



# SITE REVENUE SOCIETY (QUEENSLAND) INC.

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## SITE REVENUE: KEY TO ECONOMIC SANITY

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### 1. Overview:

There is a simple & inherent solution to all the economic, environmental, political & social ills which afflict & befuddle human societies upon Earth. This solution is the foundation bedrock for any sustainable civilization on any planet. This solution provides a “sovereign remedy” which is breathtaking in its elegance but is highly complex & multi-faceted (in its detail & effects) when closely studied: it is not simplistic just because elegant. The reason that this solution is ignored, even deliberately suffocated by almost all academics & politicians, is that they have surrendered integrity & intellect to careerism & vested interests. Thus, you will never see a reply to this analysis and, if you read it, will most likely ignore it yourself: a result which endangers civilization on Earth.

The solution is Site Revenue<sup>1</sup>. **Site Revenue** [“SR”] is the collection (monthly in advance) by the community of the annual rental value of all sites privately occupied. The resulting fund must be the sole source of public finance, replacing all taxation (direct & indirect) and deficit-budgeting by governments. SR ends all imposts & excises upon initiative, employment, earnings, goods, services, imports, exports, documents or transactions. SR is not a tax and roundly condemns all taxes: it is, rather, collection by the public of payment for services rendered.

This solution has been endorsed by great thinkers over the ages<sup>2</sup> and is clearly endorsed in the Bible<sup>3</sup>. It is not merely a fiscal device, although this is its method of executive application. Rather, it reflects & honours a fundamental principle: that humanity did not make the Earth so it is not theirs to privatize. Unless this primary principle is honoured, unless humanity establishes the correct spiritual, legal & economic relationship with the land & its resources, both the planet and civilization will be blighted.

### 2. “Sites”

Sites are spaces, defined by surveyed metes & bounds, or quantities of natural resources, over which rights to exclusive use are granted to individuals, even if only for specific times. Sites may exist upon or under land or sea, in the air or atmosphere, in wavelengths or in satellite orbits. Sites have a wide variety of uses, such as homes, shops, factories, mines, moorings, flight-paths, radio & TV frequencies and geo-stationary footprints. Sites include the right to extract natural resources, both renewable (e.g. fish & timber) and non-renewable (e.g. minerals & oil), and to pollute land water or atmosphere (e.g. by emission of exhaust gasses).

Access to sites is essential to human life & economic functioning. Yet humanity did not make any sites: they were given by Creation (or by God, for those who accept a personal Creator). The collapse of communism indicates that citizens’ exclusive use, as distinct from State ownership, over specific sites is essential for privacy, security and devoted effort & investment. If, in a democratic spirit, we are to avoid elitism & tyranny, we should deem everyone as having equal access to sites. In a modern, complex society, *physical* division & redistribution of sites to secure equal rights is impossible. Nevertheless, such rights can be achieved *economically* by requiring holders of sites to compensate the rest of the community for the rights of exclusive use granted to them over sites of varying value.

<sup>1</sup> First propounded in detail by Henry George in *Progress and Poverty* (1879); *Social Problems* (1884); *The Condition of Labour and Protection or Free Trade* (1886) and *A Perplexed Philosopher* (1892).

<sup>2</sup> E.G. Rousseau, Spinoza, Voltaire, Tolstoy, the French Physiocrats, Paine, Jefferson, Cobden, Carlyle, Mill, Churchill & Einstein

<sup>3</sup> “The land shall not be traded forever; for the land is mine” (Leviticus 25:23); “The profit of the earth is for all” (Eccles. 5:9). The privatization of land (essential to all human life) and trading in it may be seen as a primal sin, a Pandora’s Box from which hosts of evils arise. See Verinder My Neighbour’s Landmark at <http://www.grundskyld.dk/w-Landmark.doc>

Site values are a public asset, but, when they are allowed to be privatized as an unearned windfall, holders of valuable sites ‘grow richer in their sleep’ to the detriment of the Commonwealth. The private pocketing of site values, for instance by speculation in land prices and by receipt of rentals or commercial profits arising from location not improvements, is theft, whatever excusatory treatment local positivist laws temporarily may grant. As this type of theft is ubiquitous across the globe and actively encouraged by dominant legal & economic systems, it is no wonder that various types of malaise (economic, environmental, legal, political & social) prevail.

Where (quite properly) a community grants to individuals exclusive use over specific sites, if sanity is to prevail that community must collect, for public purposes, the rental-value of those sites. In default, economic confusion, social disruption and environmental degradation inevitably ensue. No exemptions are allowed (even for charities, churches, hospitals & schools -- as these should be accountable & efficient in their site use), save for completely unenclosed sites open without charge to the public (such as roads, beaches & parkland), public libraries & museums). The Crown itself should pay SR in respect of sites (e.g. office buildings & commercial timber reserves) held by its departments & agencies, since this encourages efficiency & accountability and curbs waste.

Once the public or governments allows the free or cheap occupation of sites by those who come first, or have the most wealth or power, manipulation & profiteering ensue and a free market is impossible. Those who hold the sites, without paying the rental value to the community, charge others a premium [“rack-rent”] for access to locations & resources essential for livelihood. At present site-holders are demanding & receiving, but not paying (or fully paying) for a service: the community upholding their exclusive dominion over a portion of the commons. This failure allows site-holders to capture & pocket a rental value they did not create, from which enormous evils result.

### 3. Rental Value of Sites:

The rental value of a site represents the market value (varying from time to time) of the exclusive use over it as granted by society. In economic reality, this largely represents the value of the ‘suite’ of services supplied by the community & benefiting that site, but speculative values also arise when private profiteering in sites is enabled. It is important to note that SR only collects the rental value of bare sites, as distinct from improvements to them. Improvements always should remain entirely the untaxed property of those who labour & invest to create them, and can be used as security for loans. Sites in themselves would cease to provide any collateral security to lenders. Under an SR system, all those whose securities currently depend upon the artificial notion of privatized value would incur prudential exposure and possible loss.

The value attaching to any specific site (as distinct from its improvements) is not created by the siteholder but rather (i) by Creation which endowed sites with fertility, mineralization, vista etc. and (ii) by the locational pressures & requirements of the entire surrounding community with its infrastructure of institutions (hospitals, universities, schools, museums, churches), services (e.g. libraries, police, fire & ambulance), utilities (e.g. water, gas, electricity & transport), facilities (parks, employment) and consumer demand for proximity to same. It is the community which makes sites economically valuable: sites in a desert or uninhabited land have no economic value. Site values are highest where there are the greatest concentrations of population, productive enterprise and commercial activity. Mass migration of population from a major city to a new location would see a fall in land values in the major city and a surge in land values at the new location. Site values tend to be lowest when remote from commercial centres and exposed to high transport & communications costs.

The rental value of a site in the free market can be readily ascertained & bureaucratically set by trained valuers who study the transfer prices of land & improvements and discern the influence of various contributing factors such as neighbourhood quality, vista, availability of utilities, proximity to facilities and the commercial profitability of pedestrian flow. Politicians would have no involvement with the valuation process and there would be appeal to the courts.

To avoid corruption and ensure transparency, the annual rental value of all sites should be displayed by each local authority continuously & publicly upon maps which are readily accessible at town halls & by internet. These maps would show interactively cadastral (property boundary), topographical & town planning (zoning) information, so that the factors informing site value are readily apparent.

Ultimately, each valuation of a site’s annual rental value must be justifiable as compared to similar sites locally and across the broad economy. This data is collected from the compulsory nationwide sale/rental reports, as cross-checked against information from brokers, auctions, the press, advertisements, land developers’ brochures and advice from banks & finance agencies. An assessor, studying the flux of prices for sales & leases across an area and amassing, digesting & swapping data concerning them, will be able to establish approximate “benchmark” values for particular types & sizes of sites in particular localities & zonings. This “benchmark” must then, with caution, be “fine tuned” in the light of conditioning variables and each site’s relevant improvements.

Although rights of entry & inspection would be necessary and the process must be thorough & laborious, the value of the improvements (e.g. buildings, orchards, dams) can be defined with a high degree of accuracy with reference to current construction costs & depreciation schedules. Such costs (which are constantly reviewed) are themselves gathered from construction contractors, materials estimators, insurers & financiers. After deducting the value of improvements from a site's transfer price, one is left with the price paid for the bare site. This price should always approximate nil. If any site transfers for a price above the value of its improvements, then inadequate SR is being collected from that vicinity: consequently unearned increments are being pocketed (at public expense) by site holders. If a site transfers at below the value of improvements then the industry of the site holder, in making improvements, is being unrewarded because too much SR is being collected. The valuers would change & correct assessments continuously, dynamically & systematically.

It may be that where a building is badly deteriorated, or has become completely unsuitable for the type of development taking over an area and must be replaced to make the site viable & competitive, then demolition costs must be deducted. However, a negative site value should not result. In time, certain improvements, such as the draining of swamps, the filling of recesses, the clearing of vegetation and the application of fertilizers, tend to merge with the land such that the original natural quality of the site is forgotten. All Australian States now distinguish between improvements on land and improvements to or of land<sup>4</sup>.

#### 4. Implementation:

Aside from absence of political will (caused by the antipathy of selfish vested interests and the ignorance & indifference of the mass public), there is no substantial impediment to implementing an SR regime. In most advanced countries sites are defined by cadastral survey and the requisite administrative & financial infrastructure is already in place at local government level (collecting rates in respect of lots).

SR in respect of land & water-based sites should be **collected by local authorities**, which would retain a share and remit the balance, in proportions agreed at annual conferences, to State & Federal levels of government. This decentralization of power is healthy as it would curb the distant elitist insensitivity of politicians by empowering local communities and place a valuable emphasis upon their role in the Commonwealth.

SR should be collected entirely, not by staged increments, as of next 30<sup>th</sup> June. There should be **no gradual phasing in** of the new system as this obfuscates & insults the primary principle, treats the reform as merely a fiscal mechanism, and would create confusion & complexity.

Rights to exploit **renewable & non-renewable resources** (such as fish stocks, state forests, coal and minerals) over appropriate periods would be auctioned, according to sustainable quotas, by the relevant licensing authorities with the money being applied to cover all expenses involved in scientifically studying, monitoring, protecting and improving the stock. Prospectors who locate mineral reserves should be remunerated by the State but not otherwise acquire rights to exploit those reserves.

Where the sites are **flightpaths, electromagnetic frequencies and geostationary orbits** SR should be collected nationally by regularly auctioning licenses to the highest bidder. In no instance should such sites be leased at fixed rentals for long terms, let alone sold as private freehold, since global communications & freedom depend upon their remaining essentially open commons.

The SR attributable to **pollution from fossil fuels** & industrial fumes should be collected at the pump (or by measurement at smokestack), the amount being the cost of planting & maintaining forests to lock up, in useful carbon sinks, the gasses emitted. Landholders who retain or create vegetation (and so enhance the health, vista and rental value of other sites) may even receive rebates in respect of the visual amenity & carbon sequestration thereby supplied.

Payment of SR **cannot be avoided, evaded or manipulated**, since sites and their worth cannot be hidden via trusts, offshore payments and sleights of hand. The rental paid by tenants would reflect the landlord's site revenue obligation (together with the value of improvements to it), which is only fair since the tenant is enjoying the locational advantages of the site, but competition by **landlords for tenants** would prevent excessive demands. A problem might arise in the short-term for lessees legally bound to pay outgoings (in the nature of land tax or rates) attaching to a site in addition to the rental: whilst most such leases include a clause requiring "review to market" every 3-5 years, probably special transitional legislation would be necessary to require such a review to be made within 12 months and thereafter as per lease, with any necessary financial adjustments to be made from date of the SR reform.

<sup>4</sup> For this distinction see the dissenting judgment of Isaacs J. in *McGeoch v. Commissioner of Land Tax* 43 CLR 277

SR should be easy to pay anyway, as it only amounts to the return to the community of an excess income derived from the locational advantages of the site. In cases of **genuine hardship**, enforcement of the obligation could be granted (against the security of the improvements) over a period until the prosperity flowing from wholesale economic rejuvenation brought improved incomes. If any current siteholder (e.g. an ‘**old widow**’) was unable to pay the SR, same would accrue secured as a community charge over value of the improvements on site and registered against the land title: this would be payable on death and so be visited against the heirs’ inheritance. Non-payment of the Site Revenue constitutes a debt, not (in itself) a ground for eviction.

##### 5. **The Benefits anticipated in a Site Revenue society are:**

**Generally:** SR enables all people globally to use sites for their legitimate activities, freed from taxation, the unearned pocketing of locational values & plundering of the natural environment, and to contribute to society’s revenue the socially-generated wealth attaching to the site(s) for which they hold title. In this way that basic human right, equal access to global resources, would be secured, giving society a truly just foundation. So beneficial is the effect of collecting SR that it would be better to collect it and throw the money in the sea than not to collect it at all.

**Economic:** SR imposes a severe disincentive upon owning more land than one has to. It totally eliminates land speculation, which diverts investment from productive enterprise and causes economies to career on a boom-bust roller-coaster. Consequently, it encourages investment into productive enterprise (manufacturing, jobs, marketing & fulfillment of desires), thereby stimulating employment as new opportunities are opened and tax penalties disappear. Because site price disappears, those requiring funds to improve sites will need to borrow less and interest rates will fall due to competition amongst lenders.

**The bargaining-power of labour will be strengthened**, since in an SR economy Labour would have cheap or free access to marginal land and could choose not to work for others. This choice will exist at a time when site holders will be keen to employ labour so as to earn income and pay their SR, or else lose rights to their sites. This will give opportunity for co-operative ventures and foster co-operation between labour & capital, making unionism redundant. Unemployment was virtually unknown in Europe until the commons were enclosed by the rich & powerful, and it would again be unknown in an SR economy. Employment will be stimulated as new opportunities are opened, as a host of relatively unproductive people (in the current artificial political, bureaucratic, accounting & legal fields) are liberated for productive employment, as siteholders compete for labour and as tax penalties disappear. There will be higher, tax-free wages & returns to entrepreneurs. The price of goods and services will be cheaper, due to competition & efficiency, but there will be added extraction & pollution costs. Wherever that price ends up (higher or lower), it will be a real economic price, which reflects environmental externalities (e.g. pollution & shortage of raw resources). Wealth would be economically redistributed amongst all willing to work with hand or brain, achieving approximate equality within a generation.

**Social:** Due to the equalization of **bargaining power between labour & capital**, there will be a progressive lessening of the gap between rich and poor, and the total elimination of private appropriation of the common wealth as a basis for that gap. The price of land & sites (as distinct from improvements upon them) will be reduced to near vanishing point, thus giving to **welfare dependents** easy access to unimproved land at the economic margins. Better housing & small businesses will result as money diverted from land price (i.e. from speculators & financial institutions as mortgagees) is applied to buildings & owner-businesses. There would be no need to stimulate supply of rental-housing by the crude artificial method of “negative gearing” (that is, allowing interest costs on monies borrowed to construct such housing being deductible against income). Thus, there will be a progressive eradication of those factors which contribute to the existence of the disadvantaged and a gradual elimination of slum areas and enrichment of family life. Within one generation Site Revenue would act as a great leveler to end the rich-poor gap and spread wealth evenly.

**Environmental:** Site Revenue 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 site-holders (keen not to devalue their improvements) actively will beautify their sites with vegetation & open space. By burdening under-used inner-city sites with site-rental assessments reflecting potential best-use, SR encourages consolidation and diminishes urban sprawl. 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.

**Globalization:** Protests about the diminishing of barriers & borders to international trade & investment are misplaced. These economic freedoms are essential for a global technological village, which requires cheap products and travel without borders. Globalization would be fine if SR were collected globally. The only real abuses of globalization arise from failure to collect SR, which collection is essential if competition is to be free. It is this failure which enables those who are at presently wealthy, due to past abuses, to bribe & manipulate governments (e.g. by perverting town planning schemes and by securing grants & concessions), to maintain an unrequited stranglehold on global natural resources & employment practices, to exploit & pollute the environment, to exploit & abuse workforces (especially in impoverished countries without unionization) and to avoid taxes by e.g. maintaining offshore corporate structures. Assertions that wealth “trickles down” from the rich are manifestly untrue. Other abuses arise from international economic & currency manipulation, so the SR reform must be accompanied by “free banking” where fiat currency is backed by real commodities<sup>5</sup>. As a result of failure to collect SR, it is possible for goods to be produced “cheaply” in unconscionable circumstances, for instance at great abuse to environment (as in China). Consequently, so as to protect global environment and local production, it may be appropriate to impose import duties upon some goods (depending on their country of origin & circumstances of production). Such import duties are a partial SR, collecting for instance the sum appropriate to redress environmental pollution, and the monies collected (after deduction of administrative overheads not exceeding 10%) should be remitted to the country where the goods originated and expended there upon environmental remediation.

## 6. Current forms of Revenue-Raising

Globally at present, public revenue is raised by varying, complex & arbitrary impositions against earnings (income tax), levies upon exchange of goods & services (e.g. GST & sales taxes), transfers of property (e.g. stamp duty), employment (payroll tax) and the production or importation of goods (excises & tariffs). Indirect taxes, such as sales taxes & tariffs, are hidden from public view and are particularly pernicious.

All **taxation distorts the economy by suppressing & warping** the object taxed. In the Middle Ages, the established powers (controlling military force) in Europe raised revenue by taxing chimneys & windows. As a result, folk built houses without any. When Muhammad Ali, the Ottoman ruler of Egypt 1805-48, imposed a tax on date palms, the peasant farmers cut them down. (Incidentally, replacing this impost with a tax on land of twice the amount produced no such result: indeed, the farmers had incentive to grow more palms so as to raise the revenue to pay the tax). Similarly, income taxes constrain effort & initiative, payroll taxes constrain employment and tariffs exclude cheaper goods.

Such taxes, and the rates of levy imposed under them, are relatively arbitrary and are necessarily complicated in order to reduce avoidance. This leads to evasion and complex litigation in which even the highest courts are severely divided. To make things worse, modern governments often (effectively) **conscript or enslave** citizens by forcing them to collect & remit GST and self-assess tax liability. This process is tremendously wasteful, & inefficient involving personal downtime & red tape.

By way of contrast, SR creates no distortions or economic inefficiencies as it does not change economic behavior. Unavoidably, people will still occupy & use sites (whether as proprietors or tenants) as they must live, work and obtain resources somewhere. The supply of land is fixed and cannot react. Apart from rendering a range of artificial & technical legal & accounting services no longer necessary, SR does not affect demand for employment or for goods & services.

## 7. Common Objections to Site Revenue:

Common objections to SR is that it is just another tax, that it involves land nationalization, that it is communist, that it is capitalist, that it would rob homeowners of their capital, that it could be unfair or avoided, and that it would be inadequate for a modern state.

In fact, SR is **not taxation** (i.e. not an arbitrary impost by government) or a penalty upon improvements. It is simply collection by the community of the market value of rights (to exclusive use) granted by the community to individuals over the social & natural advantages of specific sites. That value is ascertained by skilled observance of the free market: it is in no way dictated by politicians.

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<sup>5</sup> On this aspect, see our essay “Money, Currency, Interest and Banking in a Georgist Economy”.

SR does not involve land nationalization: **freehold land titles remain**. The SR debt is not rent (which implies that the land is owned by some landlord), although it is quantified by reference to free-market rental values. That debt is merely a charge over the site, as rates or a registered judgment are today. Holders of sites would be **free to use, transfer & devise** (by Will) their sites as they desire, subject to zoning & environmental restrictions now commonly accepted.

SR is **not communism**: its core is personal liberty, there is no central planning of economic tasks, no conscription of labour, no arbitrary resumption of land and no confiscation of private wealth & chattels. The only thing which is socialized in an SR economy is the annual rental-value of sites.

SR encourages private enterprise (by forcing efficient use of sites) but it does so by recognizing sites as a distinct factor in production and compensating the community in respect of exclusive use rights granted, so it is **not Capitalism** either. The essential core feature of Capitalism is that it treats sites as just another form of wealth and refuses to socialize their value.

Site Revenue enables equality of opportunity and rewards effort: it is the inspired solution which stands at the apex of all political & economic organization<sup>6</sup>:--

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

It is true that, under SR, landowners would lose the notional asset currently (but falsely in principle) represented by their "land value", and could expect never to pocket "**capital gain**" in a site. However, each citizen would be free to transfer one site (whilst retaining the value of its improvements) and to purchase another paying only for its improvements, without paying any 'site price'. The aged & mortgagees, who might never acquire another site or may hold current 'security' which will evaporate, may be affected by this "loss of land value": such persons will have time (starting now) to adjust whilst the SR analysis gains political acceptance, and in default will bring any loss upon themselves. No public compensation will be paid against such loss.

It is sometimes feared that specific individuals (e.g. pop stars, inventors, authors or professionals working from home) may become rich without needing access to valuable sites, thereby unfairly avoiding contribution to public revenue. These folk, however, are not using sites rendered valuable by nature or by the community: it is difficult to define anything for which they should pay, indeed, their very enterprise or genius may be stimulating and beneficial to the community in cumulative, spin-off ways not immediately apparent. In any event, they mostly live, work & play, or eat food & consume goods produced, from sites somewhere and so, as tenants or indirectly, will contribute to the SR collected.

<sup>6</sup> "Communism forgets that life is individual. Capitalism forgets that life is social, and the kingdom of brotherhood is found neither in the thesis of communism nor the antithesis of capitalism but in a higher synthesis. It is found in a higher synthesis that combines the truths of both" "A Testament of Hope: The Essential Speeches and Writings of Martin Luther King, Jr., p. 250.

## 8. The Adequacy of Site Revenue:

Would the quantum of SR be sufficient for a modern state? In answering this, we should bear in mind that SR would foster productivity (thereby increasing available real wealth) and also minimize conflict and the need for supporting unproductive peoples (by ending unemployment & big government). When SR is collected instead of taxes, the economy can flourish without artificial restraint & distortion. In other words, there would be more public monies and less need for them.

All taxation is “at the expense of rent”, since it diminishes the amount that citizens can pay for holding sites: if current taxes were ended, citizens could proffer more. Theoretically, total SR would at least equal the volume of all present taxation, all interest payments and all speculative "capital gains" & locational profits going into private hands. Citizens are already paying the entire SR, and more, to landlords & banks. Thus, SR promises an embarrassment of riches, since the need for a welfare state and expensive governmental structures would be decimated in an SR society. This could lead to regular payment of a Citizen Dividend, on an equal *per capita* basis. Such payments would be made without a means test.

Ethically the amount of SR which might be collected is irrelevant. If SR is indeed the only proper source for public finance (as reason & equity indicate) then public administration must adapt to that supply. Government, or public administrators, must “cut their cloth according to their purse”, by dividing the available cake according to priorities and limiting expenditure to what is available. Logically, the economy rests upon private monopoly over sites, so the rental-value of those sites should suffice for public expenditure in administering society.

Detailed analysis (derived from Australian Bureau of Statistics figures) of the value of privately held land & buildings, mineral extraction, spectrum licensing, pollution rights, flight paths etc. indicates that collection of SR would suffice to meet all the needs of modern government<sup>7</sup>. A more recent academic study with similar outcome is *The Taxable Capacity of Australian Land and Resources* by Terry Dwyer<sup>8</sup>.

## 9. Aborigines and Pre-Industrial Lifestyles

Wise land-use planning & zoning can protect **first (native) peoples** or specific groups (such as Amish, Hare Krishnas, Buddhists) who wish to live upon land, having exploitative or developmental value in the global economy, whilst retaining it in a primitive or pre-industrial state. Thus, for instance, an Amish community which uses no engines could be granted an appropriate zoning or reserve with their site revenue set (for a reasonable area of land) upon a pre-industrial basis. Appropriate zoning would mean that someone who objected to paying for benefits associated with an improvement (such as a new bridge or school), could always move somewhere that such benefits were, and would remain, absent. Such planning can be achieved much more honestly & fairly in an SR society because motives are not distorted by private profiteering in site values.

Native peoples who wish to lead a traditional lifestyle on a reasonable expanse of their tribal lands should be enabled to do so regardless of its site value in the global economy. However, in such instances there must be no hypocrisy. No industrial services or perverting, demoralizing, blighting welfare payments should enter or ‘assist’ those granted entitlement to this exemption: nor, indeed, (at least with any element of positive discrimination) those who opt for the modern global economy. Use of the land would have to be consistent with the terms of the privileged zoning granted. For instance, it might be that no roads, vehicles, modern industrial buildings or educational materials or medicines, tourists and the like, could be legally present in, or traded with, a ‘traditional’ native zone.

In this way there would be no discrimination either for or against **Aborigines**. Whilst Aboriginal tenure over extensive tracts of marginal economic land in the deserts and north could be expected to continue indefinitely with little if any SR exposure, and whilst there need be no objection to Aboriginal tenure of ‘valuable’ sites so long as usage of same was strictly traditional, their retention of valuable economic sites in the broader economy would be subject to the same economic pressures (i.e. payment of SR) as anyone else, unless the lifestyle practiced there was 100% traditional.

<sup>7</sup> See Tony O’Brien *Total Resource Rents, Australia* available at <http://www.earthsharing.org.au/node/5>

<sup>8</sup> Available at <http://www.taxreform.com.au/dwyercapacity.pdf>

Aboriginal rights to a management role in National Parks need not be affected. However, no special privileges should be enjoyed by Aborigines as regards mineral deposits of fauna exploitation save for strictly traditional zones, where there should be an absolute veto. Spot-zoning to protect sacred sites, free of SR charges, should be automatic. In the case of pastoral leases affected (pending their termination) by native title, both the lessees and the natives would be obliged to contribute towards SR, in a spirit & capacity of mutual equality and with neither discrimination nor favouritism.

## 10. Treacherous Academics and Politicians:

The modern discipline of economics has been deliberately distorted by powerful vested interests so as to protect abuses arising from site monopoly. The current confusion of academic economists stems directly from the deliberate perversion of their discipline by powerful ‘Robber Barons’ in the USA at the end of the 19<sup>th</sup> century. These set up a string of universities and endowed Chairs of Economics which, with intent to pervert, derailed classical political economy in favour of Neo-Classical Economics [“NCE”]. NCE is a form of economics which set out to destroy the SR debate (so popular under the advocacy of Henry George a century ago) and clear perception as to the unique role played by sites. NCE achieved this outcome by ignoring sites as a separate factor in production and instead conflating sites with currency savings, machinery, buildings etc. as just another form of capital. NCE has been largely successful in its evil endeavour. For a short-sighted century, economists who perceived the truth have been howled down by peer pressure and sacked<sup>9</sup>.

This manipulation has fostered **private profit out of resource extraction** and environmental abuse (ignoring responsibility to inter-generational equity), perpetuated a down-trodden class of the poor & welfare-dependent, and prevented folk having access to land, so causing **unemployment** throughout the nations. Absent is the solid anchoring of steady land prices & employment. **Speculation** in land-price inflates artificial bubbles which burst, creating regular cycles of **boom-bust** economy: booms commence hesitantly after a bust as property & share prices gradually recover & rise, accompanied by rising commodity costs, reserves & easier money until interest rates rise (or are raised) to cool the market, prices slump causing corporate problems & gloom and money becomes tight. Financial Institutions thus become forced to make advances on the temporary, artificial, fallible & unreliable security of sites and are exposed to failure (which the taxpayer is often required to remedy).

The SR proposal **threatens vested interests**. These include the 10% who control 90% of the wealth – a control which is almost entirely due to the private pocketing of site values. Also threatened are many politicians, bankers, lawyers, accountants, media proprietors, bureaucrats, social workers and welfare dependents who are unwilling to shift for themselves. Parasitism upon environmental destruction and social disunity is widespread and such parasites have a vested interest in perpetuating it, rendering society a factional sand heap of individuals. The test & evidence of this can be seen in the total exclusion of the SR analysis from national tax summits (e.g that of RJ Hawke in 1985), from the mainstream media, from school & most university courses, and from the invariable refusal of any expert to argue publicly against it. You will never see a refutation of this SR analysis<sup>10</sup>.

SR was a household concept a century ago, but confusion of debate by academics and a burying of the analysis by both wings of politics (lest it do them out of a job) has almost erased it from popular awareness. Partial collection of the unearned increment was a salient theme during the formative years of **ALP politics** by unionists (not politicians) in the hey-day of Henry George during the 1890s<sup>11</sup>. Indeed its total collection was ALP policy in South Australia until 1905. Taxation of the unimproved value of land was amongst the first federal policies adopted by the ALP in 1900<sup>12</sup>. However, the early ALP was bedevilled by factionalism with protectionists, free traders, single taxers & socialists all jostling for control and the clarity of principle became confused, especially given the need to win votes from a selfish & ignorant constituency. Workers’ feared that SR would fall heavily on their little lots and that the rich man’s large income would escape unscathed: in fact, these fears are what the rich man desires most, for his swollen income arises from site monopoly in the first place. A diversion into socialism became the priority and with this the masses became neutered by welfare state palliatives.

<sup>9</sup> See e.g. Professor Mason Gaffney & Fred Harrison *The Corruption of Economics* Shephard-Walwyn London 1994.

<sup>10</sup> For detailed study of what brave formal academic criticisms exist, see Fred Harrison *The Power in the Land* Shephard-Walwyn, London (1983); Steven B. Cord *Henry George: Dreamer or Realist?* Uni. of Pennsylvania Press, 1965 p. 67 and Robert V. Andelson (ed.) *Critics of Henry George* (Associated University Presses, 1979).

<sup>11</sup> See *passim* Verity Burgmann *In our Time*, Allen & Unwin 1985 and Airlie Worrall *The New Crusade: Origins, Activities and Influence of the Australian Single Tax Leagues 1889-1895* M.A. Thesis, Melbourne, 1978.

<sup>12</sup> This resolution was reaffirmed at the second Federal Conference, on the motion of delegate E. Holliday (from Queensland) & seconded by the Hon. A.A. Kirkpatrick MLC: see pp.9, 12 of Report.

Worker-wavering over the viability of free trade, together with political pandering to workers' fears and the middle class, saw the introduction of "graduated taxes" & "thresholds" and the principle was eroded until in 1964 any reference to it was removed, without debate and for reasons that have never been stated, from the ALP policy reprint.<sup>13</sup> Perversion of the SR principle within the ALP demonstrates one of the great dangers of democracy: that unprincipled individuals will wish to dominate big parties and will tell the masses whatever they wish to hear, not the truth. In all cases those who sold out the ALP were politicians who did not understand the Georgist reform and were stupidly describing rent as a tax. They found it too hard to comprehend the argument and were scared off by the prospect of 'yet another tax'.

An excellent leasehold system in the ACT was adopted after Federation for the projected national capital in the daring & imaginative Canberra experiment. However in 1971 Prime Minister Gorton (in order to attract votes in a by-election) pandered to large commercial interests, betrayed the founding vision and terminated the regular reappraisal of ACT land values for rental purposes in favour of municipal rates, thereby enabling private capitalization of site values. This emasculation passed almost without comment: there was no longer any political grasp of the concept of unearned increment<sup>14</sup>.

From 1956-60 the Danish Justice Party, which advocated SR, held the balance of power in Denmark. SR legislation was passed and due to be implemented on the basis of new valuations in 1960, but at fresh general elections that year a massive scare campaign financed by landowners led to change of government and repeal of the law. Whilst the reform was pending there was huge reduction in public debt, unemployment, inflation, the interest rate and industrial strife. All of these soared again by 1964<sup>15</sup>.

Yet only by inspiring the masses of impoverished, battling, ill-educated people is there much hope of democratic reform being demanded. Unfortunately, battling citizens fear paying more for fossil fuels, and fear losing the apparent store of capital comprised in the 'site value' of their home – a value which they have admittedly paid to the previous owner, but which (in reality) they would not miss if they could relocate to other sites without paying site value for them. Thus are the environment, the Third World and future generations sacrificed to perceived self-interest.

Whilst it may be the "best form of government in a bad bunch", the limitations of democracy are severe: ignorant, apathetic voters manipulated by the media and voting for their short-term interest, distortive electoral systems (especially single-seat electorates), and partisan politicians focused on their next term in power rather than serving with selfless principle. No answer or salvation is likely to come via politicians. A republic will not redress these limitations and a constitutional monarchy will only do so where the monarch has a veto against irrational legislation and is personally selfless, extensively aware, not materialistic and prepared fearlessly & publicly to advise, guide & warn -- qualities singularly lacking under the Westminster system.

## 11. Conclusion:

Achieving global peace & plenty is only possible by abiding by one fundamental, respectful principle: that humanity did not make the land & its resources and these are not available for privatization. The fiscal face of this necessitates adopting Site Revenue.

It is conceivable, but not probable, that in a relatively free & decent society like Australia the necessary SR reforms could be adopted by democratic process. However, in all likelihood vested interests will continue to suppress the SR debate, the masses will continue to remain ignorant & apathetic and 'democracy' will remain inherently flawed, so the necessary reforms will not be implemented in the short time available before social, fiscal & environmental crisis become unmanageable. As a result, the global rich-poor gap will continue to grow, the natural environment will continue to deteriorate, national economies will sicken and friction over resources & militarization will increase. The result will be that global conflict which is prophesied in the shocking historical imagery of the Bible's *Book of Revelations*. Only in the wake of that conflict may SR be adopted across Earth.

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<sup>13</sup> See Clyde Cameron June & July 1984 *Progress*.

<sup>14</sup> See Frank Brennan *Canberra in Crisis* Dalton, Canberra 1971.

<sup>15</sup> See Knud Tholstrup in *Good Government* (December 1973 issue) and *Progress*, March 1974 p.3