

# Do we need a Clean Slate Proclamation?

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Some questions ought to be admissible at all times in an open society. Humans are an inquisitive animal: in evolutionary terms, it is what got us from there to here. But there are two categories of questions. The awkward questions point us in the direction of qualitative change, of evolutionary progress. And then there are the pointless questions, the ones we ask when we do not really want to know the answers. Those questions are camouflage, to deceive ourselves while pretending that we really do want to act constructively, when that is the last thing we actually want to do.

The point is this: ours is a culture that creates problems as a by-product. Those problems are systemic; indicators that the primary purpose of the culture is being fulfilled, that all is well as far as those who benefit from that culture are concerned. Beneficiaries do not want change because they are comfortable with the *status quo*.

The problems that are systemic, which create the collateral damage, include:

- unaffordable and insufficient housing
- wide income gap between rich and poor
- unemployment and under-employment
- psychological stress
- foreshortened lives

These, and others, are characteristic of the culture of cheating (Harrison, 2012). They are the necessary consequence of a killing cult (Harrison, 2015). So there is no point in asking questions about why these exist and what can be done to eliminate them. To ask such questions is to engage in a pointless discourse. The most that can be done is to mitigate the consequences for the victims. And that does not entail protracted agonising about, for example, why our construction industry is incapable of supplying enough houses at prices that people can afford. Builders are not required to do so, because that would undermine the chief aim of our culture – the elevation of land values to the advantage of owners who pocket the proceeds.

## **Elephant in the room**

An example of a pointless question is the one that is the most dangerous of all. It is the proverbial elephant in the room when people engage in political discussions about the state of the world they live in. The question is this:

*Can fiscal policy be made to work more efficiently to support agencies like central banks which administer monetary policy?*

The West is locked into record low interest rates, a situation that is likely to prevail for a good few more years. Monitoring the monetary aggregates, in other words, is all but useless in terms of seeking to fine tune the economy by using targets such as rates of inflation or unemployment. So how can fiscal policy come to the aid of the administrators of monetary policy?

It can't.

Governments do adjust tax rates up or down, allegedly to help fine-tune problems like the business cycle. But it is a charade. Politicians give the impression of management to impress their electorates. In reality, tax policy – as currently administered – *cannot* resolve issues like structural unemployment.

So the reason why the question above is pointless is obvious: *fiscal policy is structured to create the problems that monetary policy is supposed to address!*

These are some of the logical consequences of the tax regime which governments impose on people:

- ❖ burdens on marginal wages to the point where workers are priced out of the labour market
- ❖ incentives shaped to buoy up the price of land, which restrict the supply of housing
- ❖ discrimination against sections of society that lack the initial endowments of the wealth they need to climb out of the ghettos of deprivation that foster psychological stress, personality disorders and foreshortened lives

If tax policy is designed to create these outcomes, monetary policy cannot exercise the power to counteract them. Which is why it is pointless asking the question: can fiscal policy come to the aid of monetary policy?

### **Who gets rich?**

Western culture is calibrated to serve the rent seeking instincts that exists in all of us. At its simplest, rent seeking is "living off others". Or: "getting something for nothing". Wouldn't we all love to live without having to Labour? Once that instinct achieves the upper hand, embedded in laws and institutions, it will not permit deviations that threaten its existence. And so we end up with societies which, in the past, were based on the institutions of slavery. When slavery was abolished, that culture merely metamorphosed into an even more strident form of rent seeking. The privileged class continued to pocket the rents, the net income of society which others are forced to produce but are excluded from their fair share.

So now we come to the awkward questions.

(1) Why are some people allowed to live off the labour of others? Do they display biological or intellectual superiority, such that they deserve to be the Spartan warriors supported by working serfs?

Ours is such a society. The exploitation is executed with more decorum than that employed by the Spartans. Ours is based on the “rule of law”. It is sanctioned by tradition, conserved (apparently) as necessary to secure social stability. In the 20th century, we even sanctified it with the notion of popular consent in the era of “democracy”.

Outcome: there is more wealth in the hands of landlords than in the ownership of working families (Evans 2015). We have now moved into the era that was familiar in ancient civilisations: in which freeholders were driven into servitude, and creditors were free to take over people's lives, bodies and soul.

(2) What can be done about it?

This is the most dangerous question of all. It is not authorised by those who control the public discourse. It is a taboo question. The language does not even exist for a popular conversation: *land* and *economic rent* were written out of the lexicon by postclassical economists, and their absence is affirmed by government statistical agencies.

In antiquity, a wise leader would occasionally pop up to issue a Clean Slate proclamation. This initiative restored land to families and debts, those that were not their fault, were cancelled. Such situations arose because of famine or war, or bad public policies (Steinkeller and Hudson 2015). But that formula, the periodical restoration of traditional rights to land, and freedom from serfdom, was not the permanent solution. The agricultural age remained at the mercy of droughts, the military interventions of outsiders, and ill-conceived ways of funding social infrastructure. And so, with the passage of time, families would yet again fall into debt and lose their land to their creditors. Members of such families were then given up in servitude to pay off the debts.

Today, in the second decade of the 21st-century, we have entered such a phase of social implosion. The loss of land and indebtedness are now on such a scale that modern forms of servitude are unavoidable. There is no sign of a wise leader on the horizon who is capable of issuing a Clean Slate proclamation. So we might as well get used to not asking the awkward questions. *Unless we are determined to do something about it.*

## References:

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