

SHARING THE EARTH SO ALL MAY PROSPER

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# PROGRESS

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## HOUSING IN CRISIS

# PROGRESS

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## ABOUT

Prosper Australia is an independent think-tank and advocacy organisation first established in 1928. Our vision is a just and equitable society, created by ensuring those who benefit from land and natural resources pay a fair public rent for their use.

## JOIN US

We invite you to join us in advocating for policies that support this vision. Prosper Australia. Membership costs \$30.00. This includes a subscription to Progress.  
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**PROSPER**

australia ▶ this land is your land

‘Abolish monopoly everywhere, put all men on an equal footing and then trust to freedom. In that way we would have the most delicate system of co-operation that can possibly be devised by the wit of man. The fight of labour is not against capital; it is against monopoly.’

- HENRY GEORGE

- Henry George

# Make a generous start to the new financial year

Prosper Australia wishes to thank you for your support, both in spirit, and where you have supported us financially as well; our gratitude is huge.

Prosper's work is made possible by the donations and bequests of passionate Australian Georgists.

We are supported by the legacy of people who believe that inequality and poverty must be addressed at the source of injustice.

We are dedicated to ensuring that land and natural resources are at the centre of our economic policymaking.

In recent times, our in-depth research and targeted advocacy has helped usher in positive legislative changes for the public good. We have advocated for:

- Replacing stamp duties with broad-based land tax
- Capturing the value of windfall gains to rezoning
- Increasing taxation on resource extraction including mining and gas superprofits
- Ending land speculation in our housing markets
- Reversing the erosion of council rates and removing rates on capital improvements

Recently, we have celebrated some small but significant victories in our home state of Victoria:

- More investors and second-home owners will pay land tax thanks to lower tax-free thresholds
- Phased transition from stamp duty to land tax on commercial and industrial properties

While we celebrate these reforms, we recognize that these changes represent only a fraction of what is needed.

We envision a future where significant reductions in taxes on labor and productivity accompany the policy changes we propose.

We will continually strive toward this goal.

With your support, Prosper can become a truly national voice for holistic Georgist economic reform.

We are just one of many think-tanks, and we are tiny by comparison. We punch above our weight, due to the undeniable value of the justice we seek.



Prosper is funded by the generosity of donors, along with grants provided by the Henry George Foundation of Australia – a trust established by Australian Georgists in 1910. We proudly carry their work and their legacy forward.

We are governed by a team of non-executives directors who provide their time and expertise voluntarily to the Georgist cause.

Monies raised by Prosper Australia are entirely used to fund our dedicated team, along with various research and submissions we prepare, advocate and present across all levels of government around Australia.

We have everything we need on earth for all of us to thrive.

As a new financial year begins, we ask you to please support Georgist advocacy with a tax deductible donation to Prosper Australia Research Institute.



Catherine Cashmore  
Association President  
Prosper Australia

## Your donation is most gratefully appreciated

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# The 2022 EJ Craigie Award Winner

by Emily Sims



Prosper's outgoing Director of Advocacy, Karl Fitzgerald, picked up the EJ Craigie Award for best Georgist writing at the 2022 Henry George Dinner and Address.

His opinion piece *Forget red or green tape, developers squeeze housing supply with gold tape* appeared in *The Age*, July 26 2022. The article formed part of Prosper's media campaign for the research report *Staged Releases: Peering Behind the Land Supply Curtain* authored by Mr. Fitzgerald.

On accepting the award, Karl described his nomination as the "ultimate inside job" as it was he who initiated the annual gong during his 18 year tenure as Prosper Australia's renegade economist.

Karl joins previous winners Jessica Irvine, Tim Sneesby, Tim Helm, and Warwick Smith. •

## Join Prosper

Membership of Prosper Australia is \$30 per annum and \$15 for additional household members.

In addition to association voting rights, membership includes a subscription to our bi-annual journal *Progress*. Members also receive discounted tickets to Prosper events and exclusive updates and previews of new work.

To become a member sign up online [www.prosper.org.au/join](http://www.prosper.org.au/join)



# Recommended reading

## **Land is a Big Deal** by Lars Doucet

<https://www.landisabigdeal.com/>

PART I is a review and summary of *Progress and Poverty*, the seminal text concerning the land problem. PART II empirically establishes that land is a big deal, not just in the 19th century, but even and especially today. PART III lays out the empirical case for Land Value Tax not being passed on to tenants. PART IV evaluates the available methodology and current state of practice for assessing unimproved land values separately from buildings. PART V concludes by reviewing all the evidence and practical case studies we've seen so far and charts a path forward for the work that lies ahead.

## **Annotated Works of Henry George**

[https://rowman.com/Action/SERIES/\\_/HG/The-Annotated-Works-of-Henry-George](https://rowman.com/Action/SERIES/_/HG/The-Annotated-Works-of-Henry-George)

Six volumes. Edited by Joseph R. Milne; Francis K. Peddle and William S. Peirce with Alexandra W. Lough.

## **Rigged** by Cameron Murray & Paul Frijters

<https://amzn.asia/d/326lq2R>

The shocking story of how networks of Mates have come to dominate business and government and managed to rob the majority of ordinary Australians of half our wealth.

## **Radical Markets** by Eric Posner and Glen Weyl

<https://www.amazon.com.au/Radical-Markets-Uprooting-Capitalism-Democracy/dp/0691177503>

Revolutionary ideas on how to use markets to bring about fairness and prosperity for all. Many blame today's economic inequality, stagnation, and political instability on the free market. The solution is to rein in the market, right? *Radical Markets* turns this thinking-and pretty much all conventional thinking about markets, both for and against-on its head. The book reveals bold new ways to organize markets for the good of

everyone. It shows how the emancipatory force of genuinely open, free, and competitive markets can reawaken the dormant nineteenth-century spirit of liberal reform and lead to greater equality, prosperity, and cooperation. Eric Posner and Glen Weyl demonstrate why private property is inherently monopolistic, and how we would all be better off if private ownership were converted into a public auction for public benefit.

## **Screwed!?** by Stephen Stretton and Gordon Styles

<https://amzn.asia/d/9n9dxxF>

This book represents a revolution, not just in how we think about tax and welfare, but in finding the ways that these tools can be applied to build a better society for us all. Poor design of the UK's Tax and Welfare system has left a vast chasm between the standards of living of rich and poor, a damaged and degraded environment, and has ignored questions of value and ownership. It has neglected the rights of citizens to share in the richness of the earth's resources and to prosper fairly from their labour.

## **Other recommended titles**

### **The Luckier Country** by Anthony Gill

<https://amzn.asia/d/akcNZIH>

### **Rent** by Joe Collins

<https://www.wiley.com/en-au/Rent-p-9781509539062>

### **The political economy of inequality**

by Frank Stillwell

<https://www.wiley.com/en-au/The+Political+Economy+of+Inequality-p-9781509528684>

### **#We are Rent** by Fred Harrison

[https://www.amazon.com.au/gp/product/099563517X/ref=dbs\\_a\\_def\\_rwt\\_bibl\\_vppi\\_i12](https://www.amazon.com.au/gp/product/099563517X/ref=dbs_a_def_rwt_bibl_vppi_i12)

### **With Liberty and Dividends for All: How to Save Our Middle Class When Jobs Don't Pay Enough**

by Peter Barnes

<https://a.co/d/gDnJpRX>





# Speculation, housing supply and prices

## A summary of recent research

by Tim Helm

**Speculation. It's a Georgist obsession shared by few others. Landbanking, flipping, vacancy, delayed development, staged releases – how does any of this matter?**

Speculative behaviour tells of the market at work, allocating capital and land as it sees fit. What is the public interest in these private decisions? Why do Georgists care?

Prosper's research over the last 12 months has had a sharp focus on these topics. Georgists appreciate the centrality of speculation to land markets and the centrality of land markets to economic justice in ways others do not. Our work has begun to unpack these connections, examining land markets from different angles and laying these ideas out for a public audience.

Why do we care about speculation? Because we care about housing supply and affordability, and because we care about economic justice.

Increasingly dominant in public discourse is a worldview in which unaffordable housing is declared a problem of housing costs – not population, incomes or inequality – and in which housing costs are declared a problem of public regulation – not private markets. The prices aren't right, the problem is on the supply side, and the fault lies with the state, we are told.

Prosper's concern with this is twofold.

First, deregulating land use – the go-to solution for the neo-neo-liberals – means granting windfalls to private landowners. Property titles are a bundle of rights; add more to the bundle and its value rises. But so long as employers are taxed for employing and workers are taxed for working, where is the justice in landowners becoming rich through no effort of their own?

Our work points towards a simple axiom for policy change: if there is upzoning aimed at boosting housing supply, let it not occur without value capture. Georgist taxation can thus promote distributional justice.

Second, pinning the blame on regulation ignores the mass of evidence that private markets constrain housing supply all on their own. We call that speculation: rational delay in developing already-profitable projects.

In explaining housing supply and the dynamics of land markets we see speculation not as a footnote but as a feature, an empirical fact that economic science must contend with, and cannot assume away. Our work points towards another simple axiom for policy: since housing supply only begins when land speculation ends,

use the right taxes to end speculation. Georgist taxation can thus promote economic prosperity.

Those are Prosper’s interests in current debates within economics and policy around the contributors to unaffordable housing and the policy means of dealing with them.

Since the last edition of *Progress*, Prosper’s staff and research network have explored different aspects of these ideas by way of three major reports, which we summarise here.

### Staged releases: Peering behind the land supply curtain

In his final report for Prosper, released in July 2022, Karl Fitzgerald investigated the rate of lot sales in major master-planned housing developments. His report revealed a “staged release” strategy in which sales rates respond positively to price growth but are slowed when necessary to avoid causing supply-led price declines.

Based on records of over 25,000 sales across nine subdivisions, the report examined the speed at which properties were released to the market, the determinants of those sales rates, and the resulting pricing outcomes.

After an average 10 years of production time, the subdivision developers in the study still held an average three-quarters of their land bank vacant, pointing to an expected total development time frame of 40 years on average.

Instead of land prices falling with such massive supply capacities at hand, they grew by a sobering 5.5% per annum in real terms. Sales rates varied significantly according to market conditions, with faster sales when the market was running hot and markedly lower rates as the market cooled. Developers preferred to continue pushing prices higher, letting sales rates drop, than to maintain sales by lowering prices.

During these periods developers also reported concerns of “stock overhang” to investors, indicating that they were able to sell more, but unwilling to reduce prices to do so. Instead, they preferred to wait for market conditions to improve. This pricing and sales response reflects an approach that serves shareholders and financiers, but not the public interest in lower land prices. Land banking of this type holds the promise of supply-led affordability at bay.



### How could this occur? What explains this behaviour?

Land prices are not grounded in any kind of cost. Developers selling serviced lots set prices to meet the market, not to recover the costs of labour and capital inputs, as in ordinary industrial production. Why would the developers in Prosper's report keep increasing prices if it meant losing sales or market share? And what does it say about our ability to 'flood(ing) the market' with zoned capacity in order to lower prices that the recipients of these rights refuse to flood the market with land for housing?

It suggests that unlike markets for goods and services, property markets are inherently monopolistic, and cannot be made more competitive. This was always the classical understanding: Smith, Ricardo, Mill and George would have found the idea of "competitive land markets" a bemusing oxymoron. As leading legal scholar Eric Posner puts it, "property is only another name for monopoly". Land is not the output of a production process, but is an asset, and is managed as such. This was borne out in the report data: land banks were patiently drip-fed to market, with development projects timed to maximise overall returns.

### Planning deregulation, housing supply and affordability: What if land markets are monopolies?

Prosper's December 2022 discussion paper, authored by Jesse Hermans and Emily Sims, looked at the debate around the role of planning deregulation in housing affordability, canvassing the empirical evidence on whether 'upzoning' can spur faster housing supply and the conceptual disagreements about whether this is theoretically plausible.

The common story supporting planning deregulation as a solution to high house and land prices is that prices are high because the supply of new dwellings in accessible, desirable locations has not kept pace with demand, due to onerous regulatory constraints.

That planning constraints are cited uncritically by housing economists as the problem and rezoning championed as the solution has

‘... property markets are inherently monopolistic, and cannot be made more competitive.’<sup>9</sup>

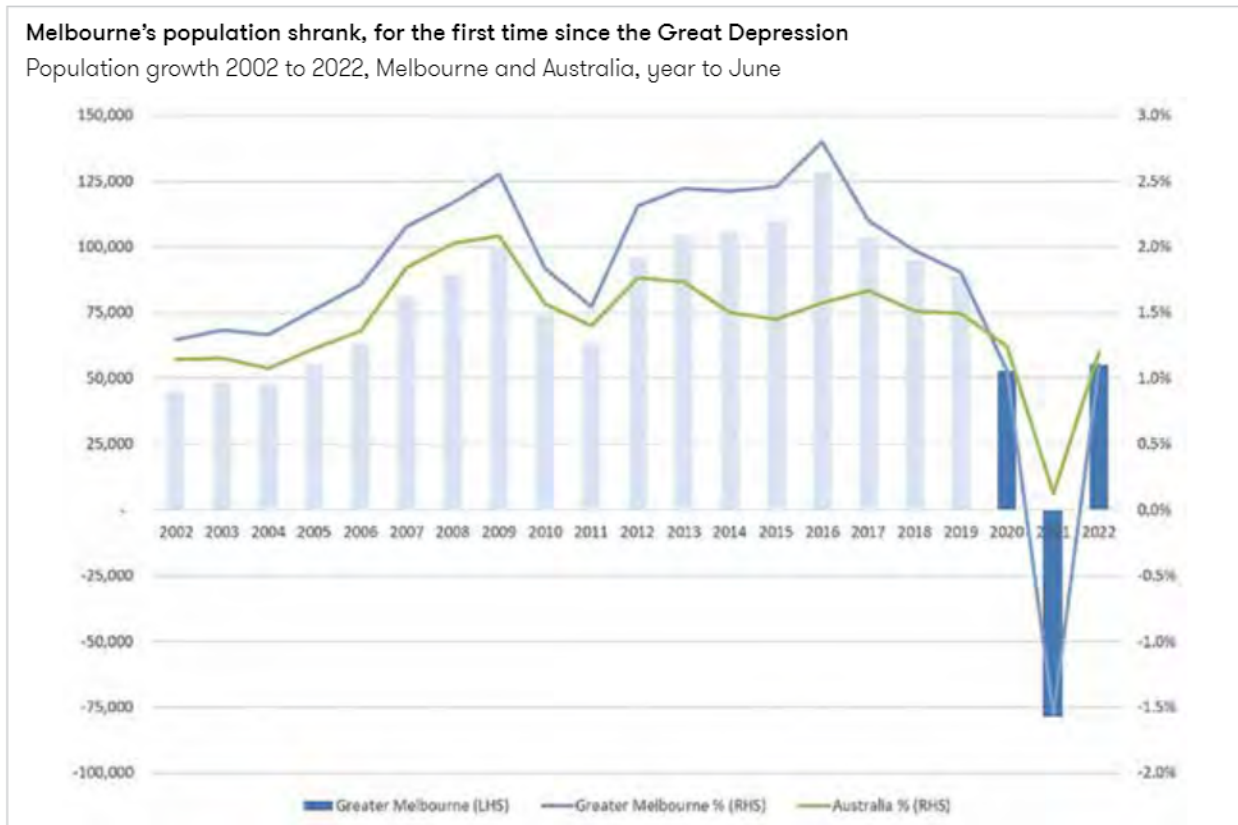
arguably empowered successive federal governments to defer politically unpopular demand-side (tax) reforms, and to side-step their responsibility to invest in non-market housing for our most vulnerable citizens.

The discussion paper argued that the persistence of this story and the popularity of the models that underpin it may have less to do with its intellectual coherence and more to do with the ways in which it serves sectional interests. Only rarely do the champions of this story acknowledge the political economy of private rent capture through unpriced rezoning.

What of the empirical data? Though the merits of urban intensification are undisputed, and upzoning for higher intensity uses is a necessary precursor to infill development, it is not clear that providing additional development rights and opportunities necessarily results in additional dwelling construction, or whether it merely reshuffles the location of dwellings. The discussion paper found that the empirical evidence for the centrality of planning deregulation to deliver additional development and increased affordability is weak.

It also posed an idea intended to clarify arguments and resolve theoretical disagreements: that the ultimate source of contention in these debates arises from different conceptual models of land rent held, without explicit recognition, by the participants.

Specifically, one worldview sees land rights as akin to a 'quota', a model which suggests that increasing the supply of development permissions should devalue them as it does for other regulated permissions (e.g. taxi medallions), and should expand opportunities for development and reduce the price of land.



Source: ABS Regional population 2021-22

A ‘monopoly’ model of land, on the other hand, suggests that land values are determined by the highest and best use of each unique site, with those values not diminished by the potential uses of neighbouring sites. Expanding development permissions, in this model, expands the value of their monopoly to each monopolist.

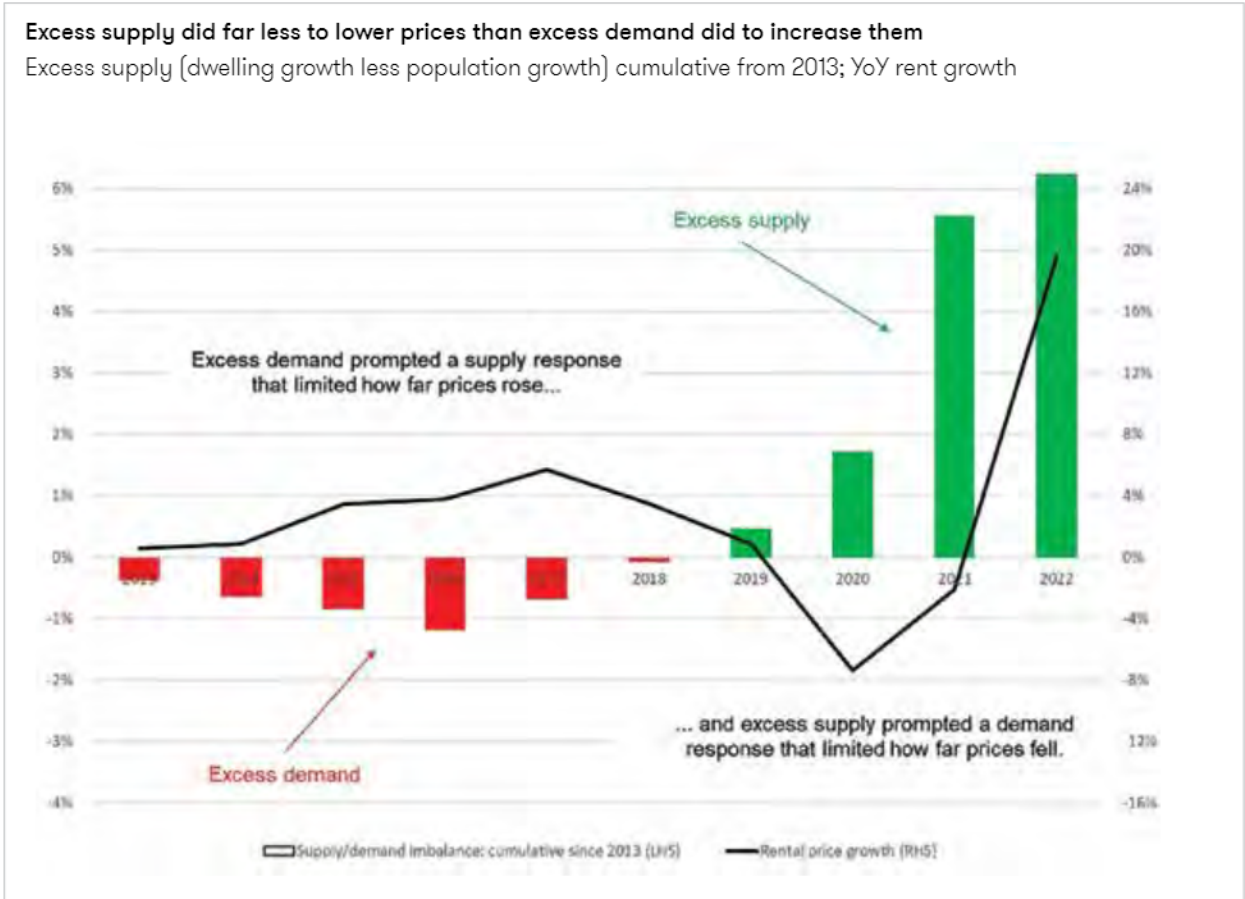
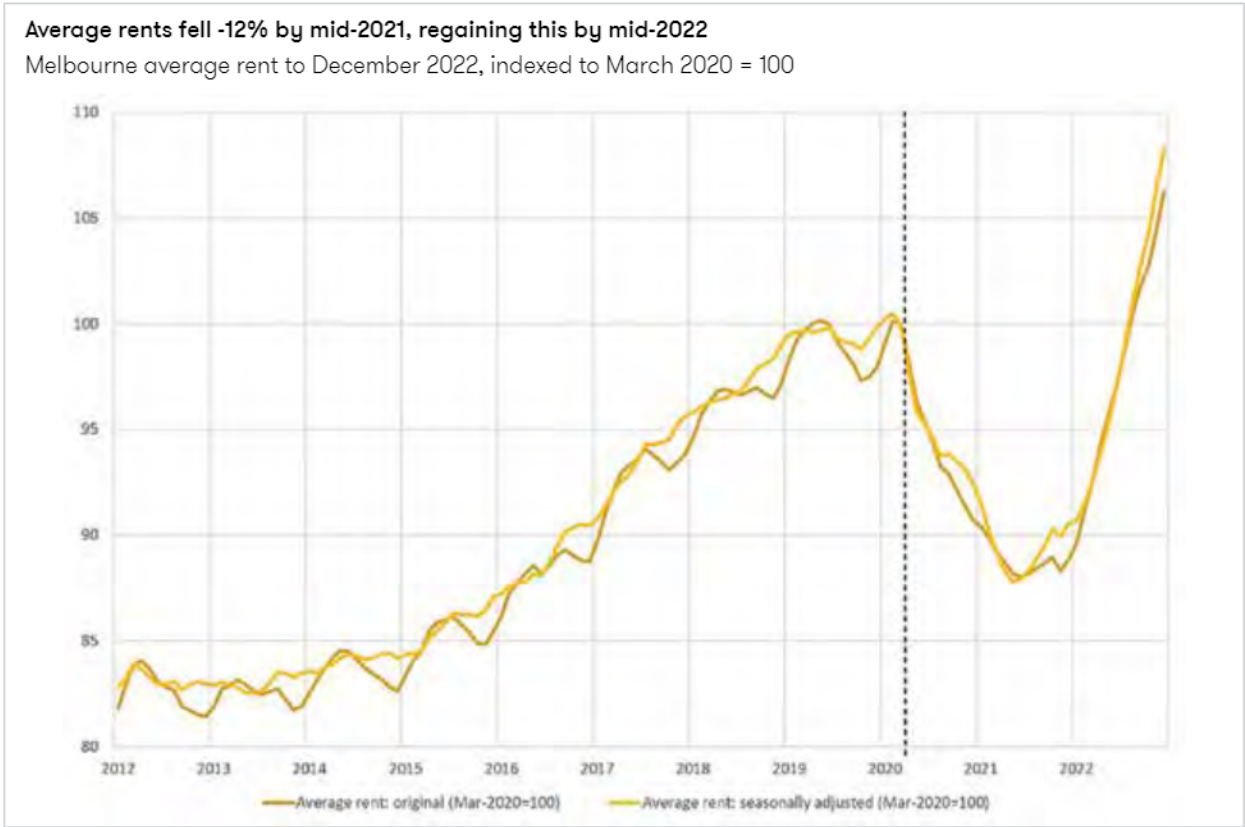
As the discussion paper explains, various other conceptual frameworks, such as the distinction between cities that are ‘open’ and ‘closed’ to migration in the Alonso-Muth-Mills model of urban form, or the emphasis on ‘scarcity effects’ in which shortages of development rights are presumed to materially affect housing supply, can be linked back to the analyst’s assumptions about the nature of land as either innate monopoly or socially-regulated property right in artificially short supply.

### Melbourne’s pandemic rental dynamics: an (un)natural experiment in excess supply

Prosper’s May 2023 report, authored by Tim Helm, took Melbourne’s experience of declining population throughout the pandemic years as the basis for an exploration of the impacts of housing supply on rents and the nature of adaptive responses to price changes.

As a result of closed borders and extensive lockdowns, Melbourne experienced a population shock over 2020 and 2021 far larger than for other Australian cities, losing around 80,000 residents or 1.6% of the population in the year to mid-2021 – the first year of negative growth since the Great Depression. Construction, meanwhile, continued more or less unabated.

The report argued that the scale of this imbalance between construction and population growth made pandemic-era Melbourne a remarkable natural experiment in the consequences of excess housing supply,



one in principle capable of shedding light on the question of whether new housing can ever be supplied fast enough to out-run adaptive consumption and migration responses so as to meaningfully lower housing costs.

Over the two years to mid-2021 construction in excess of population growth generated an excess supply of dwellings of 5.1% to 6.7% of the housing stock – equivalent to adding 100,000 to 130,000 dwellings more than were required to house the population at the pre-pandemic average household size.

The speed and scale of this shock far outstripped what even the most optimistic advocate for supply-side regulatory reform would claim is possible – suggesting Melbourne’s experience should be a living demonstration of the value of land use deregulation.

Yet the report found the effects on housing costs were small and short-lived. Average market rents fell by only 12% to the bottom of the market in mid-2021, and had recovered to pre-COVID levels by mid-2022.

Some 35,000 dwellings more than usual sat vacant or under-used over the entire calendar year of 2021 – a 51% increase that absorbed one-third of the excess supply shock. The remainder was absorbed by way of greater per-capita housing consumption, resulting from a combination of changing preferences and demand responses to lower prices.

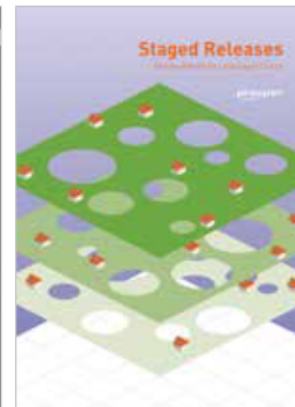
Thus the consequences of this ‘virtual building boom’ for housing affordability were minor: the report suggested the average Melbourne tenant saved around \$2,200 for just one year, while by contrast a mortgaged new buyer of the median Melbourne home faced \$30,000 more per year in interest expenses as a result of the cash rate rising over the 12 months to May 2023.

The report’s findings sound a cautionary note for policymakers placing market supply at the centre of housing policy, with Melbourne’s experience suggesting the most effective means of promoting more affordable housing for those in stress is not on the supply side, but on the income side. This was demonstrated during the pandemic itself: over the same period considered in the report, the temporary coronavirus supplement delivered eligible welfare recipients almost \$9,000 each – four times what a flood of excess housing supply managed to briefly deliver in lower rents. •

Scan the QR codes to download these two publications:

*Staged Releases* report

*Pandemic Rental Dynamics* report



[https://www.prosper.org.au/wp-content/uploads/2023/05/Prosper\\_Pandemic-Rental-Dynamics\\_MAY2023\\_web.pdf](https://www.prosper.org.au/wp-content/uploads/2023/05/Prosper_Pandemic-Rental-Dynamics_MAY2023_web.pdf)



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# Land ownership makes no sense

by Jehan Azad & Uri Bram

The earth is a shared inheritance, and profiting off a common resource is just wrong.

**“There’s no such thing as a good landlord” is a rallying cry of angry renters. In the future, it might be conventional morality that it’s simply wrong to own land.**

In our times, owning land seems as natural as owning cars or houses. And this makes sense: The general presumption is that you can privately own anything, with rare exceptions

for items such as dangerous weapons or archaeological artifacts. The idea of controlling territory, specifically, has a long tenure. Animals, warlords, and governments all do it, and the modern conception of “fee simple”—that is, unrestricted, perpetual, and private—land ownership has existed in English common law since the 13th century.

Yet by 1797, US founding father Thomas Paine was arguing that “the earth, in its natural uncultivated state” would always be

“It’s pointless to declare that someone has a right to something if they can’t acquire its basic prerequisites.”

“the common property of the human race,” and so landowners owed non-landowners compensation “for the loss of his or her natural inheritance.”

A century later, economist Henry George saw that poverty was rising despite increasing wealth and blamed this on our system of owning land. He proposed that land should be taxed at up to 100 percent of its “unimproved” value—we’ll get to that in a moment—allowing other forms of taxes (certainly including property taxes, but also potentially income taxes) to be reduced or abolished. George became a sensation. His book *Progress and Poverty* sold 2 million copies, and he got 31 percent of the vote in the 1886 New York mayoral race (finishing second, narrowly ahead of a 31-year-old Teddy Roosevelt).

George was a reformer, not a radical. Abolishing land ownership doesn’t require either communism on one end or hunter-gathering on the other. That’s because land can be separated from the things we do on top of it, whether that’s growing crops or building tower blocks. Colloquially, the term “landowner” often combines actual land-owning with several additional functions: putting up buildings, providing maintenance, and creating flexibility to live somewhere short-term. These additional services are valuable, but they’re an ever smaller share of the cost of housing. In New York City, 46 percent of a typical home’s value is just the cost of the land it’s built on. In San Francisco it’s 52 percent; in Los Angeles, 61 percent.

The key Georgist insight is that you can tax the “unimproved” value of land separately

from everything else. Right now, if you improve some land (e.g., by building a house on it), you’ll pay extra taxes because of the increased value of your property. Under Georgism, you would pay the same tax for your home as for an equivalent vacant lot in the same location, because both your building and the vacant lot use the same amount of finite land.

Today, Georgism as a political movement has stagnated like a vacant lot. But one day, we believe, people will see Georgist taxation as not only economically efficient but morally righteous.

THE RIGHT TO live is generally considered the first of the natural rights. But living requires physical space—a volume of at least several dozen liters for your body to occupy. It’s pointless to declare that someone has a right to something if they can’t acquire its basic prerequisites. For example, as a society we think everyone has a right to a fair trial; since you can’t meaningfully have a fair trial without a lawyer, if someone can’t afford a lawyer, we provide one. Similarly, on planet Earth at least, occupying space necessarily implies occupying land. Upper-floor apartments or underground bunkers still need the rights to the land below or above them. Thus, the right to life is actually derivative of the more primal right to physical space—and the right to space is derivative of the right to land.

The problem with the right to land is that it’s all been taken. Long before our births, every inch of habitable land in the United States was claimed. Historically, the ethics of land ownership were probably shaped by a sense that it was always possible to find more land somewhere. In the 1800s, newspaperman Horace Greeley famously (might have) said that “Washington [DC] is not a place to live in. The rents are high, the food is bad, the dust is disgusting and the morals are deplorable.” The solution? “Go West, young man, go West and grow up with the country.” While some would argue that the first two sentences still apply, it is no longer possible to go west and claim 160 acres.



Of course, we also can't look at those sentences today without feeling moral outrage. The land the homesteaders moved into was not, in fact, unclaimed. Native Americans had lived on and stewarded that land for generations. This is a reminder of an important truth: Almost everyone who owns land today is the descendent, inheritor, or counter party of someone who took that land by force. Plus, no one made it, and as Mark Twain (probably never) said, "they're not making any more of it."

The fact that we all need land to live, and that there's no more land available, is the crux of the immorality in profiting from it. You're renting someone's rights back to them.

If you live in a place with potable water coming out of the taps, it's arguably OK to find people who have cash to burn and sell them the same tap water in fancy bottles. But if you're in the desert and there's a natural oasis, and you fence off that oasis and sell its water to local people for as much as they can afford, something has gone badly wrong. Owning land to rent to others is similar. We can think of renting out land as like a poll tax, demanding payment from people before they get to vote: It's gatekeeping someone's natural entitlement, turning a right into a purchased privilege.

Everyone today is born with a kind of existential debt. From the moment you emerge, you're in a space that belongs to someone else, and from then on, money is spent each day to give you access to the space you require to exist. Land ownership, and the accompanying system of sales and rentals, merely allows some people to make money by gatekeeping a resource that no more belongs to one of us than any of us. Economists call this "rent seeking," and most of us call it "immoral."

IN THE LAST few centuries, one major strand of moral progress has been a series of challenges to what people can rightfully own—most horrifically, people as part of chattel slavery and wives as property of their husbands, but also endangered animals, cultural relics, and human body parts. Our descendants will also

**“...one day, we believe, people will see Georgist taxation as not only economically efficient but morally righteous.”**

have that all-too-common moral experience of horror when they read about the long history of believing that because land can be captured by violence, fenced off, and controlled, that it's right to do so.

To see how the future will view our current model of land ownership, we could look at how the present views feudalism. The feudal lord didn't create the land himself, it had been deeded by some prevailing power, who got it from someone else, until reaching someone who took it by force. Meanwhile, a serf was born "bonded" to the land, and was stuck compensating the lord indefinitely for space that should be theirs by right. Giving a serf the choice between, say, two different lords—or 10, or 100—wouldn't change any of the fundamental facts. The nature of being born into existential debt simply strikes us as wrong.

In some ways, our modern situation is worse because it's opt-in. In feudal times, the alternatives to land ownership were incredibly grim, and land was essentially the only asset class available that actually increased in value. A feudal lord may have been choosing between participating in the system and risking their own family's serfdom. But in our modern economy, an investor in land is choosing it over endless other investments that return good profits and do not violate the rights of others. And "fee simple" land ownership is just one of many possible models, a relatively recent and contingent invention. In fact, there are many small pockets in our world of successful modern societies treating the value of land as a communal good. In Singapore, for example, three-quarters of land is publicly owned and

leased to residents on a fixed term, usually 99 years, with further extensions being bought from the Singapore Land Authority.

Modern appraisal methods have made Georgism more practical than ever. We can calculate the unimproved value of any given piece of land, and then tax unimproved value at close to 100 percent of its annual rental rate. This, called a land-value tax, is effectively equivalent to landlords “renting” the land from everyone else.

In an example reported by *The Wall Street Journal*, a vacant lot in Austin, Texas, pays about half the property taxes per acre as the apartment building nearby. Under a land-value tax, both properties would pay the same amount in tax for using the same amount of land. The benefit of this system is that improving the land is incentivized, since it increases the landlord’s revenues but doesn’t increase their tax burden, while merely holding land for speculation is disincentivized, which frees it up for others. Land-value taxes have been credited with reducing vacant buildings in Harrisburgh, Pennsylvania, by nearly 90 percent.

What ties these options together—and what will unite the successful systems of the future—is that they give people secure access to land and let them profit from improving the land, but they don’t let people profit off the mere existence of a common resource that belongs to everyone and no one.

Surprisingly, Thomas Paine had it exactly right back in 1797: “Man did not make the earth ... it is the value of the improvement only, and not the earth itself, that is individual property. Every proprietor therefore of cultivated land, owes to the community a ground-rent ... for the land which he holds.”

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The 131st Annual Henry George Commemorative Dinner • 14 September 2022  
(Edited version)

# The great Australian nightmare

How expensive housing sits at the heart of some of Australia's most pressing policy challenges

by **Brendan Coates**

Economic Policy Program Director, Grattan Institute

Upstream from the Great Australian Nightmare of worsening housing affordability – and all the downstream consequences it is creating in our society – sits our longstanding intellectual neglect of the economics of land.

For most of the 20th century, the neglect of land was of little consequence. For economies powered by manufacturing, who owned land, where it was, and how it was used, was of secondary importance to the amount of capital invested and the pace of technological innovation.

But as the advanced economies of the world have transitioned again – from manufacturing to services – land is back. Economies powered by intangible capital strive or stagnate based on the ability of individuals to come together and combine their knowledge and skills. It is, as any real estate agent would tell you, all about 'location, location, location'.

Grattan Institute work shows that cities are the economic engines of the modern economy. Eighty per cent of the value of all goods and services produced in Australia is generated on just 0.2 per cent of the land. Economic activity is concentrated in CBDs, with those of Sydney

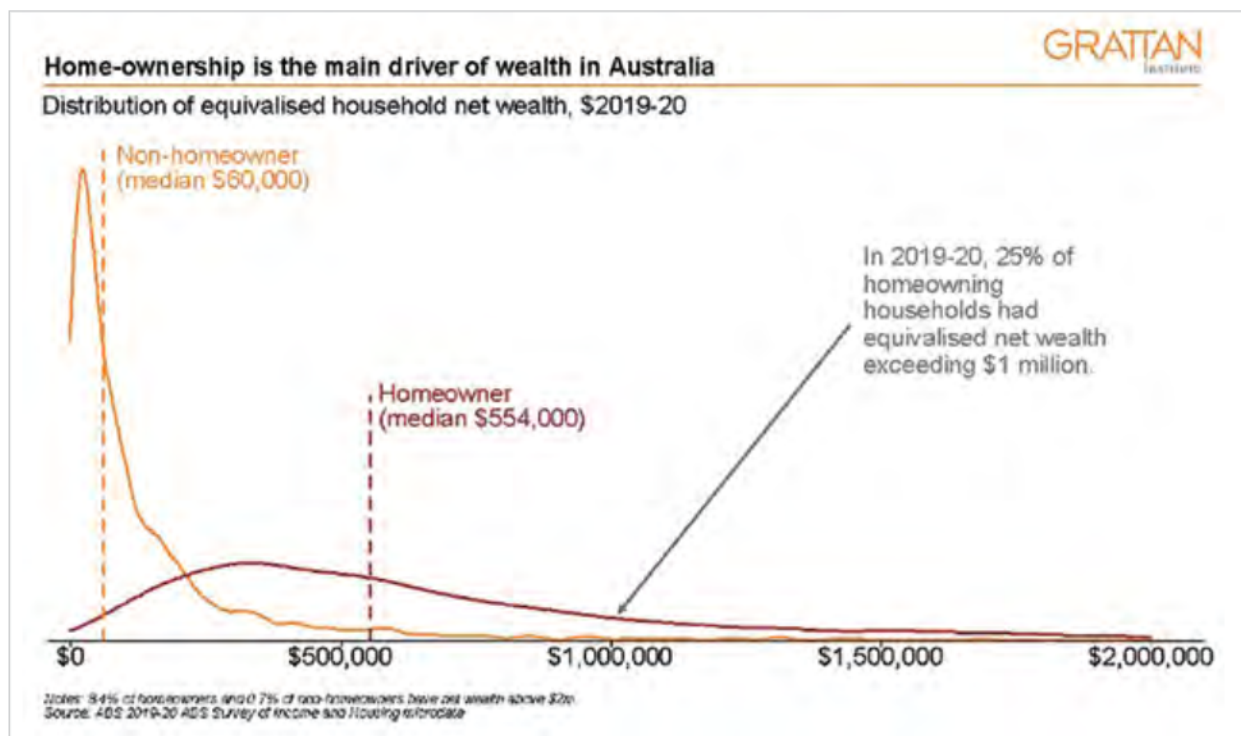
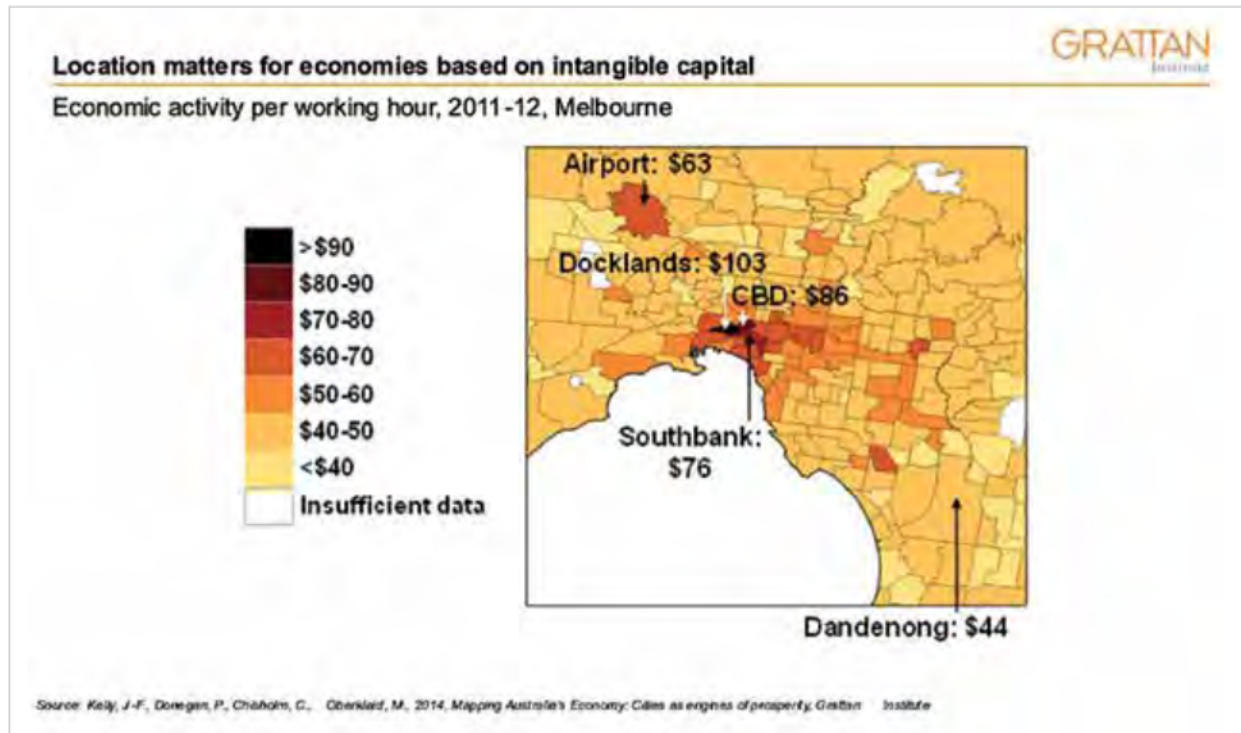
and Melbourne accounting for 10 per cent of all economic activity in Australia – more than three times the contribution of the entire agricultural sector.<sup>1</sup>

This concentration reflects the rise in knowledge-intensive services, clustered together at the hearts of our major cities. The fact that businesses are willing to pay high rents to locate in the CBDs of our major cities shows the value of having access to high-skilled workers and proximity to suppliers, customers, and partners in those scarce locations.

And the willingness of Australian workers to pay much higher house prices for homes located close to those employment centres shows that Australians also see value in these connections.

Economists Josh Ryan-Collins and Cameron Murray estimate that prior to June 2019, in 16 of the previous 29 quarters the median Sydney home earned more than the median full-time

1 Kelly, J-F., Donegan, P., Chisholm, C., Oberklaid, M. (2014), Mapping Australia's Economy: Cities as engines of prosperity, Grattan Institute.



worker. How can it be that a relatively low risk, low effort investment can often provide greater returns than a year of hard work?<sup>2</sup>

And here we see how the fact that land was neglected in public discourse for so long has proven so costly as the Australian public, via their governments, have been among the smallest beneficiaries.

Australian governments derive far less revenue from property taxes as a share of GDP than they should. Australia's property tax take – at less than 1 per cent of GDP -- is far below that of some comparable countries. Land taxes do not distort decisions about land use, provided they apply in a way that the landowner can't avoid. Which is precisely why economists hold land taxes in such high regard.

<sup>2</sup> Ryan-Collins, J. and Murray, C. (2020), When homes earn more than jobs: the rentierization of the Australian housing market, Housing Studies.

But at the same time, no country has succeeded in collecting a large share of land rents via land taxes, as Henry George demanded. Land taxes have in fact proved to be unpopular because they are highly salient – hitting the cash flows of households and businesses each year. In contrast stamp duties, which are almost universally denounced by economists because they impose large economic costs, have proven to be more palatable to the public.

Many countries were lucky enough to capture a good share of the rapid rise in land rents in recent decades because they owned a lot of land. In contrast Australian governments own relatively little land – just 6 per cent of total land value in Australia today. This means these growing returns to housing are captured privately, and our governments are limited in their ability to share these spoils with those that don't own housing and land in ways that other countries have done, such as Singapore.

### The drivers of rising house (and land) values

But what's driven the enormous rise in house values since the Second World War?

It's a story of historically low interest rates, increased access to finance, tax and welfare

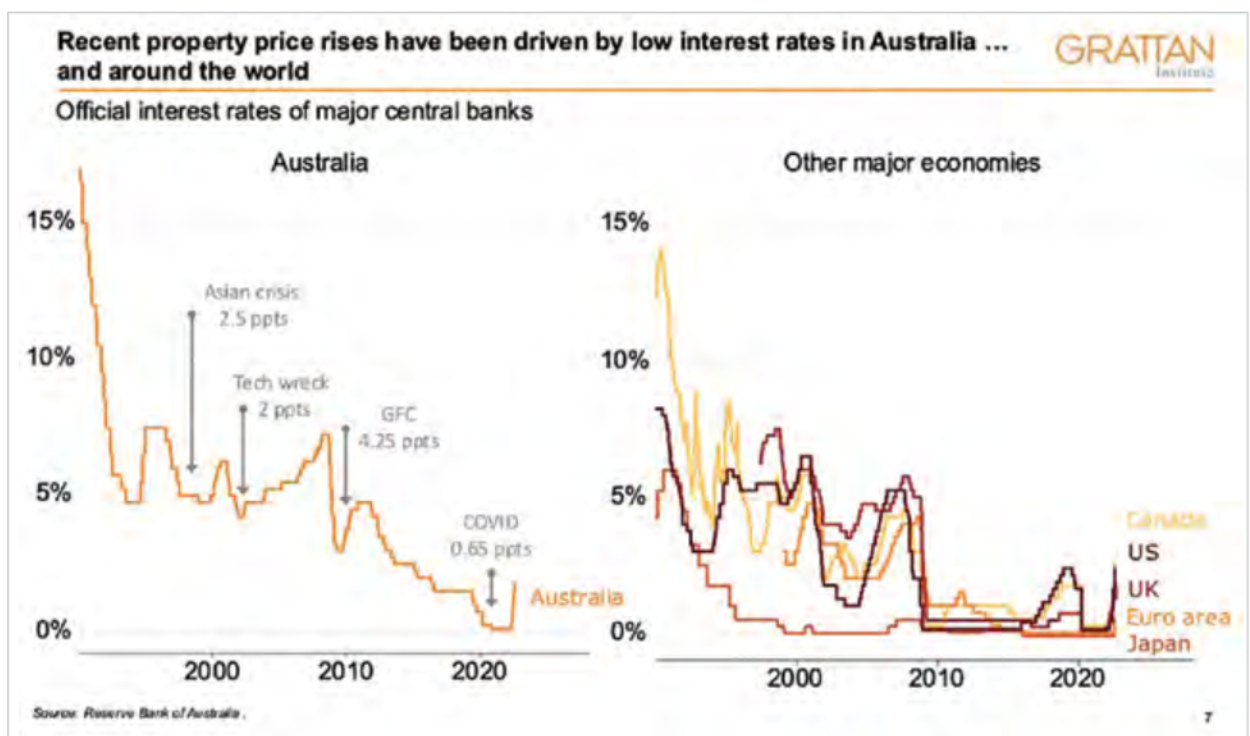
‘The politics of land-use planning – what gets built and where – favour those who oppose change.’

settings that favour investments in housing, and a boom in migration that's led to a chronic shortage of housing.

Nor, in my view, is the idea that there is a ‘housing shortage’ contradicted by the existence of more than one million vacant dwellings, as recorded by the 2021 Census, or by Prosper's work tracking vacant dwellings using data on homes' water usage.

Some states have sought to introduce vacant property taxes to encourage more vacant dwellings onto the market. But to date no vacant property tax has been successful, since they inevitably include exemptions for uses such as holiday homes, which make them easy to game.

Advertised rents are already surging, and many of Australia's most vulnerable are suffering as a result. Less than 1 per cent of rental properties are currently vacant – the lowest level on record.<sup>3</sup> The typical asking rent on a new



3 Razaghi, T., Landlords hold upper hand, renters set for tough conditions over next 12 months, Domain.

property is up nearly 14 per cent nationally over the past year.<sup>4</sup> The regions are not immune either, with the work-from-home revolution driving an exodus from the cities, pushing many in regional areas into acute rental stress and homelessness.<sup>5</sup> And now that borders have reopened, population growth, and housing demand, is expected to rebound sharply.<sup>6</sup>

This is largely a failure of housing policy, not housing markets.

Australia's land-use planning rules are highly prescriptive and complex.

The prices of new homes, including apartments, exceed the cost of building more of them. Reserve Bank researchers estimated that restrictive land-use planning rules add up to 40 per cent to the price of houses in Sydney and Melbourne, up sharply from 15 years ago. More recent research suggests that planning rules have added substantially to the cost of apartments, where building height limits in and around the urban cores of our major cities prevent more construction.<sup>7</sup>

There are reasons to think of these estimates as upper-bound estimates of the size of the impact of land use planning.

But they are consistent with a growing international literature highlighting how land-use planning rules – including zoning, other regulations, and lengthy development approval processes – have reduced the ability of many housing markets to respond to growing demand, adding to both rent and house price growth in a number of countries.<sup>8</sup> In many of these studies we see a clear correlation between the size of land rents and decent measures of land use planning stringency across US cities.<sup>9</sup>

The key problem is that many states and local governments restrict medium- and high-density developments to appease local residents concerned about road congestion, parking problems, and damage to neighbourhood character. The politics of land-use planning – what gets built and where – favour those who oppose change. The people who might live in new housing – were it to be built – don't get a say.

But studies assessing the local costs and benefits of current rules generally conclude that the negative externalities are much smaller than the costs of existing regulations.<sup>10</sup>

Heritage protection is a particular form of planning regulation that slows or stops development. Research from the US has identified an over-emphasis on heritage considerations as a significant barrier to development. While the precise magnitude of the barrier in Australian cities is unclear – no similar study has yet been undertaken – examples abound.

More recent work by Prosper and others has shown that land development is prone to cycles and strategic behaviour in greenfield areas.<sup>11</sup> The issue of land banking by developers warrants further investigation, but it does not, in my view, imply that there is a natural 'speed limit' on development independent of external constraints on housing supply.

Yet it remains clear cities offer too little medium-density housing in their inner and middle rings. Australian capital cities are more sparsely populated than cities of similar size in other developed economies.

This is not what most Australians want. It is a myth that all new first-home buyers want a quarter-acre block. Many would prefer

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4 SQM Research, Weekly Rents.

5 Domain, June 2022 Rental Report.

6 Ellis, L. (2022), Housing in the Endemic Phase, Keynote Speech to the UDIA 2022 National Congress.

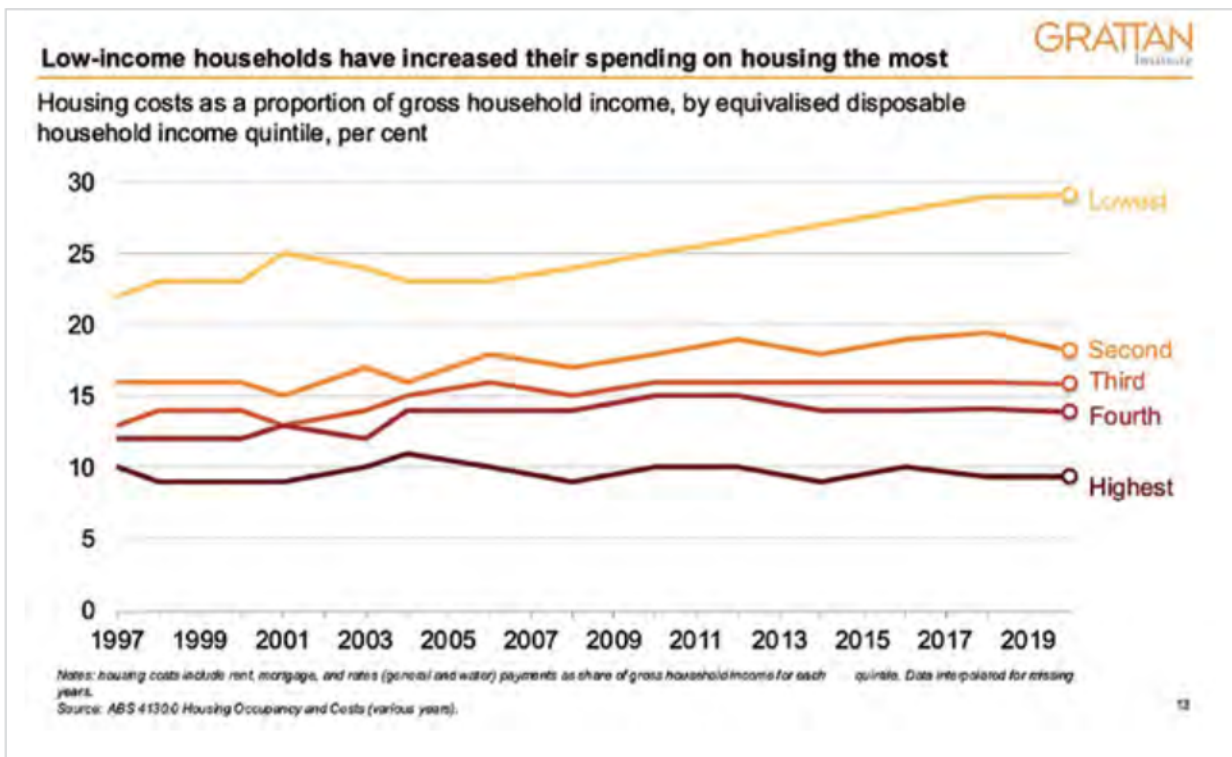
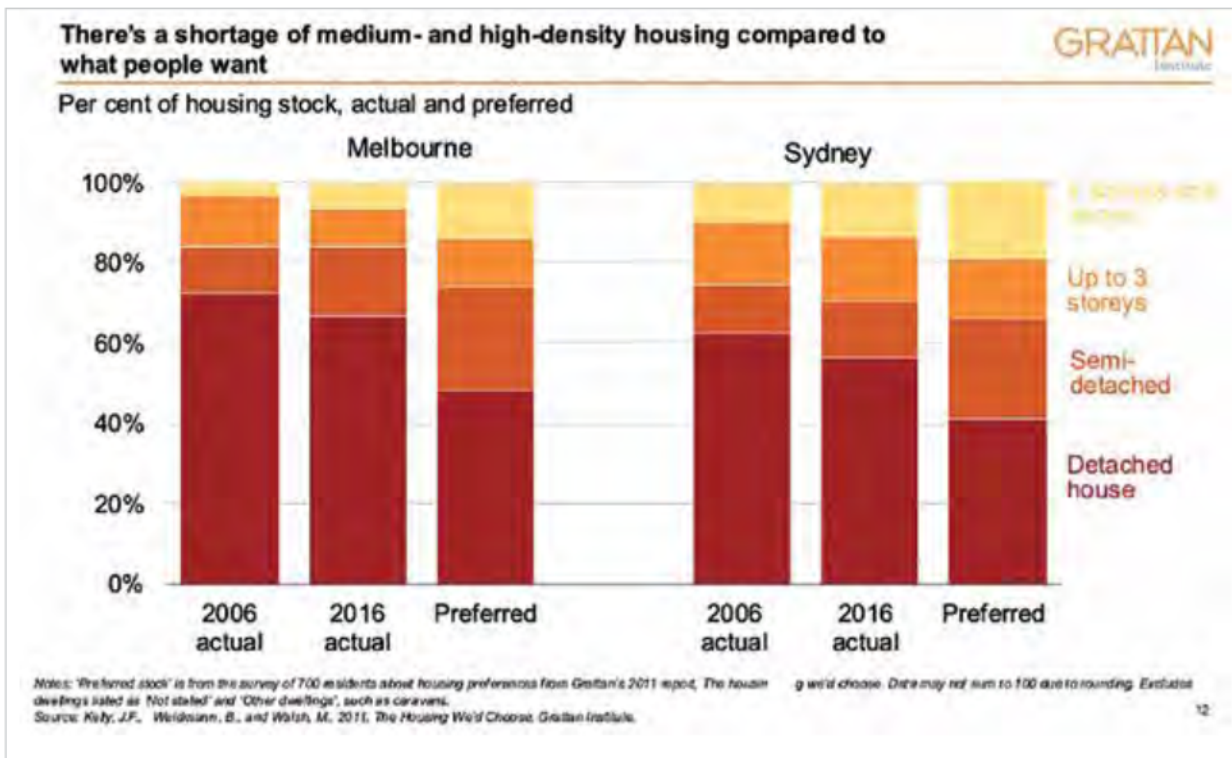
7 Jenner and Tulip (2020) estimate that home buyers will pay an average of \$873,000 for a new apartment in Sydney though it only costs \$519,000 to supply, a gap of \$355,000 (68 per cent of costs). There are smaller gaps of \$97,000 (20 per cent of costs) in Melbourne and \$10,000 (2 per cent of costs) in Brisbane. See: Jenner, K. and Tulip, P., (2020), The Apartment Shortage. Reserve Bank of Australia Discussion Paper.

8 Daley, J. and Coates, B. (2018), Housing Affordability: Reimagining the Australian Dream, Grattan Institute, pp. 26–27.

9 Unfortunately, the fact that Australians are overwhelmingly concentrated in just five cities means we can't easily conduct similar comparisons for Australian cities since a restriction on housing at one location will increase demand and hence prices for housing at other locations in the same city. So variations in relative prices across the city will substantially understate the total effect of variations in restrictions.

10 Gyourko, J. and Molloy, R. (2015), Chapter 19 – Regulation and Housing Supply, Handbook of Regional and Urban Economics, Vol. 5.

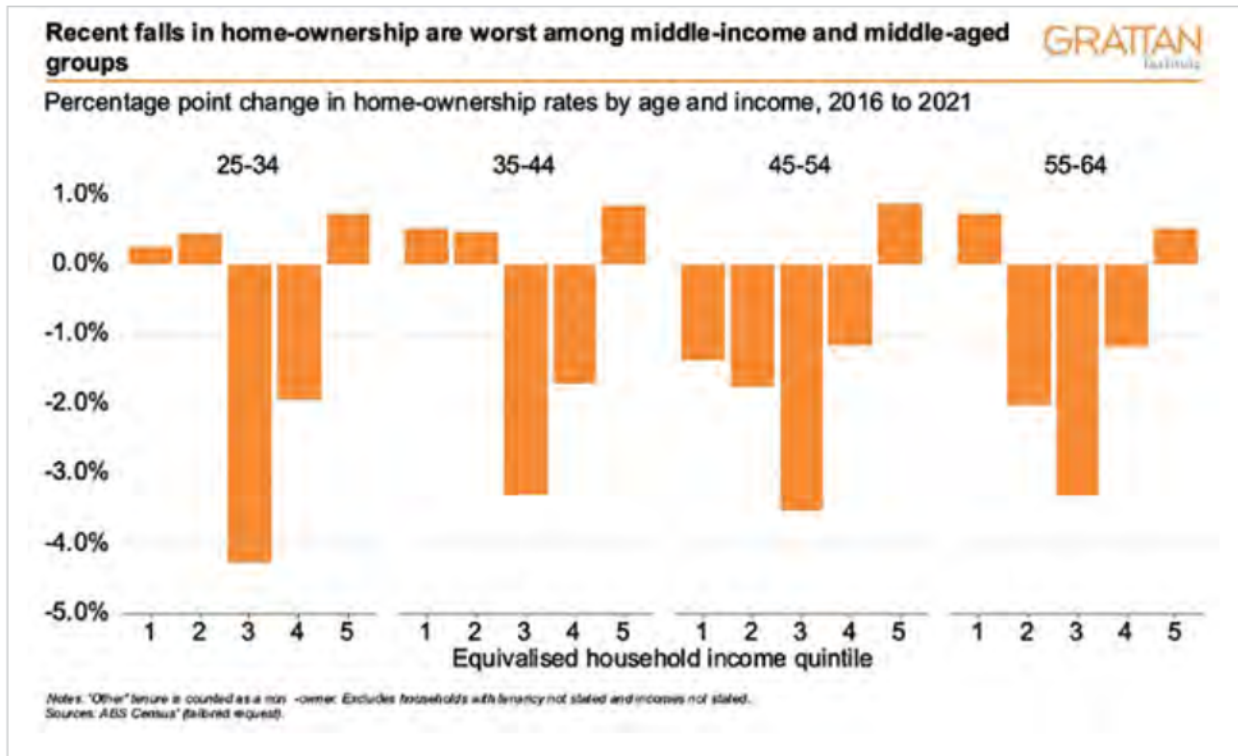
11 Fitzgerald, K., (2022), Staged Releases: Peering Behind the Land Supply Curtain. Prosper. Murray, C., (2021), A housing supply absorption rate equation.



a townhouse, semi-detached dwelling, or apartment in an inner or middle suburb, rather than a house on the city fringe.

The stock of smaller dwellings – townhouses, apartments, etc – made up 44 per cent of

Sydney's houses in 2016, and 33 per cent of Melbourne's. Yet, Australians say they actually want those numbers to be 59 per cent in Sydney and 52 per cent in Melbourne.



### The Great Australian Nightmare

Within living memory, Australia was a place where housing costs were manageable, and people of all ages and incomes had a reasonable chance to own a home with good access to jobs. But the great Australian dream of home ownership is rapidly turning into a nightmare for many young Australians.

People on low incomes – increasingly renters – are spending more of their income on housing, especially in the form of rent. More than half of low-income Australians in the private rental market suffer rental stress, especially those in the capital cities.

One in five working-aged households who rent are in financial stress, defined as skipping a meal, using charity, pawning something, or not heating the home. The ugliest outcome from this imbalance is simply more people without a home. The number of homeless Australians relative to population ticked up from 2006 to 2016.<sup>12</sup>

Since World War 2, Australia has been a nation of homeowners. Home ownership rates peaked at more than 71 per cent in 1966. Almost three quarters of the nation was on the property ladder and living the dream – home ownership was celebrated as an indicator of success, security, and quality of life.

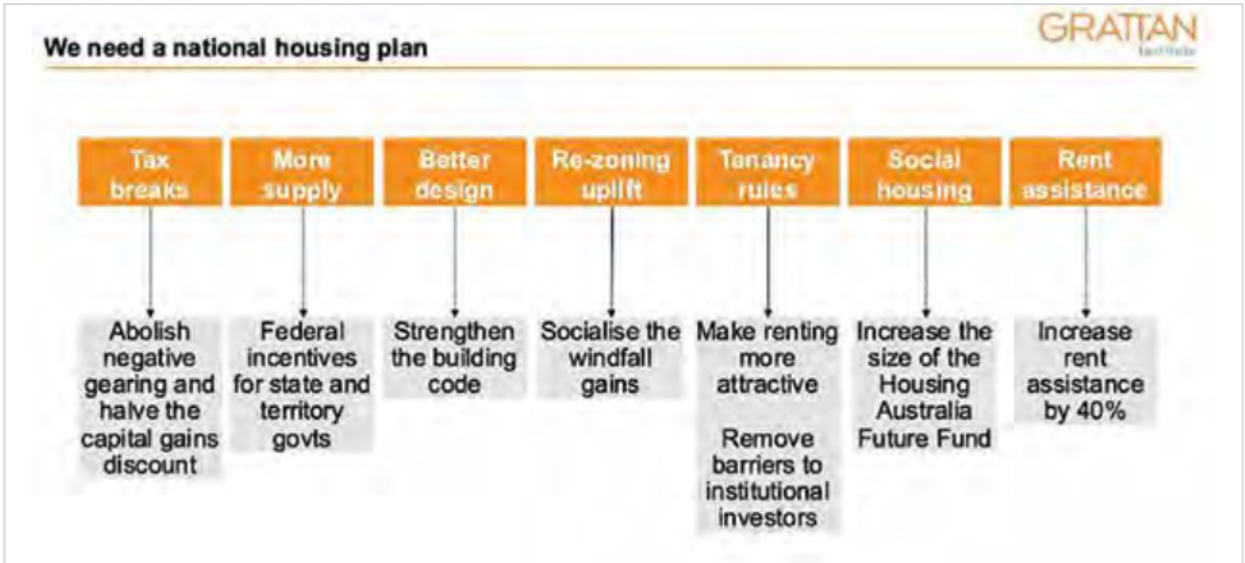
But now home ownership rates are falling fast, especially among the young and poor. Between 1981 and 2021, home ownership rates among 25-34 year-olds fell from more than 60 per cent to 40 per cent, and among the poorest 40 per cent of that age group it has more than halved, from 57 per cent to 28 per cent.

Since the last Census, we’ve started to see accelerating declines among middle-income households too, with noticeable falls in home ownership at all age levels, and including older, middle-income households.

Home ownership is also falling among poorer older Australians. Among the poorest 40 per cent of 45-54 year-olds, just 53 per cent own their homes today, down from 71 per cent four decades ago.

<sup>12</sup> Coates, B. (2020), Homelessness is a growing problem, Presentation to the Inquiry into Homelessness in Victoria.





**We need a national housing plan**

The Albanese Government has pledged to establish a national housing and homelessness plan. If I could make a pre-emptive submission, I would highlight the following priorities:

**We have a choice**

In Australia’s past, both low- and high-income earners, young and old, owned homes. Homelessness was rare. But over the past 40 years, housing in Australia has transformed.

Today, home-ownership largely depends on income, and how wealthy your parents are. Housing is contributing to widening gaps in wealth between rich and poor, old and young.

Lower-income households are spending more of their income on housing and are under more rental stress.

But governments have continued both to promise improved affordability, and to prefer the easy policy options. It is no surprise that trust in government continues to fall.

If governments really want to make a difference, they need to explain the hard choices, to prepare the ground for the tough decisions that need to be made.

Either people accept greater density in their suburb, or their children will not be able to buy a home, and seniors will not be able to downsize in the suburb where they live. Economic growth will be constrained. And Australia will become a less equal society – both economically and socially.

This is a problem we can fix, but only if we make the right choices. •

Scan the QR code to view the complete article:



<https://grattan.edu.au/news/the-great-australian-nightmare/>

Watch the YouTube speech:



<https://www.youtube.com/watch?v=C-DDtSIZSyc>



# Community Land Trusts can progress Georgist theory

By Karl Fitzgerald

My belief is that Community Land Trusts (CLTs) can demonstrate the benefits of recycling land rents for the common good. This will support the larger Georgist agenda with a micro version of the macro vision.

It's been 12 months since we started Grounded Community Land Trust advocacy. Our job is to support the CLT movement by advocating, incubating and accelerating its growth.

After 18 years at Prosper, I felt it was time for a new challenge. This was driven by the fact that every time I mentioned CLTs in a public forum, I was surrounded by people interested in the concept. I wanted more time to explore this as a theory of change.

Ahh the purists will say, but you are only capturing one half of the story – missing the deadweight dividends delivered by removing harmful taxes. Sure, but a raft of CLTs demonstrating how land rents can be used for the common good is a tangible step in the right direction.

Part of this is also about mobilising the public. If the community can almost touch the benefits of land rents, then the bigger picture issue of land rents is more likely to become a reality to them.

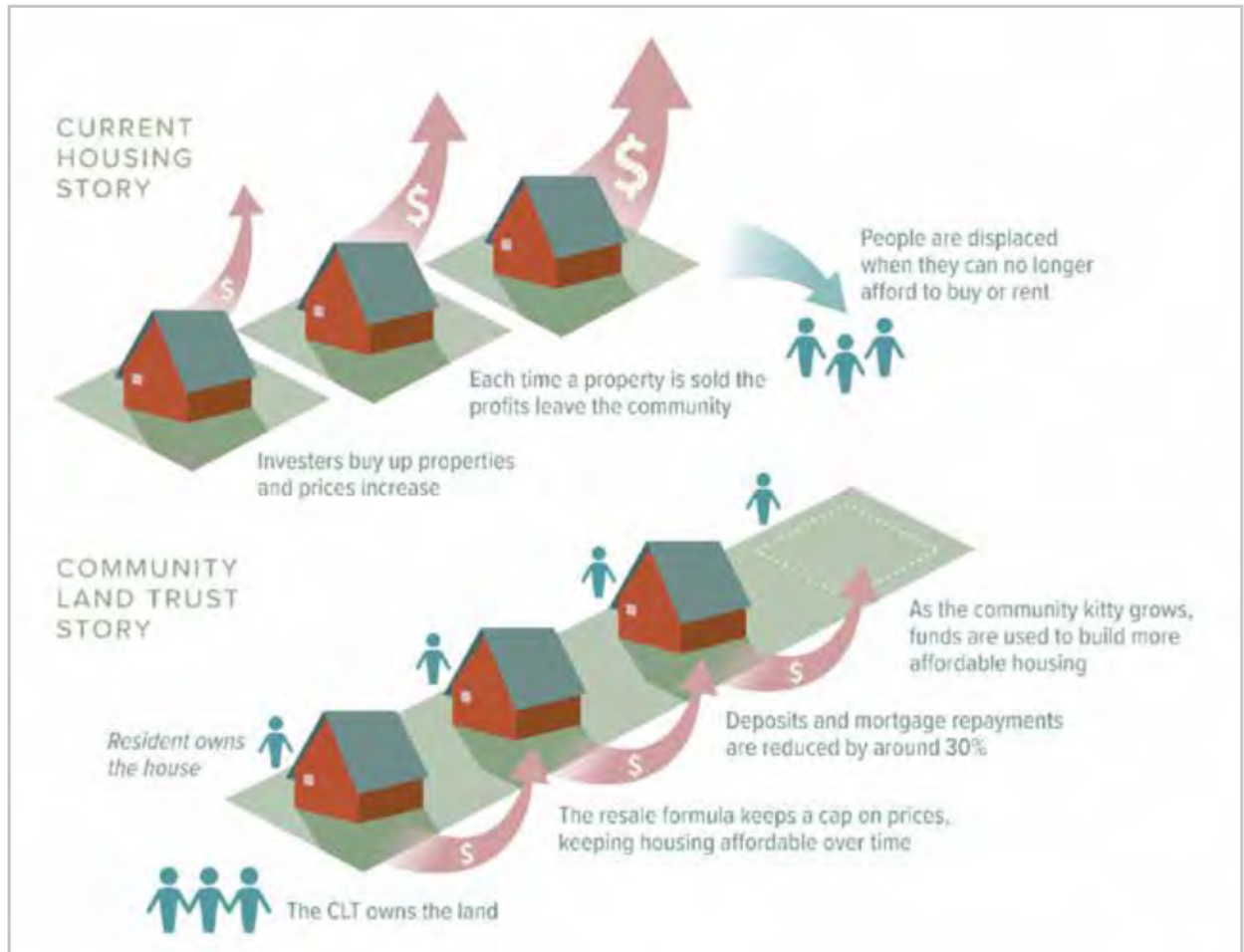


## What is a CLT?

A CLT is a community owned vehicle for removing land from the speculative market to preserve affordability over time.

The Trust owns the land in perpetuity, while the resident owns the building.

This means that the resident only has to borrow for the house (the improvements) – some 30-40% of the typical mortgage. The deposit gap is therefore greatly shortened. Residents may only



need to save \$30K, rather than the \$180K often needed in the mainstream market.

That means those in their 20s could work hard to save up a deposit and enter the market in their late 20s rather than late 30s as is the case for so many today. Can you feel the pressure valve releasing by even saying that? Women over 55 can also see merit in this approach.

Resilient communities need time to bond. The current housing story sees active communities as a magnet for speculative pursuits. We should instead celebrate such communities as a bedrock for solid citizenry. CLTs can help this occur, as the graphic demonstrates.

The typical CLT model relies on a 75% resale formula – akin to a Capital Gains Tax on sale. The Trust is expected to keep on top of monthly interest bills with a \$100 per month, per site admin fee. The small monthly fee favours larger projects and pushes towards a charity model.

Gavin Putland and I started experimenting with the CLT model in the early 2000s. We found that a Trust can get on top of the monthly interest rate burden with a higher monthly land lease fee based on market rents. Now with annual land valuations in many jurisdictions, this is easier to evaluate. The resident receives a lower resale formula in exchange for the land rent.

Since then I have continued to push the model so that it can be as market orientated as possible. The result is we can buy land at market rates (pre-market preferred). Liquidity pressures for the Trust are reduced with the monthly land rent fee.

This makes the model more equitable for both the Trust and resident, by matching liquidity requirements for both parties. The typical CLT model is too biased towards the resident, meaning that many Australian housing organisations have struggled to make such numbers stack up.

Now that we have finalised the model, we are busy presenting it to government agencies, and local affordable housing groups.

The great advantage of a CLT is that land rents are kept within the community, making it stronger. Closing that loop also adds scalability.

Unlike other so-called affordability tools such as the First Home Buyers grant, the subsidy is retained over time in a CLT. This is helped by an affordability lock on the property, ensuring that prices cannot increase above 75% of the district median.

The Victorian government is for example handing over \$600m in annual First Home Buyer Stamp Duty discounts. Not only does this subsidy instead work to deliver developer welfare, but the subsidy is lost upon sale. The impact this has on marginal pricing is dynamic and deserves more recognition. By enabling higher bids, such grants push prices up on new land supply, curbing its ability to assist affordability.

Governments should instead invest a similar amount in CLTs where a seed planted today will be a forest in years to come.

It seems that finally after 20 years of trickle down housing supply failing society that government has recognised something meaningful must be done. Support for social and affordable housing is growing at a rapid rate – a tacit admission that the housing supply focus is a costly policy failure.

Grounded is working hard to develop the tools for community groups to come together. Daylesford, near where I live, appears to be an early front runner. Our hope is that by bringing people together with the shared aim of building perpetually affordable housing, good people will come forward. With the Grounded CLT model funding more affordable opportunities, we hope ethical landlords, architects and planners will join the mission.

That's been the way CLTs have evolved around the world. A few people coming together, finding some land and pulling all the strings that community endeavours can reveal. If that appeals to you, feel free to reach out so together we can make things happen. •

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“Government should be repressive no further than is necessary to secure liberty by protecting the equal rights of each from aggression on the part of others, and the moment governmental prohibitions extend beyond this line they are in danger of defeating the very ends they are intended to serve.”

– HENRY GEORGE

# Land and liberty to build

## On Georgism and YIMBYism

by Stephen Hoskins, Progress and Poverty

‘Only an alliance of Georgism and YIMBYism is capable of addressing rising housing costs and economic inequality.’



Spend any time trying to untangle the Gordian knot of urban housing costs and you'll quickly encounter two groups claiming to hold the scissors: the YIMBYs and the Georgists. YIMBYs ('Yes-In-My-Back-Yard') argue that cutting land use regulations ('upzoning') will boost housing construction and improve affordability; while Georgists believe we should shift the tax base onto land, to punish the speculative under-use of urban lots and stimulate the supply of homes. While many folks agree with both positions and there is much overlap between the two groups, they sometimes lob criticisms at one another and often vie for primacy in the housing discourse.

“Through a witch’s brew of tight density restrictions, sweeping prohibitions on apartments, and high minimum lot sizes, among other zoning regulations, these neighborhoods and suburbs effectively preserve their economic exclusivity and high-quality services to the detriment of everyone else.”

–Nolan Gray in *Arbitrary Lines*

In this article, I will argue that both upzoning and land value tax are absolutely necessary if we want to fix our cities. I’ll explain why they are natural allies in the fight against landed interests, and demonstrate that they are so much better together. All urbanists should adopt both as a core tenet of their advocacy.

### Why Georgists should also be YIMBYs

Ardent readers of this substack probably want to tax land already, so let’s start by talking about why you should also support upzoning.

Henry George was precocious in his understanding of the power of human proximity. In a love-song to the city, he writes “Here, if you have anything to sell, is the market; here, if you have anything to buy, is the largest and the choicest stock. Here intellectual activity is gathered into a focus, and here springs that stimulus which is born of the collision of mind with mind.” Dense cities are unrelenting engines of progress. They ensure all our desires are nearby, allow us to learn from each other, and provide a buffet of jobs so we can pick the perfect one. Cities boost innovation and entrepreneurship. Productivity grows by 15% with every doubling of city population.

While George’s lifetime predated our Euclidean system of zoning, it is clear that he would have found it an abhorrent barrier to human freedom. His single tax advocacy ultimately sought to liberate individuals from the extractive burden of land rents, thus providing freedom to all. “Freedom is the panacea for social wrongs and the ills they breed, and the single tax principle is the tap-root of freedom.” Freedom to George meant an ardent opposition to all regulations “save those required for public health, safety, morals and convenience”, which clearly

excludes our burdensome zoning. George wields this principle most directly in *Protection or Free Trade*, arguing that trade tariffs protect companies from competition, and grant them monopolistic power to raise prices, hurting consumers. In an identical manner, zoning is a regulatory tax on production which grants landowners the right to exclude others from their community and ultimately curtails our freedom to live and work on land in the manner that best serves human need.

Zoning which limits the densification of urban areas, like height limits, setbacks and maximum floor area ratios, acts as a stifling handbrake on the dynamism of our cities and banishes us to suburban isolation. Easing zoning in NYC and the SF Bay Area alone could boost US production by between 14% and 25%. Zoning prevents workers from moving to places where their labor will be more productive and more highly paid. Americans used to migrate in this exact direction, but that trend has reversed as zoning prevents housing from being built in the most valuable places. Low-income folks are hurt most by this exclusion, exacerbating inequality. YIMBY upzoning would not just improve social mobility and equality, but will also weaken both racial and economic segregation within cities.

Georgists should be appalled by zoning which forces households to over-consume land, such as minimum lot sizes, minimum parking requirements, and use restrictions that separate where we live from where we work and play. These force cities to sprawl outwards, undermining the viability of public transit and increasing carbon emissions through car-centric commutes and less energy-efficient dwellings. Enabling densification was one of the key climate abatement policies identified in the latest IPCC report.

‘[YIMBY policies] will disrupt systems of people who treat their home as an investment ... and will create renters and condo owners who own less of the land, so they are going to be more likely in the end to support radical measures to discipline land markets.’

–Mark Mollineaux on the Henry George Program

Upzoning enables developers to shift away from sprawling suburban single-family homes and towards more sustainable typologies. A decade ago, only 12% of houses built in Auckland were townhouses and apartments, but after sweeping upzoning they’ve grown to fully 70% of new supply. Aside from all the benefits discussed above, this density has the added benefit of creating a voter base for whom land is a smaller share of their household balance sheets, making them more amenable to Georgist arguments in the future.

### Why YIMBYs should also be Georgists

YIMBY readers may be clapping along in agreement that upzoning can solve many of our social woes. But without incorporating the lessons of Georgism, many of the benefits of upzoning will be slow to materialize and will flow straight into the pockets of landlords.

For the owners of upzoned land in desirable locations, YIMBYism can be incredibly lucrative. Relaxing a height limit multiplies the rental income that can be earned from building upward on a piece of land. Landowners know this and respond by demanding much higher prices from developers trying to acquire their land for construction. Thus, upzoning can instantly raise the value of upzoned land. A huge portion of what we call ‘developers’ are really just speculative land bankers who buy sites, lobby for upzoning, and then make-off with their ill-gotten windfall gains, without actually adding to the supply of housing. This mechanism is why YIMBYs often find ourselves confronted by Jonah Freemark’s finding that transit-oriented upzoning in Chicago immediately capitalized into higher property values. Likewise, my recent thesis found that

even widespread upzoning across Auckland still generated windfall profits in the order of USD\$100,000 for the owners of a typical single family dwelling where townhouses and apartments were newly allowed.

Crucially, this is not an argument against upzoning! Instead, we must find ways to capture the value that is created by upzoning so it can benefit everyone in society, not just lucky landowners. Upzoning paired with a windfall gains tax can help share the land rents created by upzoning. Land value tax (LVT) ensures that whoever benefits most from zoning will also contribute the most taxes. Even better, by placing a price on land banking, it will nudge developers back into the business of building.

The windfall profits from upzoning contribute to the (mistaken) belief among many left-urbanists that YIMBYs are just feckless shills for the real estate lobby. One benefit of being both a YIMBY and Georgist is that you can respond to these allegations with “I want to tax the entire value of land away from the landed class and redistribute it to the public”.

For YIMBYism to truly deliver on its promises, upzoning must actually result in more houses being built. But Cameron Murray argues that because land bankers delay construction to time their sales with the peak of the boom-bust cycle, the overall rate of new housing supply may be unrelated to zoned capacity. Worse, if upzoning is expected to temporarily flatten house prices, developers will find it more desirable to delay development until prices are higher, which can counterintuitively reduce housing supply. Imposing an annual LVT ensures that landowners bear the full opportunity cost of holding land, increasing the cost of delayed development, ultimately increasing the rate

“All these advantages attach to the land; it is on this land and no other that they can be utilized, for here is the center of population—the focus of exchanges, the market place and workshop of the highest forms of industry... And rent, which measures the difference between this added productiveness and that of the least productive land in use, has increased accordingly.”

– Henry George in *Progress & Poverty*, Book IV, Ch 2 Increase of Population

of supply. Again, we see that the benefits of YIMBYism are supercharged by LVT.

Imagine that a municipality could be persuaded to provide the perfect mix of land use regulations and public investment: allowing just the right housing in the most desirable locations, perfectly balancing externalities, and providing the optimal mix of public parks & transit. By making their city as attractive as possible, these policymakers would actually maximize the sum of their urban land values. Thus, the ultimate outcome of YIMBY advocacy could actually be a world where the largest volume of land rents flow from tenants to landlords. Georgist land policy redirects these rents back into the hands of the public, and prevents YIMBYism from accidentally exacerbating land’s central role in inequality.

Finally, George’s lessons on the monopoly power of location helps us see that even if all the economic and social benefits of YIMBYism do materialize, nearly all of them will flow directly into the pockets of urban landowners. Ahlfeldt & Pietrostefani prove this empirically, showing that although urban density raises wages and amenities, rent often rises even faster, redistributing the benefits of densification from tenants to incumbent landowners. Some prominent YIMBYs have started to voice similar concerns, such as Devon Zuegel noting that “increasing supply could actually increase the cost of housing”. This phenomena explains why the primary beneficiaries of the Silicon Valley tech boom have been the property owners.

The Georgist solution here is essential: use LVT to capture the benefits of thriving urban areas, and redistribute the revenues, so that

every single member of society gets to share in the benefits created by upzoning and urban intensification.

### Land value capture is necessary

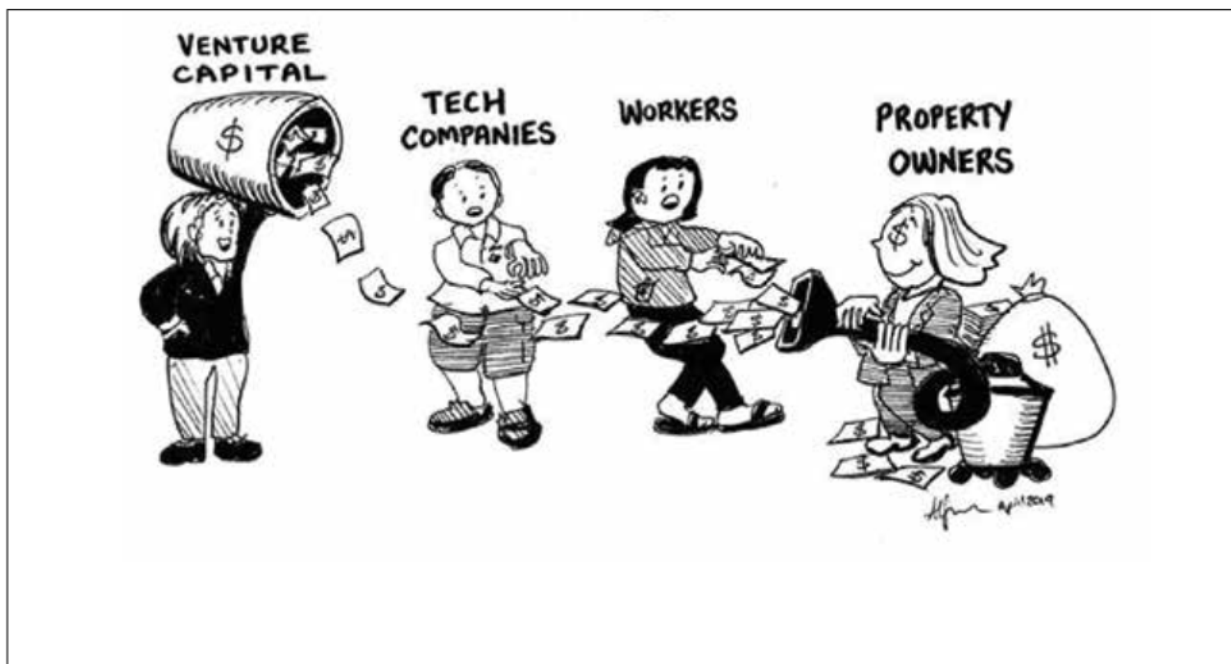
Before highlighting just how powerful YIMBY and LVT are together, I’d like to engage with a couple of the main arguments from YIMBYs who believe that sufficient upzoning makes Georgism unnecessary.

For example, some YIMBYs argue that if we really got serious about upzoning, we could create such tall buildings that each individual household could consume a miniscule amount of land, ultimately kneecapping landowners’ extractive power.

To test this idea, let’s draw on a little bit of spatial economics. We all have an intuitive understanding that housing costs are highest in the city center because of greater access to jobs & amenities, and less time & money spent commuting. Urban economists refer to this mechanism as ‘spatial equilibrium’: the price of housing in different locations adjusts to leave consumers neutral between locations. Therefore the price of housing in different parts of the city will always reflect the benefits of that location relative to other parts of the city or countryside.

Because developers can earn high house prices in the city center, they’re willing to spend the extra money to build tall buildings. High prices multiply with higher feasible densities to make land in the city center much more valuable than on the urban fringe. Thus, while I agree that upzoning can enable apartment-dwellers to consume much less land area, I’m skeptical that this has a large effect on the value of the land they each consume. Upzoning which allows





Comic by Alfred Twu

land to be shared across more units will also boost the amount of land value being shared.

This helps to explain why Hong Kong, which is famously dense, can see thousands of tiny apartments in one building, while still maintaining the highest housing costs in the world, and therefore also the highest land prices. Even Japan, which is a YIMBY favorite for its simple system of land use regulation and high rate of construction, has seen apartments in the center of Tokyo double in price over the last ten years. Where upzoning multiplies the value of center-urban land, LVT helps capture it.

A related argument posits that the real reason urban land values are so high is because zoning limits the supply of development opportunities, which drives-up land values throughout the entire city.

While I agree that this effect exists, I've previously expressed some skepticism about its size, especially where there are a lot of people eager to move into your city when zoning is relaxed. Tight zoning has seen many Californians leaving for Arizona, and many Aucklanders fleeing to Tauranga; upzoning would see many moving back. This may explain the profile of house prices following Auckland's blanket upzoning in 2016: while they did flatten for a few years, it wasn't long before they returned to their inexorable climb upwards,

indicating large volumes of latent demand for access to the city.

Regardless of how successful upzoning is in eroding scarcity rents, centrally-located urban land will always command a massive premium through no effort of the landowner. LVT is essential to capturing this premium for the good of all in society.

### The Great LVT-YIMBY Symbiosis

Upzoning and land value capture are both absolutely essential policies in our combat against the crisis of crushing housing costs. But they are even better together. Both Georgists and YIMBYs should be pursuing a symbiotic marriage of the two movements. We share so many of the same objectives: efficient use of land, affordable housing, thriving cities, urban intensification around walkable mixed-use neighborhoods, and we all want to undermine the exclusionary power of urban landowners.

While LVT will stop speculation in its tracks, a failure to accommodate the endless demand for access to urban locations will leave many of society's most vulnerable locked out of the places where they would have the most opportunity. Upzoning and intensification are critical components of our pressing need to slow climate change.

And while YIMBY may remove the legal barriers to dense housing, LVT will ensure that it actually gets built. Without policies to punish land speculation, urban intensification will fail to materialize, and any benefits of upzoning will flow straight into the hands of urban landowners. LVT with YIMBY gets us the densification we desperately need, and shares the prosperity gains among all.

LVT can help to defang NIMBY homevoters by placing a financial cost on their exclusionary rent-seeking, dulling their NIMBY urges and even helping turn them into YIMBYs. By removing land's role as the central pathway to retirement-saving for households, land taxation will refocus households to invest in productive businesses rather than land speculation and under-use. And it will ensure that no matter what bundle of land use regulation are in place, those landowners who benefit the most will pay in proportion to their privilege.

Similarly, LVT ties government revenues to the value of land within their jurisdiction, giving our public servants the financial incentive to provide the best mix of land use regulations and public investments. Optimal land use regulation can massively boost the amenity generated by the land, while LVT will ensure these benefits can be shared. Value capture can help fund infrastructure and redistributive social policies to help the poorest tenants afford housing: UBI, housing vouchers, third-sector housing.

Georgism and YIMBYism can work together to mold cities into a naturally 'human' urban form. Currently, land use in our cities is heavily distorted by two key forces: speculation and restrictive zoning. Together, these pernicious forces prevent land use from organically meeting human needs, by physically separating our homes from the places where we work and play, forcing us into car-centric sprawl, and cultivating an obsession with land ownership as a tool for personal enrichment. Where LVT can be paired with minimal zoning, cities will no longer be battlefields of monopoly and exclusion, but will instead be empowered to produce a symphony of uses that respond naturally to human desires.

## Where to from here?

Privatized land rents and exclusionary zoning are the most destructive union of political interests of our time, and all urban advocates should embrace any and all opportunities to undermine either. YIMBY groups should place land value capture at the core of their policy objectives. Georgists should support YIMBY efforts to intensify cities and stress that LVT can both boost and broaden the benefits of upzoning.

Wherever possible, we should support housing policy that dulls landowners' financial interest in speculation and exclusion, by zoning for density and producing competing supply via public & third-sector providers. We must use the tax system to discourage land banking, and punish the speculative under-utilization of valuable urban sites, by taxing land value and capturing the windfalls from rezoning or public investment.

We face a generation beset by rising inequality and increasing rents. Millions will, without a significant change in our land use policies, be locked out of the places that provide them with the most opportunity. If we do not take the necessary steps to liberate our cities from the twin scourges of rentierism and NIMBYism, we will condemn ourselves and those who will come after us to a cycle of poverty, exclusion and extraction. Georgists and YIMBYs must urgently forge their alliance. Only by so doing can we create a nation with a place for all.

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<https://progressandpoverty.substack.com/p/land-and-the-liberty-to-build-on>

# **An open letter to KING CHARLES III ON HIS CORONATION**

## **An Earth Rights Manifesto**

from **Alanna Hartzok**

Earth Rights Visionary and United Nations  
NGO Representative for the International  
Union for Land Value Taxation



His Majesty King Charles III  
Buckingham Palace  
London SW1A 1AA

Your Majesty,

I write to you as your “astrological twin sister”. Yes, we were both born on the fourteenth day of November 1948. And as the stars appear, within 10 minutes of each other. My mother sometimes laughingly said this about the day she and your mother gave birth to us: “That woman is doing the same thing as I am, why is she getting all the attention?”

I write to you as someone who also raised two children, who loves to garden and ride horses as you do (and both our mothers did), and as one who cares deeply about the state of our world, as you do.

As your astrological twin sister, I write this open letter to you in the hope that you might be moved to engage in a conversation with people from around the world. Together, as King and Commoners, I think that we can find clarity for a way forward, a way to end poverty, homelessness and hunger, and to build a world that works for everyone including the animals and plants, indeed for life itself. Through our sincere conversation I am certain right action will follow and we will create a world where justice will keep the peace and thus will we end the scourge and abomination of war once and for all.<sup>1</sup>

UK resident and Irish scholar Kevin Cahill wrote a magnificent book titled *Who Owns the World*<sup>2</sup> which is the first compilation of landowners and land ownership structures in every single one of the world’s 197 states and 66 territories. *Who Owns the World* covers the history of land ownership as far as written history allows and shows the division of land ownership in every region of the globe. Cahill identified the person who owns the largest proportion of the world’s land and documents that person’s landholdings.<sup>3</sup> That person was your mother. Now it is you, my dear astrological twin brother.

With the Crown comes your leadership role in the governments and thus the people of the British Commonwealth. You will bear an enormous responsibility in your vested legal ownership of over one-sixth of the planet’s surface. You will reign in 32 countries and territories having a total land mass of 6,698 million acres which will bear your name as superior, or ultimate owner. In contrast, the United States as a country has 2,400 million acres while Russia has 4,200 million acres. As Cahill says, this is “a phenomenon never to be seen elsewhere on earth.... The word “own” is used deliberately, being the word her Canadian Attorney

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1. Ownership of Land and Control of the Earth <https://worldservice.org/issues/febmar96/letter.html>  
2. Cahill, Kevin. *Who Owns the World: The Hidden Facts Behind Landownership*. Edinburgh: Mainstream Publishing Company Ltd. 2007. First published 2006.  
3. Ibid. 42-48.

General's office used to describe the legal status of all of Canada's vast territory."<sup>4</sup>

What we commoners know about what you as now King Charles III owns in personal property in the UK is this: "private, or near private, landed possessions in the home territory come to about 637,000 acres."<sup>5</sup> This makes my three-and-a-half acre family homestead quite minuscule indeed, yet we are so grateful to have it for our beautiful flower, vegetable and water gardens, pasture for animals and woodlot.

In *Who Owns the World*, Cahill describes in great detail the legal machinations of the Crown's ownership rights. He says that these are a "manifest continuation and legitimisation of feudalism in the modern world". Of the rights asserted in Magna Carta he tells us that the barons "did not question the King's feudal superiority and his overall ownership of the land of the realm..."<sup>6</sup>

You bear an enormous responsibility as you are technically and legally the ultimate owner and controller of by far the greatest proportion of the earth's territory compared to anyone else. Thus a stunning opportunity has been placed upon your shoulders as the crown was placed upon your head on 6 May, your coronation day. You are now in a highly visible position to ask one of the most important questions of our time: not just **who** owns the world? But **how** should the earth be "owned"? And this question of earth ownership has been central to my own life's quest. I want to share with you some of what I have learned in this regard, as detailed in my award-winning book, *The Earth Belongs to Everyone*.<sup>7</sup>

During the time since we were born I have come to the realization that the ultimate claim of ownership of the earth's land and natural resources cannot be made on the basis of prior claim, discovery, purchase, military conquest, ability to maintain and secure possession, constitutional law, or length of residency.

Ultimately the only rational, supportable, moral, just and ethical basis upon which a claim of ownership can be made is by birthright to the gifts of nature and that cannot be an exclusive claim. The claim by birthright can only be legitimate if it is acknowledged that all other human beings have an equal claim to land and natural resources. The deepest ethical dimension of territorial rights recognizes that humanity is one and indivisible in its fundamental claim to the earth as the birthright of all.<sup>8</sup>

We people of the planet owe a great debt of gratitude as well as profound apologies for the manner in which we have treated indigenous people who have lived longer and closer to the precepts of natural law than most of the several billion of us. Colonization declared their lands "terra nullius" meaning void of human habitation as church and state considered native people to be savages and subhuman.<sup>9</sup> We can understand the Native American word *wetiko*<sup>10</sup> to mean those whose consciousness is that of being separate from the earth and from each other, whereas native people viewed the world as a whole and all human beings as related to all of nature. They said in their greetings and prayers *Mitákuye Oyás'ih* meaning "all my relations."

John Mohawk,<sup>11</sup> a Native American leader and university academic, said this in his essay on

4 Ibid. 43.

5 Ibid. 52

6 Ibid. 45

7 <https://theiu.org/books/>

8 Hartzok, Alanna. *The Earth Belongs to Everyone*. The Institute for Economic Democracy Press, 2008.

9 <https://www.theindigenousfoundation.org/articles/the-doctrine-of-discovery-and-terra-nullius>

10 <https://www.innertraditions.com/blog/wetiko-in-a-nutshell>

11 Mohawk, John (1945-2006) <http://www.pbs.org/warrior/content/historian/mohawk.html>

• A relatively few ultra wealthy people own a disproportionate share of urban lands worldwide.<sup>9</sup>

*The Problem of the Modern World:* “When land became a “commodity” and lost its status as provider and sustainer of life, Western civilization began its history of subjugation and exploitation of the earth and earth-based cultures. For five centuries people have been coerced from their landholdings. The problem, in the English-speaking world, has its roots in the sixteenth century.”<sup>12</sup>

Mohawk was speaking of the Enclosures Period,<sup>13</sup> when masses of common people in Britain, Scotland, Ireland, and elsewhere were forced off their customary commons and other landholdings.

Enclosure could be accomplished by buying the ground rights and all common rights to accomplish exclusive rights of use, which increased the value of the land. The other method was bypassing laws causing or forcing enclosure, such as parliamentary enclosures. The latter process was sometimes accompanied by force, resistance, and bloodshed, and remains among the most controversial areas of agricultural and economic history in England.<sup>14</sup>

As King Charles III you have a profound opportunity to address and redress massive wealth inequality and also reverse several hundreds of years of Enclosures

by welcoming the Commoners back to the Commonwealth for the Common Good. You have in your power several ways to restore the birthright to the Earth of multi-millions of people.

1. In my favorite interview with you, you talk about the importance of preserving the smallholder way of life, exalting “the combination of natural ecosystems, the forests and the agricultural areas, together with the human cultural systems.”<sup>15</sup> You could act the wizard and with the wave of your scepter place a substantial portion of your landed wealth into public trusts to establish these kinds of ecological villages where people can create beautiful places to dwell, plant nutritious vegetable gardens and orchards, pasture a few animals and maintain woodlots for home building and furniture making material. Your own estates are well managed and from their hubs you can teach and train people in organic farming and other homesteading skills. People can also learn from the Global Ecovillage Network<sup>16</sup> and permaculture movements.<sup>17</sup>

You have probably heard of the community of Findhorn in Scotland, one of the original “planetary light centers” emerging worldwide that are based on harmonization with the laws of nature.<sup>18</sup> I find of great inspiration the Russian Ringing Cedars movement launched by an amazing wise woman, Anastasia, the avatar of Siberia.<sup>19</sup> Her movement succeeded in its efforts to secure land for the people for ecological family domains, actualized by acts passed by the Duma, the Russian Parliament. Thousands of people have been leaving the cities to find their livelihoods in direct connection with Mother Earth.<sup>20</sup> You may be aware of the Lamma ecovillage in Wales.<sup>21</sup>

12 Thinking Indian: A John Mohawk Reader. <https://birchbarkbooks.com/products/thinking-in-indian>

13 Hartzok, Alanna. “Democracy, Earth Rights and the Next Economy” E. F. Schumacher Lecture 2001 <https://centerforneweconomics.org/publications/democracy-earth-rights-and-the-next-economy/>

14 <https://courses.lumenlearning.com/suny-hccc-worldhistory2/chapter/the-enclosure-act/>

15 <https://www.youtube.com/watch?v=vAchYl62hoU>

16 Global Ecovillage Network <https://ecovillage.org> Rob Wheeler is GEN's United Nations NGO Representative.

17 Permaculture <https://www.permaculturenews.org> also see many permaculture design courses online.

18 <https://www.findhorn.org>

19 <https://anastasia.foundation> and <https://www.ringingcedarsofrussia.org/Main/English/index.php>

20 [https://en.wikipedia.org/wiki/Law\\_on\\_the\\_Far\\_Eastern\\_Hectare](https://en.wikipedia.org/wiki/Law_on_the_Far_Eastern_Hectare)

21 <https://lammas.org.uk/en/ecovillage/>

2. A relatively few ultra wealthy people own a disproportionate share of urban lands worldwide. Your own metropolitan acreage in London has a notional value of over 4,600 million British pounds.<sup>22</sup> In urban areas where land values are greatly concentrated, you can address the increasing poverty and wealth inequality via fundamental tax reform. You could work with Parliament to remove the tax burden from people who work for a living (earned income) while shifting the tax base to the “land rent”, which is unearned income as land value is created by society as a whole. This will remove the urban bits of Mother Earth from speculation, hoarding and private profiteering. This tax shift off labor and onto land rent would procure ample funds for needed infrastructure and other public goods. As Dr. Paul Collier, Professor of Economics, Oxford University and author of *The Bottom Billion* says:

*Density is valuable and that value is reflected in the price of land. In the urban centers there are enormous rents on rising land values. The taxation of land appreciation offers huge scope for financing the cost of urban infrastructure.*

In “A Place to Live – Barriers to Affordable Housing in UK and Worldwide”<sup>23</sup> Heather Wetzel, Chair of the UK Labour Land Campaign, discusses the primary reasons why housing is out of reach to rent or buy for so many. She shares her concerns about our increasingly divided society of rich and poor and consequent social and economic problems. Heather puts forward land value tax and other fundamental policy proposals that can solve the housing and land problem and at the same time address environmental challenges.

Land rent for public finance (aka land value taxation) can be traced back thousands of years, as far in fact as the Vedic period from which came Hinduism and Buddhism.<sup>24</sup> It also threads through the Abrahamic faiths of Judaism, Christianity and Islam. The tax history of China<sup>25</sup> tells us that Mencius strongly supported this form of public finance.<sup>26</sup>

Land value taxation is the golden thread of perennial wisdom teachings on land justice that when implemented has yielded balanced, harmonic and fair societies that are attuned to Natural Law. Charles Avila, a leader in the Philippines and good friend of mine, is the author of the now classic work titled *Ownership: Early Christian Teachings*.<sup>27</sup> Avila tells us that Christianity lost its original economic teachings of Jubilee Justice when it became the religion of the Roman Empire. Land as “the koina” is held as a sacred trust in the Abrahamic faith tradition but under imperial rule became “dominium” which entailed the legalization of land acquired by conquest and plunder.

The American political economist Henry George rediscovered these key economic teachings about land justice and set them forth in his magnum opus *Progress and Poverty*,<sup>28</sup> which launched him to worldwide recognition. His lectures throughout the United States and in the UK, Ireland and Australia made a lasting impact as there are numerous organizations working today to implement land value taxation. Among them is the International Union for Land Value Taxation, a United Nations NGO, for which I serve as Administrator.<sup>29</sup>

Sun Yat-Sen, considered by many to be the “Father of Modern China”, built his Three Principles of the People in part upon the teachings of Henry George. Sun Yat-sen said

22 Cahill, Kevin. op.cit. 52.

23 Wetzel, Heather. <https://theiu.org/a-place-to-live-barriers-to-affordable-housing-in-uk-and-worldwide/>

24 <https://www.exoticindiaart.com/book/details/economic-principles-in-vedic-tradition-nani104/>

25 <http://globalartscollective.org/China-land-tax-history.htm>

26 Taxes were also progressive, meaning the families that owned larger, more fertile pieces of land would pay more than the families with uniform land allotments. <https://en.wikipedia.org/wiki/Mencius>

27 Avila, Charles. *Ownership: Early Christian Teachings*. Jointly printed by Maryknoll, NY: Orbis Books and London: Sheed and Ward Limited 1983.

28 George, Henry. *Progress and Poverty*. <https://www.henrygeorge.org/pcontents.htm>

29 <https://theiu.org> The International Union for Land Value Taxation

‘...power elites who drew vast amounts of wealth from unearned income derived from land and natural resources saw this movement as a threat...’<sup>9</sup>

that land value tax as “the only means of supporting the government is an infinitely just, reasonable, and equitably distributed tax, and on it we will found our new system.”<sup>30</sup>

Leo Tolstoy was another fan of Henry George. He had a large portrait of him by his writing desk where he wrote several letters to Tsar Nicholas urging him to implement land value taxation. Tolstoy feared that if the land problem was not addressed a violent revolution could break out. In his last novel *Resurrection*<sup>31</sup> there is a scene wherein a nobleman is giving land to his serfs. Asking them how they would fairly share the land, the nobleman reads to them a passage from Henry George’s *Progress and Poverty*.<sup>32</sup>

When the universal wisdom teachings of “sacred rule economics”<sup>33</sup> are not put in place, wealth and power inequality grows along with numerous other social problems. Violent revolution is often the result. Such was the case in France after King Louis XIV asked his court physicians, as they had knowledge of how the blood circulates through the body, to study how wealth was circulating throughout his kingdom. Later to be known as The Physiocrats, these founders of classical economics coined the phrase<sup>34</sup> “l’impôt unique” (“the single tax”)

and urged the French kings to levy taxes on land instead of labor.<sup>35</sup>

Mirabeau the Elder said that if enacted the “l’impôt unique” would be a “social advance equal to the inventions of writing and money.” Alas, the French Kings paid no heed. The monarchy was formally abolished during the French Revolution (1789–99). Louis XVI died at the guillotine in 1793. His death marked the end of a thousand years of uninterrupted French monarchy.<sup>36</sup>

The insights of classical economics beginning with the Physiocrats continued forward through the next one hundred years when the work and writings of Henry George launched a major movement for land value-based tax reform with his book *Progress and Poverty*. George was one of the leading figures at the end of the 19th century, being as well-known at the time as Mark Twain and Thomas Edison. His lectures drew great crowds throughout the US, Britain, Ireland and Australia. He was twice a candidate for mayor of New York City.<sup>37</sup>

But power elites who drew vast amounts of wealth from unearned income derived from land and natural resources saw this movement as a threat to their interests. They financed departments of economics at Columbia, Princeton, Cornell and the Chicago School. Hence the inability of the current reigning body of economic thought – neoliberal economics – to solve the problem of gross wealth inequality while still maintaining the benefits of individual freedom.<sup>38</sup> Neoliberal economics corrupted the field of economics as it denies that Land, the classical economics term for all the gifts of nature, is a specific factor of production and considers the Earth itself to be a mere subset of Capital. Classical economics has three factors – Land, Labor and Capital – while neoliberal economics has

30 [https://en.wikipedia.org/wiki/Three\\_Principles\\_of\\_the\\_People\\_Sun\\_Yat-Sen\\_and\\_Henry\\_George](https://en.wikipedia.org/wiki/Three_Principles_of_the_People_Sun_Yat-Sen_and_Henry_George)

31 [https://en.wikipedia.org/wiki/Resurrection\\_\(Tolstoy\\_novel\)](https://en.wikipedia.org/wiki/Resurrection_(Tolstoy_novel))

32 [https://www.cooperative-individualism.org/tolstoy-leo\\_on-the-land-policy-of-henry-george-1899htm](https://www.cooperative-individualism.org/tolstoy-leo_on-the-land-policy-of-henry-george-1899htm)

33 <https://brucedetorres.substack.com/p/roundtable-16-sacred-rule-economics>

34 [https://www.worldhistory.org/Louis\\_XVI\\_of\\_France/](https://www.worldhistory.org/Louis_XVI_of_France/)

35 <https://www.landandliberty.net/the-physiocrats-and-the-meaning-of-their-single-tax/>

36 [https://www.worldhistory.org/Louis\\_XVI\\_of\\_France/](https://www.worldhistory.org/Louis_XVI_of_France/)

37 [https://en.wikipedia.org/wiki/Henry\\_George](https://en.wikipedia.org/wiki/Henry_George)

38 Universal Declaration of Individual and Commons Rights to Earth <https://theiu.org/international-declaration/>



only two - Labor and Capital. The corruption of economics was the great intellectual crime of the 20th century.<sup>39</sup>

The principles and policies of land value tax are based on Natural Law. Just consider the territorial ways of nature whereby parent birds claim a space (location) in a tree (natural resource), to build a nest out of mud and twigs (natural resources) and once the baby birds are hatched, they labor on land by flying round and about to find worms and insects (nature) to feed and care for their baby birds until they are fully launched into the wide world.

The reason that there is hunger and homelessness on the planet is because humanity is out of step with Natural Law. As King Charles III you have a magnificent opportunity to put in place these principles and policies based on Natural Law. And I, your astrological twin sister, know the very top experts in the world who can be counted on to do the best job of implementing land value taxation throughout the vast areas of land for which you are now responsible. "Your wish is my command" as the saying goes.

**3.** Let us consider the problem of the exploitation of oil, minerals, gold, silver, diamonds and other gifts of nature. Millions of people have died in fights over land and natural resource control.<sup>40</sup> Oil and other natural resource extraction should be made strictly on the basis of (1) agreement of those living near the extraction sites; (2) on a not-for-profit basis yet with fair returns to labor and capital; (3) clearly detailed environmental rules and regulations and (4) full socialization of the resource rents (surplus value/unearned income). Natural resources and their rents should be carefully utilized and fairly distributed in order to uplift the standard of

**• Natural resources and their rents should be carefully utilized and fairly distributed in order to uplift the standard of living of all.<sup>9</sup>**

living of all. Careful stewardship of mineral resources would entail maximum efforts for recycling as well as using the resource rents to fund renewable energy and other needed public goods local to global.<sup>41</sup>

The Alaska Permanent Fund (APF) is an important model for establishing fair share rights to oil and other mineral resources.<sup>42</sup> The APF, with a current total fund value of over \$75 billion, collects substantial oil royalties based on the Alaska State Constitution<sup>43</sup> as the state retains the rights to all minerals and other natural resources.<sup>44</sup>

The APF Dividend Program<sup>45</sup> gives each person in Alaska an annual payment based on an equal share of the dividend amount. The 2022 Permanent Fund Dividend was \$3,284, the highest ever in the history of the Fund. For a family of four this would be over \$13,000.<sup>46</sup>

**4.** Many tax havens are controlled by the Crown for which you now bear major responsibility. Tax havens as you would know are generally small islands with mostly immigrant foreigners engaged in the trades of banker, lawyer and accountant. These "Crown Dependencies" operate out of the control of the UK Government and Parliament.

Cahill's research shows us that these territories "handle most of the trillions of dollars held outside the main financial systems..."

39 Gaffney, Mason. *The Corruption of Economics*. London: Shephard-Walwyn Ltd. 1994.

40 <https://www.addictedtowar.com/about-what-i-ve-learned> and *The recent Cree Massacre in Saskatchewan* <https://www.youtube.com/watch?v=OgMGhrkoncA> and children's animation <https://www.netflix.com/title/81354432>

41 Hartzok, Alanna. op.cit. 109-133.

42 <https://apfc.org>

43 <https://www.adn.com/opinions/2021/11/20/alaska-must-remain-the-sole-owner-of-its-natural-resources/>

44 <https://www.adn.com/opinions/2021/11/20/alaska-must-remain-the-sole-owner-of-its-natural-resources/>

45 <https://pfd.alaska.gov>

46 [https://www.researchgate.net/publication/265647236\\_Alaska%27s\\_Permanent\\_Fund\\_Dividend\\_Examining\\_its\\_Suitability\\_as\\_a\\_Model](https://www.researchgate.net/publication/265647236_Alaska%27s_Permanent_Fund_Dividend_Examining_its_Suitability_as_a_Model)

He informs us that the UK and the world as a whole has lost countless billions in tax revenue due to these tax havens.<sup>47</sup> Tax havens should not exist. UK chancellor Gordon Brown asserted that he would “return the tax havens to the status of holiday resorts”.<sup>48</sup>

John Christensen, a forensic auditor and economist who chairs the board of the UK based *Tax Justice Network* (TJN),<sup>49</sup> tells us that tax havens enable the “systemic looting of oil and mineral resources and of the siphoning of proceeds of embezzlement and fraud to the financial markets of London, New York and Zurich.” He estimates that up to \$36 trillion of privately owned financial assets are managed from tax havens which enable the laundering of multi-billions of dollars, pounds and Euros acquired from illicit activities such as drug dealing and human trafficking.<sup>50</sup>

As King you are in a unique position to stop the kleptocrats from continuing in their nefarious world damaging ways. John Christensen would surely be delighted to receive your assistance in addressing the multifarious inequities of the tax haven system. I urge you to contact him at the *Tax Justice Network*. Since unearned income derived from tax cheating and the looting of natural resources is so often used to buy real estate, land-based taxes can capture significant amounts of this money and use it to advance the common good.

At the World Bank Conference on Land and Poverty I presented a paper titled “Socializing Land Rent while Untaxing Production.”<sup>51</sup> This paper begins with this succinct statement from the founding document for the UN Center for Human Settlements (Habitat): “The unearned increment resulting from the rise in land values resulting from change in use of land, from public investment or decision or due to the general growth of community must be subject

to appropriate recapture by public bodies (the community).”

“Socializing Land Rent while Untaxing Production”<sup>52</sup> is a good summary of the key ideas I am writing to you about and presents a clear way forward beyond right and left that harmonizes the needs of both the individual and society. The sufficiency of rent from unearned income for funding public goods is set forth in both theory and practice.

**I hereby request that you consider playing a major role in the 2024 Earth Day celebration held at the United Nations on the Spring Equinox.** We will bring forth the key principles and policies of Earth Rights – both caring for and sharing Mother Earth.

John McConnell was the founder of this original equinox Earth Day, first proclaimed by the City Council of San Francisco in 1970. McConnell was clear about principles for the global economy and for an economics of peace. When he spoke of justice he meant “economic justice” which he defined as “an equal sharing in all the worlds’ natural resources.” In his “Planetary Inheritance Declaration” he wrote:

Among the equal rights of men is the right to an equal share in nature’s bounty, a right of each man to his planetary inheritance – his share of land, water, minerals... No one can, by any compact, deprive or divest their posterity or any other man’s posterity, of the right to his portion of Earth.<sup>53</sup>

We can address and remedy the systemic roots and intent of organized violence, of what my colleague and UK author Fred Harrison calls *The Predator Culture*. “Understanding the territorial basis of political power and wealth is the pre-requisite,” he says, “for making sense of issues as diverse as genocide, narco-gangsterism, terrorism and fascism.

47 Cahill, Kevin. op.cit. 49-57.

48 Ibid. 50.

49 Tax Justice Network <https://taxjustice.net>

50 <https://newint.org/features/2020/02/10/thief-ways-stealing>

51 Hartzok, Alanna. Socializing Land Rent while Untaxing Production. Presented at the World Bank Conference on Land and Poverty, 2013. <https://theiu.org/socializing-land-rent-untaxing-production-2>

52 <https://www.earthsharing.org.au/2013/04/hartzok-socialising-land-rent-and-untaxing-production/>

53 Weir, Robert M. Peace, Justice, Care of Earth: The Vision of John McConnell, Founder of Earth Day. Kalamazoo, Michigan: Press On Publishing, 2007. 198.

The struggle over land and resources is at the root of all of today's global crises."<sup>54</sup>

Charles, my dear astrological twin brother, will you help the Commoners of the world turn the world away from the forces of dispossession, depopulation, and destruction and help all humanity move into a consciousness of profound respect for the creative forces underpinning evolution, so that we humans may harmoniously blend with the "autopoiesis" – life's capacity to be self-organizing.

There is a universal wisdom that is so much deeper than any human science. This wisdom can help us put in place an economic system that will enable each and every member of our human family to secure basic material needs while protecting the earth's ecosystems for future generations. Everyone can then enjoy the adventure of mental, creative and spiritual expansion during their brief sojourn on Mother Earth.

You come from the bloodlines of the *ancien regime*. I ask that you stand with all of humanity. I ask that you use your power of good will for all by joining with us with the clear intention of securing the birthright of all people on Earth, our planet home, that we may ALL take responsibility for her care and protection. How we hold the earth is how we hold each other. Securing the birthright to the Earth for each and every one of us is part and parcel of the environmental sustainability that you espouse.

Billions of us know that this life on our small planet has brought you to a position of enormous privilege and power. You have vast potential to set the world right. In closing, I trust you will use all that you have been given with great care and wisdom.

With warm regards and my very best wishes,

*Alanna Hartzok*

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54 Harrison, Fred. *The Predator Culture: The Systemic Roots and Intent of Organised Violence*. London: Shephard-Walwyn, Ltd. 2010. (quote from back cover)

## References

Hartzok speaking at the UN about Financing Public Goods

<https://www.youtube.com/watch?v=-EYQP-tLVms>

Declaration of Individual and Common Rights to Earth

<https://theiu.org/international-declaration/>

Paul Fitzgerald and Elizabeth Gould, as the featured speakers of the Roundtable Series created the Economics Justice and World Peace Proposal and its kick off campaign, "An Open Letter to King Charles III."

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**‘It is not the business of government to make men virtuous or religious, or to preserve the fool from the consequences of his own folly....’**

**-HENRY GEORGE**

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