Fred Harrison: Transcript 130th Annual Henry George Address



It was some years ago that you originally invited me to fly over to Australia to give the then address and I wasn't able to do so. One of the reasons was that something was missing. I had spent 50 years working on the Henry George project and, in the last 20 vears. I came to realise that the world was now different to the one that Henry George originally addressed and we weren't, as Georgist activists, doing something quite right to help the world to change. In other words, I wasn't ready to explain to my friends in Australia how we needed to reframe the narrative in order to advance the cause that Henry George initiated with what was the first global reform movement, some 140 years ago. Well, I am now ready to initiate a debate about the way we need to reframe the story that needs to be told and it's my great honour that I should be doing so before an audience - I understand it's a global one, but particularly to the activists in Australia, who've campaigned so assiduously to maintain the gains that were originally achieved some hundred years ago in Australia, but which have been eroded by the vested interests over time. Still, the record of achievement in Australia is seminal and it's one that the rest of us can learn from and build on.

It was a hundred years ago that a man called Oswald Spengler wrote a book called 'The Decline of the West'. In it, he analysed the conditions that led to the collapse of earlier civilisations. He concluded that the decline of those civilisations was spread over 200 years. He identified the conditions that led to the collapse in antiquity and the classical civilisations and, monitored correctly, you could see the downward trend over a period of 200 years. He wrote a hundred years ago. He said that the beginnings of the decline in the European civilisation could be dated to the arrival of Napoleon in France at the beginning of the 19th century, around 1810. He had fought a continental war on behalf of revolutionary France and he assumed the authority, Napoleon Bonaparte, and it was from that point on that, in Spengler's view, the 200-year phase of decline in European civilisation had begun. Well, he wrote it a hundred years ago and his 200-year period ended in the first two decades of this century. Now, in those earlier civilisations, people living through the collapse phase would not have understood that their civilisation was on course for collapse. In the case of Rome, the people who had been dispossessed of their land, who'd been driven into the towns, were preoccupied with what became known as 'bread and circuses', which distracted people from the realities of their civilisation.

It's not easy to come to terms with the idea that our society is actually facing existential collapse. If Oswald Spengler was correct in his analysis, if the conditions that prevailed in Egypt and Mesopotamia, and then in Rome

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and Greece, also prevailed in our society, then it would be about now that we would have reached the tipping point, the end of a 200-year phase of decline. It's not surprising that people wouldn't understand what was happening, but we now have the accumulated evidence of the previous civilisations' collapse and can see the similarities. Dare I point out one of them? Egypt and Mesopotamia were overrun by a group of people who sailed down from the west along the Mediterranean. Those people are called 'the boat people'. Historians don't know much about 'the boat people' but they're called 'the boat people' and they occupied Egypt and Mesopotamian cities, and that was the end of those civilisations. In Rome, the migrants came from the north. The Romans called them 'barbarians'. They took over the land and they sacked Rome. We can't blame the migrants. Those societies had lost the will to survive. The conditions within them had been eroded over such a long period of time that they could not be sustained and it only took the advent of some existential crisis to cause the fall of those civilisations, so I'm not in the business of blaming migrants.

We've all seen the pictures coming out of Afghanistan in the last few days. Hundreds of thousands want to migrate out of that territory, into the West, but the process of migration has been coming for a good few years, hasn't it? Europe has been a sustained target for the Middle Eastern migrants and the African migrants, the United States has seen them coming out from the Latin countries and, even at today's comparatively low levels of migration, Europe and North America have not been able to cope with that flow of people. I repeat: I do not blame the migrants. Something has happened within the societies of Europe and North America that makes them vulnerable, unsustainable, and my thesis now, which is a terrible one, is that Western civilisation does face collapse. Now, to go public with such a thesis is a risky business, because it's easy to dismiss someone making such a claim as somehow a nutcase. It's an awful proposition and it has to be proven with enormous detail if it's to be taken seriously.

Now, I'm going to begin this narrative by starting with the timetable. The land price cycle does end in six or so years, in 2026, and that will be the end of the business cycle in 2028. I've reviewed all the evidence, as it might have been affected by the pandemic, which might have distorted the 18-year cycle, and it hasn't done. As Catherine said earlier, the land market is booming. We are on course for the termination of house prices in 2026 and an economic recession in 2028. But this time really will be different from the past, like no other that we personally have experienced in the last 50, 60 years and nothing like Western civilisation has experienced in the last 500 years. My proposition is this: with the collapse of the economy in 2028, we will see the convergence of four existential crises, each one a savage event, but the four of them brought together at a time when the West is utterly vulnerable economically implies something existential. One of those crises is within the sphere of society at

I'll pick on one aspect in particular, because it's relevant to the incapacity of our society, as it's now framed, to deal with what is about to happen and that is political paralysis. We saw in 2008 that one sector, the financial sector, was about to seize up and all that the politicians could do was say, "Pour a lot of money into the global economy and that will buy us time". That was not an inspired, an imaginative attempt to deal with the causes that created the seizure of the global banking system, but it's all that they could come up with and there was a stay of execution.

This next economic breakdown will mean that the paralysis that we see in politics, in the democracies today, will result in the retreat of governance, instead of them trying to imaginatively deal with the tipping points to the various existential crises.

So that's a reference to the societal crisis.

The next one is the ecological one. I don't think I have to make the case that we are in the throes of climate change, with towns being burnt down by forest fires, being flooded out by rainfalls, and then there are the droughts in Africa, which are causing huge distress. All of these things from across the Arctic, the tundra, down to Australia, we see symptoms. Now, the nations of the world



have signed well-meaning global conventions saying they will try and achieve net zero emission output by 2050, but all of the aspirations will take enormous effort, including the expenditure of resources. We've barely begun to spend those resources in order to reduce the output of greenhouse gases and the rest, the dysfunctional behaviour that is causing the ecological crisis. Come the economic depression at the end of this decade, there will be even fewer resources, even less capacity to expend the resources on the measures that need to be taken to achieve zero carbon emissions in housing stock, for instance. Enormous sums of money have to be spent on refitting people's homes, which are one

of the major causes of the loss of heat and the emission of carbon into the atmosphere. The transport systems need enormous research and development in order to achieve the 2050 goals. The resources will have to be cut back, not added to, in order to solve the problem from the environment.

The third existential crisis for Western civilisation is the demographic one. The fertility rates in Africa and South America favour young people. Large numbers of young people are, even today, without hope, without employment prospects, and they're getting on boats, climbing on trains, scrambling at anywhere they can to get into North

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America and into Europe. Come the depression that follows the end of the current business cycle, that flow of migrants, of desperate young people, will multiply many times more than what we're seeing today. We're seeing these boats coming across the Mediterranean and then across the English Channel onto UK beaches. That will accelerate. How will Europe and North America be able to contain the pressures that will arise from that flow? Frankly, there is no prospect of a constructive response to that crisis. We're barely able to cope today with relatively low numbers, but if Africa starts to send them out by the hundreds of thousands, what will then be called 'the barbarians coming from the south' by the right-wing media, we won't be able to cope.

Then, fourthly, there is the military existential threat. President Biden says democracy is in competition now with the autocracies. Well, the cyber warfare from the autocracies directed at the Western democracies has already begun. They've already interfered in the last presidential election in America and in European elections this past year. When those countries are under severe pressure, they will have one escape route, the autocrats, and that is to distract the discontented home by intensifying their outward pressures on other countries. The West will be deemed an enemy and needs to be fought, and so we will see the increase in digital warfare, in particular. We all know how it's easy for bad actors to destroy infrastructure in any country. We've already seen that in action by criminals who tie up whole systems, whether it's the British National Health Service or the energy system in America, and demanding huge ransoms to withdraw. The technology is available to destroy a society without firing a gun. So we have these four existential crises reaching a tipping point all at once at precisely the time when Western economies are at their most vulnerable. To me. that means the prospect of the end of Western civilisation. That's a grim picture, a terrible picture, harrowing, but somebody has to start expressing it, because we need to take action.

I lay out the timetable and the existential crises converging on this one point in time in book two of '#WeAreRent'. Book one was published some months ago where I lay out the beginnings of a new narrative. My argument is that if we are to deal with what is in the offing, we need a new narrative to renew what is the only solution to the crisis that is now striking not just the West, but the whole of humanity. One solution only and half-measures won't do it. The social galaxy, as I called it in book one of '#WeAreRent'. that we humans managed to create is now unsustainable. It lacks the resilience that is needed to keep the systems going and, as I explain in book one, that resilience, that energy comes from one source only. That source is rent.

Human beings evolved out of nature because they were willing to create a net flow of resources over and above what they needed for biological survival and adaptation, as Darwin called it. Those few primates began to produce that additional flow of energy which they didn't consume, but they invested, in themselves biologically, in their minds mentally, and in their living environment, to create a new social galaxy in the universe. And that galaxy was entirely

dependent on the continuous flow of rent being invested in the assets that comprised that galaxy.

Those assets have now been privatised.

I'm saying that in order to save our species, it's as blunt as that. Half-measures will not do. The whole of the rents that people generate have to be recycled back into renewing the legacy assets which we inherited from past generations and which we are obliged to convey to future generations.

Right now, we're not able to honour that obligation, that existential obligation, which is to convey the past assets to future generations, because we've privatised most of it. Well, we need a new start, a new narrative.

One hundred and forty yers ago, Henry George, when he published 'Progress and Poverty' he was able to resonate with people because most of them were tenants.

They didn't own the land because they had been dispossessed. So they had nothing to lose and when they heard Henry George, he made eminent sense. Today, it's different.

Today, in the Western countries and, indeed, probably, in most nations in the world, most people are owners of land. Small plots underneath their homes, but they identify themselves as landowners. Now, to tell them that we need to re-socialise not the land itself, but the rents of land, is awkward. So we need a new narrative that appeals to people's moral sensibilities and a language that begins to make clear that it is incumbent on everybody to begin to reframe the rules on which we conduct our civilisation.

Now, that's not only going to be tough for the average homeowner, but it imposes a challenge on the Georgist movement itself. I think I need to emphasise this because, frankly, if we are going to make headway over the next very few years - and we're talking about six or seven years in which to recalibrate the way politics is run in

order to prepare for what's going to happen at the end of this decade - the Georgist movement throughout the world will have to play a leading role. But that means, I'm afraid, we need a new language in which to do so. The language that brings forward the moral imperatives on each and every person to re-evaluate the prospects, not just for our generation. Most of us, people like me, might not even be around by the end of this decade. I'm 77. I hope to be here in 2028. but I might not be. But there's a lot of people who will be and they need to be understanding that the capital gains from their land underneath their homes cannot be preserved if they also want to avoid the worst of what I'm saying is going to happen.

So let's look at the basic language that we, as Georgists, employ to communicate the message of Henry George. Remember, when Henry George advocated a land value tax, he wasn't actually talking about affecting the capital gains of most people because most people were tenants; they were paying rent and they were not receiving capital gains. Today, most of us are receiving capital gains from land. So, why is it that the concept of a land value tax doesn't resonate with people? It did a hundred years ago.

But remarkable advances were made in Denmark and Australia, for example - there were failures in the UK and in China to offset the gains, but there were measurable gains then because most people weren't landowners. Today, to tell someone, "We're going to tax land value" automatically means that they identify as one of the victims: I own land, I'm a homeowner, I've made capital gains, which I hope to either convey to my children or to fund my retirement time, and now you, Georgists are threatening to take those gains away from me. So, a new way of approaching the conversation is needed and that's something that we all have to participate in to create, the new way of communication, but I'll start with looking, just very briefly, at the concept of land value taxation.

We're not taking about land, are we? Land value taxation? But hang on, the rent that most of us capitalise in Melbourne or in London is not

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attributable to the resources of nature. It's attributable to the resources, the services of society. Rent is a binary value. It's composed of the value of nature's resources and society's resources. When we only talk about land, we focus on the physics of the external world and we forget about, we don't remind people about, the fact that we have privatised society and excluded those who do not own a share of those rents.

So we need to modify that word 'land'. Like the word 'location', that tells it all. Location is composed of the value of the services that come from both nature and society.

Land value: when we say we're going to tax land value, we're telling people you own this land value, you've been in the markets and you've dealt with buying and selling land, and we're going to tax it. Well, that immediately puts people on the defensive. They own the land value and now I'm wanting to tax your land value. Immediately, the conversation stops, the shutters come down in the mind. We've already shot ourselves in the foot by telling people we're going to tax 'their' land values. We shouldn't be opening up a conversation where we've closed it down before it's even begun.

We're talking about rent, an annual flow of resources which we all help to create. The location rents. Nobody owns those. We haven't even produced next year's rents. Nobody has a right to claim the ownership of something that the rest of us have not yet produced.

So 'land value' is a problematic phrase itself and then there's the word 'taxation'. Taxation is. according to the OECD, an arbitrary exaction and it's a payment for services that are not complementary. There's no synchronicity, no equivalence between how much I pay and the services I receive. In other words, government takes what it deems to be appropriate. There's no symmetry between what I pay and what I get back, whereas with rent, I decide what the rental value is that I'm willing to pool into the public purse. I negotiate that when I decide where I want to live or where I want to set up my business. I agree to the terms and I set how much I can afford to pay for a location. If that sum, that rent is pooled into the public purse,

it is utterly symmetrical with the services I expect to receive. I've worked that out for myself. So this is not arbitrary. I decide what I'm pooling and it's in return, precisely, for the benefits I expect to get. So now we can rephrase the concept of the land value tax so that it's no longer a tax, it's you and me paying for what we receive. We need this new language to support a new narrative that enables us to go out and tell the world, and I'm literally meaning 'the world'.

I don't have the time to embark on an exposition about how we need to elaborate a new narrative for the developing world, for instance, Africa and South America. Instead of sending forces into Afghanistan 20 years ago, the West should have been in a position to go to Afghanistan and explain to them the new basis of a renewal of their society, such that we wouldn't have had to have sent in troops to fight terrorists; a new kind of diplomacy would have emerged. Now, that diplomacy doesn't even exist today. We've withdrawn from Afghanistan and left them to their own devices to continue with a system based on violence. That has to change and it has to change fast and we need to develop the new kinds of languages that can be deployed in Africa, in Asia, in South America, to forestall what's going to happen at the end of this decade. I'll be addressing that in book three of '#WeAreRent' but, for now, I've had to confine myself to looking at how do we recalibrate the democratic system in the West in order to start to regenerate a resilience, a capacity to defend our nations when we reach the end of this business cycle?

Book two will be available in print next month, that's October. It's later than what I had expected, but this was my last chance, so I've got to get it right. Those of you who haven't read book one and if you're interested in the basis of the new narrative, which is the evolutionary process that led to the creation of Homo sapiens, then I would urge you to get a copy of '#WeAreRent: Book One' and read up on the way I've reformulated the evolutionary process, which then begins to get translated into authentic democracy, new international global relationships, and the survival of our species.

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