

LAND&LIBERTY

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PO Box 6408, London, W1A 3GY
+44 (0) 800 048 8537
editor@landandliberty.net

Editor
Joseph Milne

Managing Editor
Jesper Raundall Christensen

Graphics and Production
Jesper Raundall Christensen

Publisher *Henry George Foundation*

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letter from the publisher

If we needed any reminder of the need for rethinking our approach to economics the general election of May 2015 surely provided it. The campaigns were characterised by debates, promises, rebuttals and commentaries that revolved around a need for public services and a shortage of the necessary public revenue - but they never came close to addressing the real issue. The problems associated with austerity, inequality, debt, money, banks, housing, education, migration, employment and conflicting regional and national economic interests all featured - but the common root of these problems was consistently ignored. The election result highlighted how such ignorance undermines the unity of both the UK and the EU. They both now risk disintegration on account of an injustice that is rooted in a failure to recognise the significance of geography within a single economic community. Current tax and benefit arrangements magnify the economic disparities between different regions and apply divisive palliatives.

Whilst variations in economic advantage may stem initially from natural features such as topography, geology, climate, proximity to the sea or rivers etc., economic development causes proximity to centres of population and services provided by others (public and private) to be more significant. This is where cooperation and mutual service increases the productiveness of both labour and capital most and where people work closest to those that can help them produce and sell their products.

The wealth that those who produce wealth can enjoy from their earnings is reduced by what they must pay in taxes to government. They are also reduced by what they must pay for use of the land beneath their dwellings and workplaces to those who can claim the rent out of what is left. Wealth producers are then left with little more than the least they are prepared or able to accept. A small reduction in income or increase in outgoings can put wealth producers in jeopardy. Meanwhile those who can claim the value of location that is due entirely to the presence, protections, and services provided by the whole community, enjoy an unearned income that translates into a financial asset that derives not from production, but from the necessity of people to live and work somewhere.

The situation for wealth producers in marginal locations is however most perilous. Here, whilst reduced wealth producing capacity is reflected in reduced location values and rents, it is not reflected in the taxes that governments demand of them. One consequence is that potentially marginal businesses are rendered submarginal. They thus produce no wealth at all and people who would happily work are prevented from supporting themselves and become a burden rather than contributing towards the welfare of the whole community.

If such malign taxes were abolished and replaced by a location fee payable by those who currently enjoy the unearned income that manifest as land or location value, all wealth producers would benefit, especially those at the margins of economic viability. An integrating force would then be activated in place of the current disintegrating tendency that threatens communities throughout the world.

David Triggs
Chairman
Henry George Foundation

henrygeorgefoundation@googlemail.com

