

The Cheating Index

How to expose the Social Process of Corruption which threatens our Civilisation

A democratic mandate is needed to terminate a statecraft that causes the deaths of citizens, undermines the economy and wrecks eco-systems. The Cheating Index empowers people who help to construct and promote it to serve the common good.

Fred Harrison

Our is supposed to be a society in which people are free of arbitrary authority. That doctrine goes back to the 17th century English philosopher Thomas Hobbes. He claimed that life in the “state of nature” was *nasty, brutish and short*. So people entered civil society – signing a social contract – to protect themselves and their property. In doing so, they consented to abide by the authority of government, which Hobbes called *The Leviathan* (1651).

In reality, it was the pre-literate peoples who lived in harmony with each other and with nature. We, in contrast, endure the Hobbesian nightmare: a state of perpetual warfare. Lives are cut short. Property is arbitrarily appropriated. And natural habitats are systematically abused. And all of this stems from incentives provided by the state. Ultimately, the evolutionary potential of our species is undermined. This is cheating on an epic scale, a social process executed by elites who are immune from prosecution. Their actions are sanctioned by the laws of the land. The statecraft of greed is not what Hobbes promised with his social contract.

Nation-states claim to champion human rights, which are protected by the rule of law. Such perceptions are embellished by constitutions and treaties. Deviations are

explained away as the idiosyncratic behaviour of aberrant individuals. In truth, people’s lives are degraded by a social process that is sanctioned by the model of politics and high finance which originated in Western Europe in the late medieval age. A statecraft of greed was incubated within the courts of Europe’s monarchs. It was refined by the patrician class, and then – as a matter of *realpolitik* – it was smuggled into the democracies of the 20th century. The legacy is the statecraft that plays havoc with life on a global scale in the 21st century.

That process is preserved by delusions that are inculcated in our minds to protect the West’s dirty secret. *A social process of cheating that kills and corrupts is embedded in our communities, and is normalised in ways that co-opt us all into patterns of behaviour that are not in our best individual or social interests.*

Cheating as we define it is driven by all the major institutions of western nations. It is the mechanism that turned traditional societies into war zones. Citizens now endure an unremitting assault on their liberties by governments which they vote into power.

The purpose of the Cheating Index is to fill the void in our knowledge; to make people aware of how deceit imprisons our

collective consciousness. By engaging in the construction of the index, assigning weights to its components and collating data, we mobilise the strength to insist on the restoration of traditional liberties.

Cheating as Social Process

We need to distinguish between cheating that is random, idiosyncratic, personal, and episodes that are institutionalised, systematic and social in character. The cheating that concerns us originates with the financial policies that sanction the misappropriation of people's incomes.

We need to distinguish between the income that we personally earn (which we are entitled to keep), and the stream of income that we collectively help to create through our social activities (which is technically called *economic rent*).

Rent is the value we assign to the services provided by nature and society. Those services are measured in the land market. In the past, civilisations were constructed as a result of the deployment of that revenue: rents were invested in the infrastructure – physical and cultural – that defined complex urban settlements.

When rents were privatised, wages and the profits from private enterprises had to be taxed to fund public services. To camouflage this larceny and secure the continuity of their privileges, the elites had to mangle people's minds – through the adjustment of language and values – to escape censure.

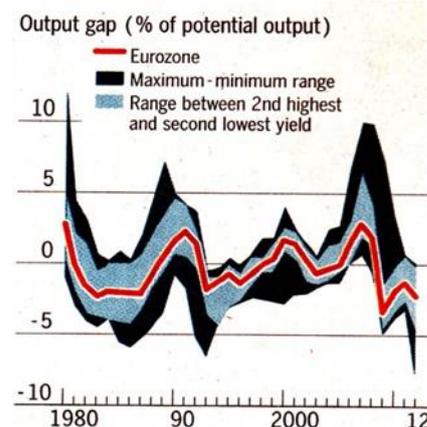
Thus, *engagement in the construction of the Cheating Index is intended as a psycho-therapeutic exercise that liberates our minds.*

- ❖ **The goal** is to democratise the public's finances, and re-privatise earned incomes: that makes it possible to rebalance society and respect nature.
- ❖ **The means** is the democratic discourse in which people trace their discontent to the root causes: that makes it possible to formulate effective remedial policies.

Indices that Camouflage Reality

The Cheating Index is unlike the statistical measures employed by the United Nations, agencies like the OECD and national governments. Their measures rest on the assumption that our societies are dedicated to *progress*, and that we merely need to enforce the rules enshrined in documents like the Universal Declaration of Human Rights.

Indices like the UN Human Development Index assume that existing policies, diligently applied, will yield freedom and prosperity. In reality, the laws of the land are calibrated to achieve the opposite outcomes. The OECD's Create Your Better Life Index, for example, does not include components that explain why social crises persist, despite official attempts to eradicate them.¹



Government indices are constructed in ways which deflect attention away from the potential rewards we would all enjoy *if their tax policies did not restrain people's productivity*. An example is the Output Gap that measures the shortfall in the production of wealth (Europe's index is shown in the figure above). Such

¹ The ideological bias behind current indices is illustrated by the Human Suffering Index. This compilation of measures is published by the Population Crisis Committee in Washington, DC, which seeks to prove that human suffering is caused by population growth rates. Kelley (1989) shows that the evidence proves the opposite: the demographic crisis is one response to human suffering.

measures are constructed on the assumption that present growth ceilings are normal; that long-run historical trends are the realisable maximum. In contrast, the Cheating Index draws attention to the void that exists between the amount that a population currently produces and what *could be produced* if relieved of the burden of taxes.

Taxes administered by governments prevent people from achieving their human potential in both the material and spiritual spheres of life.

The components of the Cheating Index are designed to expose the deceit that continues to mutate within the formally democratic nations. In selecting and defining the components, we need to pose two test questions:

1. *How do we identify a process or institution that sponsors cheating?*

The answer emerges when we determine whether government policies add to, or subtract from, the net value of people's wealth and welfare. We are not concerned, therefore, with the cheating of career criminal Brian Carter. He was prosecuted for unlawfully claiming subsidies from Britain's taxpayers while stashing a reported £112,000 in his bank account. He was ordered by a court to repay £54,000 that he cheated out of taxpayers. He refused, saying: "They're not getting one solitary penny back off me...I've been doing bird for the last 45 years. Do you think I would care about three months in prison? I don't give a toss" (Dawar 2013). His criminal behaviour damages the welfare of his victims, but it cannot be attributed to a social process, practice or institution. Carter chose to fund his lifestyle by illegal means rather than honest work.

But what do we make of the taxpayer-funded subsidies pocketed by Carter? Are they the result of government policies which, on a socially significant scale, retard the value-adding activities of the people who work for their living? If so, those tax policies are grounded in a code of cheating (see Thesis #2 for the

definition of transfer incomes and the multiple routes by which these are captured by people without adding to the wealth of their communities).

2. *How do we measure the impact of a process, practice or institution that sponsors cheating?*

A composite index must capture sufficient evidence to demonstrate that guardians of the law are conspiring to prevent people from achieving their potential. For example, was Stephanie Bottrill, a 53-year-old grandmother, a victim of the statecraft of greed? She wrote a note blaming Britain's Coalition government for what she was about to do. At 6.15 one morning she walked onto the northbound carriageway of a motorway and into the path of an oncoming lorry. Her suicide, she claimed, was due to the fact that government "austerity" policies had cut her home allowance. She could not make ends meet. So she killed herself (Nelson and Mudie 2012). Was Mrs Bottrill's action the outcome (no matter how far removed) of a cheating process, practice or institution? She had suffered all her life with auto-immune system deficiency *Myasthenia gravis*. But single-handedly, she had raised her two children. She fared well until the government, to cut its budget deficit, insisted that she should endure a cut in social benefit money.

- ❖ Did the British government have blood on its hands? Or did the chain of causation lead elsewhere? Why was government spending more than its revenue, such that it was obliged to cut social benefits?
- ❖ Did government policy cause, or significantly contribute towards, the financial crisis of 2008 which triggered the austerity policies? Did government incentives encourage speculation in the property market (leading, in countries like Ireland and Spain, to "ghost towns": the over-supply of dwellings delivered by property dealers in the pursuit of windfall gains from land)?

The chain of causation may be long, but it must be followed to the source if we are to

make sense of tragedies like the death of Stephanie Bottrill.

The Cheating Index supplements the evidence from individual case histories with data of large-scale effects on populations and the fabric of their communities.

Components of the Cheating Index

The Cheating Index is a dialectical initiative designed to fill the void left by official indices that fail to comprehensively, and honestly, chronicle the state of society.

But the Cheating Index must do more than provide evidence that enables people to hold their governments to account. It must also therapeutically empower people to recover their humanity. This would be accomplished by

- (i) *understanding* the nature of cheating as a social phenomenon: pathological behaviour is too easily dismissed as the failing of “human nature”; and
- (ii) *motivating* people to overcome the resistance to change by the guardians of the rent-seeking culture.

1. State-sponsored Deaths



The Cheating Index exposes myths that shroud the doctrines we take for granted. Equality, for example, is enshrined in laws and invoked as a magic mantra. No politician would declare support for policies that discriminate in favour of one section of the community at the expense of others. And yet, discrimination is central to the policy-making of democratic governments. This is most poignantly revealed by policies that cause people to die on an epic scale. Statisticians call them “excess deaths”. Table 1 provides data for the UK. Governments decline to trace the chain of causation back to the root cause

Table 1: Life Expectancy at Birth, 2008-2010 (UK): Years

Highest Males		Highest Females	
Kensington & Chelsea	85.1	Kensington & Chelsea	89.8
Westminster	83.8	Westminster	86.7
Lowest Males		Lowest Females	
Glasgow	71.6	Glasgow	78.0
Inverclyde	73.0	West Dunbartonshire	78.3

Source: <http://www.statistics.gov.uk/hub/population/deaths/life-expectancies>

Male babies born in the London borough of Kensington & Chelsea can expect to live average lives lasting 85 years, compared to those born in Glasgow (71 years). This is a difference of 14 years. The gap for females is just over 11 years. What could possibly explain such huge differences in life expectancy? Symptoms of different lifestyles are debated; never the underlying causes of unwarranted deprivation and unearned wealth. *The spatial distribution of death-dealing factors is not random; when profiled, those factors correlate with the distribution of privatised rents* (Harrison 2006: Ch.8).

Dr George Miller estimated the number of deaths in England and Wales that could be avoided if the public’s finances rested on policies that were both fair and efficient. He wrote *Dying for Justice* while a member of the Medical Research Council’s Senior Clinical Scientific Staff and Professor of Epidemiology at the University of London Queen Mary and Westfield College. After reviewing the evidence he concluded that 40% of premature deaths “would not occur if unfairness and injustices built into the way that government collects and spends its income were removed” (Miller 2003: 1).²

In *The Traumatized Society*, I illustrate the death-dealing policies by comparing the life expectancy of boys born in the northern seaside town of Blackpool with

² For a detailed account of the chain of causation, see George Miller’s *On Fairness and Efficiency* (2000). This documents a thousand years’ worth of evidence to reinforce his conclusions about the pathological consequences of tax policies.

boys born on the same day in Chelsea. The difference in life expectancy was 11 years (Harrison 2012: 56). These deaths could not be attributed to the idiosyncrasies of individuals or genetic variations in the UK population. They are systematic, and the chain of causation leads back through social and economic deprivation to the government's favoured tax regime. Those taxes discriminate against people who live furthest away from the economic centre of society.

There are two major aspects to this discrimination that may be attributed to the statecraft of greed.

First, taxes enforced by governments weigh most heavily on people on the lowest incomes, who are the most vulnerable members of society. They tend to be located at the margins of the economy – *the Kill Zones* (Harrison 2006: Ch. 6; 2012: 53). They pay the heaviest price for relieving the tax burden on those on the highest incomes, who tend to live at the centres of productivity and power. This legalised discrimination drives people into patterns of behaviour that result in the premature deaths of hundreds of thousands who die needlessly every year (my estimate is of about 500,000 people in the OECD countries alone [Harrison 2012: 55]).

Secondly, the tax regime grants privileges to those who use land to accumulate capital from the flow of socially-created rents. This capital provides their children with privileges that result in higher lifetime incomes and longer lives.

There is no public outcry against this outrage. Why? The level of public awareness needs to be raised. When an airliner crashes, costing the lives of passengers, governments spend fortunes to forensically discover why the tragedy occurred. But when tens of thousands of people die needlessly every year, in each of the rich nations of the West, the awkward questions are not asked. From the social system's point of view, that is understandable: the chain of causation tracks back to policies sanctioned by government.

2. Deadweight Losses of Income



Economists have long known that taxes undermine work, wealth and welfare. These “deadweight losses” stem from what is technically called the “excess burden” imposed by taxes on people, their products and productive enterprises. I calculated the losses for the UK as equivalent to about 10% of national income. Over the 10 years of Tony Blair's premiership, Britain lost wealth and welfare equal to a year's national income. It was as if the country went on strike for 12 months (Harrison 2010: 247).

The losses are the surreal manifestation of the statecraft of greed. Governments of all ideological hues employ taxes that (i) deprive society of the revenue needed to fund adequate public services, while (ii) preventing people from generating all the income they need to fulfil their private aspirations. Yet there is barely any informed discussion about such losses in the media. Why? Academics will discuss the negative impact of the tax burden in general terms, but they decline to quantify the material effects in ways that can be understood by people who endure the deductions from their pay packets. So what encourages democratic governments to retain taxes that are disastrous to private enterprise and which impoverish the public domain? Nobel laureate Joseph Stiglitz answers that question in *The Price of Poverty* (2012).

First, Stiglitz identifies the measure against which all financial instruments for raising the public's revenue should be judged. He writes (2012: 212):

“A basic principle of economics holds that it is highly efficient to tax rents because such taxes don't cause any distortions.”

Rents are the stream of income that we bid to use surface land, sub-soil minerals or above-ground resources like the spectrum (needed for our cell phones) or the capacity of the heavens to absorb waste. “A stiff tax on all such rents would not only reduce inequality but also reduce

incentives to engage in the kind of rent-seeking activities that distort our economy and our democracy,” writes Stiglitz (2012: 213), the former chair of President Clinton’s Council of Economic Advisers who also served as chief economist at the World Bank. *None of the taxes levied on people’s wages or on their profits can deliver those benefits.* So why do governments choose not to raise their revenue directly from rents?

Stiglitz, now professor of economics at Columbia Business School, explains that fiscal policy is biased to *reward* rent-seekers. Those with the cash or political clout deploy power to shape the financial system to their advantage. Does that exonerate governments? No. In the case of the democracies, the will and welfare of the majority is supposed to prevail. The application of taxes that *deter* people from producing the incomes they want, and which *shrink* the wealth of the nation, are the legacy of the statecraft of greed.

The quantum of government-induced losses of wealth is never identified in national budgets. This restricts people’s understanding and enables politicians to avoid being held accountable. To combat the power of cash-rich elites who shape and preserve financial policy, we need to measure the deadweight losses and make that knowledge available. That would enable people to support political representatives who are willing to work for the common good.

3. Eco-cide



The International Union for the Conservation of Nature (IUCN) has added 4,807 more species to its 2012 Red List of Threatened Species. The total now facing extinction is 20,934. The IUCN – the leading authority on biodiversity – has estimated (2012 data) that 41% of all amphibians, 33% of all mammals and 13% of all birds are at imminent risk of extinction.

Driving the destruction are land-use and tax policies that reward speculators who engage in urban sprawl. We wreck habitats (deforestation), dump waste into the oceans (acidification), and even the heavens are littered with waste from disintegrating satellites. The catalogue of disasters cannot be blamed on nature.

People do not behave in such reckless ways within their private spaces (our homes). We tend to be tidy, economical, we conserve the products of our labour and we respect the rights of our neighbours. So what motivates the opposite forms of behaviour towards nature? Again, it boils down to the pursuit of (or the ripple effects from) the flow of rental income. Stiglitz observes that conventional indices fail to expose the full extent to which rent-seekers are wrecking the environment:

“Sometimes the distortions of the rent seekers are subtle, not well captured in the diminution of GDP. This is because GDP doesn’t adequately capture the costs to the environment....Industries like coal and oil want to keep it that way. They don’t want the scarcity of natural resources or the damage to our environment to be priced, and they don’t want our GDP metrics to be adjusted to reflect sustainability” (Stiglitz 2012: 98-99).

If the services provided by nature and society were correctly priced, we would not waste them, and we would not shift onto others the costs of our actions (such as dumping waste into rivers or seas).

By preserving the current tax regime, the rents that are privatised are maximised. The consequences of this financial bias in favour of people who control the services of nature and society are grievous: the defenceless species that share our habitats are victimised. They are denied the opportunity to live out *their* lives as *they* see fit, so that some of us may indulge in acquisitive behaviour for which we are not held accountable.

Irresponsible behaviour towards nature is accounted for by these two theorems:

- ❖ *The weaker the requirement to pay for the use of nature's services, the higher the rents that flow into private pockets, the greater the incentives delivered to users to damage nature.*
- ❖ *The more obscure the information about the process of resource accumulation and use, the greater the risk of corruption in the pursuit of profit, the greater the deficit in our dealings with nature.*

The cases of corruption linked to the extraction of natural resources, in countries throughout the world, provide ample evidence to link the skewed financial system to the behaviour of cheating. But because the root-cause is not forensically examined, public policies continue to distort economic activities that inflict further damage on the environment. One example is the attempt to ramp up public support for genetically modified food.

To justify their agendas, chemical companies are touting the need to learn from the blight that afflicted the Irish potato crop during the Great Famine of the 1840s. Learning how to prevent disease in food crops, the better to feed people, is one thing. But is that the real motive for engineering food? The chemicalisation of food reduces the costs of production, raises the rents of land and damages the soil. That is what happened with the "green" revolution in India (Harrison 1994: 199-204).

The tragedy of the Irish famine did not arise from a genetic malformation in the potato crop. It resulted from the intransigence of the landlords who insisted on exporting the surplus food that was being grown by their peasant tenants. The consequence was mass death by hunger and the migration of people who could not afford to pay rents to the lords of the land.

Manipulating food may be warranted; but the intent may have little to do with feeding hungry people, and everything to do with increasing the rents accumulated by corporations.

Eco-cide ought to be designated a crime, argues British barrister Polly Higgins (2013). Crimes against nature are committed on a daily basis. They would be diminished if public policies that provided the financial incentives for such behaviour were identified in the Cheating Index.

4. Humanicide



In *The Traumatized Society*, I formulated the crime of *humanicide*. This concept refers to the systematic elimination of the creative potential of humans to the point where culture is degraded and lives impoverished.

Civilisation emerged when people agreed to pool rents to fund the construction of urban settlements. The rents were invested in infrastructure (such as the irrigation canals that increased productivity of the soil), in the arts (that made possible the construction of monumental buildings), and the practices that made cohabiting in extensive settlements possible (such as the enforcement of law and order).

When those rents were privatised, culture was weakened to the point where civilisations declined and died. We need to monitor that process for our civilisation, for the evidence of cultural corruption suggests that modern societies have lost the will to sustain themselves. The cultural deficit is noted by media commentators, but they do not recognise the link to the rent-seeking behaviour of (say) corporations which, as a by-product, degrade the quality of people's cultures.

Learnt, or Lament

Attempts to undermine the statecraft of greed through fiscal reform were tried in Europe a century ago. With the exception of Denmark, they all failed. Elsewhere, restructuring the public's finances has not been possible except under conditions of extreme duress (as occurred in Taiwan after the Kuomintang fled the mainland, following defeat by Mao's Red Army).

Tax reform is not just about asking people to pay for the services they receive from nature and society. It also entails the removal of taxes on earned incomes. Most rent-seekers also work as value-adding producers, so they would benefit from the abolition of taxes.

The Cheating Index offers an understanding of the scale of the damage and the sources of the pathological trends. Armed with that knowledge, people are able to motivate themselves into recovering from the trauma that was inflicted on their societies by the laws of the land.

Experts who advise governments, and international institutions that are supposed to provide stability and security (such as the IMF and the World Bank), cannot be relied upon, because they are compromised by “institutional drag”. This refers to the unwillingness to recommend changes that might jeopardise their privileges. So the challenge to rent-seeking must come from the democratic initiatives of people who unite to save themselves and their communities. By this means, socio-therapeutic support becomes available to victims who actively engage in the quest for change.

What You Can Do

By cutting taxes on wages and salaries, and funding public services through charges on rents, the outlook would be transformed.

- ❖ The current generation would enjoy enriched lifestyles. The fabric of communities would be enhanced and hundreds of thousands would live longer lives.
- ❖ Wealth creation would be based on high-productivity practices, raising material living standards for everyone at lower cost in terms of human labour and nature’s resources. People could choose to take part of their enhanced rewards as leisure.
- ❖ Accepting the obligation to pay rents for the use of the services of nature and society would reinforce

moral behaviour and deter the reckless behaviour that blights the planet.

- ❖ Humanity would flourish as creativity was rewarded, culture was renewed and communities rehabilitated. This synthesis, the comprehensive renewal of civilisation, would be initiated by adopting a pricing mechanism in the public realm that required people to behave according to the disciplines that we already accept in our private dealings with each other: paying for the benefits that we receive.

But these outcomes will not be delivered by the spontaneous enlightenment of those who preside over the junction boxes in the structure of power. Change will only occur when people perceive what it means to be a paid-up citizen of a justice-based society. The Cheating Index helps to liberate our minds.

- ❖ Engage in compiling your country’s index, or campaign for it, or publicise it. Such actions serve notice that citizens are no longer willing to be complicit in preserving the deadly ideas of self-serving ideologues.

The Arab Spring demonstrated the power of individuals armed with the tools of the digital age. They occupied their city squares and used social media to serve notice to tyrants that their time was up. But the action was not aligned with an understanding of how to restructure their societies, to eliminate the injustices that were embedded in their communities. That is why, one year after the election of a president in Egypt, many people (in frustration) demanded his removal. In July 2013, a military coup subverted the will of the majority.

By engaging in discussions on the need for their country to adopt the Cheating Index, people would raise the level of consciousness about the true state of their communities. And by identifying the remedial policies, they are empowered.

- Launch a campaign to *Stop the Cheating, Collect the Rents*

The Cheating Index is the mechanism that ought to engage individuals, civil society organisations (think-tanks, trades unions, and so on) and neighbourhood groups. All of them may engage in discussions about, and contribute towards, the construction of the materials needed for the Cheating Index.

An example is the audit I carried out on the performance of Tony Blair's Administration. He was given a 10-year forecast of when Britain would slide into economic depression under the existing financial system. He was provided with the information needed to enshrine anti-rent-seeking measures in the laws of the land. He failed to act on behalf of the common good (the evidence is collated in [2010: The Inquest](#)). Does he deserve public respect?

Cases of cheating on a socially significant scale blight all communities in the world today. Concerned citizens could assemble the evidence and subject it to democratic discussion. They could then publicise their findings in the form of a [Citizens' Proclamation of Disrespect](#). This would register their disapproval and serve notice to politicians that people will no longer tolerate the laws and financial practices that subvert their well-being.

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