HOW LABOUR CAN LEAD THE WAY AND LAND ON ITS FEET

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As our nation begins to emerge from the restrictions imposed due to the COVID-19 pandemic, Australians are facing the disastrous prospect of unemployment moving towards levels not witnessed since the Great Depression (Bennett 2020; Wright 2020). History shows that during periods of high unemployment, labour unions fare very poorly in their pursuit of wage justice. To avoid the crushing defeats of the 1890's (Hagan 1989) and the 1930's (Louis 1968) and the associated social misery, the Australian labour movement needs to quickly adapt. There is an opportunity for unions to facilitate the creation of decent jobs for their members and lead the way for a fundamental rebalance of the labour market by working to make land more accessible to labour for production.

One way this could be achieved is for unions to encourage Industry Superannuation funds to buy up Australian land, particularly in regional and rural areas, for use, at heavily discounted rates, by union and/or fund members to establish worker-owned co-operative enterprises (Matthews 2017). Industry Superannuation funds directly administer over $750 billion in assets. Around one-quarter of their assets are held in shares in overseas corporations. If a sizeable portion of these overseas investments were re-directed to purchasing Australian land (of various zonings), mutually beneficial arrangements could be entered into to support and grow a network of new worker-owned co-operative enterprises.

These worker-owned co-operatives could focus initially on small-scale primary production (especially food), renewable energy generation, and manufacturing in strategic areas to meet the needs of the domestic population (Green 2014). Importantly, they would be best designed to complement, rather than compete with, existing Australian enterprises.

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In the final analysis, all production is the application of labour to land (George 1883). The successful establishment of such a network of worker-owned co-operatives could aid Australia's economic recovery, provide well-paid jobs for many workers, and help to build strong rural and regional communities. However, even more importantly, it could serve as an educational model to generate support for public policy reform aimed at improving and equalizing opportunities to access land for production and housing.

Since 1996 there has been a seven-fold increase in the total value of Australian (non-mining) land (ABS 2019). This is partly due to an expansion of the overall land in use, but it is primarily underpinned by a massive increase in land prices. As the rate of growth in land prices (in most parts of Australia) has surged far ahead of wages growth (ABS 2020), it has become much more difficult for most people to access land for production or housing. Bank profits have soared (RBA 2020) as increasingly large mortgages have been issued against valuable locations.

In the decade prior to the pandemic, the Australian labour force was already falling into an increasingly precarious position. This is evidenced by factors such as low wages growth, the declining labour share of GDP (Stanford 2018: 18), persistent unemployment and underemployment (Richardson 2019), casualization and a decline in trade union power. There had also been a steady increase in labour productivity, economic growth, and company profits- especially for financial capital (Peetz 2018). The impact of the pandemic has greatly intensified the vulnerability of labour. More than one-third of the Australian workforce now relies on state support through the JobKeeper (3.5 million people) or JobSeeker (1.6 million people) payments. Unfortunately, many businesses and jobs now being buttressed by JobKeeper payments will collapse and disappear when the scheme ends (Hewitt 2020).

Some of the exploitative employer practices that are emerging from the flaws in the JobKeeper scheme (Karp 2020) provide an insight into the type of ill-treatment and suffering that could lay ahead for Australian working people. As our economy re-opens and the JobKeeper and JobSeeker arrangements are wound back, growing pressure will be placed on workers and their unions to accept cuts to pay and conditions in the name of aiding economic recovery (Jericho 2020). The clear challenge for the labour movement is to find ways to bring some fair balance into the labour market.

The ACTU has recently published a report that outlines an 8-point plan for interventions aimed at achieving a target of 2 million additional secure jobs and ensuring Australia successfully recovers from the COVID-19 crisis. The report calls for labour-friendly policies, such as a ‘new Living Wage’ and stronger labour protections (e.g. for ‘gig economy’ workers). It also calls for increased Commonwealth expenditure, including on public services (e.g. health and education) and infrastructure projects. The report points out that:

> As during the Great Depression and immediate post war era the public sector is an opportunity to lead by example in providing direct secure employment, wage increases and shaping the national workforce (ACTU 2020).

The report implies that higher rates of Company Tax could fund these projects as well as an expanded public sector. However, the laudable goals and plans in the report arguably need to be underpinned by a more precise and comprehensive fiscal plan.

Through looking at history, important missed opportunities for fundamental politico-economic reform may be discerned and re-visited. For example, a review of Australian Labour history in the 1880’s and 1890’s reveals a powerful (yet ultimately largely failed) push from organized labour for building a fairer and more prosperous society through adopting a single tax on land values (Picard 1953). There is also merit in analysing the more recent (also unsuccessful) attempts by the Rudd-Gillard Labor Governments to reform the collection of mineral resources rents for public revenue (Collins 2018; Dwyer 2013). Amidst the trouble caused by the pandemic, we can draw inspiration from the vision and courage shown by great labour leaders of the past like Andrew Fisher (Dilley 2013), Jack Mundey (Burgmann 2011) and Clyde Cameron.

Starting out as a roustabout and a shearer, the Hon. Clyde R. Cameron (1913-2008) rose to become arguably Australia’s greatest ever Minister for Labour. After entering parliament in 1949, he served in this role and in other portfolios in the Whitlam Labor Government from 1972-1975. Mr. Cameron had a long and active retirement after he left the federal parliament in 1980, principally working as a labour historian (Guy 1999). It is reasonably well known that hewas a strong critic of the Hawke Labor Government’s privatization of public entities such as the Commonwealth Bank and Qantas (Cameron 1991). Perhaps less known is his love for the philosophy and economic thought of the American political economist, Henry George (Stilwell 2011).

On 27 June 1974, Mr. Cameron wrote to then Treasurer Frank Crean urging him to reintroduce the Commonwealth Land Tax that had been abolished by the Menzies Government in 1953. In that letter he stated:

> Rising land prices have made a much greater inroad into the incomes of the ordinary wage and salary earner than any other single factor.

But he was a lone voice crying out in the political wilderness. His land tax proposal was sent off to be 'studied' by Treasury. For decades, it appeared that nothing more would come of it. Then in 2010 (two years after Mr. Cameron's passing), Treasury, under the leadership of Dr. Ken Henry, produced a comprehensive report outlining the case for an overhaul of the Australian taxation system (Henry 2010). Some of the more substantial recommendations in the Henry Report focused on broadening the base for the collection of land tax, particularly at the State and Territory level as a far more efficient substitute for Stamp Duty. The report explained:

> Land value tax therefore differs from taxes on other productive resources: taxes on labour reduce people's work effort; and taxes on capital can cause the capital to be employed elsewhere (particularly overseas). In contrast, a broad land value tax is borne by landowners and the supply of land is unchanged. Land value tax falls on the owner's 'economic rent'.

In recent years, the Governor of the Reserve Bank, Philip Lowe, has also drawn attention to the damaging impact that rising land prices are having upon the health of the Australian economy, including through exacerbating unequal wealth distribution (Lowe 2015). The idea that taxing land could somehow serve to bring down its price might seem counter-intuitive to some. Taxing capital certainly leads to increased prices. Yet, land is uniquely different to capital, including because it is fixed in supply and exists independent of any application of labour (George, 1879). If intra-marginal unimproved land values were collected for public revenue in lieu of taxes on labour and its products, those owners holding land out of use would be induced to either put the land to productive use or put it on the market for sale (Stilwell 2019: 126, 183-5, 208; Cameron 1984). This would not only free up land supply and bring down or eliminate land prices, it would also boost national productivity.

However, in the cut and thrust of a debate about fiscal reform, it is easy to overlook what Clyde Cameron and Henry George were really striving for. They were pursuing something much deeper than a 'land tax' or a 'single tax' on land values (Giles 2019: 43-5). They were striving to enliven a powerful principle that is a common creed across nearly all religions and that (consciously or unconsciously) underpins many movements for social justice. That principle is that all people are born as equals with an inalienable right to life and liberty. This is the same principle that underpinned the relentless work of William Wilberforce (1759-1833) and his supporters in the great movement for the abolition of chattel slavery in the British colonies (Metaxas 2008: 233). This principle is also a driving force motivating Sally McManus in her dedicated service and resolute leadership as ACTU Secretary (Law 2020).

Land monopoly serves as the lower millstone against which the employers' upper millstone gains the purchase necessary to grind down the wages of labour (George 1883). The type of initiatives outlined in the ACTU report can only be of limited benefit until that lower millstone is cleared away. Indeed, any 'Keynesian' type measures aimed at 'pump priming' the economy will have their effectiveness drained away through the continued private appropriation and capitalisation of land values.

The essence of slavery is the robbery of labour. When people are denied the right to use land on fair terms, they become highly vulnerable to being treated as economic commodities and being robbed of the proper reward for their labour. Despite the widespread abolition of chattel slavery, the International Labour Organization (ILO) estimates that 24.9 million people are in forced labour situations worldwide (Longstreath 2019). These people (and the 3 billion more living in poverty, but not classified as slaves) are either landless or effectively rendered landless through debt. There is a real danger that unless the need for labour to have fair access to land is properly addressed, the COVID-19 pandemic could be a trigger for a further drift toward slavery for many people, including Australians.

The problem of land price eroding wages that was identified by Clyde Cameron half a century ago has become much worse over the past 25 years. Mr. Cameron understood that industrial relations is about power, and that real power is held by those who hold monopoly control over employment opportunities (Cameron 1984). His mother, Adelaide Cameron, had read the works of Henry George to her sons at the family dinner table during his formative years and it stayed with him for life. As Henry George pointed out nearly 140 years ago:

> …in any dispute between capital and labor, capital enjoys the enormous advantage of being better able to wait. Capital wastes when not employed; but labor starves. Where, however, labor could always employ itself, the disadvantage in any conflict would be on the side of

> capital, while that surplus of unemployed labor which enables capital to make such advantageous bargains with labor would not exist (George 1883).

In this context, it is also pertinent to consider the analysis of John Kenneth Galbraith (1972), who wrote:

> It will now be clear what accords power to a factor of production or to those who own or control it. Power goes to the factor which is hardest to obtain or hardest to replace.

The price of land and the returns to owners of valuable land in recent decades have generally significantly outstripped the growth in earnings from utilising industrial capital or expending labour. Of the three factors of production, useful land has arguably become the hardest to obtain. More than any other economic or regulatory problem, it is the price of land that is causing the earnings of labour to be funnelled into the pockets of non-producers or 'rent-collectors'. Not only is this unjust, it causes inefficiencies in production and imbalances in the labour market that drag down our national prosperity.

Our politico-economic structures and arrangements have delivered historically low levels of wages growth and historically high levels of unearned income. This article has proposed a radical shift in the role of the union movement as we emerge from the Coronavirus pandemic. The essential challenge put forward is to open natural opportunities to assist labour to employ itself (through worker-owned co-operatives) and to do so successfully. If pursued effectively, this could lead the way for an incoming Labor Government to free Australian workers from the artificial restrictions and inefficiencies imposed by land monopoly. A political party of labour fit for the 21st Century could eliminate unemployment, drive up wages and turbo-charge the Australian economy through the abolition of all taxes on labour and its products and the collection of land values for public revenue.

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