

ECONOMICS & SOCIAL **JUSTICE IN AUSTRALIA**

INTRODUCTORY KIT

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INTRODUCTION

“Once natural resources were fully used for the benefit of all and not appropriated for selfish ends. This was the age of the Great Commonwealth of peace and prosperity.”

- Confucius (551 – 479 B.C.)

You are about to experience a new way of thinking. It concerns a single, simple economic reform that will improve almost every facet of our lives.

It's an idea that's so simple, so timeless and so natural that you will probably be amazed that it is not already in place. At its very heart lies the basic fact that none of us, rich or poor, corporation or individual, indigenous or otherwise has the right to own land.

Land and the rest of the Global Commons belongs to all of us – now and in the future. Use the Global Commons as we may, but as surely as no person ever created a mountain range or a river system, the idea that we can own - in perpetuity – natural resources, however large or small, is frankly outrageous. Furthermore, we believe that it is also the root cause of a great deal of social, economic and political injustice.

This is the basic belief at the heart of our group. It is the glue that binds us and the platform from which springs an amazing array of possibilities for a better, fairer future.

This is not communism, anarchism, tribalism or any other grand vision which imposes all sorts of ideas about how we should behave or think – in fact, personal liberty is its very core. Yes, there are many details of this new economy and its way of caring for our natural environment, but everything flows logically and consistently from a simple fact. That is, land and natural resources are ours only to use and to be passed on to future generations. By an elegantly simple but profound change in our relationship with the land itself, we believe we can improve not only the natural environment, but the social and economic environment as well.

Much of what you'll discover will sound refreshingly new but, in fact, *the details of this have been around for over a hundred years, and the outline for thousands!* Some of the greatest philosophers, social reformers, philanthropists, scientists and economists in history have heartily endorsed what you are about to read, from biblical prophets up until modern giants such as Einstein. Supporters have come from all cultures, from each side of politics and from every religious persuasion.

So why hasn't such a strong and simple idea been adopted around the world? The history of these proposals is varied and fascinating, but the basic cause boils down to the greed of a few with vested interests. But now technology, a growing social conscience and other opportunities mean that this idea has reemerged for good, and now we shall lay before you some pretty exciting possibilities.

But there's a catch. We have to warn you that, once you understand what we're talking about, the world will appear very different. And you'll be hard pressed to see much justice in the way we presently do things. This is an old idea whose time has finally come.

If Leo Tolstoy (1828 – 1910), had been successful in his efforts to bring about Georgist reforms, world history would have been very different. He announced to the Russian Czar and to the world that “People do not argue with the teachings of (Henry) George, they simply do not know it. And it is impossible to do otherwise with his teaching, for he who becomes acquainted with it cannot but agree.”

IN A NUTSHELL

“The fruits of the earth are a common heritage for all, to which each man has equal right.”

- *Voltaire (1694 – 1778), the embodiment of 18th century Enlightenment*

You are about to face the unravelling of what most people consider a mystery - not because this riddle is itself unfathomable, but because the general ignorance of the past has turned it into one. The mystery is our world of plenty and poverty, of billionaires and squatters, of mansions and slums. What brought about this economic and social maze of paradoxes?

How is it that fewer and fewer people and corporations in the developed world have more and more money and power?

Why is it that the “prosperous middle class” is shrinking year by year, despite greater levels of education and women in the workforce?

In the most basic form we believe that the root of all economic and social injustice lies in our flawed relationship with the land. This is hard to grapple with because “land ownership” is a fundamental part of our “free western” culture. We grow up with the idea that ownership of land = security.

SOME ANSWERS

Geonomics (*geo-* earth, *-onomy* law) is the alternative. It represents the most radical and breathtaking examination of human rights you’ll ever come across, backed up with detailed economic solutions. But isn’t something drastic to be expected, for an economic and social system like our current one that is so flawed surely requires a radical remedy? If it’s busted big time, it surely needs to be fixed big time.

Let’s approach it from a number of different angles to try and try to shed light on its many facets. The philosophical appeal could be embodied as “Land and natural resources – the Global Commons – should be the equal and common birthright of all humanity”. From an economic perspective, we could characterise our standpoint as a radical reform of the tax system and our form of land tenure. Coming from a social justice angle, we could be seen as striving to abolish all forms of privilege (including some massive injustices which are presently almost completely concealed). Environmentally, we are monitoring and conserving a whole range of natural resources, rather than selling them off forever to the highest cash bidder. From libertarian eyes, Geonomics restores a number of basic human liberties which are particularly violated through our current tax system. Putting on our visionary spectacles, we see a possible world of almost unimaginable prosperity – not in merely material terms, but with regard to leisure time, our natural environment, human relations, and personal & spiritual growth.

If we appear to be dreamers, then you should know that the solutions underlying these grand declarations are expressed in detailed economic policies rather than vague principles and motherhood statements. Furthermore, these policies have been put to the test in many parts of the Western world. While Geonomists are agreed on important issues, some still disagree on a number of minor aspects – but it will be some time before we need to get to this level of detail.

Essentially, the basis of our proposals is the replacement of nearly all forms of taxation with a system of rentals or taxes on the Global Commons, in particular on land values.

THE TWO GREAT VIOLATIONS

Let's take a simple starting point. Throughout history, innumerable philosophers and social reformers have tried to remedy two great forms of human rights violations:

1. Land and natural resources, the gift of Nature/God/The Universe, have been privately misappropriated by a small and privileged sector of the population (formerly kings and warlords, nowadays speculators and corporate powers). So ordinary “disinherited” citizens have to render service in order to use what should be theirs by birthright.
2. Nearly all forms of taxation are violations of human rights. But, you surely protest, if we don't have taxation then how can governments afford education, public infrastructure, welfare for the underprivileged etc.? The answer lies in the solution to no. 1 above. As will be elaborated later, land and natural resources can be most equitably shared by a system of rentals, in particular through land value taxation (LVT). Land values are essentially created by the community, and therefore those occupying more valuable land should rightly reimburse society proportionally more. To encapsulate it: “What I owe to the community should be in accordance with what the community does for me, which is reflected in the value of the piece of Our One Earth that I exclusively occupy.” Or even simpler: “Pay for what you take, not what you make.” By numerous calculations (and some historical experience), the revenue raised will be enough to completely replace *the robbery that is taxation!* For, to return to our point, we maintain that taxation based on one's own honest and unprivileged earnings is nothing less than legalised theft. But because of governments' failure to collect LVT, we have become conditioned to accept our present form of taxation.

From this tax shift, we'll later see how so many far-reaching outcomes arise. But here it's important to see the economic boost that must inevitably follow, for we're not just talking about justice, but about prosperity.

TAXES – A BIG TURNOFF

Ordinary taxes stifle honest endeavour. If you work, you get “fined” through income tax. If you want to put other people to work by purchasing their goods or services, there's another disincentive in the form of the GST. Company taxes, bank taxes, payroll taxes, import taxes – they all penalise production and thereby suppress employment.

But here's a very important point, rarely noticed by professional economists since the advent of so-called neoclassical economics. A tax on land values does *not* suppress activity on land, *but does just the opposite!* Land has unique characteristics that work thus: when landholders are assessed for LVT, they are financially compelled to put that land to its optimum use. For, whether landowners do put the land to its optimum use or not, they are still saddled with the same LVT. So landholders must use it productively or pass it on to those who will use it so.

ECONOMIC INSANITY

Here it's appropriate to introduce another grand claim - that unemployment is simply unnecessary. We hold that the mass of idle unemployed should complement (and mutually satisfy) all the many needs for more work – building better housing, looking after pre-schoolers and the elderly, cleaning up the environment, developing better infrastructure etc. etc. But why can't they obviously come together? Unemployment is unnecessary – it's *economic insanity!* This insanity only reveals itself in rare situations, such as a national crisis (a war or natural disaster), when suddenly the whole country can be “mysteriously” mobilised. The main reason we have unemployment is because we have a system of taxation and land tenure which encourages speculation and discourages the production of real wealth.

Now, we don't expect that this brief explanation of unemployment is enough to satisfy anyone. But here we want to make the point that the *detailed* solution to the riddle of unemployment will be given after the general overview that is this Introductory Kit.

Recognising the unique qualities of land and its tax implications turns the economic system the right way up, providing dynamic incentive rather than suffocation. This is just a sketch of an important piece of the Geonomic puzzle, but there's much more – particularly concerning social justice, the environment, civil liberties, reducing great wastage, the ending of tax evasion, booms & busts, and even world peace.

*“Liberate production from taxation
The earth from monopoly
And humanity from poverty”*
- Henry George, (1839–1897)

WHO WE ARE

“Never doubt that a small group of thoughtful committed citizens can change the world. Indeed, it’s the only thing that ever has.”

- *Margaret Mead (1901 – 1978), American anthropologist*

Prosper Australia (also known as *EarthSharing*) and its far-flung sister organisations are brought together by a social conscience underpinned by a belief that there really is a practical way to a much more just, green and prosperous society. Because our proposals are so radical, far-reaching and thereby so difficult to briefly describe, perhaps it’s no surprise that it goes under so many names, such as:

- Geonomics – this is the term mainly used here
- Land Value Taxation
- Georgist Economics or Georgism
- Community Ground Rent
- Site Value Rating
- EarthSharing
- Ground Rent Collection
- Land Value Recapture
- Resource Rentals

Prosper Australia is the new name for an organisation that is over 100 years old. It is an educational body set up to advance the cause of Geonomics, in particular through the ideas of Henry George. Presently, while we are expanding our numbers, we are an educational rather than a political organisation. There are allied organisations all over the world, mainly in English-speaking countries.

GOOD GUYS

We are philanthropists of a sort, all working for the love of a great cause except for our office manager who receives a very modest allowance. We see ourselves striving to bring about a vision of an immeasurably-improved world seen through our studies of a radical economic and social system.

Our main activities at present are the production of a magazine and other promotional literature, the holding of classes (through the Melbourne School of Economics), various forms of lobbying, and liaising with other like-minded organisations (especially, in recent years, environmental groups).

Some of us consider ourselves followers of the 19th century American social philosopher and economist, Henry George, and hence call ourselves Georgists. Henry George didn’t “invent” Geonomics or Georgism, but he did rediscover it and elaborate its finer details and full consequences more than anyone else to date. Unbeknown to George, some of the world’s greatest thinkers had already independently proposed much the same thing –

Rousseau, Spinoza, Voltaire, the French Physiocrats, Paine, Jefferson, Cobden, Carlyle and Mill are just a few. And since George the long list of endorsements has lengthened, many of which you'll find as you read the three kits of which this is the first.

NO PIGEON-HOLES FOR US!

Where do we fit on the left-right political spectrum? We don't! – Geonomics can well be called the Third Way, something which defies conventional analysis. It reconciles the justice of socialism along with the prosperity and personal freedom of capitalism, as well as adding its own unique contributions. When Georgists have entered politics it has been on both sides, usually as mavericks.

We are organised in fairly conventional ways, with chairpersons, committees, voting systems, constitutions etc. We are not at all secretive, but rather welcome attendance and involvement from inquirers and new members. Studies have led many of us to believe that nations can only be as democratic as their voting system allows, and that proportional representation, preferential voting and multi-member electorates are essential ingredients for a true democracy.

We are most fortunate to have been funded by generous bequests, which have provided premises and resources for our activities. No-one is asked or pressured to donate money – in fact, our annual membership fee is only \$30, including subscription to our magazine *Progress*.

Some of us are religious, some not. We hold no doctrines or dogmas, save a general belief that the economic rent from land and natural resources belongs to all society.

“The land, the earth, God gave to man for his home, sustenance and support, should never be the possession of any man, corporation, society or unfriendly government, any more than the air or water”

- *Abraham Lincoln, (1809 – 1865)*

AN OUTLINE OF ECONOMIC HISTORY

“Land, which is a necessity of human existence, which is the original source of all wealth, which is strictly limited in extent, which is fixed in geographical position - land, I say, differs from all other forms of property in these primary and fundamental conditions.”

- Winston Churchill (1874 – 1965)

An intriguing question still remains unanswered: “How can such an intrinsically-natural economic and social system remain virtually unknown to the world?” By being acquainted with some extraordinary and little-known episodes in history, things might become much clearer.

TRULY TIMELESS

Geonomics is nothing new – indeed, can anything so fundamental as sharing land and natural resources be novel? Biblical prophets made pronouncements such as “The profit of the earth is for all” (Eccles. 5:9) as well as “The land shall not be sold forever; for the land is Mine” (Leviticus 25:23) – hence the biblical “Jubilee Year”.

In Western Europe, there was no concept of unemployment or vagrancy until the 14th century. Then began the notorious enclosures of the commons when royal favours and fund-raising brought about the fencing off of common land, the prior use of which had been every free man’s right.

But even feudalism can be seen as a rough form of land value taxation (LVT). When a king or feudal lord took a proportion of each person’s agricultural yield as a tax, there was an approximate degree of justice in that those with larger or more fertile lands would probably pay more tax. Of course, the tax taken by the ruler was often ripped off to enrich himself rather than being given back to the community as infrastructure or military protection.

THE BIRTH OF ECONOMICS

But economics as a formal discipline or social science really only came about with Adam Smith (1723 – 1790) and his landmark *“The Wealth of Nations”*. He and most economists over the next hundred years (including Henry George) were later termed classical economists, in contrast to the succeeding school of so-called neoclassical economists in the late 19th century.

From the advent of neoclassical economics, great theoretical divisions begin to appear, as we’ll outline. A useful, more complete account to be found in *“The Corruption of Economics”* by Prof. Mason Gaffney and Fred Harrison.

In the 1880’s and 1890’s Henry George had captivated much of the English-speaking world with his *“Progress and Poverty”*, still the highest-selling popular economics book

of all time. He championed the efficiency of LVT (Land Value Taxation) so well and identified the underlying cause of social injustice so successfully that he had to be stopped. Neo-classical economics was the result, bankrolled by vested interests.

WHAT'S MISSING? YOU'RE STANDING ON IT!

Basically, neo-classical economics leaves out land and natural resources from any proper philosophical discussion. In economic equations land is bundled in with capital, ignoring the different nature and economic behaviour of land, and setting the scene for the impossibly complex and warped “economic paradigm” with which we are burdened today.

Our birthright has been sold or given to those who got in before us, with economic ramifications that are not obvious (so thorough has been the indoctrination of neoclassical economics). Yet those who study it today often shake their heads in despair, as the assumptions made to get its models to work often assume away any connection with reality. One could equally well come up with an aerodynamic equation for flying pigs assuming, of course, ‘sufficient thrust’!

Who were the perpetrators? In the U.S.A., homeland of George, they were principally the railroad barons, bankers and plutocrats. In the late 1800s, universities there were mainly funded by wealthy benefactors including many with a lot to lose from Georgist reforms. The academic system was coerced by its paymasters, who protested against the “revolutionary” ideas of George and withdrew funding from a number of academics who kept Georgist economics on their curricula. The others soon got the message.

In Britain, which three times had a majority of Georgist sympathisers in the democratically-elected House of Commons in the early 20th century, the opposition was the “nobility” – the Lords, Dukes, Earls and Barons who comprised the landed class. Controlling the House of Lords, they fought tooth and nail to prevent structural reform. This point marks the introduction of a degree of socialism, when the populace was placated by palliative social welfare. Then along came World War I and the Georgist movement, having lost its momentum, began its slide from public view.

Many other factors contributed to the fall of Georgist popularity (and therefore the ascendancy of today’s neoclassical economics). Those who support the politics and wealth of The Vatican will not be pleased to be reminded that in 1891 Pope Leo XIII issued a papal encyclical, *Rerum Novarum*, which was a thinly-disguised attack on Georgist economics.

WHAT'S MISSING? YOU'RE STANDING ON IT!

Geonomics has actually been partially implemented in a few places such as Taiwan and parts of Pennsylvania. Most fully and notably, Denmark in the late 1950s and early 1960s achieved the outstanding results that had been forecast. There – among a host of other positive economic indicators – sizeable unemployment was replaced by almost full employment, a big deficit was turned into a surplus, inflation was reduced to barely 1% while real increases in wages rose to record levels. After a massive misinformation

publicity campaign eventually led to the repeal of LVT legislation, Denmark's remarkable new prosperity disappeared as quickly as it arose.

This illustrates the political handicap of Geonomics – it is so foreign and thus so hard to understand that it is easily misrepresented. It is condemned by the right for being communist and by the left for being capitalist, whereas it resembles neither. The huge Danish propaganda campaign mentioned above had posters showing a happy family standing outside their house while the monstrous black glove of Geonomics was descending from above, poised to steal their family home!

Australia has the remnants of Geonomic policies in the form of miniscule, misapplied and misunderstood state land taxes and local rates. Canberra, during the Geonomic heyday, was actually set up as a Geonomic enclave (Walter Burley Griffin was a Georgist) to prevent land speculators from cashing in on either Melbourne or Sydney being chosen as the nation's capital. There have been Georgists in both the ALP and Liberal Party, but today it is the Australian Democrats and The Greens who best understand and support LVT.

*“They hang the man and flog the woman
That steals the goose from off the common,
But leave the greater criminal loose
That stole the common from the goose”*

- (Anon.) 1821.

(Referring to the British General Enclosure Acts from the 14th to 19th centuries, in which common land was fenced and placed under private ownership)

WHO WAS HENRY GEORGE?

“Men like Henry George are rare, unfortunately. One cannot imagine a more beautiful combination of intellectual keenness, artistic form, and fervent love of justice.”

- Albert Einstein (1879 – 1955)

In broadening one’s understanding of Geonomics, the newcomer repeatedly encounters the name of Henry George. Since George did not discover Geonomics (but rather rediscovered it quite independently), why is his name so prominent?

Firstly, George’s writings enlarged Geonomics – its details and full consequences – far more than any single person before or since. Secondly, his persuasiveness and sheer character popularised these reforms enormously, building up a sweeping tide of millions in the late 1800s. Thirdly, George’s concepts were clearly a living, integral part of his being, and his writings are better understood with the understanding of his peculiar personal surroundings.

A REMARKABLE LIFE

But there’s one more reason – George’s remarkable life. The singular uniqueness of George’s life and training, bizarre as compared to the biographies of other thinkers, must be grasped by anyone interested in his ideas. It is certainly unusual for a noted philosopher to have been a sailor and a printer, a journalist, tramp, worldwide lecturer and political candidate.

In the goldfields of California and British Columbia, George had the unique opportunity of studying the formation of a civilization - the change of an encampment into a thriving metropolis. He saw towns of tents and mud change into fine cities of paved streets and decent housing, with tramways and buses. And as he saw the appearance of wealth, he noted the first appearance of real poverty. He saw human degradation forming as an integral part of the rise of leisure and prosperity, and he felt compelled to discover the cause of this awful paradox.

Born in Philadelphia in 1839, George broke away from his restrictive family at the earliest opportunity, sailing the world at the age of 16. His restless and ever-inquisitive nature took him to the west coast where, after a spell in the goldfields of Canada, he based himself in San Francisco. From a type-setter he became a newspaper editor, and was soon churning out fierce condemnations of the social problems of his day. In particular he became a strong critic of mining interests, political corruption and land speculation.

THE PROSPERITY PARADOX

But it was a visit to New York which really galvanised his reformist resolve, where he was shocked by the co-existence of wealth and poverty. The result was the book *Progress and Poverty* in 1879, which is the all-time bestseller on economics and, in its day, was

the most widely-read English book in the world after the bible. In a nutshell, his fundamental remedy for poverty was a tax/rental levied on the value of land exclusive of improvements, and the simultaneous abolition of all taxes which fall upon industry and thrift.

Despite his growing public profile and his reputation as a magnetic public speaker, George never had (or cared for) personal wealth. In fact, his early years of dire poverty – to the point of starvation for himself and his young family – were major character-builders. Even during the height of his much-acclaimed world lecture tours, he never forgot his roots and what he saw as his calling. A passage from a poem by Louis Untermeyer has been said to well reflect George's sentiments:

Open my ears to music; let
 Me thrill with Spring's first flutes and drums –
But never let me dare forget
 The bitter ballads of the slums.

Open my eyes to visions girt
 With beauty, and with wonder lit –
But let me always see the dirt,
 And all that spawn and die in it.

George ran for mayor of New York in 1886 and was nearly elected. He died in 1897 at the height of his second campaign for mayor of New York. During his lifetime, he became the third most famous man in the United States, only surpassed in public acclaim by Thomas Edison and Mark Twain (himself an outspoken supporter of Georgist economics). Leo Tolstoy's appreciation stressed the logic of George's exposition: "The chief weapon against the teaching of Henry George was that which is always used against irrefutable and self-evident truths. This method, which is still being applied in relation to George, was that of hushing up."

His ideas stand: he who makes should have; he who saves should enjoy; what the community produces belongs to the community for communal uses; and God's earth, all of it, is the right of the people who inhabit the earth.

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

- Dr. E. F. Goldman, Princeton historian

A FORGOTTEN PHILOSOPHY

“There is no foundation in nature or in natural law why a set of words upon parchment should convey the dominion of land.”

- *William Blackstone (1723 – 1780), noted jurist in his celebrated “Commentaries on the Laws of England”*

How do you react to this scenario? You are star-trekking through space and come upon a planet with many promising conditions which might support life. And there *is* life down there - intelligent life at that! And the planetary inhabitants possess a physical form not unlike humans, and are grouped into organised communities.

But then you discover something curious. A small minority of these ET’s claim that the very surface of the planets is *theirs*, and either charge the other helpless inhabitants rent for its use or extortionate prices for the outright purchase of certain parts.

WHOSE PLANET?

What a planet, eh?! Here *we* are with an arrangement somehow foisted on us whereby land, which should be our equal and common inheritance, has been privately misappropriated. Or put it this way: we’re born on to a planet where “all the seats are taken”, and we have to pay someone else for permission to live! There’s no way of escaping it for, as long as the Law of Gravity holds, we need something to stand on. And to compound the land problem – they’re not making any more of it !

And this most important part of the Global Commons, land, usually “belongs” to somebody *in perpetuity*, so that they can pass on this “commodity” of theirs to their descendants ad infinitum, no matter how much this all-too-scarce resource might appreciate in value over time. And how did they come to own the Earth in the first place?

BLOODY BLOODLINES

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!”

To those interested readers we can make available copies of the moving speech attributed to Chief Seattle, which explains his bewilderment at 19th century American laws of land ownership. Chief Seattle compares land ownership to the ownership of air and water, and even to the possession of the songs of birds. This short speech perhaps conveys the Georgist philosophy better than lengthy volumes.

And here we have a fitting end point. The year is 2050, and Kerry Packer III has again increased every Australian's monthly air levies. Some whingeing malcontents start to 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 Southern Pacific Air License in 2020. In return for his contractual obligations to maintain a specified level of air cleanliness, Kerry won the "right" to extract an annual usage fee from every air-breathing human residing in his territory.

Geonomics is economics as if we belonged to the Earth, rather than the other way around.

"Landlords grow rich in their sleep without working, risking or economising. The increase in the value of land, arising as it does from the efforts of an entire community, should belong to the community and not the individual who might hold title."

- *John Stuart Mill (1806 – 1873), English philosopher and social reformer, and one of the major intellectual figures of the 19th century*

EVERYDAY PRACTICALITIES

“The single tax is so simple, so fundamental, and so easy to carry into effect that I have no doubt that it will be about the last land reform the world will ever get.”

- Clarence Darrow, (1857 – 1938), prominent US lawyer

It’s fine to know of lofty philosophical considerations, and comforting to know that both social justice and prosperity can be thereby reconciled, but what of ordinary everyday practicalities?

Firstly, in a Geonomic society, the experience of real liberty would pervade everything. For citizens would not be beholden to the government to supply it all sorts of financial and personal information demanded by the tax system. Instead of having to abide by a multitude of tax requirements, the land you occupy would simply be assessed by professional assessors. This would only occur once a year, and the assessors would not even need to step onto your property because it would only be your land and not the improvements that would be assessed.

BEGONE!

Gone are the armies of tax accountants, tax lawyers and tax department bureaucrats. Gone are the inefficiencies of speculation, the black economy and its attendant criminal elements. Gone is the pool of unemployed and the cost of supporting it (much more on this later). Gone are many of the social problems arising from unemployment, poverty, despair arising from hopelessness, and resentment resulting from great inequities of wealth. And because of LVT and other eco-taxes apply to all of the Global Commons, we’ll live on a much healthier planet – and so will our children.

Instead, in steps an inconceivable prosperity resulting from a dynamic economy that encourages productivity, discourages speculation, is not hampered by high welfare needs, abolishes privilege, and doesn’t undersell our natural environment. It is estimated that a typical household will have a true disposable income (after all taxes) often *double* that of the current system, and that the average business will earn trading profits after tax/rent considerably greater (refer to the section “What’s in it for me?”).

TOWARDS MATERIALISM?

Will this lead to a Singaporean-style society hell-bent on the accumulation of material wealth? It should be said that there will undoubtedly be some who will strive for affluence, and if they wish to live in big houses, drive big cars and have huge bank accounts then *good luck to ‘em!* Remember, in this free and fair society, anyone this wealthy has become so by their own efforts and not by exploiting others nor the Global Commons.

But might our whole mentality be unimaginably different in this new world? No longer threatened by the dead hand of joblessness and the miserably low wages inflicted on workers “lucky enough” to have a job, a new sense of security might well infuse all. And

the energetic productivity of Geonomics would enable all, if they wish, to work far fewer hours to provide their basic needs. What *is* difficult to imagine is the use to which this sudden availability of leisure time will be put – the arts, travel, exercise, personal & spiritual growth, or maybe just lying around in bed eating junk food?

Things will be a lot different outside the suburbs, too. Gone is the opportunity to loot natural resources, and perhaps the predatory attitude towards nature that went with it. With LVT encouraging land to be put to its best possible use, no longer will cities sprawl over what should be farmland. Similarly, barely-productive farmland won't sprawl over what should remain as forest, national park or wilderness. We deal more fully with environmental benefits in the second kit.

NOT JUST TINKERING

Businesses will truly be unchained by *real* tax reform. No longer will they have to keep endless financial records to satisfy tax requirements, nor will they be burdened by the huge compliance costs of frequent tax returns. You, the shopper, will see the savings passed on – and, of course, there will be no GST.

With economic policies no longer being so contentious, politics would take on a different dimension. The political issues of the day would rightly return to the great social questions dealing with education, global and personal peace, cultural enrichment, human rights, national goals etc.

LVT and other eco-taxes (perhaps supplemented by a few remaining taxes on damaging social undesirables such as on tobacco and alcohol) will, by many calculations, be more than enough to replace current taxes. This is only one half of the equation – the revenue side – so how should a government *spend* this revenue? Geonomics doesn't deal with the spending issues, as priorities understandably vary greatly from culture to culture. Each society must decide for itself whether it wants to give spending priorities to education, defence (?!), social welfare, environmental repair, mosques, infrastructure etc. Or perhaps it might decide not to spend everything, and instead to distribute much of it as a Citizens' Dividend.

“Men did not make the earth ... it is the value of the improvement only and not the earth itself, that is individual property Every proprietor owes to the community a ground rent for the land which he holds ... from this ground rent I propose to create a National Fund, out of which there shall be paid to every person a sum.”

- Thomas Paine, (1737 – 1809), *American revolutionary philosopher and writer*

A DAY IN THE LIFE

“I went one night quite casually into a hall in London, and I heard a man deliver a speech which changed the whole current of my life. That man was an American – Henry George.”

- *George Bernard Shaw, (1856 – 1950), Irish dramatist and Nobel laureate*

Under the current system, public expenditure enriches private landowners courtesy of unwitting taxpayers. For example, if a government invests \$millions in a new railway line, the value of land near the railway line is enormously enhanced. Because the value of this public investment has effectively disappeared into the “Black Hole” of private land values, prohibitive rail fares must be charged. But imagine this: what if we collected some of the boosted land values through Land Value Taxation (LVT) – couldn’t we could lower the fares? And if we lowered the fares, this would enhance the land values now that the accessible train service is cheaper to use. Enhanced land values means more LVT to collect which could lead to lower fares and so on and so on.

While these iterations wouldn’t need to be done in practice, the above scenario illustrates how enhanced land values (created by the community) are recaptured or *recycled* back to the community. Whether we build a bridge, a park, a bike track, a community centre or rehabilitate creekside vegetation – all these sort of life-enhancing investments also enhance land values, which can be fully recouped for further projects. This is just one aspect of Geonomics and one more piece of the unemployment puzzle, but let’s now take a peek at how this tax shift can improve our neighbourhood and lifestyle.

♪ IMAGINE ♪

When you look out of your window in the morning you see your immaculately maintained local botanical garden, a feature now of every neighborhood. Houses and gardens are noticeably more attractive, now that local ratings aren’t based on a property’s improvements. All can afford to beautify their homes and gardens, as unemployment and job insecurity is a thing of the past.

In this much more productive society, working hours have been drastically reduced. And today’s another free day so, after breakfast, you stroll to your local cultural centre. En route, you bless the fact that LVT penalises underused land and has thereby brought about a much more compact cityscape, which is much more amenable to public transport, cyclists and pedestrians.

The sense of real community is palpable, a downline benefit of the recovery of public expenditure. With the retention and “recycling” of publicly-created land values by the community, there are now endless opportunities to invest in community infrastructure and amenities. This has resulted in the buzzing local piazza through which you stroll, the Mediterranean-style public square and marketplace so popular in some Australian neighbourhoods of late. Who needs drugs and mindless poker machines to while away the hours? Your community piazza is full of activity, and resident artists are now putting

the final decorative touches to the wildly-decorated lookout towers and giant slides which have been commissioned by your local council. It's a great meeting point, always having a festive atmosphere, and a place where old people like to sit and chat. Affordable community-building infrastructure like this has ended much social alienation and despair of youth, and graffiti and vandalism is conspicuous by its absence.

Add to all of this an unimaginable level of prosperity, as the dynamic economy has removed so many of the barriers and disincentives to productive endeavor, and we are a part of a much saner society. But will this lead to a headlong rush for the shopping malls, as people can afford to indulge their materialism? Well, Geonomics isn't a panacea but maybe even here it can help out. With greater security against unemployment and against the larger "boom-bust" economic cycles, perhaps people wouldn't feel the need to be so acquisitive. And the competitiveness and status-seeking of modern "culture" could conceivably wither within The Good Society.

Back at the piazza, you spot an old friend sitting in the shade under a gazebo by one of the many fountain complexes. He's a visitor from an old style land-monopoly capitalist nation, and is amazed by what he's seeing in ordinary suburban Australia. He does have one doubt, however – how can anybody afford to purchase land in such highly desirable locations?

NOT FOR SALE!

You smile to yourself before you begin to explain, "Haven't you got it? Land price is capitalised land rent which has been misappropriated into private hands! Or put it this way: as the collection of LVT is phased in, land prices will fall with the rising obligation on a land occupier to pay one's LVT to society.

"So, at the point where we've phased in the *full* collection of LVT, the effective purchase price of land would have fallen to around *zero!!!* Here in Oz, we pay LVT but no punitive taxes, and no-one will ever have to save to buy land again. So your concerns about the affordability of purchasing land here is no longer a worry to us here. Land costs nothing to buy!"

The thought of land being "free" here was a bit beyond the visitor, surrounded as he was by the sounds coming from an enormous adventure playground complex, the community music auditorium, the traffic from the network of dedicated bicycle paths, and the crowd assembled to watch the daily performances of local theatre groups in the piazza.

"If I were now to rewrite the book, I would offer a third alternative – the possibility of sanity. Economics would be decentralist and Henry Georgian"

- *Aldous Huxley, (1894 – 1963), English novelist and essayist in his preface to "Brave New World Revisited"*

“WHAT’S IN IT FOR ME?”

“The most comfortable, but also the most unproductive way for a capitalist to increase his fortune, is to put all monies in sites and await that point in time when a society, hungering for land, has to pay his price”

- *Andrew Carnegie, (1835 – 1919), American industrialist and philanthropist*

Geonomics represents far more than justice and a noble philosophy. We’ve been introduced to a number of major economic benefits, such as a tax system which gives incentive for production rather than speculation, and which is also not hampered by huge amounts of needless waste. Believe it or not, we’ve only introduced a fraction of the benefits of Geonomics!

But right now we should drive home the point that, in plain financial terms, almost everybody will be greatly better off in a Geonomic world. Our sister organisations around the world have been gathering data to support such claims, and here in Melbourne our own Land Values Research Group has, for decades, been responsible for many first class statistical studies. We’re talking about rigorous, quantitative data which we are happy to share with anyone. Some of these studies form the basis for what you’re about to read. You’ve every right to know how much you’ll benefit in dollar terms, so here’s a glimpse!

A LOAD OFF OUR BACKS

We currently pay income and indirect taxes and compliance costs ranging from 40% of income for the poorest twenty percent of the population up to 60% for the wealthiest twenty percent. Within a Geonomic community, such a huge burden would be lifted from us. Instead, we would pay the Land Value Taxation (LVT) and other eco-taxes, which are really fair charges for one’s exclusive use of the Global Commons.

Even without accounting for many of the dynamic downline effects on our economy, our calculations show that our disposable income after eco-taxes is still far ahead of what we are left with today. What are these eco-taxes, and how have we calculated them?

NATURE’S “GIFTS” SHOULDN’T BE “FREE”!

We all need to be responsible (and financially accountable) for the consequences of our purchasing decisions. If the goods and services we buy have been produced by drawing on more of the Global Commons than others, then we’ll be paying more eco-taxes. Some obvious examples of the activities whose costs we, the consumers, would have to bear are:

- polluting industries (which draw on clean air and water)
- the extraction of minerals (using up finite resources)
- the cutting of non-plantation timber (affecting our biodiversity and weather)
- fishing (drawing on our oceans’ resources)

The amount of eco-taxes that will be paid by us is difficult to estimate because our consumption patterns will necessarily greatly change – and so they should! For example,

if Australia’s conventional, non-sustainable agricultural practices currently consume 7 kg. of topsoil to produce 1 kg. of wheat (as has been estimated), then the eventual consumer should pay for the full consequences of the damage their purchases effectively cause. If non-organic wheat will be much more expensive, then Australian-grown cotton and wet rice will be *prohibitively* expensive. With punitive eco-taxes imposed on agricultural practices which require vast quantities of precious water (not to mention pollution of our streams), many such crops would be rendered unaffordable. This is the straightforward, non-legislative means of bringing about economic and environmental sanity, for it’s clear that crops like cotton and wet rice should not be grown in this country.

So, at this stage, the eco-taxes noted in the tables below are but estimates that are being continually refined as the dynamic green boost that Geonomics brings about are more accurately calculated.

AND PROSPERITY, TOO!

But, in contrast to the short-term thinking which gives rise to expectations that we can’t “afford” a sustainable economy, the eco-taxes introduced would still be far less than the taxes on production that are eliminated. In other words, almost everyone would be better off as sales taxes, company taxes, compliance costs, import duties and other imposts will disappear.

But we mustn’t forget that LVT is a unique type of eco-tax, not just because it ensures our precious land is not wasted but also because it will raise enormous revenues – enough to replace the robbery of taxation on honest work!

Some points should be made concerning the tables:

- Part of the stunning difference in true disposable income is due to the *near-elimination* of compliance costs! Whether it’s the cost of record-keeping, Business Activity Statements, the black economy and all its attendant inefficiencies, or the army of tax department officials & accountants & tax lawyers – consumers effectively have to pay enormous compliance costs under the present system.
- The first site rent cheque for site occupiers will be due at the end of the first month. Our research suggests that it will cost you around one twelfth of 7% of your present site value monthly. For the average household occupying a \$150,000 house located on a block of land with a value of around \$100,000, the monthly site rent would amount to around \$600.
- Based on estimates of consumption patterns of typical adults and children, annual eco-taxes other than LVT would be – in broad terms - \$2700 and \$1800 respectively. Presently, such eco-taxes (many of them buried in other charges and sales taxes) are around \$1200 and \$800.

PRIVATE RENTER IN CHEAP DWELLING - \$120,000 property. (Building value at 40% = \$48,000. Site value at 60% = \$72,000. (Equates	Existing Tax System	LVT System
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to public renter figures if government subsidy is allowed for)	(\$ p.a.)	(\$ p.a.)
Combined Household Pre-tax income (2 adults and 2 children)	30,000	30,000
Taxes and compliance costs @ 53% (Welfare recipients would deduct 42%)	15,900	
Housing costs \$148 per week (excluding repairs and maintenance)	7,696	2,704
LVT@ 7% of unimproved site value		4,992
Conventional disposable income	6,404	22,304
Further Eco-taxes (besides LVT)	4,000	9000
True Disposable Income.....	2,404	13,304

OWNER-OCCUPIER, DUAL INCOME with mortgage. Property value (Capital Improved Value or CIV) \$165,000 (Building value at 40%of CIV = \$66,000. Site value at 60% = \$99,000)

Combined Household Pre-tax income (2 adults and 2 children)	55,558	55,558
Taxes and compliance costs @ 53% (Welfare recipients would deduct 42%. See ¹⁵)	29,445	
Housing costs \$203 per week (excluding repairs and maintenance)	10,556	10,556
LVT@ 7% of unimproved site value		6,861
Conventional disposable income	15,557	38,141
Further Eco-taxes (besides LVT)	4,000	9000
True Disposable Income.....	11,557	29,141

OWNER-OCCUPIER with mortgage paid off. Property value (CIV) \$165,000 (Building value at 40% = \$66,000. Site value at 60% = \$99,000)

Combined Household Pre-tax income (2 adults and 2 children)	36,400	36,400
Taxes and compliance costs @ 53% (Welfare recipients would deduct 42%)	19,292	
Housing costs \$21 per week (rates only) (excluding repairs and maintenance)	1,092	
LVT @ 7% of unimproved site value (former rates are absorbed into this cost)		6,861
Conventional disposable income	16,016	29,539
Further Eco-taxes (besides LVT)	4,000	9000
True Disposable Income.....	12,016	20,539

“You cannot make the poor rich by making the rich poor”
 - Abraham Lincoln

TAKING IT FROM HERE

“The Law, in its majestic equality, forbids the rich, as well as the poor, to sleep under the bridges, to beg in the streets, and to steal bread”

- *Anatole France, (1844 – 1924), French Nobel-prizewinning writer*

We gave you big expectations at the start, so how does it now square up? But we're promising a lot more in a wide sweep of various interests, such as human rights, economics, philosophy and environmental benefits.

But we won't have to hold your hand the whole way. With the keys given here, you can make your own observations and discover how the economic world *really* goes around. So perhaps our role is more about assisting than teaching you. In any case, we are very willing to provide you with more material in the graduated fashion we suggest. Here, then, are some of our offerings:

- Importantly, when you contact our office (details below) you can order your free Intermediate Kit, which builds on this kit and is in a similar format. It covers:
 - Real Environmental Stewardship
 - Urban Decay or Renewal?
 - Land is not Capital!
 - Wealth – and Its Misappropriation
 - Tax – a Creator and a Destroyer
 - Privacy! Liberty!
 - The Folly of Most Third World Aid
 - Land Reform – Real and Illusory
 - Capitalism and Socialism
 - Henry George and Social Justice
- Complimentary copies of the next 3 issues of our bimonthly magazine *Progress*. Simply contact our office at level 1/64 Harcourt St., North Melbourne. Ph. [03]93284792 or email office@prosper.org.au .
- Come and meet us – we have regular new members' nights and periodically schedule economics classes – our North Melbourne office is easily accessible by public transport. There's a good selection of books and other literature on sale, and laid-back facilities where you can make yourself a cuppa and relax. Hours are Monday to Friday from 9.30 a.m. to 4.30, but ring ahead to ensure the office will be open.
- We have sister organisations in NSW, South Australia, Queensland and Tasmania - contact Prosper for current contact details.
- Roam the two websites set up by Melbourne Geonomists:
 - * The EarthSharing site at earthsharing.org.au
 - * The tax reform site at prosper.org.au

- From here, links exist to a multitude of other Australian and overseas sites.
- You can put your name on a notification list to be made aware of the next round of our economics classes “Understanding Economics and Social Justice”. These classes are scheduled regularly and are held in our city premises. Just phone the office.
 - Even further on down the track is the Advanced Kit. We can also suggest a short reading list, including modern works as well as a few of the classics of Henry George himself.

*“The first man who, having enclosed a piece of ground, bethought himself of saying, ‘This is mine’, and found people simple enough to believe him, was the real founder of civil society. From how many crimes, wars and murders, from how many horrors and misfortunes, might not anyone have saved mankind by pulling up the stakes, filling in the ditch, and crying to his fellows, ‘**Beware of listening to this imposter; you are undone if you once forget that the fruits of the earth belong to us all, and the earth itself to nobody!**’”*

- Rousseau, from The Social Contract