

message from the honorary president

Measuring the wealth of a nation

Measuring success of the National Economy by Gross Domestic Product (GDP) is clearly unsatisfactory since the economy is the means by which the needs and wants of a nation's people may be met and not the nation's purpose. The success of a nation's economy is not to be measured by its size, or by how much it is growing, but by how it contributes to the provision of a happy and satisfying life for all its citizens. Prospects will clearly be enhanced if those in government are wise and the will of the people is for the true and substantial happiness of all. Chances will be diminished if the prevailing culture i.e. the ideas, customs, behaviours and values that are held in society are inconsistent with this aim. The selfishness and addictive behaviour that characterises drug, gambling, promiscuous, hedonistic and materialistic cultures and blunt genuine love and reason, are clearly inconsistent with the true and substantial happiness of all. In contrast, the highest levels of ethical behaviour *are* conducive to the *economic*, as well as the personal, well-being of all.

For political economists, concerned as they are with government's role in the production and distribution of wealth, the ethical principle 'not to steal' lies at the heart of their discipline. This is not because it represents a masterstroke of human ingenuity but because it is inherent in the very nature of Man as a social creature. This is also why it is a feature of the scriptures and laws of every known civilisation and why the economic well-being of every nation depends upon the extent to which their economic arrangements harmonise with this principle. Sadly the UK's economic arrangements (along with many throughout the modern world) fail to honour this principle in two vitally important areas, first: the public revenue system, where taxes take from individuals their legitimate earnings, second: by allowing a value that is naturally due to the *whole* community to be taken by some.

First: analysis of the Office of National Statistics' report *Effects of taxes and benefits on UK household income* demonstrates how wealth available to the suppliers of labour as a consequence of their employment i.e. their earnings, are halved by current taxes. Put another way, employment costs to every employer

in the country are twice the value added by their undertaking. A vicious spiral is then set in motion that further reduces the net earnings of those who produce all wealth as the market price of all goods and services correspondingly increase. This crassness becomes still clearer when it is recognised that almost all public expenditure is used either to fund employment costs, e.g. NHS, education, and public services generally and to enable pensioners and benefit recipients to pay for the goods and services they depend upon.

A consequence of the second: is that value created by the whole community by its actual presence and the protections, permissions, and services it provides, is converted into a financial asset that actually benefits very few. This is because when not collected as public revenue the annual ground rent or location value of land comes to be regarded as a private property right having a selling price. It thus becomes an asset based upon an estimate of the current value of an estimated future stream of rental income. As a financial asset, uncollected annual ground rent has become the main basis of the nation's money supply as new 'money as debt' is lent into existence by private banks against the collateralised value of land. In this way much annual ground rent is converted into the interest payments that each new generation pays to the banks who provide their mortgages. Meanwhile the government is unable to fulfil either of its duties to control the nation's money supply or to collect public revenue without theft.



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