

The Digital Dividend—resource rents & the technology drive

The other digital dividend The UK Government has published its Digital Britain final report. The so-called 'digital dividend' is the range of innovative new services to be provided on the radio spectrum freed up by the switchover from analogue to digital TV. Digital signals take up less spectrum space.

The technical dividend is also likely to give a significant boost to UK government coffers. Whether delivery of this other gain turns out to be a fair fiscal dividend for the UK taxpayer—or a lucky windfall for the winning bidders—will be determined by the provisions of the licence auction system and by the economic events of the coming decade or two.

"About 30% of the traditional TV airwaves will be up for grabs", says the BBC. The new bands are valuable because of their range and the large amounts of information they can carry—"the radio waves are being fiercely fought over by broadcasters and mobile operators."

Spectrum auctions will open shortly, although the government's report has persuaded independent regulator Ofcom to delay some of its immediate plans. According to Ofcom, the licences will be "tradable and flexible to allow users to determine the technology and services they provide and to change the use of the airwaves as new technologies and services emerge". Spectrum will be freed up for new uses in phases, as digital switchover proceeds between now and 2012. Licences will be "of indefinite duration with an initial term lasting until 2026".

The US Federal Communications Commission sold off its equivalent spectrum last year for an initial \$19.5bn (£11bn). According

to FCC Chairman Kevin J Martin: "This is almost twice as much as what was initially anticipated, more than the government has ever raised in any previous auction." The UK sell-off—when it comes—is likely to be the biggest since 3G was auctioned in 2000—raising £22.47bn and not inconsiderable controversy.

Mobile broadband to reshape economic geography

Ofcom has announced proposals to align more of the UK radio spectrum with other European countries. This will be especially significant given the forthcoming spectrum releases under the digital dividend. Ofcom says: "These airwaves are particularly important because the signals they carry travel over long distances and penetrate into buildings well." The plans will allow new wireless and mobile broadband services to be launched across Europe. Fast internet access is an increasing requirement of modern business—and for more and more people it's a red line for life and leisure.

Present fixed-line broadband services favour economic development in urban centres: dense use of cable infrastructure gives greater returns for capital outlay. Mobile broadband will make new services available for the first time to currently disadvantaged rural areas. But there are perhaps unexpected losers too in the fixed-line broadband stakes: über-wealthy Henley-on-Thames and Marlow, for instance—home of Robbie Williams and formerly George Harrison—have some of the worst fixed line coverage in the country, according to research conducted by Top 10 Broadband.

The new mobile networks will level-out the broadband playing field. People and business will have greater flexibility in where they locate. The urban-centre/rural-margin dichotomy—already fuzzed by such modern developments as transportation, refrigeration and first generation telecommunications—will be further broken down. Mobile broadband will significantly reshape the economic geography of Europe.

Connecticut: lvt enabling bills and pilot scheme

"Land value taxation's moment may have arrived", says the Center for the Study of Economics: "Two bills—one Assembly, one Senate—have been introduced permitting any city in Connecticut to enact land value taxation." A land value taxation pilot programme for the City of New London—promoted by local urban activists the Re-New London Council—has also been signed off by the governor. "This enabling (not mandatory) legislation allows cities throughout the state, at their discretion, to implement a land value tax whereby land would be taxed proportionately higher than building structures", says the Council. According to an editorial in Connecticut's *The Day*: "Land value taxation gives New London the chance to support, rather than penalise, investors who want to improve their city properties. It must not let the opportunity pass."

HGF report

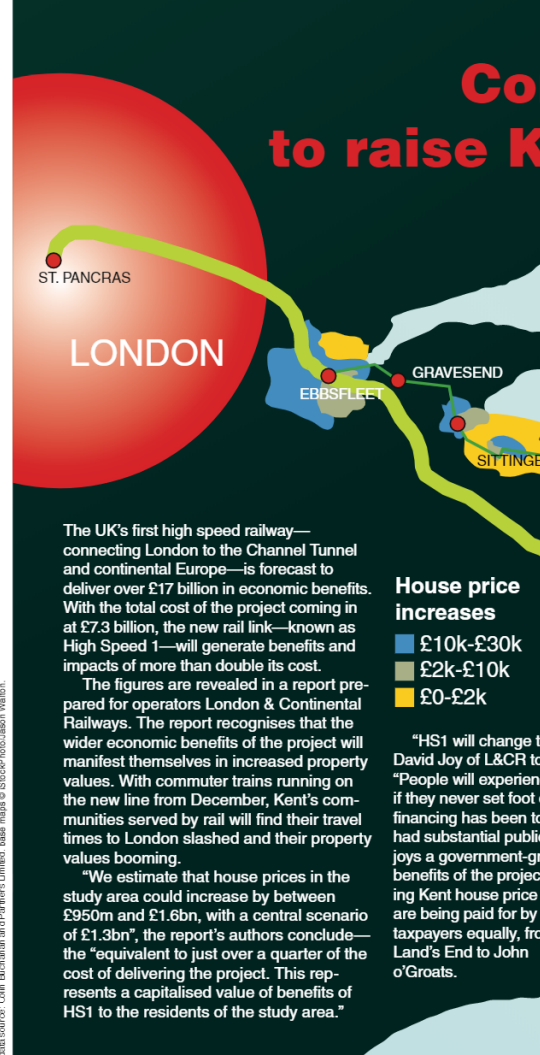
Advocacy Spring and early summer has seen a period of considerable activity and the Foundation has been represented at a number of national conferences and seminars. In February we supported the annual "The State of the Economy" conference hosted by the Institute of Economic Affairs, at the Institute of Directors in Pall Mall. In March, as part of the Coalition for Economic Justice, HGF co-sponsored a seminar hosted by Vince Cable MP at the House of Commons, to promote an all-party parliamentary group to consider the scope for taxation of land values. (Several HGF members arranged prior meetings with MPs.) The seminar was very well attended, with standing room only. The keynote address delivered by HGF Executive Chairman David Triggs—and responses to questions from the floor—were well received. However the lack

of MP participation and the failure to secure a subsequent meeting with the Chancellor or Treasury officials were both disappointing. In July the Foundation was again at Westminster, this time at a seminar hosted by Lord Tarsem King of West Bromwich, sponsored by 'Global Vision 2000' and 'Universal Peace Federation-UK'. David Triggs took the opportunity of these platforms to advance the cause for principled tax and monetary reform to groups beyond those already familiar with, or sympathetic to, the Foundation's ideas.

Friday Library Group Meetings at Mandeville Place have been especially busy through the first half of the year. A stimulating series of talks have been enjoyed with speakers including Henry Law (Economic Lessons from Scandinavia), Haydon Bradshaw (The Role of Money, Markets and the Storage of Real Wealth) and Joseph Milne (Thomas Aquinas and Natural Law). (See diary, p.21)

Economics courses Following the successful course on 'The Principles of Political Economy', the summer term has provided the opportunity to explore a number of Henry George's public speeches and addresses. For ten weeks students have heard and discussed talks that included: 'Moses: Apostle of Freedom'; 'Justice the Object: Taxation the Means'; 'Thou Shalt Not Steal', and; 'Land and Taxation'.

California visit For HGF's Executive Chairman, a highlight of the year so far has been a spring visit to California, where he was able to get a feel for the times and places that inspired George's writings. During the visit he met with several fellow reformers, including David Geison, Fred Foldvary, Cliff Cobb, Mason Gaffney and Harry Pollard. Look out for Foldvary's Henry George 'Oakland experience' video—posting soon on HGF's website www.HENRYGEORGEFOUNDATION.ORG



Australia's Future Tax System

Australians are in the process of conducting a comprehensive review of their nation's tax system. Announced last year by the Rudd Government, its aim is to reform taxation "to deal with the demographic, social, economic and environmental challenges of the 21st century". As the Business Council of Australia notes, the country sports fifty-six separate taxes, compared with the UK's twenty-two—so there is thought to be great scope for streamlining. A panel headed by Secretary for the Treasury Ken Henry has been holding public meetings across Australia, taking submissions and consulting

stakeholder groups, all in a final report to the December. Speaking to director of the Melbourne Research Group, and author of *Riches of Oz*, wondered "than the usual tax 'reformation of emphasis, between capital, and taxes on the capital?" The answer to the question is undecided for the moment. The process closes in November. [TREASURY.GOV.AU](http://www.treasury.gov.au)