

THE
RESOURCE RENTALS FOR REVENUE
ASSOCIATION (INTERNATIONAL)

AIM - To Liberate:- Production from Taxation, the Earth from Monopoly, Humanity from Poverty

*Private Enterprise must not include private ownership of the elements of life.
Free trade must not include the freedom to 'invest' in owning others' natural resources
which should rightfully be their source of revenue*

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The Way Forward

THE WAY FORWARD IS FOR THE INTERNATIONAL MOVEMENT TO MOUNT **A CONSTITUTIONAL COURT ACTION** IN NZ/AUSTRALIA **REQUIRING** THE GOVT. TO COLLECT THE ECONOMIC RENT FROM ITS OWN ASSETS IN ALL FORMS, IN WHATEVER WAY IS MOST APPROPRIATE - IN LIEU OF OTHER TAXES! THIS WOULD COMPEL POPULAR ATTENTION AND THUS POLITICAL ACTION FOR THE CASE WE NOW HAVE, WHICH IS -

1. In law the State in fact owns the land and issues all title to it. The misunderstood "estate in fee simple" is *literally* a lease held on trust from the Crown. App 1(a) W.A. Dove
App 1(b) Justice Rae Else-Mitchell
App 1(c) Sir Kenneth Jupp MC

The basic status of a lease readily admits covenants covering environmental constraints and recognises the fundamental social relationship - the Crown and subject; the community and the individual; the landlord and life-tenant.

2. **A legal definition of what is public and private property**, in respect of natural resources and natural monopoly rights which are our common law heritage, *is a constitutional issue*. Creating tradeable "property rights" in natural monopolies by way of such as fishing quota instead of Resource Rental is a travesty of common law and a specious, preposterous extension of the land title tort. The 20th century Enclosure of the Commons.

This is recognised in some attempts to privatise natural monopolies, through such tokens as "The Kiwi Share", a Peppercorn Rental, mining licences, radio spectrum licences, etc.

Where the privatisation has been total there must be a distinction made between the value of the rights, and the value of the assets and the operation.

The definition should cover any monopoly right to reticulate pipes, wires, roads, rails; to operate ports, airports, waterways, and airwaves; to mine, quarry or fish. In many cases the reticulation should be done by Regional Govt. with a market rental charged to private operators.

Where the distinction and separation cannot easily be made in such as hydro dams and electricity transmission an accountable S.O.E. may be used to yield a net return comparable with Govt. stock.

3. We have specific Human Rights legislation for almost every circumstance imaginable, *except for the right of access to the earth* without an access ransom payable to a prior "owner". A market rental to the common wealth with environmental covenants is quite different. **Right of access to the earth is as much a constitutional issue as slavery.**
4. We now have a new understanding of scriptural authority, both Old Covenant and New Testament, which must command the serious attention of all churches. The Old Covenant of Leviticus 25:23 was affirmed by Jesus at Luke 4:16. (App 2).
5. We now have the quantitative surveys of Tony O'Brien and others confirming the postulate that all progress is captured in "land" values, and causes the basic disparity between rich and poor. (App 3).
6. Compensation is no longer an issue. The tax set-off mechanism currently used to promote investment in the private appropriation of economic rent can just as well be used to reverse the process - now and progressively. (App 4).

Buying stolen property cannot give a valid title any more than paying for slaves gave a valid title. To avoid that confrontation and social upheaval the tax set-off mechanism already in place can be used to implement the transition - now and progressively.

7. There is ample evidence that land price causes inflation¹. Economic rent speculatively capitalised into land price (often used as security for Bank credit) is effectively the purchasing power of future money over the current production of goods and services. Too much money chasing too few goods. Deficit Budgets compound the process.

Preserving the integrity of the currency is another *constitutional* issue.

Background

Henry George believed that given even a modest degree of land value taxation the effects would be so patently beneficial that there would be a clamour for more of it.

The NZ/Australian experience² over 160 years affirms that - up to a point. It also exposes the vulnerability of only partial application. Its very success in promoting growth and development can lead to insidious attack. The prospect of unearned gain from the untaxed residue attracts a political interest greater than the apathy and ignorance of the beneficiaries. This is revealed in the following summary of the movement in NZ, under the auspices of three peerless protagonists. Gov/P.M. Sir Geo Grey, M.P/Justice P.J. O'Regan, Rolland O'Regan F.R.C.S.

In 1943 Rolland O'Regan succeeded his father as Chairman of the then NZ League for the Taxation of Land Values Inc, later changed to the NZ Land Value Rating Assn Inc, which later included the NZ Crown Leasehold Assn and which later again took the current title.

Right after the war, to rectify the ageing membership of his father's time he arranged for Betty Noble to run the Henry George School in Wellington, and held public meetings to examine topical issues. The post-war boom, public apathy and the apparent security of the welfare state denied these ventures the success they deserved despite the hundreds of students who passed through the School. His endeavours then evolved in five main ways.

1. Picking up where his father left off he secured Land Value Rating wherever possible - whether City, Borough, County or County Town. To this end, at least every three years to coincide with the local elections, a selection of local business people would be mailed to, explaining the merits of Land Value Rating and telling them how to get it in their area by poll.

Meantime a series of Rating Bulletins were prepared discussing topical Rating issues - Differentials, Special Valuations, Ratio of improvements to land value, statistical data, etc. These were distributed to the Mayor and Councillors of every Local Authority in NZ, preserving Land Value Rating where it obtained and inviting change where it didn't.

In addition, as opportunity offered periodically, he prepared submissions to Govt. on Local Body Finance and Rating issues. Their clear, professional presentation commanded the attention of any impartial arbiter, and the enthusiasm of supporters. One such submission was reproduced in Missouri, USA and returned to NZ to be used in support of subsequent Ministerial representations.

The result of these endeavours was that by 1985 90% of all municipalities had by poll adopted Land Value Rating which accounted for 80% of Local Govt. revenue. His quiet expectation was that given a devolution of function from Central to Local Govt. more and more land values would be absorbed with less and less taken from income taxes accordingly. At that time he calculated that without the land value charges then in place land prices would be half as dear again.

A significant level of Public Body Leases, (Crown and Council), contributed to the overall revenue from land values.

2. The Land Tax introduced by Sir George Grey³ in 1878, as Premier then, after two earlier terms as Governor, by 1922 accounted for 10% of the Budget, but had steadily atrophied to about 0.4% in 1987.

¹ More fully discussed in a separate paper available on request

² "L.V.T. Around the World." Ed. Dr. R.V. Andelson.

³ Henry George & Sir Geo. Grey, App 5

Rolland steadfastly, eloquently and effectively opposed any assault on this charge and finally urged it be allocated to Regional Local Govt. for major works or disaster relief. A vested interest such as that would have entrenched it irrevocably, in the right place. Instead the Labour Govt. of 1989 abolished it in mindless, futile, political expediency, at a time of Rolland's incapacitation.

3. In 1966 with a view to consolidating and furthering the real-life gains above, he narrowly failed to gain the Wellington Central Parliamentary seat. He later topped the poll in Wellington City Council elections and was for nine years Chairman of the Town Planning Committee and the Wellington Harbour Board. His thinking here was to be able to more effectively relate Land Value Taxation theory and practice to real-life situations; to be able to defend and promote the cause with first-hand evidence and understanding.

In 1973 while still on Council and Harbour Board, he wrote "Rating in NZ". This recorded NZ's experience of over 100 years of Land Value Taxation in one form or another, even before George. For the benefit of Georgists around the world who ardently, in vacuo, advocated Land Value Taxation he set out the practical difficulties and political hazards. To Rolland's dismay it caused hardly a ripple in Georgist circles. With Local Govt. members, officials and related professionals in NZ the first edition was a sell-out. It also served as a blue print for any Minister of Local Govt. who might have the will, if not the wit, to rationalise the interaction of Local Govt. Rating and Central Govt. Valuation, and should be read by all who are concerned with this subject. The second edition, revised in his blindness with the aid of friends, was not so successful, but even now should be injected into the community as funds allow.

4. In 1968 he recognised that Land Value Taxation in any form was vulnerable to the whim of every tax collector at every level every year.

In 1896 after being blocked in the Upper House for three years (and at the time when Rolland's father was in the Parliament, and incidentally corresponding with Henry George) the Rating on the Unimproved Value Act was finally passed allowing a petition to demand a poll on the issue, at the Local Govt. level. Despite the rapid success thereafter at the hands of Ratepayers, there remained a crafty opposition that constantly tinkered with it, confusing even the most assiduous student.

On this basis Rolland reconsidered his inherited ascription to Land Value Taxation and submitted a paper to the 12th International Union Conference at Caswell Bay, Wales, September 1968. In this he proposed "State Leaseholds as the basis for Land Reform". That was 35 years ago. In support he noted the established precedents in Australia and NZ, and the advocacy of a leading jurist in Australia - Justice Rae Else-Mitchell. (App 1(b)).

In advancing his case he was mindful of the political hazards of Land Value Taxation and the practical problem of the ever-diminishing tax base as the tax increased. He was also aware of those other natural resources like minerals, water-rights, airwaves, some forestry, fishing, electricity generation and distribution, etc, for which Land Value Taxation was unsuitable.

Accordingly he sought to institutionalise the principle of Resource Rentals by whatever means was most appropriate. One member at the conference, (E.W. Walthall) regarded the proposal as the most sense he had ever heard at a conference and proposed to fund Rolland for full-time work on it. On the strength of that initial gesture Rolland published his books.

In 1980 he published "Te Ara Tika" (The Right Track/Road/Way for NZ) elaborating his views on leasehold tenure as the basis for a stronger economy to be derived from greater integration with Australia, essential to support an adequate common defence policy. Two years later the CER (Closer Economic Relations) Agreement with Australia was signed by the National Govt, but without the revenue base he proposed.

5. In 1985/6 he crystalised his representations on Local Govt. Finance and addressed them to the Labour Party Policy Council and Caucus Committee on Local Govt. With his credentials within the Party and in Local Govt., plus the Labour Party's formal adoption of Land Value Rating in 1948 (of which he reminded them) he reasonably expected some progress from the new Labour Govt. For those who see the ultimate objective as the collection of the full economic land rent at the local level this would have just about sewn it up. A quiet, bloodless revolution democratically achieved. Having had no response after a year he widened his approach, with scant response once again - ominously in hindsight!

In 1987/8 the new Labour Minister for Local Govt. began the restructuring of Local Govt. First by removing the traditional right to a poll on Rating (whilst at the same time propounding the merits of "local decisions locally made"), and then promoting a reversion to Capital Value Rating wherever he could, finally proposing that wherever Capital Value Rating had been or was ever adopted, (by Council resolution now) it would be irreversible. That was dropped. Meanwhile the grapevine had early delivered its message. So that Dunedin,

Christchurch and finally Wellington reverted to Capital Value by means various, definitely devious and contrary to popular reaction. Rolland was quietly mortified. Ninety years of progress, every step democratically achieved, now vandalised and undone by erstwhile colleagues prepared to do in stealth what not even the known enemy had dared to do.

The change to Capital Value in his beloved Wellington especially, devastated him. His shining example to Auckland and the world, of urban renewal; of a city united, cleanly and honestly run without faction, division or strife; rescued from partial to complete Land Value in 1927 by his own father reversing the Council's endeavours; now sold out, clumsily, illegally, arbitrarily, contrary to popular input and with a Knighthood for the perpetrator!

Subsequent Council attempts elsewhere to revert to Capital Value have generally failed due to vigorous popular opposition, galvanised by this Association. So that due to Rolland's continued efforts Land Value Rating has become entrenched as the norm but is steadily being eroded, without the right to a poll now.

Moreover, in any straight contest between Capital (Improved) Value and Land Value Rating, Land Value almost invariably wins because improvements are exempted (the homeowner's particularly) and because the majority of Ratepayers (homeowners again) gain a reduction in Rates at the expense of the numerically fewer on relatively under-developed commercial properties. But with the introduction of User Pays, Direct and Uniform Charges (arguably valid in the Local Govt. context) the basis for the General Rate has become almost a non-issue. Without a poll and the statutory information that came with that, ignorance and apathy lose out to vested interest, or to "sock the rich" ideologues.

In Auckland particularly, now, higher population from immigration, northern drift and tourism sees land prices rocketing and the roads and sewers clogged. So the search comes on belatedly for the means to pay for the solutions - petrol, people, tolls, users, anything but the related land values that have almost become a sacrosanct industry, openly promoted for the tax advantages now and later.

Australia has retained an exemplary degree of Land Value Rating - mandatory throughout Queensland, (the speculator's hometown), and predominant across the nation.

But in neither country could it be said that George's expectations had been fulfilled, i.e. that even a modest example would see a clamour for more.

Rolland's advocacy for *institutionalising* George's reform is confirmed in our Public Bodies Leases Act, the Melanesian Mission Leases on Auckland's waterfront, and such as the Masterton and Greytown Trust Lands Trusts demonstrating the local benefits from local proprietorship - with rare complaint. **Extending the example to land tenure generally, and now to infrastructural natural monopolies has become a constitutional issue and must be clarified on that basis.**

Why NZ/Australia?

1. Both have had over 160 years experience of L.V.T. in various forms and still have a significant degree of it¹. Land Value Rating predominates and the NZ public Bodies Leases Act incorporates some essential provisions for the rights and responsibilities of both parties. Separate valuation of the land alone has long ceased to be a problem. The whole of NZ can be done annually.
2. NZ in particular, has also had -
 - 50 years of Old Left Socialism.
 - 15 years of a failed New Right experiment resulting in a further emphatic electoral rejection a year ago.
 - 4 years of New Centre Left uncertain plans to resolve the inherited problems with light-handed regulation, and in an increasingly desperate philosophical vacuum.
 - A mounting degree of, and pressure for, recovery of community ownership or at least control of rail, electricity, water, waste and public transport.
 - A serious funding shortfall as the new regime attempts to rebuild the mindless, if not treasonable demolition of the Welfare State without installing sound alternatives. Health, Education, Law and Order, Border Control and other essentials have all been run down to achieve Budget surpluses and tax breaks for the rich. The trickle down did not happen. There is now a growing impatience about sharing growth in the economy and concern for a Superannuation plan that apparently will invest in anything but our own infrastructure.

- An ethnic minority problem about who owns NZ. Our plan recognises the principle common to Maori lore and British Law that would give the disaffected minority the full benefit of their share in the greater stake.
- A heritage of European culture and English jurisprudence, land title in particular.
- Near clinical conditions for the rapid resolution of fresh issues. Only two tiers of government. Under four million people. An unusually liberal press. An army of social activists, freelance journalists and broadcasters hungry for new ideas, ferment and the controversial.

In NZ anyway it would be necessary to establish a command post to -

- Handle enquiries and other response; enrol supporters and manage a trust fund; address specific problems; incorporate a society with rules and controls to prevent hi-jacking; arrange an academic task force to penetrate those circles with the ample resources the movement now has.

We should not underestimate the opposition from vested interest. Nor should we underestimate the power of an idea whose time has come, as I believe it has in the global laboratory that NZ is. We may not win immediately but at the very least we would have re-built a platform for posterity to build on, as did Henry George, Oscar Geiger, Robert Lincoln, Schalkenbach and others. Similar endowments could well evolve here as a result. More positively, the growing awareness of, and resort to C.I.R. (Citizen's Initiated Referenda) and referenda by Govt. aside from elections, offers the means to conclude the issue.

Said Churchill to his Warlords - *"Don't argue the difficulties. Give me the best plan, worked out"*. Thus was born Mulberry Harbour, D-Day and the liberation of Europe, et al.

Is our cause less imperative?

This dimension was first put to a TRA committee meeting in July 1991 then developed in a paper for the IU conference in Melbourne 1993 (both available on request). Since then we have seen the alarming failure of privatised infrastructure and have discovered the mechanism of tax set-off to implement the change now and progressively.