

We have reached an inflection point in our globalised world. Existing social narratives are not fit for purpose, in that they are incapable of deploying policies that address the existential crises in the realms of economics, demography and ecology. A new social paradigm is needed.

As models for guiding behaviour, the duo of capitalism *versus* socialism has lost economic credibility. Democracy *versus* autocracy have lost political credibility. While capitalism and democracy have a big edge over socialism and autocracy, they are fatally flawed. That explains why people by the million either are refusing to engage in elections, or are shifting their sympathies in favour of neo-fascist Right-wing leaders (the Strong Man model – or woman, in the case of France).

In the minds of the democratic majority, no comprehensive alternative model exists that can come to their aid. So they permit themselves to be ruptured from current political institutions, creating the voids into which step what might be called the Agents of Despair. Can we conceive of a qualitatively new kind of social environment that offers hope instead of despair, and prosperity in place of the abiding poverty that blights the lives of many people in even the richest nations?

### **Structural Reform**

The embedded problems, like inequality and excessive wealth accumulation, are rooted in the structure of society. Their persistence tells us that the prevailing laws and institutions either germinate such problems, or at least accommodate the causes. To identify a new social paradigm, therefore, the first step is to recognise the primary distinction between social structures (so that we can formulate reforms that remove causes) and political palliatives (which ameliorate but do not root out the abiding problems). To this end, we can turn to systems thinking for assistance – or can we?

If there was one man who could fearlessly challenge the conventions that served as barriers to clear thinking, it was Sir (Charles) Geoffrey Vickers (1894 – 1982), an English lawyer. For his bravery under gunfire in World War 1 he was awarded the Victoria Cross, and he was knighted for services rendered as an intelligence officer in World War 2. In the latter half of his life he became an exponent of “systems thinking”. He burrowed deep into the social system to

understand how it worked, and to clarify what we could do about the flaws in the system.

His analysis led him to one vital conclusion. He concluded that the doctrine of human rights needed to be revised. “Responsibilities, not rights, give meaning to personal and political life... They establish not what should be in the future, but what should be felt now.” (Vickers 1970: 89). This was a disruptive conclusion. The so-called capitalist society was, in part, constructed on a doctrine which enshrined rights in laws (and UN conventions), but assiduously avoided acknowledgement of the corresponding responsibilities.

What remained, however, was to give practical expression of each citizen’s responsibilities, from the problem-solving point of view. On this score, Vickers failed. He was ahead of his time, but he was also a man of his time, as illustrated by the one large void in his otherwise extensive critique of the prevailing social paradigm. Missing from all of the books that he wrote was the word *rent*.

Rent is what the late professor of economics Mason Gaffney called the “taxable income” of a nation: the net resource that people produced in excess of their personal needs. Over evolutionary timescales, people invested that flow of resources – human energy in its various forms – in their common needs (Harrison 2021). When, 500 years ago, the land-grabbing nobility began to privatise rent for their personal use, the social status of those resources had to be revised. This entailed the interference with the collective consciousness of the population, a protracted process extended over centuries.

In the 18th century, however, the Enlightenment introduced the world to the rigorous analysis of the economy. Land, and rent, featured in that new discipline. This threatened to awaken people’s interest in the property rights asserted by the aristocracy. The classical concepts of land and rent had to be suppressed or distorted. Economics as an analytical social science was perverted by the rent seekers of the late 19th century. They hired professors to reframe the unique qualities represented by the words “land” and “rent”, which became sub-categories of “capital” (Gaffney 1994). In the 20th century, J.M. Keynes delivered the *coup de grâce*. He pronounced that “the land question” was resolved by “the silent change” of the facts (Keynes 1925).

### **Activating Civil Society**

From 1879, many reform advocates came to realise that fiscal reform was the only way to remove poverty and inequality and the other pathologies embedded in capitalism. The remedy was “land value taxation”, the term employed by American journalist Henry George. In his book *Progress and Poverty* he insisted on readers taking note of his definitions. He represented land as referring to the resources of nature (George 1879, Bk 1, Ch.2). Successive generations of reformers (including the present author) campaigned with the mantra on the need for “land value taxation, because it’s fair and efficient”. This proved to be a serious tactical error, for several reasons. The terminology was both factually incorrect, and it created what turned out to be an insurmountable psychologically barrier to fiscal reform.

- *Land*: Rent, the revenue associated with “land”, is an income that originates with the services provided by society, as well as nature. Rent is a composite value of those two sources, the expression of the labour of people working in cooperation.

The charge on the value associated with residential or commercial property offers the most visible illustration. People choose their locations based not just on the availability of the services of nature, but also on access to the services in the catchment area. The composite of those services constitute the value assigned to the places where people choose to live or work. If people were told that they would be paying for the public services which they provided – out of the taxable income that was collected by government and invested in the provision of those services – they would more easily understand the need for a direct charge on their locations.

- *Value*: The problem with “the value of land” is that it concedes the existence of private property – the private appropriation of rent - without which there would be no tradeable value. The language concedes that I *own* the property that is to be taxed, which automatically creates a resistance to fiscal reform.

Sir Kenneth Jupp, who like Sir Geoffrey Vickers was an English barrister awarded the Victoria Cross for heroism under fire, argued that justice was indivisible. We cannot have a bit of justice. In relation to fiscal policy, collecting just part of “land value” renders null and void the moral argument for tax reform. People would be moved by the idea that you ought not to privatise the services

that emanate from the collective efforts of the whole population; whereas, if land originated in nature, it had no owner – so it was fair game for first-come!

- *Tax*: This word is fatal for the case for revising fiscal policy. People hate taxes, which appropriate their earned incomes and cause distortions to their behaviour. The negative response to a tax on land values, therefore, is a natural response.

The OECD provided the definition that most accurately portrays this way of raising public revenue. The term “taxes”, it noted, “is confined to compulsory, unrequited payments to general government. Taxes are unrequited in the sense that benefits provided by government to taxpayers are not normally in proportion to their payments” (OECD 1996). Thus, taxes are arbitrary exactions from earned incomes, with no necessary *quid pro quo* in return. In reality, as I have noted elsewhere, taxes take from the poor to enrich the owners of rent-generating assets (Harrison 2006).

Antipathy towards taxes are deep-seated, and people are not attracted by the argument that other taxes would be abolished in favour of the “land value tax”. Why bother to swap one tax for another one?

Adam Smith employed a term that would have better served the reform agenda. Ground Rents, he wrote, were the “peculiarly suitable” source of public revenue (Smith 1776). He was still living in a largely agricultural era. The fertility of the soil, and urban locations, were the primary sources of rental revenue. The notion of the place-based Ground Rent would not have been sufficient to collect net income for public purposes over the two following centuries. Rent-generating sources became increasingly exotic, requiring new appellations. From

- the coal seams beneath the fields of aristocratic estates, which fed the steam engines (19th century), to
- petroleum from beneath the high seas, which fuelled the automobile age (20th century), to
- the rents from resources above earth – the time-and-space landing slots at airports, through to the spectrum rents on which we rely for the mobile phones – in the 21st century; these could not be denoted as Ground Rents.

Nonetheless, they were Rents; by any other name (charges, fees, tariffs, royalties), they denoted streams of resources, or income, that ought to have

been reserved for investment in the public domain, and collected by using any term other than “tax”.

### **The New Paradigm**

Revising the language of revenue assigned to government to fund public services constitutes the primary pillar for a new way of visualising, and living in, our world.

- *Property*: In terms of practical politics, people would readily understand the distinction between public and private property. The distinction is grounded in a principle which accords with everyday experience. It may be defined thus: “Keep what you create as private income, and pay for the benefits that you want to use”.

That sounds like the common sense reform to property rights. It meets the Vickers prescription, the need to amend the doctrine of rights. *My rights (which are enforced against others) come with corresponding responsibilities (my obligations to others in the community).*

- *Equality*: The current rent-seeking system tolerates discussion on issues like the popular idea of a “tax on wealth”. Why? The owners of rent-yielding assets know that, by hook or by crook, they can create linguistic ambiguities or political threats that ring-fence their rents.

Wealth is a composite of earned and unearned income. Why “tax” the wealth that people earn as if this was no different from taxing unearned wealth? The practical difficulties with implementation of a wealth tax ensures that politicians strenuously avoid this fiscal policy.

- *Rule of Law*: In the philosophy of democratic politics, the “rule of law” is treated as if it were an objective benchmark to which everyone should aspire. In reality, the patrician parliamentarians who occupied the seats of power and framed the laws and institutions to legitimise their rents and deprive others of their share of the net income.

The rules embedded in laws do not serve the interests of everyone, equally, on a dispassionate basis. Disentangling the concept of the “rule of law” removes the ambiguities that permit the abuse of dispossessed people in a thousand and one ways.

This deconstruction of the words we use on an everyday basis has a deep purpose: to animate deeper understanding and new sympathies. We need to shift conversations in directions that resonate with moral sensibilities. That is why the concept of capitalism is of little heuristic value in debates on reform. It contains within it both the honourable exercises of working and investing in value-creating activities; co-habiting with activities that constitute what I call the culture of cheating (Harrison (2022)).

### **The Evolutionary Blueprint**

Henry George was emphatic about how the community, through its institutions and services, contributed to the formation of what economists call *economic rent*. And his campaign, which went viral in the time where crossing the oceans was by sailing ship, did achieve some success, notably in Australia, New Zealand and Denmark. Unfortunately, his global social movement – in which I played a part for four decades – failed to achieve popular traction. The stress on nature's role was not the only reason. The past, however, is the past. For the future, the concept of a "land value tax" is distracting for the reasons I have given.

Changing the language to advocate reforms to government revenue will create difficulties for Georgist institutions, and for individual reformers (like me). We have a history of using the conventional LVT concept with insufficient thought for the psycho-social ramifications. Is a shift in language worth the angst? It is actually vital.

Our world is about to be challenged by the convergence of multiple existential crises. Governments will not be able to cope. House prices, when they peak in 2026, will paralyse politicians. They barely escaped the 2008 crisis, which they interpreted as a crisis confined to the banking sector. Next time the economy crashes, there will be no escaping the overt existential crises, which are already beginning to converge. Putin's war in Ukraine is accelerating food hunger: many more people will feel the need to migrate to Europe and the US for salvation. Governments are reneging on carbon capture schemes as they scramble to rearrange supplies of energy to erstwhile customers of Russia. And we are observing a shift to autocratic decision-making which abuses their notion of the "rule of law" in a democracy like the United Kingdom's.

We cannot shirk the debate on the need for radical change to the way income is distributed. Reform does entail risks, which we must anticipate (to protect, for example, vulnerable elderly citizens). By initiating conversations on fiscal reform, however, we offer the one element that is not available from the failed doctrines: hope for the future. As it happens, this financial strategy is the core of the evolutionary blueprint that made the emergence of humanity possible in the first place (Harrison 2021).

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