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THE CONDITION OF LABOUR, CAPITAL AND LAND

Understanding labour, capital and land is central to political economy. The condition of labour determines how the bulk of the people live – their wage incomes, the work they do and the leisure time that they have available. The condition of capital determines the buoyancy of the capitalist economy – as we found to our collective cost when the global financial crisis struck. The condition of land reflects and shapes our relationship to nature, determining whether the wide array of economic and social activities that we undertake are productive and sustainable.

Labour-capital-land relationships are crucial to all these concerns. They are shaped by both technology and ideology. Labour-capital-land relationships are also power relationships. These partly result from the power conveyed by property rights. Land ownership conveys particular property rights, deriving from monopoly over particular tracts of territory that are natural in origin. Ownership of capital by contrast is associated with rights over the use and disposition of resources directly created by humankind: limited liability for business organisations is one particularly generous property right for the owners of capital. For labour, by contrast, rights are less generous: other than the general prohibition on slavery, freedom of the marketplace provides workers with no guarantee of freedom from exploitation.

The institutions of the modern state are also necessarily implicated in these labour-capital-land relationships, sometimes as enforcer of property rights, sometimes as a mediator between conflicts, and invariably as a taxing authority that levies different forms of tax on incomes from land, capital and labour.

How the labour-capital-land relationships develop and are managed determines the broad contours of the distribution of income and wealth. Labour-capital-land relationships also influence the likelihood of periodic crises in the short term and whether we are able to live in harmony with nature in the longer term.

Such issues were central concerns in the era of classical political economy, during the late eighteenth and nineteenth centuries. Notwithstanding their differences on important analytical and political points, Adam Smith, David Ricardo, Thomas Malthus, J.S. Mill, and especially Karl Marx, recognised that analysis of labour-capital-land relationships was central to understanding capitalist economic

development. Analysing what determined the *economic surplus* – the value of production over and above what was necessary to simply reproduce the existing productive capacity – was a primary focus of this classical tradition. It was invariably accompanied by a parallel concern with the *distribution* of income and wealth – focusing on how the people owning or controlling labour, capital and land would share in the fruits of economic activity.

It is in this context that we can usefully situate the distinctive political economic contribution of Henry George. Focussing particularly on the land question, George demonstrated that a disproportionate share of economic surplus went to the owners of land. This was argued to be the root cause of continuing poverty for others in the society and a brake on genuine economic progress. As George (1966:224) said, ‘the increase in land values is always at the expense of labour’. Hence, his posited ‘remedy’ – a system of land taxation that would eliminate the holding of land for speculative purposes and would ensure that the wealth created by economic progress contributed substantially to financing state expenditures, thereby eliminating the need to have taxes on labour and capital. George’s arguments were set out most comprehensively in *Progress and Poverty* (originally published in 1879) but also forcefully presented in ways that emphasized moral and theological propositions in *The Condition of Labour*, written in 1891 as a response to the Papal Encyclical called *Rerum Novarum* that Pope Leo XIII issued as a statement on social and economic questions.

Unfortunately, the tradition of classical political economy and its Georgist extension has been marginalised during the last century by the dominant school of neoclassical economic thought. Georgist adaptations of classical political economic reasoning have been a particular casualty of this process. This wilful neglect has severed mainstream economic analysis from a broader understanding of society and progress. Neoclassical economic theory treats labour, capital and land as inanimate ‘factors of production’, divorced from their historical, social and institutional context. It treats each of these three factors of production symmetrically, seeking to demonstrate that each factor is rewarded according to its productivity at the margin. As a result, the distribution of income and wealth ceases to be a legitimate focus of economic inquiry – neoclassical theorists typically take distribution as ‘given’ when constructing their economic models. Concern to analyse the state also disappears, since this is shifted into the separate field of ‘political science’: of course, the state may ‘intervene’ in the market but, on neoclassical reasoning, it is not as integral to the functioning of the economy. The nature of an economic surplus – its origins, uses and abuses – also drops out of the picture. Indeed, the very notion of an economic surplus, and its

control by a distinctive social class, is incompatible with this neoclassical way of constructing economic theory.

It is time to re-think and challenge this dominant economic orthodoxy. Three contemporary political economic features in the real world make this re-thinking particularly necessary now. One, already mentioned, is the *global financial crisis*, still far from resolved, that has shattered the previously pervasive neoliberal complacency that rests on neoclassical economic reasoning about self-regulating 'efficient markets'. A second is the challenge of *climate change*, indicating that how land, labour and capital are currently being used has adverse environmental impacts that are incompatible with ecological sustainability. The third is the ongoing problems of *inequality and poverty*, both between and within nations. That the wide gulf between rich and poor impairs social cohesion and compounds a wide array of social problems, including poor physical and mental health, crime and violence, has been documented in an important book by Wilkinson and Pickett (2009). These three modern economic, environmental and social concerns drive the need for fundamental thinking about how we should understand and restructure political economic arrangements in the twentyfirst century. The current economic system is not working, or at least not in ways that serve the general needs of humankind.

This article addresses this challenge to develop relevant political economic analysis and practical policies for progressive political economic change. It pays particular attention to the political economic ideas in the tradition of Henry George. I have written elsewhere of other currents of political economic thought that can also contribute to the critique of the dominant neoclassical economic orthodoxy and the associated neoliberal policies (eg. Stilwell 2006). Here the focus is on seeking a balanced assessment of the capacity and relevance of Georgist political economy. Drawing substantially on an earlier engagement with these issues (Stilwell 2004), this article seeks a balanced assessment of George's ideas in the modern context. It outlines how insights derived from Georgist thinking can help in dealing with contemporary economic, social and environmental problems, while noting additional concerns that deserve attention. Following a general summary of Georgist ideas and policy proposals, six themes are addressed: the moral issue, wealth inequality, housing affordability, environmental concerns, urban development and economic cycles. In each case it is argued that Georgist insights provide a valuable contribution to analysis of significant economic, social and political concerns.

George and Georgism

What are the key ideas advanced by Henry George and promoted by his followers? Like Marx's analysis and the political movement he inspired, George needs to be understood in historical context. Although not a trained economist, his ideas gained widespread currency in economic debates throughout much of the Western world in the late nineteenth century. Also like Marx, his analysis stemmed from both ethical and economic considerations. He was primarily concerned with exploring the reasons why poverty and destitution coexisted with economic growth, seeing the root cause of these problems in the prevailing policies towards land. It is this focus on land, contrasting with the Marxian focus on capital, that is the characteristically Georgist emphasis. George saw land as a community resource provided by nature, to which every human being had an equal right. He argued that, since land was fixed in supply, the system of private land ownership allowed the wealthy few to enjoy exclusive rights to land and its benefits, while alienating the poorer majority from land ownership. As the population grew, so too would the demand for land, forcing rents and land values ever higher. In addition, increases in land value resulting from publicly-funded developments, such as roads and public transport systems, would unduly benefit landowners at the expense of the community. Such unearned gains from landownership would encourage speculation in land, pushing prices even higher, while exposing the economy to the risks of speculative 'booms' and 'busts'.

One might expect such arguments to have led to the advocacy of land nationalisation. George thought this unwarranted, however, because a tax on land could be effective in capturing the economic surplus arising from land ownership, while continuing to permit the private use of land. This tax would generate all the revenue necessary to fund public expenditures. George thought that such a land tax would permit the removal of other taxes on labour and capital, which he regarded as inherently inefficient, even immoral. He argued that taxes on sales and payrolls, for example, acted as disincentives to production and active endeavour, thereby stifling economic growth and creating a barrier to full employment. A land tax, by contrast, would be both economically efficient and more equitable in its distributional effects. George's advocacy of replacing all existing taxes with a single tax on land values was powerful. He argued that this tax would redistribute the wealth that would otherwise accrue to private landowners, requiring them to repay the community for their exclusive use of a public resource. Moreover, such redistribution would reduce wealth inequalities and allow massive improvements in welfare provisions and public services. In addition, removing taxes on labour and capital would boost economic growth and provide a

stimulus to employment. Conversely, taxing land values would reduce speculation in land and depress land prices, allowing greater access to landownership while reducing economic instability.

Supporters of Georgist ideas emerged throughout the Western world, roused by George's explanation of wealth inequalities and inspired by his proposed solution of a single tax on land. However, this initial wave of interest subsided, and George's ideas have been almost universally ignored in 'respectable' economic circles during the last century. They have been accorded the status of a historical curiosity, at best (see, for example, Heilbroner, 1968: 166-73; and the explanation of this tendency by Gaffney and Harrison, 1994). But a Georgist movement advocating a land tax has persisted and the last few years have seen a partial resurgence. While still ignored by the economic orthodoxy, interest in George's work has been stimulated by modern concerns about housing affordability and environmental stresses. Such revival of interest recognises that these problems stem, in part, from inadequate policies relating to land. Some members of Green parties, in particular, have embraced aspects of Georgist ideas. So it is timely to reconsider the relevance of the fundamental principles of a Georgist political economy.

The Moral Issue

Georgism has a distinctive ethical basis. So a review of the contemporary relevance of Georgist political economy can usefully begin by making this explicit. The ethical and moral arguments were a particularly strong feature of *The Condition of Labour*. An explicit engagement with Christian belief was necessary in a statement addressed to the Pope, of course, but I think it possible to strip away the theological aspects in order to focus on more universal and 'down to earth' aspects of the arguments.

The key moral issue is the private appropriation of public wealth. As George recognised, land is a 'gift from nature' and, as such, is rightfully a community resource. Hence, those deriving benefits from the private ownership of land should recompense the community for the privilege. This principle has strong echoes of the idea of 'usufruct', a pre-capitalist term denoting a person's legal right to use and accrue benefits from property that does not belong to them. In return, the user is obliged to keep the property in good repair and pay all costs as a 'ground rent'. The concept of 'usufruct' has fallen out of common usage, so one hesitates to try to revive it. Moreover, as Richards (2002) notes, 'it is difficult to imagine how this word could be employed, or brought back into circulation, in the

modern world, since we live in a world in which people tend to be remarkably unsympathetic to the property rights or claims of others'. However, the principle of 'usufruct' goes to the heart of the question of how best to balance collective and individual rights and interests.

George's solution of a tax on the value of land squarely addresses this issue. By returning a proportion of the land value to the community in the form of taxation revenue, restitution would be paid for the use of a community resource. This is an ethical justification for land taxation. Indeed, one could say that the term 'tax' is a misnomer because what is really involved is value created by the community being retained by the community rather than being appropriated by private landholders. For example, under current arrangements landowners receive 'windfall' gains when the market value of their land rises as a result of publicly provided infrastructure being built nearby, or when local government zoning decisions reclassify their land as appropriate for further development. In this way, individual landowners stand to reap huge benefits from community-generated processes. Such arrangements create an odd incentive because they allow landholders to appropriate the unearned wealth generated by rising land values, thereby rewarding this unproductive activity, while taxing productive endeavour. The Georgist land tax 'remedy', by contrast, would eliminate such perverse incentives and thereby more effectively align private and public interests in the use of society's resources.

However, it may also be argued that the Georgist position does not provide a fully comprehensive solution to the ethical issue of balancing individual and collective rights. While land tax addresses the private appropriation of wealth from land, it does not address the appropriation of wealth from other sources. The characteristically Georgist focus on land as the source of the maldistribution of wealth is somewhat limiting in this respect. Political economists have long argued that the accumulation of capital also arises from the exploitation of labour by capital, for example. Whether the exploitation of labour is systemic, as Marx argued, or exceptional is quite properly a matter of debate. Either way, the point is that an ethical basis for the economic system, and for the tax system in particular, needs to take account of both land-related and other sources of unjustifiable wealth appropriation. The moral issue thereby links with a second concern of more explicitly economic character – the sources of inequality in the distribution of wealth.

Wealth Inequality

Georgist analysis strongly emphasises landownership as a principal source of inequality. Because land is a strictly limited resource, its private ownership necessarily excludes large sections of the community from its benefits. A landowning class thereby gains political economic power. In George's own time the social identity and power of this landowning class was distinctive. Those who could not afford to buy land were forced to pay rent to the wealthier few who could. By taxing the value of land, George posited that publicly created wealth could be recouped from the private landowners and redistributed throughout the community more equitably in order to address social goals.

Are George's arguments about land ownership and wealth inequality relevant in the modern era? Australia provides an interesting example, because land is the single largest item in national wealth. The concentration of farming land in particular in the hands of a few very wealthy corporations and individuals has been termed 'corporate squattocracy' (Aarons, 1999: 23). The relentless increase in urban land values has also produced dramatic redistributions of wealth. In the State of New South Wales, for example, land values increased by about \$361 billion over the period 1993 – 2003. According to statistical research I undertook at the University of Sydney, the existing land-based taxes clawed back only \$44 billion in government revenues, comprising only about 12% of the land-related economic surplus: so 88% was retained as 'unearned income' by landowners (Stilwell and Jordan 2005). A higher rate of land tax with fewer exemptions could have substantially reduced this private wealth appropriation.

This is not necessarily to posit the desirability of recouping 100% through land tax, because that would raise major problems of people's ability to pay, given that much of the increased wealth resulting from land price inflation has not been realised as current income. But it is indicative of the current imbalance between private and public appropriations of the surplus arising from increases in land-based wealth. It is also pertinent to note that patterns of land ownership have changed significantly since George's time, with around 70% of Australians now being home-owners (including those in the process of purchasing their homes with mortgage finance). Home-ownership is unevenly distributed between income groups, of course: one study showed only 56% of households in the lowest income quintile owning their own homes, compared to 85% of those in the highest quintile (Kohler *et al*, 2004: 10). But this distributional inequality is significantly less marked than the ownership of other assets, such as shares for example (see Stilwell and Jordan 2005).

Of course, most land ownership for residential purposes involves very small tracts, typically only about one-sixth of an acre in the suburban areas of the major cities. Flat-owners, growing annually as a proportion of the population, usually own less land and do so more indirectly through strata property titles. So the form of land tax (that is, whether flat rate or on a progressive scale, whether applying to all land or only that above a 'threshold' value, or exempting owner-occupied property) becomes crucial to its effectiveness as a mechanism for tackling distributional inequality. It is also crucial to the political acceptability of land tax reform.

In addition, it is apparent in modern economies that not all socio-economic inequalities stem from the unequal capture of the economic surplus associated with land. Inequalities are also generated by unequal access to capital, educational and employment opportunities. These inequalities may be partly correlated with wealth deriving from land ownership but the correlation is less than perfect. Hence, additional means of redistributive redress are needed, as J. K. Galbraith and other institutional economists have consistently argued (e.g. see Galbraith, 1992; 2001). A strong case can be made for income 'floors', such as minimum wage requirements and 'social security' payments, that guarantee a minimum income to all members of society, including those excluded from the production process. A strong, albeit unfashionable, case can also be made for income 'ceilings' to limit excessive salaries, such as those of some top corporate executives, which are clearly disproportionate to their productive contributions to society. Although George argued that land value always increases at the expense of the value of labour', the complex distributions of income received by capital and labour in the modern capitalist economy are not wholly explicable in terms of an analysis focusing exclusively on land.

Housing Affordability

A third aspect in this 'stocktaking' of the relevance of Georgist analysis to contemporary political economic conditions concerns the persistent problems of housing affordability. The difficulty of purchasing, or renting, affordable housing has reached social crisis proportions in many large cities around the world. In Sydney, for example, a median-priced house could be bought for just under four years of average Australian earnings in 1986 but, by 2003, an equivalent house cost over twelve years' worth of earnings (Stilwell, 2003). Even though the relativity has since dropped – to about eight years work to pay for an average house – this constitutes an enormous barrier to home-ownership for a younger generation, a problem that both Federal and State Governments have

unsuccessfully sought to redress by the provision of first home-buyers' subsidies. It is not typically the house itself that has been the cause of the inflation, however, but the price of the land on which it stands. So, looking at the situation from a Georgist perspective immediately directs our attention to how the demand and supply of land affects housing affordability.

The demand for land involves both use values and exchange values. People seek land because the housing built on it provides shelter and security, but they may also purchase it as a store of wealth and a means of capital appreciation. A particularly important driver of real estate prices has been speculative demand, as investors seek capital gains in the property market. In Australia, this has been such common and long-standing practice that it has been referred to historically as 'the national hobby' (Sandercock, 1979). By 'creaming off' a part of this potential capital gain, a higher uniform rate of land tax would act as a disincentive to this property speculation, and could therefore be expected to exert a downward influence on property prices. Georgists have always been emphatic that land taxes are different from other taxes in this respect – they depress prices because they reduce demand. So the usual fears that a tax will be 'passed on' to customers (such as housing tenants, in this case) do not apply. By making land less attractive as an item to be purchased in the hope of making capital gains, land tax can therefore be an important check on the inflationary process. Official inquiries into the problems of Australian housing have often indicated the desirability of putting more emphasis on land tax. Some such support from an otherwise unlikely source – the Federal Government's Productivity Commission – in its recent report on First Home Ownership (2004). More recently, Ken Henry's tax review (Henry 2010) explores the case for shifting from stamp duties to higher land taxes. The tax reform 'summit' that the Australian government has promised for October of this year should provide a further opportunity for engaging with these concerns from a Georgist perspective.

However, while a higher uniform land tax could be an important component in a policy addressing housing affordability, it seems unlikely to provide a complete solution. The severity of the housing problem in Australia, for example, also derives partly from the dwindling supply of public housing. Public housing is now less than 5% of the total housing stock and falling. Governments have withdrawn funds from public housing and tightened entry requirements (for example, lowering the threshold for the means test). This has caused public housing waiting lists to lengthen and put greater pressure on the private rental sector. More and more people – in both private rental and owner-occupied housing sectors – have been forced into circumstances of significant 'housing stress', where they pay a

third or more of their net income for housing. There is a potentially important link between these concerns – land tax and public housing – because a higher, more uniform land tax could generate revenue to finance a significantly larger public housing sector. That would, in effect, kill two birds with one stone, providing the twin basis for an assault on the problem of housing affordability.

Environmental Concerns

What about the relevance of Georgist ideas to current concerns with environmental quality and ecological sustainability? Here too there is a strong claim to consider. Interest in Georgism has been reinvigorated in recent years by the need to develop public policies that reflect the nature of land as a finite natural resource. From a ‘green’ perspective, land tax is a useful tool for discouraging the excessive and wasteful use of land. That is, the prospect of paying a high rate of land tax can be expected to discourage people from purchasing more land than they need directly for their own purposes. It also accords with the principle that people should be taxed according to their use of scarce environmental assets.

This ‘ecological take’ on Georgism is particularly powerful at a time of intensifying global environmental problems and recognition of the need for remedial policy responses. It requires creative extension of Georgist principles because George’s own analysis in this context was limited by its primary focus on land. This type of revisionism is undoubtedly controversial among Georgists. However, if Georgist principles are extended to a range of other natural resources, that makes a significant link with the concerns of modern environmentalists. The land tax principle becomes broadened to taxes on the use of other scarce environmental assets, including mineral, forestry and fishing stocks, and even to bandwidth for radio and telecommunications, (as argued a little more fully in Stilwell, 2006: 330). Such a ‘resource rental’ tax can also be seen as a corollary to other taxes that discourage environmental damage, including carbon taxes and fuel excises.

The case for these environmental taxes need not necessarily rest on Georgist principles, of course, but Georgism can claim to provide a unifying analytical framework. A common feature of ‘environmental taxes’ is that they are all targeted, like land tax, at reducing the scope for profiting from the private appropriation of natural resources, and thereby restricting the profligate use of those resources.

A tension remains, reflecting the Georgist orientation towards taxes rather than more directly regulatory interventions. Whether the use of the price mechanism in this sort of ‘environmental fine tuning’ is sufficient for dealing with pervasive environment threats is a moot point. The nature and severity of environmental stresses is such that more directly proscriptive environmental policies are commonly needed to protect natural resources. The creation and maintenance of national parks, for example, constitutes a necessary direct regulation of land-use: the market, even when modified by taxes, cannot absolutely guarantee the conservation of such crucial assets. In other words, protection of ‘natural capital’ may commonly require regulation as well as taxation. Similarly, if the magnitude and imminence of climate change is of the scale that many scientists are now saying, a multi-pronged policy response is warranted: ‘putting a price on carbon’ or making other market-based policy adjustments will not suffice.

Urban Development

Concerns about urban policies also raise questions about the current relevance of Georgist ideas. For example, it is pertinent to ask whether a more uniform land tax would encourage the more efficient utilisation of urban space. George argued that, in order to cover the costs of a higher rate of land tax, landowners would be forced to put their land to its most productive use, and could not afford to hold it idle. Here is a clear link with the modern concerns to discourage ‘urban sprawl’ and to promote ‘urban consolidation’. To the extent that a higher land tax would encourage the development of more housing in existing urban areas, the pressures for housing development in outlying areas would be significantly reduced. This, in turn, could reduce the burgeoning demand for transport that is currently characteristic of large cities.

Land tax also impacts on the politics of peripheral urban expansion. Currently, the prospect of huge capital gains resulting from decisions by local governments to re-zone land from rural to urban acts as an incentive for landowners on the fringes of built-up areas to lobby for changes that will allow increased development. Hence, landowners push for rights to subdivision, irrespective of whether or not there is actual demand. By creaming off the gains from windfall increases in land values, land tax obviates this bias towards relentless urban expansion. However, the question remains: would a uniform land tax be sufficient to produce more efficient patterns of urban development? Or would there still be a need for direct land use controls? Land tax can certainly be a tool for discouraging the wasteful use of land. It tends to discourage people from purchasing excessive amounts of land or leaving it idle. However, it may also encourage the overdevelopment of land in order to produce the income stream necessary to pay the higher rate of tax. Critics

of urban consolidation, such as Patrick Troy (1996), have examined the potential problems of such overdevelopment, including a range of environmental impacts such as altered hydrological processes. Land use controls are probably a necessary adjunct to land tax - in setting minimum requirements for green space, for example.

Local government planning controls are also important to prevent incompatibility of land uses, such as the development of hazardous or unhealthy industrial activities adjacent to residential areas. Targeted decentralisation policies are a means of encouraging the further development of regional centres. Such policies can work in conjunction with land taxes to ease growth pressures in the larger cities, while addressing long-standing spatial, social and economic inequalities (Stilwell, 2000: 254-260). The desirability of promoting more decentralised regional development is consistent with a Georgist perspective, but not altogether compatible with the claim that land tax would facilitate urban consolidation. It rather 'overburdens' land tax to expect it alone to produce optimal spatial outcomes, taking account of all the economic, social and environmental issues involved in urban and regional policy. The various other policy instruments – including regulations relating to green space, zoning, and the provision of public infrastructure to pave the way for decentralisation – are important complements to land taxation. In other words, land tax is a necessary but not sufficient condition for more effective spatial policy.

Economic Crises

Finally, we come to an aspect of Georgist political economy that warrants particular attention in the wake of the global financial crisis that began in 2007-8 and is still sending aftershocks throughout many national economies. Georgists have frequently claimed to be able to explain and ameliorate the cyclical character of the capitalist economy. George argued that a higher uniform land tax could reduce the severity of booms and busts in the housing market by reducing the speculative investment in land. This would produce more stable economic conditions throughout the economy, removing the boom-bust cycle to which capitalism is otherwise prone.

The Georgist argument linking land speculation and economic crises has contemporary Australian relevance because the boom-bust character of the urban property market has clearly been a significant factor in overall cyclical economic instability. An article on Australian land price trends by Kavanagh (2001) illustrated this connection, demonstrating that, while the property market is more

volatile than the economy as a whole, there has been a clear temporal connection between the two patterns of cyclical behaviour over the last half century. Property booms and busts have typically coincided with swings in overall national economic performance. The policy implication is that, by smoothing out cycles in the housing market, a uniform land tax could help to avoid periodic crises in capitalist economies more generally.

The experience of the global financial crisis has been an even more salutary, if unwelcome, reminder of the importance of land and housing markets in relation to economic crises. It was the growth of debt among low and middle-income households seeking to become home-owners, coupled with the way in which that debt was repackaged as mortgage-backed securities, that led to unsustainable and speculative uses of funds (Konings 2011). More than any other large-scale economic contraction, the pursuit of capital gains related to land and housing markets was the crux of the crisis. The Georgist case for a policy to drive out the speculative element from markets for land and housing has obvious contemporary resonance.

However, the argument also needs to be qualified and kept in perspective. Periodic economic recessions cannot be solely attributed to speculation in land. Inadequate levels of aggregate demand, problems of overproduction, and problems of instability in financial markets are among other causes of interruptions to the process of capital accumulation. Land tax cannot feasibly claim to redress all the systemic contradictions and malfunctions of a capitalist economy. Additional counter-cyclical policies are necessary. These include macroeconomic stabilisers, such as monetary and fiscal policies, that can contribute to reducing the cyclical tendency to which the economy is otherwise prone, along with incomes policy and the more interventionist ‘socialisation of investment’ that Keynes (1936: 378) advocated. Reform of international financial institutions, and the introduction of a tax on short-term international movements of capital, are further items on a global political economic agenda. So here, too, land tax seems to have the status of a necessary but not sufficient condition for progressive economic reform.

Conclusion

Proponents of Henry George’s ideas have sometimes presented them as a panacea for the economic, social and environmental problems that beset contemporary society. Indeed, the Georgist analysis does have much to offer. By linking the condition of labour to concerns about land and capital it shows important political

economic connections. By more adequately addressing land as a unique economic, social and ecological resource, it also helps to reveal underlying causes of currently pressing issues, such as declining housing affordability, growing economic inequality, regional imbalances and environmental decay.

The Georgist land tax ‘remedy’ can play an important role in the redress of these problems. However, while a uniform land tax is a necessary component in addressing contemporary political economic problems, it needs to be set in the context of a broader political economic analysis and policy program, also addressing public housing, urban and regional policies, environmental taxes and regulations, ‘floors and ceilings’ to limit income inequalities macroeconomic stabilization and management of international capital flows. We are then in a better position to analyse the problems associated with land, labour and capital today; and to advocate the radical reforms necessary for balancing contemporary economic, social and ecological concerns. Georgist political economic analysis should be regarded as an important aspect of a comprehensive political economic analysis of contemporary capitalism.

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