Consequences of Progress

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Prosperity for the few founded on ecological destruction and persistent social injustice is no foundation for a civilised society. – Tim Jackson

It is well documented and slowly becoming better understood that inequality affects everyone negatively; rich and poor alike. Despite this, inequality in Australia and across the world continues to rise and it appears politicians have come to accept this as a natural consequence of progress. Its important then, that people are made aware that inequality is a symptom of progress; when the system driving progress is neo classical economics.

Mason Gaffney sums up neo classical economics accurately: "it emasculates the discipline of economics, impoverishes economic thought, muddles the minds of countless students, rationalises free-riding by landowners, takes dignity from labor, rationalises chronic unemployment, hobbles us with today's counterproductive tax system, marginalises the obvious alternative system of public finance, shatters our sense of community, subverts a rising economic democracy for the benefit of rent-takers, and leads us into becoming an increasingly nasty and dangerously divided plutocracy." (Gaffney, 2009)

In Australia the wealthiest 20% of households account for over 60% of the nation's wealth. The poorest 20% represent just 1%. Unsurprisingly, 90% of the lowest net worth households have no choice but to rent their homes (Guille, 2003). There are numerous other indicators of increasing inequality, and too many to list here. As economic growth takes global production to greater heights, the cracks in society become wider and deeper.

Inequality as a word or concept seems inadequate to describe or account for the way 'advanced' western cultures and social structures are organised in such a way as to systematically disadvantage, marginalise and exclude many people and groups. If we identify dimensions or variables such as income, educational opportunity, occupation, health etc, then the evidence points to increasing extremes between those who are advantaged and those disadvantaged.

The inevitability of this lies not in some natural phenomenon but in the specific way our economic structure is organised. Culturally, dominant narratives of inequality, success and failure become entrenched and the differences amongst people which are deemed worthy of social comparison and differentiation are themselves socially/politically created.

Unfortunately, in this era of economic rationalism, increasing inequality is not seen as a problem. Instead, it is viewed as an unavoidable component of globalised capitalism. Therefore it is unsurprising to find that while 70% of Australians prefer to see the gap between rich and poor get smaller, just 80% believe 'the rich are getting richer and the poor are getting poorer' (Conley, 2006). So why is there no political force in Australia capable of challenging the economic orthodoxy?

Neither side of politics claims that Australia does not suffer from a widening income gap, along with the many other indicators ranging from health, education, access to services and life expectancy. This begs the question then; where has the momentum gone? How can government and big business espouse the morals of sustainability, the pursuit of equal opportunity and fly the flag of corporate social responsibility, while silently but steadfastly pursuing the forgery of 'free market' liberalisation?

If there wasn't a clear alternative to the existing structure of our economy, and politicians and economists were genuinely scratching their heads in wonderment at how to solve this problem, I wouldn't feel so bad about it. The reality is however, quite different.

The answer is that the system requires it. As each of us knows, wealth flows towards the tip of the pyramid, defying the law of physics. The trickle down effect doesn't exist unless you include the steadily increasing stream of urine as the rich piss on the poor and then expect to be thanked for it. As Dr Shann Turnbull will tell you, 'world best practices' are the problem; not the solution.

Part of the reason our society cannot adequately deal with, or often even see the real cause of inequality is because of the fundamental failure of economics to accurately reflect what takes place in the world.

The differential in income levels is truly remarkable in what most people describe as a civilised society. Low income families are unable to enjoy even the most minimal standards of living, depriving them of dignity and blocking participation with the wider community.

'There is not a scintilla of evidence whatsoever in Australia to show that the wealthy are becoming less wealthy, or that the tax system is reducing either their income or their assets. All the evidence is to the contrary and the only rational conclusion that can be reached is that the tax system is not having a bigger impact on high incomes.' (Wicks, 2005)

Australia belongs to a group of countries along with Canada, the UK and the USA who pursue neo classical economics with the faith of a Southern Baptist. This is in contrast with the coordinated market economies of Germany, Japan, France and the Scandinavian countries who have all managed to achieve lower levels of inequality (Jackson, 2010). Accordingly, these countries also fare much better on the genuine progress indicators used to assess the real quality of life.

This is why I am a member of Prosper Australia. I don't begrudge anyone their right to pursue 'the satisfaction of their desires with the least amount of effort'. But I can't stand by and watch continuing wealth extraction from the poorest sectors of the community to the wealthiest, especially when I know that it does no-one any good. With regards to quality of life, increasing the income level of the poor can have a powerful effect. Increasing the income of those already wealthy however, achieves only a marginal effect and may even be counterproductive. Therefore, it is urgent for Australia to implement a way to reverse the current trend towards greater levels of inequality.

Of all the offerings in the social literature, there is only one systemic reform that can be introduced quickly, easily and painlessly that achieves the desired outcome. This is the work of Henry George and continues with the work of Prosper.

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There is a simple and effective solution that will be introduced in the future; it is only a matter of when, and of how much social and environmental destruction occurs in the meantime. Approaching this issue from an inter-generational equity standpoint is now critical. The generation presently being educated will have to do what we, the current generation, have been unable or unwilling to do (Orr, 1993).

We need to harness our human spirit - this requires that we have a sense of our deep connection to all beings, a compassionate awareness that our individual and collective actions are intimately linked, and can be constructively linked to the well-being of others (Coates, 2006).

The collection of a natural land tax as a replacement for all other taxes provides the global financial solution that is desperately required to solve our inequitable social and environmental problems.

The only question that remains is: Will you play a role? Will you do something about it? Or will you leave it for future generations to solve the mess that we unfortunately inherited? There are enough schmucks out there reading gossip magazines right now that you know the responsibility of taking action will fall squarely on the shoulders of those who read journals like Progress. So if not you – who?

Whether you are reading this publication for the first time or you have been a member of Prosper for decades, please realise that now is the time to become active. Windows of opportunity such as this one right now must be seized.

Pick up the phone, write a letter, become a member of Prosper and be the change that you want to see. Personally, I'm not a fan of Edmund Burke but he was right about a few things. When good men and women do nothing; evil will prevail. There is no other way to describe the existing structure that we use to mismanage our national and global economy.