

Land&Liberty

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the world in 2020



**How
Churchill
found
Henry
George**



**Nothing
to fear
from
free
trade**



**Video
made
the
internet
star**

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vol 116 WINTER 09/10

cover story

THE WORLD IN 2020: Conventional economists were proved wrong in their predictions but what do **L&L** writers forecast for the decade to come?

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columnists

Edward J Dodson is Director of the us-based School of Cooperative Individualism and author of *Discovery of First Principles*.
 Lars Rindsig is Executive Editor of **L&L**.
 David Triggs is Executive Chairman of the Henry George Foundation, publisher of **L&L**.

news in brief ...

IU Conference The next IU Conference will take place in London from April 26th to 30th 2010. Themes discussed will include: The Georgist movement, what lessons do we need to learn from our past to engage the mainstream? The current financial fallout; Sharia Economics, and the environment—the real issues behind Cap & Trade and alternative resources. A series of films will be shown and conference partners Oxfam, Greenpeace and Amnesty International will also take part in presentations and join in debates. See WWW.THEIU.ORG for details.

ONS publishes wealth survey A survey by the Office of National Statistics estimated the total wealth of households in the UK to be £9 trillion. It also revealed the gap between Britain's wealthiest and least wealthy. "The least wealthy half of households had 9 % of total wealth, while the wealthiest half had 91 %. The wealthiest 20 % of households had 62 % of total wealth including private pension wealth", said the report. The report estimated that 39 % of the wealth in Britain was in property. See the full report at WWW.STATISTICS.GOV.UK

Prosper California A new political organisation in America called Prosper California has been set up to campaign on behalf of the California Tax Reform Initiative. The Initiative proposes to "eliminate most [current] taxes which discourage productive enterprise and commerce in California," and replace them with "a tax which encourage productive activity—a tax on the rental value of California's enormously valuable land." View more details at WWW.PROSPERCALIFORNIA.COM

House prices quadruple in 50 years A survey by the Halifax has found that the price of homes in the UK has almost quadrupled since the end of the 1950s, even when other forms of inflation are taken into account. In 1959 a typical three bedroom semi cost £2,507, the equivalent of £43,713 in today's money. Today the same home costs £162,085. According to the bank, over the past half century, average house prices have grown by 2.7 %, significantly outstripping the average earnings growth rate of 2 %.

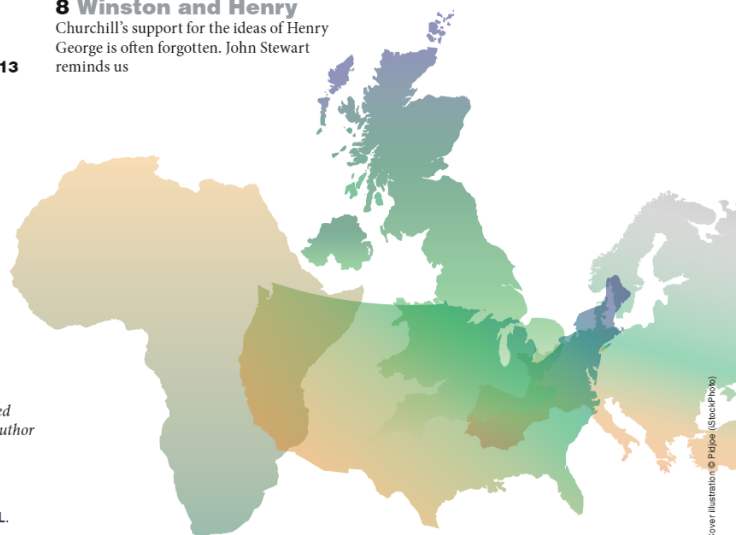
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212 Piccadilly, London, W1J 9HG
 ph +44 (0) 20 7917 1899
 e editor@LandandLiberty.net

Editor John Triggs
Executive Editor Lars Rindsig
Consultant Editor Peter Gibb
Publisher Henry George Foundation
Contributors Peter Bowman, Haydon Bradshaw, Godfrey Dunkley, Geoffrey Lee, John Stewart, Tony Vickers
Editorial support David Chester
Distribution Michael Learoyd

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Land&Liberty has chronicled world events for over 100 years. It has offered a unique perspective with its reports, analysis and comment on the core issues of political economy. And that uniqueness remains. **Land&Liberty** aims to explore how our common wealth should be used—and to demonstrate that this is the key to building the bridge of sustainability between private life, the public sector and our resources—between the individual, the community and the environment. **Land&Liberty**—putting people at the heart of economics.

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Ireland proposes land value tax



The Irish government wants to introduce a "Site Value Tax"

The Irish coalition government of Fianna Fail and the Irish Green Party have announced their intention to introduce a new site value tax on all non-agricultural land (see [L&L](#) 1225, p. 4).

As part of their new 'Revised Programme for Government' published in October, the government announced: "Starting with the necessary valuation and registration process, we will move to introduce a site valuation tax for non-agricultural land. This system will provide a fair and stable basis for offsetting stamp duty on residential property."

It was the involvement of the Green Party in the coalition government that forced the site value tax, which would replace commercial rates but would raise more money for local government through its wider application to domestic properties, on to the agenda. The

manner in which it would offset stamp duty has yet to be worked out.

However, Green Party Chairman, Dan Boyle, later admitted that it was unlikely the tax would be introduced within the life time of the current administration as it depended on the development of an appropriate valuation system for the tax, a job that has been given to Ordnance Survey and the Land Registry.

In 2004 Chambers Ireland, Ireland's largest business organisation, proposed a site-value tax on all property except family homes. It claimed the tax could generate €3 billion a year. Chambers Ireland head of policy, Seán Murphy, said the Greens' proposal was "better late than never" though the right time to introduce the tax was during the boom.

Trinity buys the Dome

Trinity College Cambridge, one of the largest landowners in the United Kingdom, has bought Meridian Delta Dome, the company which owns the 999 year lease for the 02 on London's Greenwich peninsula.

The college paid £22 million for the lease and in return will receive a proportion of all the ticket sales for the 02 Arena, the building formerly known as the Millennium Dome.

The college bought Meridian Delta Dome from Britain's Quintain Estates and Lend Lease, the Australian property company. The freehold is owned by the government.

By far the most wealthy of the Oxbridge colleges, Trinity is thought to be the third largest owner of land in the UK after the Crown and the Church and has a long history of profitable land deals.

It was founded by Henry VIII in 1546 and handed some of the monastic estates he had seized. After being freed from statutory constraints on investment that dated back to Elizabeth I, the college negotiated a series of land deals.

In the 1930s it acquired farmland near Felixstowe, which included a dock. As the only privately owned dock, Felixstowe has now developed into Britain's biggest container port. Trinity also acquired farmland near Ashford, Kent, which is now home to a science park only minutes from the Channel Tunnel.

Library Group turns a new page

Library group report The autumn programme started with a workshop led by Tommas Graves exploring the current monetary system and some of the alternative reforms that are currently under discussion.

John Stewart's talk—"The Political Crucible"—considered current economic and political issues in their wider context, relating to the birth, growth and development of political democracy in the UK together with the origins and interests of the traditional and new political parties. Drawing upon the words of such luminaries as Aristotle, Burke, Macaulay, Churchill, Salinger and Henry George, he pointed to the possibilities of a positive way ahead.

Dr Joseph Milne referred to the works of Plato, Thomas Aquinas, several Enlightenment thinkers and others in his challenging and stimulating paper: 'Natural Law and Providence—Exploring Ancient Understanding of Cosmic Order and Human Society'.

In 'Why We Have Not Got LVT', Dr Roy Douglas shared his experience as a prolific writer, lecturer and activist by showing how the attempts to get land value taxation on the mainstream UK political agenda have been foiled by the demands of various economic, political and wartime crises since the beginning of the twentieth century.

Haydon Bradshaw asked 'Free Trade, or Market Fundamentalism?' as he explored the ideas associated with a "self correcting market equilibrium" against perceptions of "aggravated volatility" in the market.

Michael Learoyd shared his enthusiasm for the Japanese Peasant Sage, Ninomia Sontoku and provided a fascinating account of 'Houtoku—Returning Virtue for Virtue'. He showed its resonance with the principle of returning the economic rent to the community that creates it.

At a workshop with Henry Law we discussed practical issues associated with the introduction of land value taxation and in particular the plight of the asset rich, income poor householder (the poor widow!) suddenly hit with a large land tax bill.

The classic circular monetary flow model between firms, households and government was central to Richard Glover's talk on Macro-Economics with the important addition of the effects of the Finance, Insurance and Real Estate (FIRE) operations.



HGF members and fr

And the meetings

Stewart will start the series with 'What is the Answer?' which will provide an insight into the responsibilities, and place, of the Trust before Joseph Milne's 'Law and Ecology'. Michael Learoyd's recent publications from the series will show and discuss how to understand money and why it got so wrong. Robin Sontoku will play Monopoly when he discusses 'The Game and Reality'. Michael will share his thoughts on the current fiscal arrangements and how improved life and how improved life can be helped. Tommas Graves will discuss 'Bank's Fault?' and show how to deduce the true cause of the subsequent collapse—I'll be all along! That there is more than a single tax and from the theme of the last meeting, he speaks on 'The Wisdom of the Commons'.

The HGF Library Group meets on afternoons 2.30-4.00pm and lunch at 1.00pm. All welcome.

The State of the Conference On 23rd November the George Foundation speaker in the annual Institution

Danish land tax payers upset while first-time buyers rejoice

Steadily declining house prices in Denmark is good news for first-time buyers. But they also mean that established property owners are upset by what they believe is an unfair discrepancy between the prices demanded by the market and the land value tax levy.

Denmark's land value tax is based on public valuations rather than market rates. The latest valuation being from 2007 when house prices were at their peak; since then, however, they have been steadily declining. This means that even though annual increases in the LVT are capped at 5%, 2010 figures show that, unusually, in a third of Denmark's district councils the land value tax rate is now higher than the property tax rate. Unusual because the land portion of the valuation of the entire property is ordinarily valued at a lesser rate than the market would strictly demand. The land value tax on a house with a small garden in Copenhagen is currently around £3,500/pa.

For those Danes who are currently house-seeking, however, the economic crisis and a



Central Copenhagen is once again becoming affordable for key-workers

recent tax reform means easier access to owning city centre dwellings.

An analysis by BRKredit, one of Denmark's largest mortgage brokers, has shown that key workers such as police officers, nurses and teachers are now again able to purchase properties in central Copenhagen. Well into 2009 key workers were generally unable to buy properties inside a one-hour commute radius

from Copenhagen, particularly if they were first-time buyers.

This is caused partly by declining house prices and partly by a tax reform, which took effect on January 1st. By lowering income taxes slightly, the reform has released funds to wage-earners, which means that areas traditionally occupied by high earners are becoming more accessible for lower paid property buyers.

Photos: © Loggby, Alex Gornstein and Jasper Suchmann (H&S&CC)

Anderson provides the answer

IT'S ALWAYS refreshing to realise you have an unexpected ally. So the 4th December edition of *Question Time*, the BBC's much viewed political panel show, turned out to be a surprise treat when comedian, writer and ex-barrister Clive Anderson revealed himself to be a fan of land value tax.

Panelists included both Vince Cable, the man behind the now modified Liberal Democrat Mansion Tax proposals on properties valued at over £2 million, and Kirstie Allsopp, the presenter of the popular house-shopping programme *Location, Location, Location*. Not surprising then that the show's chairman, David Dimbleby, couldn't resist the opportunity to set one against the other by taking the following question from audience member James McTeer: "Will the Liberal Democrat's revised mansion tax proposal help or hinder the housing market recovery?"

At first this just seemed to be an opportunity for Dimbleby to mock Cable for the way his party appeared to have been forced to review their tax proposal, originally intended as a 0.5 % tax on properties worth over £1 million before being changed to a proposed 1 per cent tax on properties over £2 million.

Cable did his best to defend the plan, emphasising how it would be linked to raising the income tax threshold to £10,000. "It seems absolutely right that where people have extremely valuable property—many people have done extremely well out of the housing boom, particularly in London—that they should make a contribution. We are talking about 1 per cent on the extra value above £2 million."

In reply, Allsopp mentioned how her in-laws would be among the estimated 86,000 households who would have to pay the tax. "They bought a house and a shop in a then unfashionable area of London 48 years ago," she said. "That house is now worth over £2 million. Does Vince really think that a couple of 80, who are still working in the shop and have paid off their mortgage, should be paying a tax on the value of that house?"

Yes he did, said Vince, and pointed out that those over 65 can delay the payment till after they have died. But it was Clive Anderson who made the most intelligent observation, summarising in 60 seconds the flaws of the mansion tax and the benefits of a land value tax.

"I think the idea of raising the tax threshold is a very good idea to get it above £10,000.



Comedian Clive Anderson who one-upped mansion tax magnate Cable

Photos: © EBU (CC) and Hannah Shaw (flickr/CC)

Mansion tax is a bit arbitrary isn't it though, Vincent? Just pick on a figure, then double it or halve it," he said. "I was always in favour, probably the only one in the country, who thought rates was quite a good idea. But there's another interesting idea called a land value tax, which I think the Liberal Democrats flirted with a while ago. I thought that was quite a good idea because if you say that your tax rate suddenly jumps up above a certain figure then it's a discouragement for people to improve their property but a land value tax, on the value of the land, which is generated by the things around it, encourages people to make the best of their property. That's much more sensible than a random mansion tax."

As so often when LVT is raised, nobody criticised the idea and the discussion moved on but the emergence of a surprising new lvt

champion was immediately greeted with glee on the blogs of LVT supporters. As Alex Sabine, contributor to the Lib Dem discussion forum LIBDEMVOICE.ORG put it:

"It's worth noting that the revised mansion tax still only raises £1.7bn towards the £18bn or so required, so it looks suspiciously like a token piece of populism rather than a shift towards taxing property (or preferably land value) more and income and enterprise less. It's come to something when Clive Anderson has to make the case for LVT on *Question Time* and Vince looks faintly bemused..."

View the relevant part of *Question Time* by going to the following link on BBC iPlayer BBC.CO.UK/1/P6959/1T=12M53S This will be available till 3rd December 2010 for viewers in the UK.

Professor Dorling: You can't hide

When BBC Radio 4's *Today programme* needed an independent expert to comment on whether the government really could take the credit for the fact that unemployment hadn't, so far, been quite as disastrous as it might have been, they chose Danny Dorling, Professor of Human Geography at the University of Sheffield to sit in the hot seat. When quizzed by Sarah Montague, Professor Dorling said that it was not inevitable that you would have to cut public spending and therefore make more people unemployed in order to cut the nation's enormous budget deficit. "Last week the Office of National Statistics produced the first survey of wealth in Britain since 1979," he said. "Trillions and trillions of wealth, but we don't consider wealth taxation, inheritance taxation, being revived or even innovative things that the Americans have such as a land value tax. We simply don't look at these as options even when we are in dire straits."

When asked if he wanted to soak the rich, Professor Dorling replied that taxing the very rich, through death duties, was how we last coped with a crisis of this magnitude but that

the very wealthy can be taxed. "That's why you like a land value tax," he said. "You cannot hide land."

In 2008 Professor Dorling was elected Honorary President of the Society of Cartographers and in 2009 he won the Gold Award of the Geographical Society for his work on national public policy.

In 2008/9 he was a member of the Reference Group advising the Social Mobility Commission. He joined the World Health Organization's Scientific Resource Group on Health Analysis and Research in 2009. He has published over 25 books. His website, Social and Environmental Justice, is studying the persistence of inequality. WWW.SHEFFIELD.AC.UK/~DORLING fascinating research and

Mayfair's empty mansions

In October, the *Guardian* sent a reporter to spend a day with Westminster Council's empty property officer, Paul Palmer.

It says something about the scale of the problem of empty properties in the London borough that the council have to employ someone on a full time basis just to try and get the owners of some of the most valuable homes in the world to use them. According to the article, about one million homes lie empty in the UK and 3,000 of them are on Palmer's patch. Many of these are mansions in Mayfair that have not been occupied in many years and are in a dilapidated state, but which, because of their extremely sought after location, could be worth as much as £50 million.

"I feel it is a tragedy," says Palmer. "Many of these buildings have wonderful histories, and are part of our heritage. For them to be left vacant and unloved for such a long time, pawns in a real-life game of Monopoly, is disgraceful." The owners of these homes are extremely difficult to track down; most are speculators registered in overseas tax havens to avoid capital gains tax.

"So often offshore owners have little or no interest in the property as a building—it is merely an asset to be traded as they see fit," says Palmer.



The article pointed out that about one million people being on the waiting list for the law enforcement properties empty by the council, exemption on any dwellings for more than six months. What it didn't mention

“And all the while the landlord sits still...”

He has been voted the greatest Briton of all time and is recognised as one of history's most influential leaders but few today remember Winston Churchill's support for land value taxation. **John Stewart** investigates what Churchill really thought of Henry George

FEW PRIME Ministers have received such detailed biographical attention as Winston Churchill. Every facet of his life has been analysed, yet his vigorous support of the 1909 land value levy appears to have been generally forgotten.

Historians haven't been wholly silent on the matter, however. Randolph Churchill, for one, in the second volume of the major biography completed by Martin Gilbert, records Churchill's sentiments in pretty clear terms.

Here he is addressing the Scottish Liberal Association in Edinburgh:

"The roads are made, the streets are made, the railway services are improved, electric light turns night into day, electric trains glide to and fro... and all the while the landlord sits still.

Every one of these improvements is effected by the labour and at the cost of other people—yet his [the landlord's] land value is enhanced. When the land is eventually sold, it is sold by the yard or inch at ten times, twenty times or even fifty times its agricultural value..."

It was a sentiment that would form one of the guiding principles of that year's budget, the famous People's Budget, which sought to introduce a land value tax but which was vociferously opposed by the landowners who made up the House of Lords.

At the time Churchill was President of the Board of Trade and became president of the "Budget League", an organisation set up to counter the Conservative opposition's Budget Protest League.

Churchill was a child of Blenheim, born into privilege, yet he was advocating a measure that would deprive the privileged of their nest egg. It was not surprising that some viewed him as an Alcibiades.

In fact, the detail of the land value duty proposed in the 1909 budget was anything but

swingeing: it consisted of a tax of 20 per cent on the unearned increment of land value, to be paid whenever land changed hands, and an additional tax of a halfpenny in the pound on the capital value of undeveloped land and minerals.



Hardly draconian, but of course it was the thin edge of the wedge, and seen to be so, and indeed meant to be so. The land owning classes, with the peers at their head, knew this.

But while Churchill's support for land value taxation may have been obvious, Henry George has not been mentioned, and this silence, as it were, is reflected in the major Churchill biographies—King George, Lloyd George, but no Henry!

Did Churchill read Henry George? Here are two sources that say he did: The first Andrew MacLaren and the second Josiah Wedgwood.

Andrew MacLaren told the story, that when at 11 Tothill Street, London sw1, the HQ of the United Committee for Land Value Taxation, they received a request from Churchill for a copy of *Progress and Poverty*. In due course the book was returned, but with certain passages underlined in pencil. This story MacLaren told more than once. He was not close to Churchill, but neither was he distant. They both shared the secret, as it were, the secret of the primary significance of Henry George's teaching. This may be considered fanciful, yet the feeling lingers.

Later, in 1931, when Philip Snowden's budget containing land value clauses was actually passed, MacLaren rose to speak. The extract is from Hansard (6th May 1931).

"Mr MacLaren: I thank the House for the patience and tolerance they have shown for one who feels deeply on this matter. I only wish the right hon. Member for Epping [Mr Churchill] had been in his place, because I would have liked to bring before his notice a little classic, which I am sure he would have liked to hear when I brought it to his memory. The right hon. Gentlemen is a master of language, of simile and of dexterous, flashing, brilliant eloquence... As a master of language, I will quote his words. This is what he said at Drury Lane Theatre on 20th April 1907. [Hon. Members: 'Oh!'] Yes. The Churchillian mind goes like the hands of a clock ever moving from point to point...this is what he said: 'We have to face all the resources of a great monopoly so ancient that it has become almost venerable. We have against us all the money power. We have to deal with the apathy and levity of all sections of the public. We have against us the political machinery of class and privilege represented by the Second Chamber in the State. There are only two ways in which



people can acquire wealth. There is production and there is plunder.'

I have never used that word—Production is always beneficial. Plunder is always pernicious and its proceeds are either monopolised by the few or consumed in the mere struggle for possession. We are here to range defiantly on the side of production, and to eliminate plunder as an element in our social system... They the landlords, were resolved if they could prevent any class from steadily absorbing, under the shelter of the law, the wealth in the creation of which they have borne no share, wealth which belonged not to them but to the community..."

From this it seems only reasonable to assume that Churchill had imbued the teaching of Henry George, not only superficially, but in its essence.

The second source, already indicated, is that of Josiah Wedgwood. At that time Churchill and he were in the same party. In his memoirs Wedgwood recalls the following incident in the Commons:

"He stopped me behind the Speakers Chair one day with 'Jos, I've been reading Henry George, and I must say I can see no answer to him.'

"At last!" Wedgwood writes. "With fervour I thanked God and passed on." His elation was checked, though, when he heard that Churchill had been using the passing interview as one of his funny stories in the smoking room, though it isn't known exactly why Churchill thought the conversation so amusing. Churchillian wit wasn't always explicable.

The question remains; was Churchill fully committed to the message in the pages of *Progress and Poverty*? He had told Josiah Wedgwood that there was no answer to it and his speeches stand as testament to his understanding of the principle.

However the words of Violet Bonham-Carter (Asquith's daughter), in her book *Winston Churchill as I knew him*, suggests that he hesitated over the land value tax measure. This was understandable, for he was a son of the aristocracy. Again, revenge-tinged activism would have been distasteful. A concern, perhaps, reflected in the following speech recorded in the *People's Rights*:

"I hope you will understand that when I speak of the land monopolist I am dealing more with the process than with the individual

landowner. I have no wish to public disapprobation.

It is not the individual system. It is not the man who is to be blamed. It is the law which is bad. It is the law which is to be blamed for doing what other men do; it is the law which is to be blamed for the endeavour to reform the correct practice. We wish to punish the law, not to alter the law."

During the inter-war years Churchill was silent on the matter of land reform.

He neither supported nor attacked the 1931 proposal. But then, in many ways, in the political wilderness, something he maintained himself. His energies were focused on the future of the country and the growing menace of Hitler.

Whatever Churchill's private feelings on the matter, the following speech cannot be unsaid:

"It is quite true that the land monopoly is not the only monopoly which by far the greatest of all perpetual monopolies, and all other forms of monopoly that unearned increment, the only form of unearned profit, which individuals but it is the principle



were no overt hints of Government inherited of their fortune, which

the world in 2020

As the legendary baseball star Yogi Berra once put it, "The future ain't what it used to be." 10 years ago, as the world prepared to enter a new millennium, it was easy to find plenty of people prepared to offer their predictions of what the first decade of the 21st century had in store.

In fact many of them forecast imminent and catastrophic financial meltdown. But it wasn't the spiralling national and personal debt secured on the ignorant assumption that property prices would go on rising indefinitely they were afraid of; it was the Y2K bug, a glitch in the way computers recognised the date, that many seriously thought would bring the world to its knees.

Populations were advised to stay indoors and stockpile cash in case the bank machines did not work after the year 2000. Some worried that trains would crash and planes fall out of the sky as the new millennium dawned.

Meanwhile, in a pre-9/11 world, one eminent futurologist, Francis Fukuyama, was suggesting that the collapse of the communist block, signalled the 'End of History'. Humanity, he suggested, had reached a point whereby a capitalist-

democratic regime was the best, most feasible system that could be hoped for and it was unlikely any ideological alternative would emerge.

Few suggested that private land ownership and speculation might be a ticking time-bomb and those who did were ignored.

Perhaps it's no surprise then that conventional economists, who were taken so much by surprise by the financial meltdown at the end of the last decade, now seem reluctant to make many predictions about what might happen in the next. Those who do dare to stick their neck out differ wildly in their predictions.

So with conventional economists "revising" their predictions, and environmental pressures growing ever more urgent, is there hope anywhere in the world that a new approach to a sustainable form of economics might now be recognised? Here four [L&L](#) writers, from the UK, Europe, Africa and the USA offer their views of the future and investigate what possibility there is for hope in the decade to come.

A time bomb in Africa

Traditionally the Chief was granted access to land. This access was for use, not for ownership. Whoever planted the crop was entitled to reap it. If the land was not used it could be given to another who had a use for it.

Then came the land grab. Land was enclosed and title established over land, water rights and minerals. This denied others access to land and the ability to feed and house a family.

Whilst the masses are denied access to land, the owners enjoy vast unearned profits arising from public expenditure on improved infrastructure. Even the withholding of land from use can be profitable because the holding costs are low whilst land values continue to rise.

In the future three new factors will enter the arena: global warming, GM Crops and foreign ownership of land.

Global warming will drastically change the pattern of

agriculture worldwide, resulting in mass migration of humans and animals, wars and genocide. Present legal and tax systems will aggravate the position and ownership will shift further from the poor to the wealthy. Greed will further accelerate the process. Good government could slow the process down but this seems unlikely.

Genetically modified products are a new form of colonization and world control. Why bother monopolising land, water and mineral wealth when companies can corner the market on the supply of all crop seeds? Replacement of all tried and tested strains by the myth that GM is better will reduce the seed bank available to mankind. Patenting existing varieties is a crime against humanity and should be outlawed internationally. The fact that grain etc. produced by GM can be modified to be non-reproductive will in time result in world starvation. These products should be outlawed or at least taxed out of existence. Suppliers of GM seeds should be held criminally liable for any accidental cross-pollination of conventional crops. Jail

Hopes and Fears of a Liberal Democrat

By the time you read this, I may be a candidate for the UK Parliament, elections to which must be held by June 2010. The constituency, Cornwall and Devon, is reckoned to be winnable if the Liberal Democrats nationally poll at over 25%.

If, as is widely predicted, my Party gets close to this level of support and has influence over Government policy, then my hope is that our recently reaffirmed policy of land value taxation will be given priority. I know that many leading figures in the Lib Dems are personally committed to it, most notably Dr Vince Cable, former chief economist of Shell.

So I hope that within 20 years the whole of the UK would have implemented LVT and substantially reduced all taxes on wealth creation and consumption. Cable, who might well be Finance Minister in a coalition government with either of the other main UK parties, also fully understands how the principles of economic rent apply to other forms of community created wealth.

With Liberals forming a large group in the European Parliament as well, I would hope the EU developing carbon trading, on the basis of binding international agreements on the carrying capacity of global 'carbon sinks' and on a fair per capita allocation of safe carbon emissions in those sinks. Similarly, EU-wide airport landing slot charges, based on free trade in those slots, would help limit growth in air travel. We might even have the EU's Value Added Tax replacing LVT across the whole continent.

sentences should be an option. If the tax system encouraged the restoration of the peasantry and small-scale farming, there would be greater stability and more diversified seed banks.

The third important question relates to foreign ownership of land. Can African governments discourage the control of their land by foreign organisations or governments to the exclusion of their own citizens? Perhaps foreign tenure should be limited to short term leases, say 20 years. Beyond that a discounted cash flow has no meaningful current value. The annual rent should be subject to a four yearly update in line with actual market conditions.

Could governments in Africa be persuaded to change the tax system? Would they change from deadweight taxes that slow the economy and favour the few rather than the masses? Would any governments have the vision to collect revenue from the unearned gains resulting from land ownership and publicly sponsored improvements in infrastructure and markets? This change would encourage full utilization of land and full employment.

The American future

Across the United States there are, at best, a few dozen people actively and regularly engaging local elected officials on how to change the way government raises its revenue based on the proposals traced back to Henry George. And yet, the prospects for adoption of a two-rate form of property taxation are better today than has been the case for several decades. The credit goes to the hard work by Josh Vincent under the auspices of the Center for the Study of Economics, in conjunction with key supporters in Pennsylvania, Maryland, Virginia, New York and Connecticut.

Part of Josh's challenge has been to keep the Pennsylvania cities cultivated by Steve Cord during his many years as head of the Center from shifting the burden of taxation back onto property improvements. This is always a possibility when changes in office holders occur. The positive effects of the two-rate tax structure are not always apparent because the effective rate of taxation on land values remains low. In Pennsylvania (as in most states) three levels of government tax real property: counties, school districts and municipalities. Although some twenty municipalities have adopted a two-rate tax structure, only two school districts and no counties have followed suit. Because in the United States schools are (to a significant extent) funded by local property taxation, getting school districts to adopt a plan to gradually increase the rate of taxation on land values is a key strategy for demonstrating the power of our tax reform model.

When I talk with my local officials and others in New Jersey about the merits of "land value taxation," I point to the record of its use in the capital city of Pennsylvania, Harrisburg. Despite being the state capital, Harrisburg was suffering from disinvestment, urban blight, the loss

of businesses and residents and ills typical of many US urban centres. Then, beginning in the late 1970s, the mayors and city councils began an aggressive campaign to rebuild the downtown area. Moving to a two-rate form of property taxation was an integral part of this campaign. And (despite the failure of the county and school district to make the same changes), land owners began to invest in new construction. People and businesses returned. Harrisburg is today a thriving, vital community with a lively centre, new restaurants and entertainment options. The connection between these changes and the special way Harrisburg raises its revenue is not self-evident. However, analysts not associated with any "Georgist" organization are taking note.

While there is reason for optimism, the real question is whether the process of getting new cities or school districts or counties, one or two at a time, will achieve a critical mass for systemic change before the weight of our existing economic policies and practices brings on a deep and prolonged collapse. Knowing this is a real possibility, activists here do all we can to reach a broad audience with our perspectives on the causes of generational poverty, the boom-to-bust business cycle, and the links between land monopoly and destructive stewardship of our planet's resources.

Looking at the big picture, I am not optimistic that we are positioned to effect change in the face of the entrenched political and economic power we face. That said, we have no alternative but to keep trying, to find new avenues for conveying our ideas, to harness our resources – financial and people – more effectively.

Edward J Dodson

Whither Europe?

The key to where Europe is headed in the next decade lies in Brussels. (And Strasbourg and Luxembourg).

There are two possible paths:

One is a much stronger European Union, close to becoming an actual state in itself. While taxation may not be raised directly by the EU, it would certainly control it in size and form. This would be a Europe with a regressive tax policy that more than ever rewards land speculation; which hands out subsidies to farming and industries and which doesn't trade with the rest of the world on any terms that can be called free or fair. It is a Europe run by and for civil servants, and those close to them, in a bubble world.

The other path is a Europe that is about Europe and not about the EU. Where, whether having collapsed or just relaxed its grip, the Union does not play a dominant role in deciding individual countries' policies on tax, trade and money. In this Europe there's hope for reform. Decisions are made closer to the people whom they influence and they can be affected by the populace before they are final.

Which Europe is it going to be? There is no telling, only hoping.

Under any circumstances, anyone working for reform needs to work truly professionally in order to reach politicians whose attention is ever-increasingly sought-after. They need to continually adapt their tactics and strategies to an ever-changing media landscape.

In Denmark, the Justice Party in 2010 is both more vigorous and rigorous than it has been for decades. Ten years down the line it is likely to have truly regained an important position in Danish national politics. Hopefully it may provide a better chance of a just tax system, where individuals can retain what they produce while the community does likewise.

The Party is becoming a vibrant organisation, full of talent and of ground-breaking new ideas and original takes on old problems.

A voting population that has become exasperated with the major parties has for several years tried a number of political patent medicines – each time the new parties have crumbled after infighting, or they have been exposed as the political frauds they are. What these parties and politicians have lacked is values, traditions and insight.

Lars Rindsig



“Although the European Union has so called free trade within its boundaries, it has substantial import duties levied on goods coming in from outside the EU”

Photos © Erik Söderström (flickrCC)

Nothing to fear f

Geoffrey Lee investigates the natural injustice of tr
Sacramento changed Henry George from a protect

TRADE FOLLOWS from the natural tendency of people to cooperate for mutual advantage. Henry George considered it a vital civilising force for good. It is embodied in the idea of 'comparative advantage'. Some people and places are better suited to the production of certain goods than others. Taxes, tariffs, prohibitions, quotas, subsidies, money market operations and international money transfers, reflecting tributes rather than trades, all contribute to the confusions that surround sensible discussion about the merits of 'Free Trade'. Comparative advantage between places can change over time. For example, we once imported oranges from Spain and exported cars in return. Today we still cannot grow oranges but Spain can manufacture cars as well as we can.

Although the European Union has so called free trade within its boundaries, it has substantial import duties levied on goods coming in from outside the EU. Collecting these tariffs requires the employment of some 24,000 people. Where there are no tariffs (on some foods, for example) we subsidise landowners under the Common Agriculture Policy (CAP). Initially set up to make Europe self-sufficient in food, it costs €38 billion a year and created butter mountains and wine lakes. The EU then came up with the brilliant idea to stop this happening by paying farmers to grow nothing at all—the infamous set-aside. The farmers set-aside their worst land and grow as much as possible on the fertile bits. The result of this scheme is to impoverish Third World countries who cannot sell their food to Europe because of the EU subsidies.

Public pressure on importers has seen the creation of what is called Fair Trade with higher prices being paid for coffee, for example. One suspects that the landowners in these countries benefit greatly and the workers very little. The distortions caused by subsidies and tariffs mean that taxes rise and trade declines.

Henry George in *Protection or Free Trade* said: "Protection implies prevention. To protect is to preserve or defend. What is it that protection by tariffs prevents? It is trade."

George had originally been in favour of protection but as he explained he changed his mind in one night.

"One night in Sacramento I went with a friend to a debating society and there heard

a young fellow of great
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of protection. I was a p
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Henry George controv
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so called 'free trade' ar

Autumn 2009 marked a milestone in the renewed educational efforts of the Henry George Foundation, with a course in London based on Henry George's classic, *Progress and Poverty* – the first such course for many years. Spring 2010 will see a further advance as new and established members and supporters, inspired by recent courses, step forward to present George's ideas in their own way.

These developments are significant in the context of the Foundation's history. Established in January 1929, the Henry George Foundation's aim was to spread a wider knowledge of the social and economic teaching of Henry George as set forth in his books and other writings. According to late 1936 editions of L&L a major feature of the HGF's educational work took the form of courses on economics based upon the model developed at The Henry George School of Social Science in New York. Their experience was reported by their delegates at the international conference held in London in 1936. The first UK course was taken by Leon MacLaren. This was followed by similar courses all over the UK.

Slightly later, according to a report contained in a 1937 edition of L&L MacLaren, together with a few 'enthusiasts', then established another school – The School of Economic Science (SES) – in London, initially called The Henry George School of Economic Science. For many years the ideas of Henry George were taught at both HGF and SES in London. By the mid 1970's however, numbers at the HGF classes were so low that classes were discontinued. The SES classes continued and, whilst an emphasis on land, rent and justice have remained central to the basic course, none of George's works were studied directly and many of his important insights have been neglected as new material has been introduced.

So it was a significant development when in 2008, as an SES tutor, David Triggs was able to present courses on 'The Science of Political Economy', 'Protection or Free Trade' and 'The Condition of Labour' – all based on George's important works.

In January 2009 the SES agreed to a proposal to allow HGF to hire a room at their premises in Mandeville Place in order that HGF could offer further courses to the public – based exclusively on George's works. David Triggs presented three ten week courses during the year: 'The Principles of Political Economy', drawing on a variety of his works; 'George's Speeches', using ten of his most well known speeches; and 'Political Economy', based on *Progress and Poverty*. These were all well attended and well received. David Triggs underwent a hip replacement operation at the beginning of January and advantage has been taken of his unavailability to widen the tutor base. Peter Bowman, Michael Learoyd, Tommas Graves, Robin Smith, John Barnes and Richard Hithersay are all now preparing to share their interest in particular aspects of George's work in a new series of eight talks based upon George's works included in the 'Anthology'. **These talks are free, open to all, and will take place every Friday (apart from the 19th of February) until the 26th March.**

Long term HGF member Ray Ward has also been very active introducing the concepts of Georgist economics to students in the Guildford and Woking areas of Surrey at The University of the Third Age (U3A). This is a nation-wide organisation and Ray has prepared detailed course material (Economics and Reality) which HGF will be publishing this spring in the hope that others throughout the country will be encouraged to run similar courses either within the U3A set up or independently as house or other small groups. More details will be available in the next edition. Anyone interested in exploring this is invited to contact the HGF office.



Yes to Henry

As an Australian Georgist activist for six decades I wish to respond to two letters in the Autumn 2009 issue. 'Land value taxation the only tax'? The paramount principle is not that the wealthy contribute more than the less wealthy, but that citizens contribute to society for the benefits available, which are correlated with land values.

There is some justification for 'sin' taxes, e.g. on tobacco, to help recoup the illness costs imposed on the community. There are also good arguments for the 'Tobin' tax on currency transactions.

High incomes for pop stars. Celebrities etc. do not do economic harm to society, they are the result of citizens' choices and values, however much we might sometimes disapprove. If a smart trader can prosper financially from a laptop located on a low value site, then sooner or later the law of supply and demand will come into operation and check excesses.

In any case Australian studies have shown the essential adequacy of the land rent fund understood in its widest context.

'Henry George Personality Cult'? 'Georgism' entails acknowledgement of a great social reformer and also a great social philosopher. Naturally as time passes, various modifications and developments will emerge in applying George's ideas. Few Georgists would dispute that Henry George needs revision on the subject of interest.

Respect for George need not, and I suggest usually does not, entail uncritical veneration.

Progress and Poverty is perennially an inspiring book.

The appearance of various abridged versions testify to this and reflect the conviction of the importance of facilitating encouragement of its study.

Our main obstacle is not excessive respect for Henry George, but the manipulative power of vested interests, who understand quite well our aims and purposes, and will do everything possible to thwart us.

Geoff Forster
Canterbury, Australia

Want to join in the conversation?

Email us at editor@landandliberty.net or write to Letters, Land&Liberty, 212 Piccadilly, London W1J 9HG

Letters may be edited for space reasons.

One or two letters recently in your pages, referring to Henry George from those clearly of small acquaintance with his work, have filled me with disgust. Now we have a correspondent from Los Angeles proposing "No more Henry. No more *Progress and Poverty*. Finito." Don't throw the baby out with the bath-water, will you?

I am all for Geoiist and Geonomy (the latter literally "the law of the land") both of which beautifully embrace George's name in any case. They are, in my view, far sounder than 'Georgist', since it is after all a natural law we celebrate and not a person. But for our movement to try to operate without the writings of the greatest exponent of that natural law – (not to mention the profoundest insights into it) and probably the greatest exponent there ever will be, is simply *ridiculous*!

And can't this correspondent see that 'Henry said' is simply a light-hearted way of *Progress's* giving us some valuable quotes from a master-thinker? There's nothing solemnly worshipful about it at all! Has Tom Polhaus no sense of humour?

Regarding Ian Hopton's sincerely seeking letter, it shows, one can only say, a sadly superficial acquaintance with the workings of the Law of Rent in its profound effects upon a society – which leave no place for "taxing the wealthy" or indeed for taxes of any kind.

But this descent into a discussion of taxes is surely the movement's just reward for having fastened – in its efforts to promulgate the natural Law of Rent – upon the false terminology of 'land value taxation' – (a term which, apart from all else, carries comfortably with it the false notion that land is capital). Its proponents then proceed to explain to you that it is not a tax after all.

Rent is, indeed, something of a quite different order. From this – the possibility of its far-ranging repercussions and its powerfully transformative effects upon a society. Henry George did of course at times refer to it as 'the single tax' – a small blip, in my view; but taxation was not, in his time, the industry it is today, and it was in any case up to his followers to use their own wisdom in charting the course ahead.

My sense of the matter is that there 'was an unwillingness, in the early days, to frighten off the powerful, both in business and government, with anything as radical as the term rent; and Richard Giles has helpfully, elsewhere, unfolded the steering efforts in this of the American businessman, Thomas Shearman. But neither big business nor government will ever bring in this reform anyway! So we now come to reap the due rewards of that faintheartedness.

We must now look ahead. And as we summon up our strength for this – let us hope

that, in Scotland at least, take the bull by the horns.

Shirley-Anne Hardy,
Pitlochry, Perthshire

Land and

Advocates of land value taxation need to assess the need to assess the 'natural' income tax, i.e. the income from land, can failing to generate the the land indefinitely, d the use of that land, wi a tax on the value of the actual income but the is payable whether that not. Thus it pressures the land's potential in order sell the potential to someone.

Debt likewise generates interest, which is likewise tax. If the debt is not borne if the interest is not borne is not payable. Such debt carried indefinitely while the debtors are borne economic participation. If large numbers of debtors the result is economic 'lost decade'. But if the rather than the interest whether the debt were. Thus it would encourage down 'non-performing' interest payments. The clearing of bad debts, and debtors, and faster economic growth.

Hence the pace of reform crisis may well depend governments to tax debt. So may the ability to avoid because if mortgage lenders whether it 'performs' or reluctant to make loans.

Parallels between land more pertinent when a debt is secured against it became necessary to mortgagee and mortgagee. "I would treat them as approach would reduce motivated exemptions of land owners (e.g. residential occupants), because the granted in respect of the lender's equity.

So for purposes of

1909 and all that

The Case for a New People's Budget
Margaret Godden (ed)
LibDems ALTER, 2010,
p/b, £5—available from
cehodgkinson@aol.com

It is so refreshing to find a clean book, free from self-serving partisan resentments, the politics of envy and class warfare. Here, in a series of essays, is a clean interest in reasonable justice for all, and a route out of the mess. The forward by Vince Cable is clear and brief, with a summation of land value tax benefits in one paragraph.

I was delighted by Geoffrey Lee's clarity, simplicity, and his extension of one's knowledge of the People's Budget, which brought the period to life, with its attitudes, and 'hysterical inexactitudes'.

John Howell describes early railway finances—by land owners, from their rents. 'The moment an underground extension is projected, the value of adjacent land at least doubled. When it is built and the stations opened, it at least quadrupled in value.'

When land-owner finance withdrew, after their rents were permanently enhanced, "most transport infrastructure is said to be unprofitable and only kept alive by subsidies."

To the extent that transport is relieved of tax by LVT, subsidies may be reduced.

Catherine and Brian Hodg-

kinson made good points in their essays on Business and Enterprise, observing and thinking outside the Westminster box. "Much of what is called investment amounts to no more than paying landlords to make available suitable land."

A fresh review of housing is given; both Housing and Welfare sections have interesting historical illustrations, yet the extent by which LVT relieves our 30% underclass, without a stake in rent, whose earnings are both taxed and subsidised, needs to be shown.

On the financial front, ballooning land values (collateral for ballooning credit) the basis of the ballooning financial sector go unrestrained. The best bank and money regulation will not deal with the cause of many symptoms like bank bonuses.

The base balloon is curbed by LVT.

After years of considering the implementation of land value

taxation, I find Tony Vickers' 'This Is How We Do It' very well thought through.

A short, inspirational book for enjoyment by all seeking a route to good government.

Haydon Bradshaw

Incorporeal

Metaphysics and the Cosmic Order

by Joseph Milne, with a foreword by HRH The Prince of Wales
Temenos Academy, 2008, 74pp,
p/b, ISBN: 978-0-9551934-3-9, £8.50

This is a small and wonderful book that demands a careful reading. It responds to a need many of us feel but which is rarely acknowledged by economists, scientists, thinkers and people of faith today. Its four chapters were originally presented as a series of lectures at The Temenos Academy.

Dr Milne considers three different forms of knowledge available to people—empirical, philosophical and religious.

He says these 'kinds of truth' are not necessarily in conflict but that the knowledge available through one realm cannot be availed using methods appropriate to another. It is simply not possible to understand the metaphysical world through physical observation and inferential deduction and any attempt to understand the knowledge revealed through religious experience by either

'thinking' or mistaking the 'meanings' of symbols with their physical form is bound to be confusing. Recent centuries have seen a growth in the tendency to discount all knowledge other than the empirical and he traces the root of this 'mistake' to aspects of 'Enlightenment' thinking. It brought an image of 'baby and bathwater' to my mind.

He invites us to consider four traditional but long overlooked propositions: (a) Mind or consciousness is already connected with everything (b) All things are in communion with all other things (c) All things disclose their nature as an act of their being. And (d) Man is called to bear witness to the truth of things. He then goes on to show how the modern tendency to 'objectify' things lies behind man's inclination to exploit what nature provides and inhibits a wider 'participation' in the whole of creation.

He concludes by pointing out that human alienation from the greater whole is not inevitable and suggests how providence calls us to dwell more fully within nature. Saving energy or being more efficient is not enough, rather a reorientation of human dedication consistent with a recognition of the relationship between the orders of knowledge described is needed. Given this he suggests "All human work could become meaningful if undertaken in this spirit, and that would be the natural state of society, a state wholly in harmony with the

divine cosmic order".

I am sure that Henry George would have much appreciated such excellent scholarship and art and its implications for physical, social and economic well-being.

David Triggs

Going green

Green Economics

by Molly Scott-Cato
Earthscan, 2008, 240pp, p/b, ISBN:
978-1-8440757-1-3, £19.99

Molly Scott Cato has been a green activist for many years. She is economic spokesperson for the Green Party and also Reader in Green Economics at Cardiff School of Management.

If the term 'green' conjures up images of beards, woolly jumpers and a sparse eco-self-sufficiency don't be put off, the title could be misleading. The author is well-versed in economic issues that go a long way beyond the normal green agenda. Over the last thirty years a lot of new economic thinking has emerged in response to the harmful effects of the established system not only on the environment but also on humanity itself. Not all of it is immediately associated with the green movement but by collecting relevant parts together and giving it the title 'green' the author opens up the possibility of providing for the green movement a comprehensive and coherent economic framework. This book

is much more than an attack on the present system. It is about a positive alternative containing many practical examples to illustrate how this works in practice. The author's view of green economics is as much about saving humanity as saving the planet.

The introductory chapter sets out the basic paradigm, essentially the recognition that the economy does not exist in isolation. On the one hand it rests in human society and on the other it is contained by an environment that has physical limits. It is compelled to conform to these limits if it is going to avoid self-destruction. The guiding vision is balance rather than growth.

The book then proceeds in three sections — "Theory", "Vision for the Future" and "Policies". In the first the author sets out the pedigree of green economics noting that "respect for ancestors" is an important aspect of this type of economic thinking.

The 'Vision for the Future' sets out the basic thinking in the area of work, money and business organisation. The policy areas covered are trade, localisation, tax, welfare and land use. Readers of this publication may be interested that the author's policies on taxation and land use are based explicitly on the thinking of Henry George and the recognition that land is a common treasury, whose benefits should be shared by all.

Peter Bowman

a quick note ...

The Great Urban Transformation: Politics of Land and Property in China
by You-tien Hsing, out January 2010, £45

In the inner city of China's major metropolitan centres, municipal governments battle high-ranking state agencies to secure land rents from redevelopment projects, while residents mobilise to assert property and residential rights.

Smart Growth Policies
by Ingram, Carbonell, Hong & Flint, 2009, \$35

The Lincoln Institute of Land Policy collaborated with 18 leading land use researchers and planners to measure and compare outcomes in four states with statewide smart growth programs and four states without such programs.

Land Reform in Russia
by Stephen K. Wegren, out January 2010, p/b, £40

The definitive account of Russia's land reform initiatives from the late 1980s to today. Wegren's study is important and timely, as Russian land reform will have a profound effect on Russia's ability to compete in an era of globalization.

Rent from the Land: A Political Ecology of Postsocialist Rural Transformation
by Johannes Stahl, out February 2010, h/c, £60.00

This book looks into the unusual road from socialism to capitalism in Albania, and its tragic effects on rural land use. Stahl combines theories of rent and access to demonstrate the intended and unintended consequences.

Islamic Land Tax
by Ghaida Khazna Katbi, out April 2010, p/b £54.50

In this exhaustive survey of the institution of al-Kharaj—land tax in Islam—Ghaida Khazna Katbi provides a comprehensive and minutely detailed history of a practice which evolved from an exigency of conquest into an essential pillar of the early Islamic state.

The Economic Theory of Agricultural Land Tenure
by JM Currie, out January 2010, p/b £16.99

While Dr Currie's emphasis is on the economic theory of agricultural land tenure, he also reviews the historical development of land tenure in England. Building on the Physiocrats and Neo-Classical economics he develops modern theory on land use.

Never say ‘I told you so’

In a new series of interviews **John Triggs** talks to people who are working towards getting the ideas of Henry George and economic justice more widely understood and accepted. In this issue we meet film makers Ross Ashcroft and Megan Campbell, the couple behind the Renegade Economist films



IT WASN'T really so long ago when it seemed as though every dinner party in the land ended up with a discussion about house prices. Those lucky enough to be clinging to a rung of the property ladder would congratulate each other on buying in to a market that appeared destined to carry on rising forever. Ross Ashcroft and Megan Campbell were never really very popular at these parties. "We used to say: "But what if property prices don't carry on going up? What if they crash?," says Ross. "We don't get invited to those dinner parties any more. Nobody likes someone saying 'I told you so'."

It's a lesson that both of them have taken on board when making their documentary films, interviews and video packages, many of which focus on the economic injustice of the current tax system and the harm caused by land speculation.

"We have a policy here to get your mistakes out of the way early on so you can learn from them and one of the things we learned was

never to remind people that we told them this would happen," says Ross, who directs the films. His partner and producer colleague Megan, agrees.

"We are trying to persuade people that there is a different option out there and you don't want to do that by appearing smug and getting people's backs up," she says. "They'll just stop listening to you."

Ross and Megan, now both 32, first dreamt of making films together six years ago when Ross was working as a theatre director and Megan was at the financial services company UBS.

"I'd always wanted to direct and Megan had always wanted to produce and working together in films seemed like the ultimate test of our relationship," says Ross.

It was those dinner party encounters and their growing sense of the unfairness of the current economic system that persuaded them to concentrate their films on economic injustice. When Fred Harrison, author of the 2005 book, *Boom Bust—House Prices, Banking and the Depression of 2010*, asked for their help

in making a film they jumped at the chance. That film was soon followed by several others featuring Harrison. Ross and Megan started their own channel on the video sharing site YouTube: *The Renegade Economist*, taking Harrison's message to an ever wider audience.

"When we first started thinking about doing this six years ago, YouTube didn't exist," says Megan. "We never realised how it would enable us to spread the message so far."

YouTube also has other advantages. "Each video generates discussion and it enables us to tell exactly the demographic that are watching us," says Ross.

Ross and Megan have to battle constantly with the shorter attention span of internet users.

"The mouse click is much more brutal than even the remote control and you can turn a viewer off very easily, so it's even more important that we get our message across quickly and straightforwardly," says Ross.

What's more, the very strength of the internet—its ability to serve such a wide range of different interests—can also be its biggest weakness, and there is a danger that the only people watching are already believers in the message.

"That's definitely our biggest challenge," says Megan. "Making sure that we are not just preaching to the converted and taking the message to as wide an audience as possible."

The pair have also been careful not to dish out the blame. "Fundamentally it is not people today that are to blame, it's a system that has been rigged and twisted and manipulated over centuries," says Ross. "The politicians, the bankers and the landowners are not villains, they are just part of this grand game, so we have not aggressively gone after them because that will close people's minds down. We want to open their minds just long enough for them to be able to think about things differently."

L&L
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NEXT ISSUE

out April 2010