

FULL EMPLOYMENT WITHOUT INFLATION THROUGH SITE REVENUE

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Full employment, full production and falling prices will not be achieved until we remove the two great barriers to prosperity, namely our present tax system and the price or rent obtained by private owners for the use of land.

High taxes on goods, services and materials raise the price of everything we buy, stifle initiative, hit the poorest hardest, greatly increase the cost of social services and give justification for continual wage claims to offset increased living costs.

In addition, everything we try to do to make the economy more prosperous inevitably leads to increased land prices or land rents or profit from the situation. Thereby production is choked back, the major part of the nation's wealth drained into the hands of a few and hopes of prosperity dashed for the mass of the people.

For example, if we try to lower prices by lowering taxation, or through better labour relations, more rational production methods, etc. we thereby put more money into people's pockets which they will want to use for buying more goods. But to produce these goods more raw materials and more working space are needed. This means a greater demand for land and therefore an inevitable rise in the price or rent profit of land. This largely cancels out the benefit we hope to obtain for the Nation.

Again, if we wish to build new towns or more roads, if we try to help people to buy houses through generous mortgages or improved construction methods, if we try to help the unemployed by more allowances, always the result will be an increased demand

for land and a consequent rise in land prices and land rent which cancel out most of the benefits we hoped for.

These results follow inevitably from our present tax system. Those who put land to good use are heavily penalised by taxation, but those who leave valuable land idle or use it badly pay little or no tax.

Hence landowners are able to withhold land from use with little or no penalty and can therefore wait until competition between intending users forces up the price of rent of land to the highest monopoly levels. Even then landowners often prefer to keep their land idle rather than selling.

There is one simple remedy, namely to take all site values for the Nation in the form of an annual rental revenue payment on all marketable land, on the basis of site value and whether the land is used or not.

Under such a reform, land would lose its speculative value and owners would be obliged either to develop or abandon to those that wished to develop. The abolition of speculative land values would leave developers and manufacturers far more money to spend on actual building and equipment. Public bodies could acquire land more cheaply for parks, schools, sportsgrounds, etc. At the same time the public collection of site values would make possible the elimination of most of the taxes that at the moment stifle production and raise prices.

In this way, and this way only, can we achieve full employment without raising prices.

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