

THE WAY FORWARD

For over 170 years Down Under, before & after George, we have had a record of success with Crown Leases, Land Tax & Land Value Rates.

By about 1980, 92% of Australian municipalities had adopted L.V. Rates. In Queensland it was mandatory throughout.

In N.Z. 90% had adopted it by poll & it accounted for 80% of Local Govt. revenue.

By 1920 the Land Tax (ex 1878) filled 10% of the Budget.

In 1969 the Public Body Leases Act was revised.

In 1987 we moved to make L.V. Rating mandatory, on the evidence ! That would have been a bloodless revolution, democratically achieved.

But for the World Bank & the IMF whose idea of the Philosophy of Freedom is freedom to own the earth and enslave it¹. Since about 1980 in N.Z. their aim has included owning the infrastructure². And manipulate world trade in favour of monopolies.

It seems that during 1987 the then Govt let it be known that it favoured Capital Value Rating – for the wrong reasons (infra). Accordingly, in 1988 devious reversions to Capital Value began. Christchurch moved from partial Land Value back to full Capital Value by Council resolution when we believe a poll should have been held. Dunedin fragmented its General Rate into Separate & Special Rates so they could then be changed by Council Resolution without recourse to the Ratepayers, and despite their vociferous protest march. The Mayor, Sir Clifford Skeggs, threatened to take his Council to Court. The Council action was not in fact illegal but clearly a misuse of its powers. In 1953 the Dunedin Ratepayers had voted for Land Value Rating, with a dramatic increase in building permits as a consequence. In Wellington a year-long Rates Review Committee came down firmly in favour of retaining Land Value with an adjustment to the Differentials between City Centre and Suburbs. Nevertheless, the then Mayor contrived to have Capital Value narrowly adopted but needed an Order-in-Council to validate his procedures which a QC and the local press regarded as illegal.

In 1987/88 the New Right Labour Minister for Local Govt began the restructuring of Local Govt. IN THE RATING POWERS ACT 1988/89 THE GOVT WITHDREW THE TRADITIONAL RIGHT TO DEMAND A POLL, at the same time as it propounded the merits of “local decisions locally made!”

In 1990 the Minister introduced the measure that would abolish Annual Rental Value Rating and would *make Capital Value Rating irreversible wherever it was in place or might be adopted subsequently*. The move failed and the Govt changed at the end of that year. Since then there have been several moves by Councils to revert to Capital Value. All have been so vigorously opposed by Ratepayers, even without the right to demand a poll, that Councils have backed off. A typical instance of this was the postal poll in Waitakere where a determined attempt by Council was rejected by more than 8:1, in line with others in Palmerston North, Horowhenua, Dannevirke, New Plymouth, Kaipara, Tararua, Waimakariri and Franklin.

One or two moves have succeeded but have later been reversed. One or two changes have stuck – uncomfortably. Some have compromised with a mix of Land and Capital Value, for no apparent reason. In the Supercity of Auckland Capital Value Rating was imposed when 2/3 of the constituents had only ever been on Land Value. And the infrastructure was set up for privatisation. Auckland is now in turmoil and is faced with secession North and West.

¹Refer Stiglitz – “Progress” March ’02 p.6.

²Infratil CEO \$12m. p.a.

Sir Roger Douglas, Minister of Finance 1987/90, is said to have later become the highest paid agent for the World Bank. It has been reported he went to Mongolia to persuade them to put their natural resources on the world markets enabling "Mums and Dads" anywhere to participate in the World Bank's initiative.

For years now our senior Reserve Bank and Treasury staff have been trained at the World Bank. To them "Land" (i.e. natural resources) is just another form of Capital¹. So that Rent and Interest are synonymous. Regulating one regulates the other. **It doesn't.** Easy money means dear land and low wages, currently a serious topical issue. Capital should be the savings from the wages of labour. Wages and interest should move in tandem. Labour should be the Capitalist, not the "landowner" collecting Rent disguised as interest.

The World Bank has also infiltrated our Govt Bureaucrats and Local Govt. CEO's, especially the Reserve Bank.

The Reserve Bank has long been charged with monitoring the CPI (Consumers Price Index – wages / prices) using the cheap 2-3% OCR (Official / Overnight Cash Rate) to ineffectively try to contain it within + / – 3%. It has been directed to disregard reference (except obliquely) to *underlying* inflation, caused by *Non-tradeables* (land.)

Property prices have recently rocketed, assisted by the cheap interest rates, depressing wages / prices in real terms, but disguised by the *underlying* currency inflation caused by land price.

This official rort is designed to protect the sacrosanctity of private property in 'land' – the cause of the problem.

The assault on Land Value Rating coincidental with the sale of Telecom & others, largely to foreign interests ravaging our Current A/c since exemplifies a contrived coordination of –

- (a) relieving natural resources of any public charges to enhance the privatised unearned speculative value.
- (b) Privatising natural monopoly² profits.

IT INDICATES AN INFILTRATION OF THE LABOUR PARTY BY THE WORLD BANK TO NEUTRALISE EFFECTIVE, RADICAL OPPOSITION TO THE NEW RIGHT GLOBAL AGENDA OF PRIVATISING NATURAL RESOURCES *i.e.* OWNING THE EARTH AND PRIVATISING THE RENT.

In 1993 our paper to The Melbourne Conference was entitled "NZ Crucible For The World". It still is, which may account for the subversion above.

In 1997 we widened our purview and where appropriate have made representations, under the heading "**Resource Rentals for Revenue and Justice**" – **paying for what we hold or take, not what we do or make.**

Land Value Rating is an expression of that and distinguishes public from private property. The community – created land value is socialised, not privatised.

The subversion of Land Value Rating and the Land Tax coincides with the perversion of Natural Monopolies².

Around George's time the opposition was ignorance, apathy and self-interest, to the point of penetrating the Universities with the "Corruption of Economics". Land Value Rating overcame that with lower Rates that exempted improvements.

¹The "Corruption of Economics" by Dr Mason Gaffney, Prof. of Economics California University, examines the intentioned confusion of "land" as capital over the last 100 years or so. Consequently some "interest" is really rent.

²Natural Monopolies are rights to land, water, airwaves, minerals, fisheries, hydro-power generation and supply, any public utility such as a port, airport, or the monopolistic rights to reticulate wires, pipes, rails, roads and the like; even the right to pollute.

Re-building infrastructure. The key to recovery from any disaster is Land Value Rating – free of penalty for every nail or screw driven, and every dollar of private investment.

Napier is now the Art Deco capital of the world with guided local and international tours. Vancouver (Single Tax City) was built with Land Value Rating. San Francisco after the earthquake and fire was rebuilt with it – there were no improvements ! Christchurch take note. Queensland's recovery will be assisted with Land value Rating, mandatory there for years now.

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 of the nation with environmental covenants is quite different.

Right of access to the earth is as much a constitutional issue as slavery. All men have *natural common and equal rights* to land as they have to air and water. In all native societies private property in land is unthinkable. They recognize that all have a natural right to some of it but that none has an absolute right to any of it. For a transient life-tenant to claim absolute ownership of the common heritage would be a presumption they would in no way allow. How curious it is that so sophisticated a society as ours should be erected on such a base of clay. For how long can man's relationship with the earth go uncorrected?

The implications certainly are profound, but the central simple moral issue of the proprietorship of the earth needs no great understanding of law, economics or finance. On this issue Everyman is a juror.

We now have a clearer understanding of scriptural authority, which must command the serious attention of all churches. The Old Covenant of Leviticus 25:23¹ was affirmed by Jesus at Luke 4:19 (App. and "Challenge To The Church"). Now in process is a revision of the 1611 KJ, AV. Translation favouring the aristocracy and the Divine Right of Kings².

Compensation is no longer an issue. The tax set-off mechanism – negative gearing , 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. (Refer also "Rates Relief – Bibliography).

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. To accommodate people without compromising the principle.

Land price causes inflation. There is ample evidence that economic rent capitalized into land price and monetised through 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. Surplus Budgets don't stop it. (Refer "Credit Crunch – Cause and The Cure" – website). **Preserving the integrity of the currency is another constitutional issue.**

Native Land Rights. There is growing pressure, and a promise, for constitutional resolution of rights under the Treaty Of Waitangi. ("The Treaty" – website). Who owns what of N.Z ? And who is Maori ?

We have the Henry Report in Australia, and in N.Z in 2009 a **Victoria University Tax Working Group (TWG) Report could have been written by Henry George. It specifically affirms that a land tax reduces the selling price**, (effectively, by the amount of the charge capitalised at the current rate of interest). **It cites set-off as the way to make it politically acceptable. It specifically rejects a Capital Gains Tax as too slow and too complicated. The Report was prepared by – The Policy Advice Division of the IRD & by the N.Z Treasury.**

¹Leviticus 25:23. "Your land must not be sold on a permanent basis, because you do not own it, it belongs to God and you are like foreigners who are allowed to make use of it". Isaiah 61:2. "To proclaim the acceptable year of the Lord". Luke 4:19 "To preach the acceptable year of the Lord". Matthew 5:17. "Think not that I come to destroy the law, or the prophets: I am not come to destroy but to fulfil".

²"Challenge To The Church".

In 2014 after 5 years the TWG Report is assiduously ignored.

- “House prices loom as an election issue”– The Reserve Bank’s dilemma is that fiddling with the interest rates achieves nothing. (NZH 30.5.13)
- Our rich / poor disparity is the greatest globally. (Max Rushbrooke, “Paradise For a Few” NZH 22.6.13)
- “Council-driven land prices hurt those most in need. Those who most benefit are affluent land-owners in and near the centre of town” (Dr. D.T. Brash, NZH 27.5.13).
- The privatisation of 49% of our hydro electricity generation is being crassly pursued despite the economics of cheap electricity, and a majority of electorate opposition seduced into buying what they already own.
- Various proposals are aimed at getting young couples on the property ladder ! We should all be ‘on the property ladder’!
- Local Govt. is being restructured to make natural monopoly infrastructure ripe for privatisation.
- Where practicable SOE’s & CCO’s should be leased to private operators at market rentals to yield a social dividend. Others should be accountable for a return on investment at Govt. Stock rates of interest. Others are an essential social cost.
- **Land price privatised is the cause of the problem : socialised it is the cure !**
- **It is the basic Constitutional Human Rights issue.**

A Constitutional Advisory Panel has our submission. The Panel should be subsumed by the Court Action proposed in our Final Report to the I.U. Grants Committee, 17.4.11. That would take it out of the political arena. It would challenge all Parties, including the Church.

Background

In 1879 Henry George explained the economics of Land Value Taxation in the country where all the land you could shake a stick at was privately owned by conquest. He was well aware of other forms of tenure. But rather than be diverted with nationalising the land he advocated socialising the Rent.

As the “Prophet” of San Francisco he updated the Mosaic Law as Jesus promised – to fulfil the Law”. We now have infrastructure that didn’t exist then.

In 1890 when Henry George was on his way to Australia (to precipitate your heritage), the Mariposa was delayed for 2 hours while he and Sir George Grey had a chat. Grey had introduced a Land Tax in 1878, a year before “P & P”.

In 1893 Grey introduced a Rating Act, passed by Balance in 1896, that allowed a poll on the issue.

Masterton and Greytown are substantially on Trust Lands Trusts. These successes are detailed in the attached.

In 1921 Canberra leases were set up, but were subverted in 1971.

By the late 1980’s 92% of all Australian municipalities used Site Value Rating.

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 experience over 200 years affirms that – up to a point. It also exposes the vulnerability of only partial application. Its very success in promoting growth and development leads 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 summary of the movement in NZ, under the auspices of three peerless protagonists –

viz Sir Geo. Grey, twice Governor of NZ (and also Sth. Africa), later Premier of New Zealand, and correspondent with Henry George .

P.J O’Regan, M.P. at the time L.V. Rating was introduced (1893-96) and also a correspondent with Henry George. Later Judge of the Arbitration Court and prime mover for L.V. Rating 1896-1943.

Rolland O’Regan FRCS, author of “Rating in N.Z.”, “Te Ara Tika” (leasehold tenure) and many Parliamentary submissions.

These people overcame the ignorance and apathy. What they didn’t expect was the intelligent avarice and subversion by the World Bank.

Why NZ/Australia?

1. Both have had over 170 years experience of L.V.T. in various forms and still have a significant degree of it. 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 –
 - 75 years of Old Left Socialism.
 - 35 years of a failed New Right experiment resulting in a further electoral confusion.
 - 18 years of New Centre Left uncertain and ineffective plans to resolve the inherited problems with light-handed regulation 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, public transport, air waves, telecoms. All are at crisis point.
 - 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 locally or abroad except 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; just four million people; an educated populace; an army of social activists, freelance journalists and broadcasters hungry for new ideas, for ferment and the controversial; an unusually liberal press.
 - An established comprehensive, comprehensible, meaningful title for the case.

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 has.

To this end we have a Constitutional Law firm, Chen, Palmer & Co. Sir Geoffrey Palmer, ex P.M., was responsible for upgrading the Human Rights legislation.

Between the Constitutional Lawyers in Wellington and our own legal eagles, (and we have a few), we'll sort out the problems.

With the set-off mechanism the TWG prescribed, revenue from all natural monopolies would progressively replace income taxes, and facilitate infrastructure coordination where appropriate. That would replace uncoordinated failures. Reinvestment and maintenance, instead of rip-off dividends now. Auckland is trying to recover its privatised Bus companies in order to provide essential public transport. We need only 2 tiers in electricity – Govt. supply and Regional reticulation, not 4.

It would domesticize returns instead of offshore dividends increasing our Current A/c Deficit.

It would facilitate Town Planning.

Will we spend the next 140 years protesting the accuracy of our analysis and predictions?

Private property in “Land” and the “Business Cycle” are no more given facts of life than the sun going around the earth, as was believed not 400 years ago (before Galileo – and Abel Tasman !). They are not built in to the solar system.

The opposition has evolved into a New Right agenda that is intelligent, rich and greedy. The American bondage now is worse than what the Pilgrim Fathers left. The Banks refrain from foreclosure because there is no re-sale market and they prefer an unemployed tenant rather than an unsaleable, vacant property.

We are being sucked into that with privatised State assets, T.P.P. plans, and total disregard for the TWG Report.

Do we spend the next 140 years monitoring the accuracy of our predictions as the disintegration accelerates? And with isolated skirmishes.

Our task is to update the Georgist principle

- to identify all public and private property.
- to distinguish public ownership, from the private operation, of natural monopolies, with environmental constraints.
- to socialise the Rent from public property.
- to relieve wages of GST and other taxes.
- to establish a level playing field for the free market, so that all benefit rather than be robbed by it.
- to establish the integrity of the currency.
- to resolve the underlying cause of poverty, and the rich/poor divide.

Land price privatised is the cause of the problem.

Land price Socialised is the cure.

There is no alternative!

That is the Constitutional & Human Rights issue of this age.

THE WAY FORWARD IS FOR THE INTERNATIONAL MOVEMENT TO UPDATE THE GEORGIST CASE, TO COMMAND POPULAR ATTENTION TO IT, MOUNT A *CONSTITUTIONAL COURT ACTION* (or comparable promotion) 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.

It would take it out of the political arena and challenge all Parties, Georgists globally, and the Church.

Tolstoy agreed with George (Social Problems) that success would be from the grass-roots up!

The Press would promote it. We have a wealth of evidence – empirical (above) academic and legal.

1. Academic

- Stealing Our Land, Sir Kenneth Jupp

- | | |
|--|---|
| <ul style="list-style-type: none"> (a) - The Corruption of Economics, Dr. Mason Gaffney - Power in the Land, Fred Harrison - Silver Bullet, Fred Harrison - Hijacked Inheritance, Phil Day - TWG Report - SMH – Jesus / Capitalism - My Neighbour's Landmark – Frederick Verinder 1911 – (Land & Liberty Press 1950). | <ul style="list-style-type: none"> - Tolstoy – David Redfearn - The Secret Life Of Real Estate, Phil Anderson - The Riches of Oz, Bryan Kavanaugh - Critics of Henry George, Dr. R.V. Andelson - From wasteland to Promised Land “ “ - Credit Crunch, Robert Keall - A Wealth of Others – Bibliography |
|--|---|

- (b) **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; that if the record and trend is projected into the future the consequence is frightening. Alternatively that if "taxes were diverted into wages, and economic rent were paid as taxes... people would revel in the benefits of their own labour...government could fund infrastructure and distribute a citizens' dividend. The reform would boost the economy, and eliminate the wealth-poverty gap". On the level playing field all would share in the dynamic. We would all be on the property ladder.

2. Legal

(a) **In British / Colonial 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. Land title is inherently different from the ownership of chattels. A mortgage is worded quite differently from a chattel security (App. – Leasehold Land Tenure).

- W.A. Dowe, Solicitor and Author, Sydney NSW.

- Hon. Justice Rae Else – Mitchell, Judge Supreme Court NSW, Land and Valuation Court NSW

- Sir Kenneth Jupp MC, Judge High Court, UK “Stealing Our Land” (Vindex) .

In “The Condition of Labour” Henry George explained to the Pope that there is no valid title to stolen goods; paying for a slave did not bestow ownership. They were freed, without compensation.

(b) **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 Rentals 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 recognized in some attempts to privatize natural monopolies, with such tokens as the “Kiwi Share” in Telecom, the sale and re-purchase of N.Z. Rail, instead of just leasing the tracks, mining licences, radio spectrum licences, etc, the latest privatisation of 49% of our hydro electricity. Auckland electricity, Vector, resisted more than 25% privatisation and pays an annual dividend to consumers. Ding ! Ding !

Where the privatisation has been total there must be a distinction made between the value of the rights, (e.g. Telecom’s monopoly ownership of the local loop), and the value of the assets and the operation. (Refer PPPP’s, - Private Participation in Public Property ?)

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. (State Owned Enterprise) may be used to yield a net return comparable with Govt. stock.

Income tax should be cited as the prime example of the invasion of private property.

2009 A Victoria University Tax Working Group (TWG) report could have been written by Henry George.

It specifically affirms that a land tax reduces the selling price, (effectively, by the amount of the charge capitalised at the current rate of interest). It cites set-off as the way to make it politically acceptable.

The paper was prepared by – The Policy Advice Division of the IRD & by the N.Z. Treasury.

2014 After 5 years the TWG Report is assiduously ignored.