

## Taxation—a step in the right direction

After its cool reception last autumn, Vince Cable's Mansion Tax (MT) was overwhelmingly adopted by the Liberal Democrats at their annual conference in March 2010.

MT is to be an annual tax based on the market value of large single-family domestic properties. It would levy 2% of any value over the first £2 million. So the liability on a property worth £2.5 million would be £10,000 pa. (2% of £0.5 million).

It's proposed that the money raised will be used to take many on low incomes out of tax altogether by increasing the personal income tax threshold to £10,000, which would also reduce the bills of those who did pay tax by £700 pa.

MT could be regarded as a crude form of Land Value Tax (LVT), since over two-thirds of the value of any mansion is usually in the land that it sits on. Crude, however, because by exempting the first £2 million of a property's price, MT will only begin to collect a sizeable share of underlying land value in the case of mansions well over the £2 million threshold.

Nevertheless, by pairing MT with proposals to reduce income tax, the Liberal Democrats have at last put into the political arena the central Georgist principle of shifting taxes away from work and enterprise and onto the underlying land value locked up in real estate. MT may not be LVT, but it is a new and significant step in the right direction.

MT would ease government debt by 'liquefying' some of the vast sums of money locked into property values inflated by reckless bank lending in recent years. It would curb future speculative inflation of property prices, and mansions currently held empty as 'inflation hedges' would be forced back

into use, creating jobs made more rewarding by reductions of income tax.

John Howell  
Executive member,  
LibDems ALTER

## Repackaging poverty

Recent press items have highlighted some distressing and depressing figures that illustrate the extent of poverty levels in Britain. For example, 13% or 1.7 million children are now living in severe poverty, an increase of 260,000 since 2004; 20% of Britons have no savings; 50% make no provision for a pension. These three examples do nothing more than confirm that the multimillions of pounds of state benefits (£100 billion a year on the NHS alone) handed out in an attempt to solve the problem have done little or nothing to provide a long-term solution; neither has all the humanity, sympathy, sacrifice and hard work provided by numerous charities.

How can this be? Why, with so much effort and so much money is the problem of poverty getting worse?

As readers of this journal will know, the cause of poverty has been well understood for over 100 years. Yet everybody, from politicians and social reformers to the public themselves, appear not to appreciate the simplicity of the solution or be persuaded to examine the causes of poverty rather than meddle with effects.

If we are to make any progress against the spread of poverty and unemployment, perhaps we should consider a new strategy. The question for us might be: can we take a lead from modern marketing and public relations and re-package our product to achieve greater public awareness of where taxation should be levied and the benefits such a shift would provide?

Michael Hawes  
Newark, England

## Making Sense of Energy

Sustainable Energy—  
Without the hot air  
by David JC MacKay  
UIT, 2008, 384pp, p/b,  
ISBN: 978-0-9544529-3-3

David MacKay is a professor in the Department of Physics at Cambridge University and Chief Scientific Adviser to the UK Department of Energy and Climate Change.

Professor MacKay looks at the broad sweep of balancing supply with demand in the UK over a long period of time. He reduces consumption and production of energy to a common base of kilowatt hours per day per person and reviews several ways of balancing the equation.

Of particular interest to Georgists is the way he discusses the energy available per unit of land area for the common renewables and the limitation thereof.

A stimulating read of top quality for all those interested in the energy supply this book is of international interest as the principles may be applied to any country

As the title indicates many swipes are taken at the advertising and slogans of vested interests.

I particularly enjoyed the way he cuts through the jargon of the units of energy consumption and production which confuses so much of the energy debate.

Those who are not mathematical and technical will be glad to know the necessary discussion is in a section at the back which does not have to be read to enjoy the rest of the book.

Topics covered, on the demand side, include; population growth, cars, aeroplanes, transport, heating lighting, packaging etc and on the supply side; coal, oil, hydro, wind, nuclear, solar, tidal, biomass, heat pumps, energy storage etc.

The book is available free at

WWW.WITHOUTHOTAIR.COM.

Can I give a better recommendation?

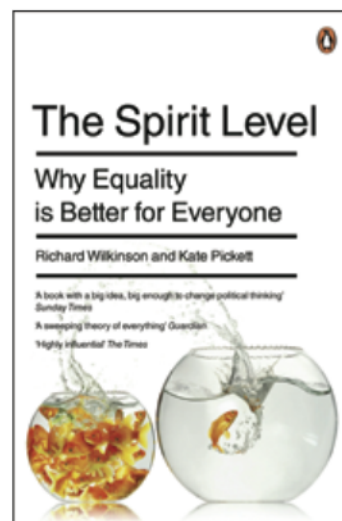
W.R. Elliott

## The cost of inequality

The Spirit Level: Why More Equal Societies Almost Always Do Better by Richard Wilkinson and Kate Pickett  
Penguin, 2010, 368pp, p/b,  
ISBN: 978-0-1410323-6-8

After the biggest economic crisis since the 1930s, people are angry with the bankers and disaffected with the political class. What will be done to resolve matters? The 'Spirit Level' provides timely evidence on which actions can be considered and, hopefully, put into effect. The book shows statistically that developed nations do not improve wellbeing simply by more growth in GDP. The authors develop their case by showing that, in a range of developed countries where income inequalities are more extreme, life expectancy is also lower, the percentage of infant deaths and teenage pregnancies are higher, obesity is more common, educational performance is lower, and problems of violence, homicide and imprisonment are greater.

Social mobility is shown to be significantly weaker in the UK



and us, and the index of health and social problems considerably worse compared to most other countries. The UK and the US are among the most unequal and the Nordic countries and Japan the least. This seminal work makes a strong case to establish the causal link between inequality and health and social problems. Further, it shows that people need a feeling of self-worth based on their contribution to the wellbeing of others, rather than on their status in society—depending on mutuality and reciprocity rather than material self-interest.

The authors describe the steep rise in inequality since the 1970s in both the UK and the US. They show that the vast majority of the population are harmed by greater inequality so that the benefits of more equality are not just gained by the poorest. They indicate that the route to greater equality can either be through the tax and benefits system or by lowering the differences in gross income.

They offer no single solution, favouring more cooperative types of organisations and employee ownership. The book also touches on the need to develop a sustainable economy. The strong message is to find the means to replace the current individualism, materialism and consumerism by mutuality, reciprocity and cooperation.

Given such clear evidence from the authors of the serious effects of inequalities, we are faced with a huge challenge on how to deal with the many resulting health and social problems. We cannot just leave it to the politicians who, as the authors point out, have the opportunity to do genuine good but do not pursue egalitarian policies until their survival is seen to depend on it. So there must be a concerted movement by the many committed organisations and individuals to raise public awareness of the need for change to re-establish a society based on equality and liberty.

John Lipetz

## Prime Time

### Prime Minister

by John Stewart  
Shepherd-Walwyn, 2010, 224pp,  
p/b, ISBN: 978-0-8568327-4-1

Many of those who have read John Stewart's first two 'economic' novels will be eagerly anticipating his third. The first book in this unofficial trilogy, *Visitors*, described how visitors from outer space come on a trip to planet earth because they are grateful for the knowledge of mankind's master teachers, such as Jesus, Buddha and Plato, but unlike humanity have actually followed them.

His second book, *The President* imagined the most powerful man on the planet experiencing an epiphany and learning from his chauffeur of the teachings of Henry George. A highlight is the emergence of the three questions: What is location value? Who creates it? To whom does it belong?

Now the trilogy is complete with a new book called *Prime Minister*. The scene is set after a global financial crisis similar to the one that started in 2008. John pulls out of his amazing hat his own solutions, and the tale is told with many twists and turns, leading to the start of a new era in economic management.

A book publisher, Alexander Collingwood, writes a letter to the leader of the Opposition, proposing a discussion and to his surprise, this is responded to. But the situation is so bad that a coalition is formed, and the leader of the Opposition becomes Prime Minister.

The principles are laid out in beautifully set chapters, with objectors, dissidents and unforgettable answers.

John has lit upon a new way of delivering a message derived from Henry George but brought right up to the present.

Tommas Graves

## Lars Rindsig's view from the right



In Washington DC you'll find a number of buildings used by various branches and institutions of the federal government. Famously, the White House on 1600 Pennsylvania Avenue, some distance away from the Capitol area which hosts the Supreme Court, the Library of Congress and the United States Capitol itself, of course, with its dome, which is about as characteristic as the UK Houses of Parliament's clock tower. And like London's Whitehall, Washington's Capitol area also requires a number of office buildings for officials and public servants as well as parliamentarians.

Because the American government is big (both in terms of sheer head count as well as in the degree to which it busies itself with peoples' lives) it needs a lot of office space. Three ruddy big office blocks are located due south of the Capitol—Rayburn, Longworth and Cannon. They're big, They house a lot of people who, being government employees do silly things. But like other people they come to work in the morning and go home in the afternoon. For that purpose the public coffers have paid for a road network (which almost indubitably facilitates buses and taxis) as well as a very conveniently located underground Metrorail stop. And then there's some parking space. And then a bit of grass. To the west of the grass: some parking space. And to the south: there's some parking space.

As the Americans say: Hot diggety, mama, that's a lot of parking space. Now, keep in mind that this is the centre (both physically and metaphorically) of the perhaps most important city in the most important country in the world. Bubba, dat gon' be some dang expensive land. If, for no other reason, simply because it's next to a city centre railroad stop which, as we've seen, drives land prices up, up, up. And what's the best conceivable land use for the area that the planning authorities in Washington DC could come up with? Surface parking. Not a parking house, not underground parking below office buildings. Just a lot of tarmac with white stripes on it. Well, and a bit of grass.

Across from the government buildings, opposite the train station, lies the head office of the Republican Party. I don't know if that's significant, specifically. But this is: land is scarce and should be used effectively and in a way that is best for the community surrounding it. That's one reason land value taxation is a good idea—it makes it more inefficient, more cumbersome and more expensive to not utilise well-located land to its greatest potential. But—then there's government. And government wrecks things because it doesn't dare allow people to decide for themselves and because it doesn't trust the market as a reliable mechanism for expressing those decisions. Government at various levels wants to zone, plan or whichever cryptonym is in vogue to describe what's really going on: government wants to decide how land is used. And government does a poor job of it. The silly business seen around the Capitol is one example. There are many more. But really, isn't it so much more poignant when it's as obvious as this?

The market doesn't work when government is involved. But it works really rather well when people are involved. Government, whether at federal, national, regional or local level has no business interfering in how land is used. That privilege belongs to people and their community.