest speech to the Australasian Tax Teachers association shows that he is prepared to battle the lobby groups that will attack with spurious tax arguments against tax reform. Henry cites as evidence the case of how the business lobby against the introduction of the Fringe Benefits Tax (FBT) predicted dire consequences which never eventuated. Quote from this report:

"The mining companies will argue that investors could go to Brazil, Russia, South Africa, or any number of other countries, but the fact is, if China and other commodity buyers boycott our supply they will still pay more because Australia dominates the supply of so many major commodities - removing our supply would cause shortages that push market prices up.

That can be seen in the case of iron ore where, even though Chinese steel mills tried to negotiate hard-ball on price and threatened to look elsewhere, they ended up paying even more on spot markets because Australia's big miners have the best supplies at the best price. Dr Henry also pointed out that mining companies have a bigger moral obligation to pay more tax than do manufacturers and service industries.

They are digging up a national resource that cannot be replaced and sending it overseas for their own profit - surely the Australian people should see a little more return from parts of their country that are being dug up to be sold back to them at higher prices as cars and plasma TVs?"



# Sprawling into Speculative Submission



# REAL ESTATE 4 RANSOM

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# A GEOIST PERSPECTIVE ON COPENHAGEN

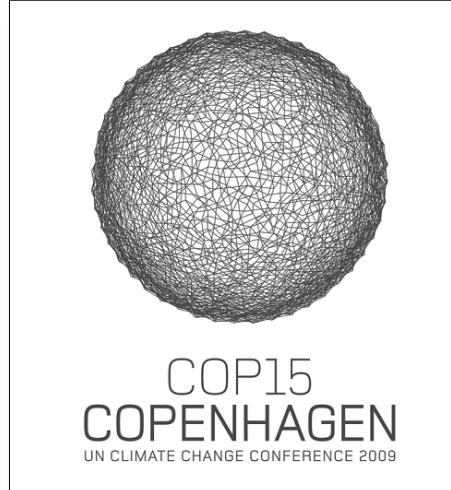
The failures and their remedies, by Karl Williams

Anyone could be excused for getting lost in the myriad of issues and disputes that arose during the U.N. Climate Change Conference over 12 December days in Copenhagen, the otherwise calm and charming capital of Denmark. Even the outcomes are heavily disputed, from claims that it will mark the end of human civilisation as we know it to chest-thumping cries of great victory for their nation and/or the planet's climate.

But "climate change" is a misleading euphemism, as is the alternative "global warming" – who doesn't like to be warm? "Climate chaos" is much closer to the mark, although I'll suffer the official language of the day for the sake of this article.

One widely-accepted definition of "dangerous climate change" is that it begins at a global temperature rise of 2°C. The Intergovernmental Panel on Climate Change (IPCC) recommends that to have a good chance of avoiding this definition of "dangerous climate change", developed countries cut emissions by at least 25% from 1990 levels by 2020, and that global emissions must peak and begin to decline by 2020 at the latest.

The non-binding Copenhagen agreement recognises the 2°C goal but does not endorse it. There is no peak year, and no collective target for cutting emissions. Indeed, with each passing climate update, we are realising that new measurements are in the upper range of previous predictions, and the time when critical and irreversible tipping points will be met and runaway climate chaos begins is much closer than we had feared. With a 0.7°C global temperature rise already upon us and, due to lags, another 0.6°C locked in,



the planet may well be on track to a 3°C rather than a 2°C rise. Hold onto your hat, and make sure it's a wide-brimmed one.

So if the greatest assembly of scientists in history has made a series of ever-alarming warnings, why haven't the sovereign governments at Copenhagen made effective responses to human-induced climate chaos rather than the cheap words that constitute their "aspirational, target-focused, multilateral communiqués"? The answer isn't

simple, but it boils down to a political system in which the players are focused on short-term reelection prospects, which is overseeing an economic system where polluters don't have to pay for the true cost of their activities.

Climate mitigation has a long track record of clear goals but little action, and the Bali Action Plan of December 2007 produced more heat-trapping hot air with little in the way of concrete results despite all nations – including the United States and China – having agreed to negotiate nationally-appropriate means to reduce emissions of heat-trapping gas. These actions and commitments were to be measurable, reportable and verifiable. Developed countries agreed to help reduce emissions in those developing nations least able to afford new technologies and economic modernization. This principle of common but differentiated responsibility based on respective capabilities was to guide the outcome of Copenhagen.

Let's then address the reasons why Copenhagen fundamentally failed.



## COPENHAGEN PROBLEM 1:

**The economic model being used by nearly all nations was fraught with difficulties, and largely ineffective.**

**Geoist Response:** The cap and trade model, despite its many flaws, has been presented to citizenry and now the U.N. as a fait accompli, with very little real discussion about the alternative system of carbon taxing. Cap and trade is the cornerstone of “corporate environmentalism.” It is one reason why large, well funded environmental organizations have sprung up and swamped the small but well established organizations which promote a clearly superior carbon tax.

Compared to the immense complexities of instituting a carbon trading scheme, carbon taxing is quick and painless – and do we have the luxury of waiting while the myriad details of a cap-and-trade system are resolved through lengthy negotiations? The taxes themselves can be designed and adopted quickly and fairly. Cap-and-trade systems, by contrast, are devilishly complex and key issues must be addressed intellectually and resolved politically; the proper level of the cap, timing, allowance allocations, certification procedures, standards for use of offsets, penalties, regional conflicts, the inevitable requests for exceptions by affected parties and a myriad of other complex issues must all be resolved before cap-and-trade systems can be implemented. During this time, polluters will continue to emit carbon with no cost consequences.

The ease of collection of carbon taxes stands in stark contrast. Taxes can be managed to charge only what is required to cause change, letting the market decide where the change would occur without the merry go round. The taxes should be applied at the few initial sources (points of extraction or origin) which make them relatively trouble-free to collect. This has the further advantage of sending price signals to

all points downline in the production process, greening every aspect of manufacturing from extraction to the finished product.

The price to industry of carbon emissions will be predictable with taxing and highly volatile with trading. A carbon tax simply imposes a set tax for polluting based on the amount emitted, thus encouraging polluters to clean up and entrepreneurs to come up with alternatives. However cap-and-trade systems will aggravate the price volatility that historically has discouraged investments in less carbon-intensive products and processes. What's even worse are the perverse incentives with trading which arise when emission permits are given away based on some type of baseline reflecting past pollution (which has been the practice with many N2O and SO2 trading programs). That is, it's actually in the interests of present polluters to maximise emissions before the cap-and-trade system goes into effect in order to “earn” those pollution permits.

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The cap on emissions effectively destroys the integrity of voluntary purchases of renewable energy, whereas a tax drives action directly through emitters and in secondary voluntary markets as people use their choices to avoid the cost and contribute to national emissions reduction. On an international level, the availability of purchasing permits from impoverished nations does

nothing to reduce global emissions – it just shifts the apparent emissions away from rich nations to poor.

The supposed primary advantage of cap-and-trade — that future levels of carbon emissions can be known ahead of time because of the cap that's set — is speculative, since most cap-and-trade systems under discussion include a “safety-valve” for auctioning off additional carbon allowances if the price of allowances exceeds a predetermined level.

Carbon taxes can be implemented with little opportunity for manipulation by special interests, while cap-and-trade's complexity and politicization opens it right up to self-perpetuating Enron-style exploitation by speculators, lawyers, lobbyists and other market players bent on maximizing their profits on each cap-and-trade transaction.

Carbon taxing is much easier to understand than cap-and-trading and – most importantly – the tax system is much more transparent. We certainly must have widespread understanding and public acceptance of any system which reduces emissions, and it's not difficult for the public to appreciate how the government can and should impose a tax per tonne of carbon emitted. Those who degrade climate stability should reimburse the rest of humanity in proportion to the damage and, downline, the purchasers of such damaging products and services should be sent those same price signals.

A free and fair market has a place, but not here. The control over climate-impacting natural resources should remain with our democratically-elected governments. If increasing (or, God save us, runaway) global temperatures require urgent carbon reductions, our governments can simply crank up the taxes on carbon emissions so that they rightly become practically unaffordable. With cap-and-trading, our governments have to go through the process of buying back permits that would have been certainly auctioned off for less (if not given away, Rudd-style!).

## COPENHAGEN PROBLEM 2:

### Intractable international disagreement on cutbacks, assistance and monitoring.

**Geoist Response:** Politics being politics, we could well conclude that a synchronised response by all nations to global climate threats is a pipe dream. Sure, we'd make some progress if all or even some rich nations made a grand gesture by offering to drastically cut carbon emissions without waiting for other developed or developing nations to do so first. It has even been speculated that if the Big Two, US and China (which account for almost half of all global emissions), agreed to apply across-the-board carbon fees and levy import duties on the carbon emissions associated with the production of all goods, then many other countries will fall into line.

But assistance is also needed – without aid from the world's leading economies, countries without developed markets and infrastructure will not be able to mitigate their contribution to climate change or adapt to its dangerous effects. Enabling other nations to address climate change is a matter both of environmental protection and global security. As the United States' chief climate negotiator, Todd Stern, observed, "This is not charity. It is squarely in our national interest to help ensure that all countries – not simply the ones that already have the necessary infrastructure and resources at their disposal – pursue a clean development pathway... the national security threats posed by climate change are real."

Despite these and other lofty statements, the fact of the matter is that self-serving and even populist nationalistic positions have been staked out, with frequent claims that other nations must make the financial sacrifices.

If policies are focused on where national emissions are produced, rather than where they are consumed, then we'd discourage the mining and exporting of the coal or petroleum in the first place. But if only a handful of export-

ing nations implemented such a policy they'd be at a competitive disadvantage, so such an approach only makes sense under a big-bang synchronised global response.

This kind of universal tax agreement has long been wanting with regard to aviation fuel used for international aviation which, with a few minor exceptions, has always been exempt of tax for want of worldwide cooperation. Although north west Europe is finally addressing the problem within their own little corner, the massive carbon footprint of untaxed international aviation will continue on its merry way for the foreseeable future – talk about going to Hell in a handbasket!

But let's take a big breath and step into the geoist paradigm where everyone should have the equal and common right to share in the fruits of the Earth – land and natural resources. We all

ies, which boundaries are very often arbitrary if not forcefully imposed by the victors of war? Where's the justice in one person growing up dirt poor on the wrong side of an international boundary, the other side of which has its citizens enjoying the spoils of minerals, oil or other natural riches that they did nothing whatsoever to create? Why don't studies of ethics and philosophy address one of the very fundamental issues of human existence – that is, what rightly belongs to me and what belongs to society collectively? Today, so-called "property rights" horribly conflate land and capital that it's no wonder that we've ended up in such an economic and moral mess.

If the rent from natural resources was shared on a global basis, then there's no way that Copenhagen-style sovereignty obstacles could occur. Copenhagen got bogged down by China

**We all like to hear those feelgood music lyrics about putting aside infantile nationalism and being "world citizens", but what does that really mean if some people enjoy much greater shares of the earth's wealth than others?**

like to hear those feelgood music lyrics about putting aside infantile nationalism and being "world citizens", but what does that really mean if some people enjoy much greater shares of the earth's wealth than others? What if we lived on a planet where the neoclassical commodification and outright ownership of natural resources was seen as an outrage of our core human rights? What if we were all fed, with our mothers' milk, the understanding that the way to share the Earth equitably is to have an economic system in which those who abuse or exclusively use the Common Wealth should reimburse the rest of us through paying fully-costed natural resource charges?

But why should this EarthSharing only apply within national boundar-

and India resisting what they consider potential intrusions on their sovereignty in order to monitor carbon emissions.

"*What sovereignty*"?! It's not really "their" land with which landholders should be able to do whatever they want! – the Earth belongs to all of us, and nations with greater natural advantages should have to effectively reimburse resource-poor or landlocked nations. If our economic systems conformed to this basic truth, then there would be much freer movement of immigration, almost no warlike temptation of territorial conquest or resource-grabbing, and no free reign to dam rivers to the exclusion of downstream nations. And no nation could pollute the Global Commons with impunity, and it certainly couldn't claim any

right to exclude international monitors on grounds of national sovereignty of “their” land. This is no dreamy nonsense but a precise sharing of the Earth’s resources through a globalised application of our tax proposals, though this essay is not the place to elaborate in full as to the possible mechanisms of an international scheme.

## COPENHAGEN PROBLEM 3:

### Individual nations won’t act to tax carbon emissions as they’ll lose their international competitiveness

**Geoist Response:** Another great intractable problem that effectively scuttled proper solutions at Copenhagen is that nations won’t compromise economic growth by losing industry competitiveness in the name of mitigating climate change. Under a non-synchronised approach, proposed emissions production models generate national concerns about loss of competitiveness, job losses and carbon leakage. Nations won’t play or will only play dirty, via extensive policy exemptions, using these models.



With globalised geoist sanity, we could implement a big-bang synchronised global response to carbon emissions where we could realistically focus on where emissions are produced, rather than where they are consumed. Carbon taxes for, say, aviation fuel could be introduced globally, and ramped up if/when the threat of climate chaos appears to worsen in

line with the true cost of the full effect of carbon emissions. In the event of a climate emergency, there would be no need to call another Copenhagen and endure endless delays (much less stalemates and grandstanding walkouts) as individual nations act in their own national interest and representatives in their own political interests, even at the possible cost of the end of life on Earth as we know it.

The so-called “tragedy of the commons” was claimed to be that common resources are plundered or degraded because they belong to nobody. We see this when, say, polluters dump toxins into the air or effluent into waterways. Natural resources charges prevent such free rides on nature and furthermore, when globalised to apply to climate resources that cross international boundaries, we can see the Global Commons transformed ..... from “nobody’s resources” to “everybody’s resources”.

## COPENHAGEN PROBLEM 4:

### The knotty issue of reimbursing nations for preserving forest cover and thus aiding carbon sequestration

**Geoist Response:** At the moment, there is no conclusive solution or financial formula to the issue of how much compensation, if anything, a nation deserves for preserving some or all of its climate-friendly forest cover. Certainly it is in the world’s interests to preserve forests, but there is a more compelling national self-interest to exploit their forests.

A program called REDD, for Reducing Emissions from Deforestation and Degradation, would pay poor countries to protect their forests. But the current draft includes no money for the program and no benchmarks to reduce deforestation. But if we can somehow arrive at an amount of compensation, from which nations should the money come? And if we can decide on this, then should the compensation be distributed evenly among the citizenry of

the forest-preserving nation, or should those living in the forest provinces receive more compensation than the city-dwellers?

Again, as long as we are captive to the neoclassical paradigm which assigns individual or even national “property rights” over natural resources, we can never hope to solve the issue of proper compensation. But stepping into the geoist paradigm, the problem seems to evaporate!

Let’s hear it again – the Earth is the equal and common inheritance of all humanity. Or, as Rousseau put it, “The fruits of the earth belong to us all, and the earth itself to nobody”. Those nations “blessed” with forest resources don’t really “own” them, just like those inhabitants of a forest have any no greater right to them than their nation’s city-dwellers. Ownership through prior occupancy, as is espoused by politically-correct advocates of indigenous rights,



is a moral and logical nonsense. As true world citizens, no-one or no group would have the right (or the financial incentive) to exploit forests for short-term gain. All would share in the fruits of mineral, ocean, atmospheric and biological resources, and all would therefore be motivated to preserve them from over-exploitation.

But what should Copenhagen have adopted as a wise interim measure, given that EarthSharing is a political world away? The set of criteria that should have been factored into the compensation formula must have included:

- Of course, the value of climate services that a nation would provide to the world, given that it would refrain from exploiting its forests.
- An estimate of the income that the nation could have derived from

such exploitation.

- Historical factors which acknowledge how much or how little forest has already been preserved or lost since the Kyoto landmark of 1990, which is when all nations should have acknowledged the reality of human-caused climate chaos. But if the income derived from such recent exploitation has not enriched current citizens (through kleptocracy or other political misdeeds), then such citizens should not be penalised. However, this exemption should be conditional upon that nation having in place a proper democratic and transparent political system to ensure such misdeeds don't reoccur.
- Nations which can derive greater tourism potential, local climate moderation, better water catchments etc. from their preserved forests do not need as great a degree of compensation.

You get the picture, I'm sure. While there's no claim of formulaic exactitude in applying such criteria, it's certainly better than a wild guess. And even a wild guess is better than no guess at all, which is pretty much the present situation!

## COPENHAGEN PROBLEM 5:

### The ongoing tardiness in the adoption of clean, green alternative technologies

**Geoist Response:** As we've heard for decades now, creating a global solution to climate change requires the comprehensive deployment of existing clean energy technologies and investments in innovative research to construct a new energy economy.

Many well-meaning groups have been advocating hefty subsidies for green technology, but this is to ignore the hidden subsidies and privileges that have long been enjoyed by polluters and wastrels, which subsidies have effectively restrained the uptake of green technology. Once the true cost of the use and abuse of water, air, fish stocks,



forest resources, soil, biodiversity etc. is applied, suddenly there's a huge boost in incentives for the development of alternative technologies or processes which use natural resources much more efficiently. To subsidise such products and processes is a folly, for much green technology is still reliant on natural resources. Photovoltaic (solar) panels, for instance, have significant quantities of embodied electricity in their manufacture, and shouldn't be given a free ride on nature. If dirty electricity production is properly priced, solar panels should be able to gain proper market share on their merits.

If Copenhagen had adopted a significant, worldwide charge on carbon emissions (at least US\$50 a tonne) then market mechanisms would leap into action in response. Patent rights for this technology would provide that incentive, although developed nations who have benefitted from past resource exploitation should provide such tech-



nology for free to developing nations as a form of compensation because of the historically-low carbon footprint of developing nations.

## COPENHAGEN PROBLEM 6:

### Improvements in per capita emissions are being undone by population growth.

**Geoist Response:** While all humanity has the right to share equally in natural resources, those rights have corresponding responsibilities to future generations to preserve those resources, which include climate stability.

The unseen elephant in the room is an insane population growth which can either be tempered by international agreement and the rule of law or by a lemming-like disaster. No nation, ethnic group or breeding couple has the "fundamental human right" to inflict on future generations more offspring than can be sustainably accommodated, regardless of personal, cultural or religious beliefs. Australia has already surpassed its sustainable carrying capacity of between 10 and 15 million, yet we have a prime minister who's gung-ho about increasing that to 35 million by 2050.

The curbs on unrestrained breeding aren't palatable, but preventing vast numbers of humans being born is somewhat preferable to runaway climate chaos where vast numbers of humans are killed. It is obviously better to achieve a lower birth rate voluntary (through a massive public education campaign) than through punitive measures.

At the very least, there should be no more "breeding subsidies" such as Peter Costello's Baby Bonus. Tax breaks for families with more than 2 children must cease. Concession prices/rates for children need to be reevaluated as part of a general recognition of the wealth transfer from responsible breeders to irresponsible breeders. We could even have a public debate whether those adults who forgo having children should be compensated in some form – it would surely start to undo the nonsense



about “the sanctity of human life” when humanity is acting like destructive vermin to the planet!

Australian immigration numbers should be slashed, with the focus on refugees rather than skills, family reunions or business migrants willing to invest here. While Australia continues to have a massive per capita carbon footprint, we are doing the world a disservice by bringing people in and teaching them how to live our shameful carbon-intensive lifestyle. These and other critical immigration and population measures must be central to our public discourse.

The hidden overpopulation agenda which is driving political decision-making is being perpetrated by vested interests, particularly by property developers who operate under the cover of the Australian Population Institute. Environment groups have been wrong-footed and stooged into silenced for fear of being branded racists or unsympathetic to asylum-seekers and ordinary migrants. Demographic arguments are proffered by the developers’ proxies, especially the alarmist prediction that unless we keep our immigration levels high they’ll be no taxpayers to keep us safely in retirement (but what about when these swelling numbers of immigrants retire?).

The headlong rush into increased population enables property speculators to continue to land-bank on urban fringes as urban growth boundaries are regularly extended. The cries for “affordable housing” from the property developers and their think tanks always calls for “supply solutions” in the form of rezoning of land and the astronomical windfall profits that thus accrue to those developers. Of course, geoist collection of the rent from land would eliminate the financial incentives to increase our

population, not to mention the corruption from political donations from the property lobby, the single-greatest stain on our democratic process.

## THE AUSTRALIAN SITUATION

There are also particular structural issues facing Australia, such as our high reliance on coal and the fact that we are the world’s largest exporter of coal. As a net exporter of energy, it is no accident that Australia is a leading member of the umbrella group of countries trying to delay action on climate change.

We also have many energy-intensive industries perversely flourishing on subsidised electricity generated from coal – most infamously, Alcoa’s bargain-basement long-term supply of electricity for its Portland aluminium plant which was contracted for state political reasons.

The changes Australia must make might be unpalatable ..... though what’s palatable about a slab of rotting corpse?! Our heavy dependence on meat is responsible for massive carbon

succeeded in having the agricultural sector exempt from Rudd’s emissions trading scheme!

It is indeed possible for Australia to quickly restructure our economy, the power sector and transport. There is a world of wealth-creating employment opportunities once the tax system is turned the right way up, shifting taxes off goods (employment, sustainable development) and onto bads (speculation, underpriced use & abuse of natural resources, including climate factors). Ridding taxpayers of their unseen subsidies to dirty energy will free up incentives to invest in clean power. If we collected the uplift in land values resulting from investment in quality public transport, then such infrastructure could be self-funding. Collecting site rent also encourages land to be put to its optimum use, which leads to a much more compact, eco-friendly cityscape with shorter commuting distances and less resources and infrastructure sprawling over distant farmlands and forests.

Putting a realistic price on natural resources the overuse of which is

**Collecting site rent also encourages land to be put to its optimum use, which leads to a much more compact, eco-friendly cityscape with shorter commuting distances and less resources and infrastructure sprawling over distant farmlands and forests.**

and methane emissions – perhaps as high as 30% of our total emissions. The embedded diesel, water, lost topsoil, lost biodiversity due to excessive land clearance and more .... these and other environmental reasons (not to mention humane and health issues) make the use of animals as commercial meat machines a burden on the climate that, if it is to be continued in some form, must have consumers paying the true cost of their needless devouring of flesh. And to think that the farm lobby here has

endangering the viability of our planet will force us all – not just the good guys who care – to use such resources sparingly. Nobody needs an economics degree to understand True Cost Economics, geoist-style.

Article by Karl Williams.

# THE POPULATION DEBATE

by Margit Alm

When the leaders of the world gathered in Copenhagen in December 2009, enjoying the hospitality of the Danes and not achieving anything, the ‘population’ word was on no one’s lips. Not that representatives from population sustainability groups were not present – no, they were just sidelined.



‘Population’ is the big elephant in the room no one wants to see, the hush-hush word that must not be murmured. Why are people so anthropocentric in their thinking, so absorbed in their own unimportance, so obsessed with population growth and unwilling to accept that there are just too many of us for our own good?

The simple answer is that it is in our nature to put us ahead of all other creatures, even though the planet does not concur. If humans would suddenly vanish from Earth, remaining life on the planet would thrive.

For the moment the great debate is about anthropogenic climate change and how to prevent the planet from overheating. If by any miracle scientists would succeed in that mission overnight, our environmental woes would still be there. We would still be facing water shortages, land degradation, deforestation, desert encroachment, species and biodiversity loss, disease, famine, conflict – to name but a few ills. The cause for all these sicknesses is human overpopulation.

Indeed, overpopulation is directly responsible for CO<sub>2</sub> emissions. In “Heaven and Earth” climate change skeptic Ian Plimer opines that exhalations from mammals contribute almost 39% to all CO<sub>2</sub> emissions. .

Scientists scramble to find a cure for the diseases in form of technological solutions, but each of these solutions creates its own problems if only because we do not fully understand Nature’s workings – yet; and just like economists love to op-

erate in a an economic partial equilibrium, so scientists fail to take a holistic approach to their environmental interference.

There is only one true answer, and it is one that humans are fully capable of managing: reduce the global population to a level that the planet can sustain without becoming stressed.

That raises the question: how many of us will Earth tolerate? Opinions vary widely.

There is the economist Julian Simon who believes in perpetual population growth for the next 7 billion years (obviously well passed the planet’s use-by-date!). Jared Diamond, author of “Collapse” had fun with statistics and demonstrated that Julian’s scenario would have to squeeze in 10 people to the square metre in 774 years; in 2000 years the mass of people would equal the mass of the planet, and in 6000 years people weight would equal universe weight. Of course, long long before that Earth would tell its most contentious species where it could go.

Global population estimates now range from anywhere from 9 billion to 12 billion by mid century. Economist Jeffrey Sachs in “Common Wealth” argues with the help of detailed calculations that some population growth is already in the pipeline and will take place despite all efforts to stem it through family planning. He advocates a figure of not more than 8 billion and declining.

On the other side of the spectrum are such environmental scientists as James Lovelock, Tim Flannery, Hans-Joachim Schellnhuber (and most likely many more) who envisage a global population of one billion or less. That does not sound a bad number at all. When the global population was barely nudging one billion some 200 years ago mankind, during the Age of Enlightenment, experienced a cultural and intellectual blossoming that remains unsurpassed.

The bottom line is that growth cannot continue in perpetuity. We have the choice of either carefully managing it and creating an environment where all creatures can enjoy comfort and space on the planet, or we ignore the warnings and ultimately feel Nature’s furore.

Why not choose the lesser evil?

Humans and planet are in balance when the renewable resources are exploited at a rate below their regeneration. That is not the case today. A few years ago a CSIRO report stated that humans are exceeding this rate by 25%. In other words: humans are consuming a considerable amount of the planet’s capital. To reverse that we could all tighten our belts and consume less. Certainly we could dispense with the an-

nual approximate one billion dollar worth of Christmas presents in Australia alone that no one wants, and put the money to better use. But too much belt-tightening would be resented by the people, especially by BRIC and developing countries who all aspire to First World living standards. Therefore, population control is the preferred option in conjunction with some consumer restraint.

Nor should we think that Australia is immune from population control. Just like global carrying capacity is Australia's carrying capacity difficult to calculate and subject to variation. First Australians did not exceed one million, and they knew what they were doing. Perhaps we can learn from them. Some estimates from scientists today put the cap at 10 million or less.

In the short term we will have to accept some further growth, to perhaps 25 or 26 million and then declining. But quite clearly, the latest estimate of 35 million is unsustainable.

Australia is a desert country with only small patches of fertile soil, representing perhaps 5-6% of total surface area. Australia's greatest treasures are the remnants of pristine wilderness locations. They are now under threat from corporate greed; from the Kimberleys to Old Growth Forests in

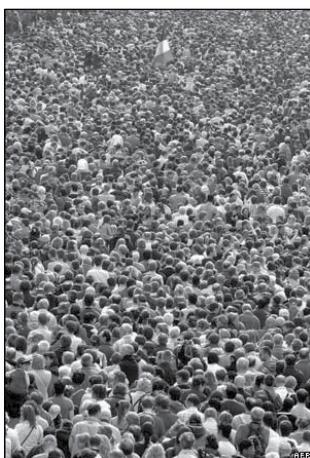
Tasmania and Victoria to farmland in NSW the corporate push is for resource exploitation. One property billionaire in Sydney even wants to strip all coastal national parks of their status to build residences with ocean views.

I have set my own guidelines for population numbers: There must not be more humans than (a) there are freshwater sources to satisfy human needs and (b) humans can rely on organically grown food. In other words: hands-off such extremes as treated saltwater (desalinated water) and genetically modified food and their lesser equivalents.

Natural population growth is by and large under control in developed countries, and population increase through immigration can be reversed instantly, as it is a government policy decision.

It is in the developing countries where much work needs to be done. Populations will naturally decline when people have sufficient access to food, shelter, health, education, safety in their daily lives and security in old age, and – when women become emancipated and will take control of the reproductive cycle. In other words: social justice for all.

And how can Henry George assist in all this? I believe Henry George would have supported population control. He was a commonsense man and a strong advocate of social justice. And he had an answer: using the principle of resources rent to create social justice (which will aid population management).



**"Populations will naturally decline when people have sufficient access to food, shelter, health, education, safety in their daily lives and security in old age."**

The current proposal of an ETS (emissions trading scheme) is not likely to succeed, however, it will fill handsomely the pockets of the "people in-between" (the brokers). A direct charge is the better answer. Charging individuals and businesses for the use and abuse of natural resources will ensure that today's exploitative mega rich will have to make their just and fair contribution to the common good – all in the interest of saving humankind from self-destruction.

### **Populationists the pawns of the pyramid purveyors?**

Strong words yes, but high birth rates have always been used as a means for the wealthy to blame the poor for their own plight. 'You have too many kids. You don't wash your hands. It's your fault you're poor.'

This in turn deters poor, insecure and over-worked people from analysing the cause itself – the economic system. A tax system that penalises people for working but yet rewards those for speculating on the value of natural resources is what should be in focus. People need to look beyond banks and beyond capitalists or unions to recognise that the most valuable thing we have is the planet itself.

Unfortunately neo-classical and now neo-liberal economics does all it possibly can to ignore the value of the planet. Diverting attention away from economic policy and blaming poor people for their own plight has been an effective diversionary tactic for too long.

The scarcity of natural resources means that land, gold, water or the electromagnetic spectrum are always going to increase in value. Economists call this scarcity rent or economic rent. This privatisation of what should be the birthright of all is the greatest injustice on this planet.

We need to switch taxes off wages and place them on resources so they are used sparingly, rather than hoarded for massive profits. We have 125 taxes in Australia. A Resource Rentals system scales taxes and compliance back. Would you like to pay (at most) half your present income tax? Would you like your tax mix to include an environmental reminder every time you pulled out your wallet?

<http://www.earthsharing.org.au/2009/04/28/populationist-pressure-unravelled/>

**By Karl Fitzgerald**

# PROSPER AUSTRALIA NEWS

Latest news from our Secretary, Anne Schmid.

We are now in full swing after the holidays. We have already had one meeting where we welcomed last years' new members with a general discussion of our ideas. We are hoping for an even better attendance at the next welcome event. Our forums are open to all our readers whether members or not. We are now looking forward to our March event.

We invite all our readers to meet up with us at the SLF in Federation Square. This is a great event on the Melbourne calendar and we will be there in our regular stall. We are the economic voice for a sustainable and inclusive society. On show in our tent will be the street posters printed in last year's PROGRESS (Nov-Dec, 2009). They are sure to stimulate the conversation.

We also recommend that you view the Professor Michael Hudson clips on the Prosper website. Some of these have been taken from the lectures he gave while touring Australia.

Our next Executive meetings will be held on Thursday March 11th and April 8th. You are welcome to attend these meetings simply to find out how we run things or you may have some good tactics to improve some of our projects. This year we will also be looking at ways to communicate more effectively with country and interstate members.

Here's hoping for a good year with many opportunities to deliver our thoughts on a revenue system which is fair for families and workers. High land prices are hurting the economy but we have a better answer than the one to increase interest rates which will put even more stress on the family mortgage. Prosperity without plunder for all.

**Anne Schmid, Secretary.**

## Charles Somerville

We regret to report the death of Australia's probably oldest Georgist, Charles Somerville, in mid January, one and a half weeks short of his 100th birthday.

Charles, who was a business man during his working life, was introduced to Georgism at a book club where active Georgist George Hardy (whose books are available at our office) was also a member.

Charles became a passionate and enthusiastic Georgist during the last quarter of his life, showing that age is no barrier to supporting our cause. Those of us who knew him valued his friendship and found his enthusiasm for our cause most stimulating. He wrote a Georgist song to the tune of Waltzing Matilda, which is under consideration for recording.

Our condolences are extended to his family members.

**Geoff Forster**



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[www.landandliberty.net](http://www.landandliberty.net)  
[www.schalkenbach.org](http://www.schalkenbach.org)

# **NEXT ISSUE'S THEME IS...**

## **...INEQUALITY**

Are the rich still getting richer and the poor still poor? The top richest people own how much of the wealth? Why is it so? What can we do about it? Why do the rich make us jealous instead of disgusted at the system that delivers that wealth? Would we still have super rich people if we decided to share the land and natural resources through collecting the rent of land?

For the next issue I welcome your articles about this interesting topic. Please help me find the statistics and articles about it or write some of your own views. Please send you contributions or questions to [progress@prosper.org.au](mailto:progress@prosper.org.au)



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# **SITE REVENUE:**

## **AN ECONOMIC SYSTEM**

### **THAT CARES FOR THE EARTH**

	Communism	Capitalism	<b>Site Revenue</b>
Hallmarks	regimentation	privilege & poverty	prosperity & liberty
Control	by bureaucracy	by private monopoly	by free & fair enterprise and natural co-operation
Freedom/Security	are in conflict	are in conflict	are harmonized
Personal Wealth	determined by bureaucracy	often 'stolen' by speculators	retained by labour
National Wealth	natural resources disregarded	natural resources stolen from the commonwealth	natural resources are respected & socialized
Land	nationalized; therefore little commitment	over-exploited; due to treated as a commodity	used as revenue base – protected & nourished
Land Prices	no land price or private tenure	price increases then deflates in boom-bust cycle	private tenure at nil price
Taxation	is arbitrary & complicated, increasing until economic 'bust'	is arbitrary & complicated, increasing until economic 'bust'	nil
Environment	state-'managed' or abused	generally mistreated	of paramount importance
Resource Revenues	are generally neglected	Disappear into a few private pockets	used to replace taxes on employment