

a Site Rent System

Table 3 Contributions of business and households to Site Rent Revenue

Income unit	Number of units	Av'ge increase in profit or Income/CD (\$)	Average Site Rent (\$)	Site Rent % of Income	Site Rent Revenue (\$m)
Households	7,000,000	25,000	20,000	28	140,000
Businesses	802,350	100,000	87,000	24	70,000
Total					210,000

value of disposable incomes referred to above. The benefits of the considerable savings in compliance costs, as indicated above, would add even more to profit margins.

The projected increase in business profitability is a static projection and although predicated on a conservative (70% of the potential) increase in consumption, takes no account of the inevitable surge in productivity and export potential.

Projected gains of over \$500 per week per household in disposable income and \$2,000 a week in after-tax trading profit for businesses may seem extraordinarily high, but the fact is that we are *earning* these sums already! The problem is that we are not *receiving* them. That wealth, the legitimate source of government revenue, is being siphoned off by land and resource monopoly.

Any change to our tax systems which fails

to recognise the mechanism inherent in land monopoly whereby any increase in disposable income simply drifts into higher land price, will fail. Reclaiming Rent for revenue is the only way we will release labour from the iron grip of land and resource monopoly and allow all citizens to contribute to, participate in and enjoy the full benefits of a Site Rent System.

In a site rent system, with all constraints on employment and productivity cast off, wages and profits would naturally start to rise immediately, so that the percentage of Rent to household income and Rent to profit margin would diminish even further. Whether the gains went to Wages or to Rent is largely irrelevant, since surplus revenue would in any case find its way back to household incomes as a Citizens' Dividend – an equal share for all in the Common Wealth.

REFERENCES

- 1 Henry George, *Progress and Poverty*, Book VI, Ch. 1, p.302, Centenary edition.
- 2 *Income Distribution Report* Issue 8 April 1998, table 3, NATSEM, University of Canberra, and unpublished LVRG research.
- 3 *Year Book Australia 2000, Population, Households and Families*, suggests that as at June 1998 there were an estimated 7.1 million households in Australia. I have used 7 million as a round figure in calculations.
- 4 *Income Distribution Report, Op. cit.*, table 3. Also *Who Bears The Tax Burden*, Natsem; *Housing in Australia, 1975-97*, Discussion paper 28. Natsem; *Australian Social Trends 1999*, Cat. 4102.0 ABS, *Unpublished data*, ABS 1993-94 Household Expenditure Survey
- 5 *Small Business in Australia*, 1997 ABS, cat 1321.0
- 6 *Summaries of Industry Performance 1992-93 to 1997-98*, December 1999, ABS cat No. 8140.0.40.002
- 7 *AusStats Time Series Spreadsheets table 5206.028 Australian Demographic Statistics*, ABS.
- 8 Estimated to be at least 15% of payrolls or \$200,000 per business. (See *Summaries of Industry Performance etc.; Op. cit.*)
- 9 \$400 x 52 weeks x 7 million households + 0.8 million businesses = \$182,000 gross sales. The result multiplied by 25% = \$45,400 trading profit.



Waltzing Back to History

DESPITE THE wealth of evidence, scholars have still not agreed on the reasons why civilisations have failed to find the formula for a sustainable existence, writes Paolo Rossi.

BBC economics editor Peter Jay – formerly Her Majesty's ambassador in Washington – traces the economic history of mankind and structures the evidence on the basis of what he calls "the waltz motive". It's been a story of 1, 2, 3 ... 1, 2, 3 ...

His analysis,* which is based on a lavish TV series, is frustrating for its failure to isolate the common causes of exploitation – just the things that may offer the clues to the eclipse of civilisations.

Step 1 is the capacity to engineer an economic advance, which makes it possible to support many more people and raise living standards.

Step 2 is the threat from predators – "external raiders or internal idlers" – which then threatens the original advance.

Step 3 is the attempt at a solution to the threats, to protect the original advance.

Jay's analysis would have been more illuminating if he had concentrated on the policy failures in step 3. He counts among the measures that preserve the gains "the political matrix of citizenship, State power, rents and taxes". A case might be made that this strategy was designed to fail; that the rent-and-tax policies of governments created to sustain social systems were actually sowing the seeds of catastrophe.

Jay identifies Adam Smith's explanation of the wealth of nations as containing a version of the waltz motif. What he does not note is that Smith, in *The Wealth of Nations*, offered a budgetary and income distribution strategy that was of a kind that might have provided the solution to long term non-catastrophic social evolution. He proposed that the public sector should be financed out of rents. If adopted, this policy would wipe out the "internal idlers" and the need for taxes in one stroke. But that version of history has still to be written.

*Peter Jay, *Road to Riches or The Wealth of Man*, London: Weidenfeld & Nicolson, £20.