

On the Australian Radio

The Land Question

By CLYDE CAMERON, M.H.R.*

IF IT were possible to address these remarks to the various forms of life that inhabit the ocean, I think I would talk about the sea; because without its use, they would all cease to exist. I would explain to the smaller fish that even the tiniest shrimp could be a more deadly enemy than the shark if only it could gain absolute control over the right to use the sea. Once in possession of the sea, the little shrimp could destroy even the sharks and the mighty whale simply by denying them the right to swim in its sea; or it could grow fabulously rich, by charging them for the right to do so. Fortunately for all sea life, no such possibility can occur.

However, in the case of land animals it is possible for a few to gain absolute control over the right to use the land. My remarks are therefore directed to the only form of animal life that can reason and understand what I am saying. I refer, of course, to the men, women and children who are now listening to this broadcast. But, before I go any further, may I ask, "How many of you have worked out what would happen if all the land in Australia were owned absolutely by one person?" For instance, let us suppose that that person should tomorrow morning decide to cancel your right to go on using his land. Just what would you do?

Unless you emulated the Communists of Russia who, in 1917, revolted against a similar condition, you would have no alternative but to go on the public highways and slowly starve to death.

I know all this sounds silly, but I can assure you it is not as fantastic as you may imagine. For while it is true that no one person is ever likely to gain control of all the land in any country, it is a fact that a relatively small number already do own the major portion of it. In point of fact [in Australia], some 20 per cent of the population own more than 60 per cent of the unimproved value of all land. The other 80 per cent are forced to come to terms with that twenty per cent before they dare use the land which the minority monopolise.

When speaking of land, you may wonder why it is that I refer to its "unimproved value." I do so because I intend to talk about that which concerns all members of the community; and the "unimproved value" of land does concern you; because collectively, it is you and others like you who create the unimproved value of land. Therefore, that value is your property.

The value of buildings and other improvements on a piece of land are rightfully the property of the person who provides them. But the value of the land itself, that

is the land as it is (exclusive of improvements), is not created by the owner. It is created by the community through its demand for a particular piece of land. The demand may spring from the fact that the land is more fertile than elsewhere or that it enjoys a better rainfall. On the other hand, its value may be due to locality. That is to say, a business site in a busy street is worth more than one situated in the outer suburbs because its locality brings it in contact with more people and this means more business. But whatever its value, it is a value that is created by the general public and not by the individual who holds its title.

WHERE PEOPLE CONGREGATE

Why can the owner of a £50,000 store in the centre of a big city demand a higher rent than the owner of a similar store situated in the suburbs? And why is it that the suburban owner can demand more rent for his store than if it were situated in the country? Simply because the rental differences in both cases represent the community-created value of the land on which each store is situated.

Let me further prove this assertion: Supposing that by some miracle it were possible to shift all the people of South Australia excepting the owner of say, the Beehive Corner, Adelaide, to another State. How much do you think the Beehive Corner would be worth? *Nothing at all!* In fact, it wouldn't even produce a single blade of grass until the present buildings on it were removed. And the buildings may just as well be pulled down for all the use they would be as business premises.

But bring the 885,000 South Australians back again and see what would happen! The Beehive Corner would once again become the most valuable site in the city and its "unimproved value"—that is, its value over and above the value of its buildings, would immediately skyrocket to its present value of £3,000 a foot. So you see it is the congregation of the community in and around a given locality that creates and determines the unimproved value of its land.

As more and more people see fit to congregate in an area, there will arise a need for public facilities such as roads, footpaths, streetlighting, water, electricity and so on. These in turn will further increase the unimproved value of the land.

To illustrate this point:—There was a time when the land that now faces the Anzac Highway in South Australia could be bought for £60 an acre; indeed, land speculators who were "in-the-know" did, in fact, buy it at that figure. Then they sat back and did nothing until the Government at tremendous cost to the rest of the community, constructed a magnificent twin highway complete with footpaths, drainage, lighting and a centre plantation.

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What happened? The new highway created a demand for building blocks near its vicinity and land values rose by more than one thousand per cent. Had this increase in land values gone to the community which paid for constructing the highway, the amount would have been more than enough to meet the total cost of the highway. Instead of that, it went into the pockets of the land speculators who, not wanting the land for their own use, had been permitted, without cost, to hold it out of use until people wanting blocks on which to build homes, were forced to pay the price demanded.

Now just think of the hundreds of millions of pounds worth of unimproved value attached to the properties facing the main streets of any big city in the world! If these community-created values were collected by the Government on behalf of the community to whom they belong, most of the present taxes could be abolished and at the same time there could be established a large surplus with which to construct new streets, etc., and to repair old ones. Unlike such taxes as the sales tax, which bears with equal force upon the poor as upon the rich, a tax to collect the rental value of land would compel each taxpayer to pay for only that amount of community-created value of land held exclusively by him! A taxpayer who owned a suburban building block only, would pay very little compared with the owner of a valuable site in the city.

CANNOT BE "PASSED ON"

What is more important perhaps, is the effect of such a tax on valuable estates. Instead of land monopoly remaining a source of profit, it would become a liability. Only those who wanted to use the land could afford to pay the tax. The land monopolist couldn't even pass on the tax by increasing his rent because that would automatically increase his tax and he would be no better off. Moreover, if he fixed the rent above its correct figure as determined by the law of supply and demand, his tenant would leave and take premises elsewhere.

A tax upon land values is the most just and equal of all taxes. It falls only on those who receive from society a peculiar and valuable benefit and upon them, in proportion to the benefit they receive. When all land rent is taken by taxation for the needs of the community, then will the equality ordained by nature, be attained. No citizen will have an advantage over any other citizen, except that given by his industry, skill and intelligence. Then, but not till then, will labour get its full reward.

It would be an easy tax to collect because, unlike the income tax and other forms of taxation, it would apply to something that could not be hidden or disguised. The amount of tax would be determined simply by relating it to the rental value of land exclusive of buildings and other improvements.

Having regard to these facts, the Australian Labour Party believes that each land owner should pay a land tax, based upon the unimproved value of land held by him to the exclusion of other members of the community. Accordingly, Labour has declared its intention of re-intro-

ducing a Commonwealth Land Tax, which was repealed by the Menzies Government in 1952. This would enable a Labour Government to give effect to another plank of its platform—the abolition of sales tax. This is the tax which compels the ordinary worker to pay the same amount as does the millionaire on such items as salt, cake, tinned fish, etc., and on such household requirements as furniture, crockery and cutlery, etc.

Whereas the iniquitous sales tax applies with equal severity on all sections of the community alike, irrespective of their ability to pay, a rent-tax on land would apply only according to the unimproved value of the land held by a particular taxpayer. Those holding valuable sites would pay more than those owning land in the outer suburbs where transport difficulties, poor streets and other disabilities have to be contended with. Consequently, the savings from sales tax (which each year costs an average of more than £60 per family) would, to the ordinary man, be very much greater than the amount he would have to pay in land tax. On the other hand, the owners of valuable city hotels, emporiums, insurance offices, newspaper offices, banks and the like, would pay many times the amount in land tax that they would save in sales tax. With the repeal of the sales tax, living costs would fall; while the immediate effect of a tax on unimproved land values would be to kill land speculation and thus cause the price of building blocks and agricultural land to fall. Uncleared or under-developed grazing and agricultural lands would then become more readily available to the thousands of potential farmers now compelled to seek a livelihood by working in factories.

Instead of the centripetal force which now operates towards centralising population in the big cities we would see a centrifugal force towards decentralisation. And food production, the world's greatest need at the present time, would increase immeasurably.

Taxation of unimproved land values is one of the steps necessary to ensure permanent prosperity and greater individual happiness. With the implementation of this and other planks of Labour's Platform, nothing could prevent Australia from developing into a really great nation. A nation in which all who want to learn may do so. A country in which all who want to work may not only get work but receive a rate of remuneration fully commensurate with the work performed. Give labour a free field and its full earnings and men would no more worry about finding employment than they worry about finding air to breathe. Old Australians and New Australians alike would then join in extending a hand of welcome to settlers from other lands; for no longer would they be haunted by the spectre of unemployment or reduced living standards.

In such an atmosphere as this, charity would give way to justice; and the Rights of Man would take priority over the privileges of property. In other words, Labour's policy is the one which guarantees to all members of the human race equal rights to life, liberty and the pursuit of happiness.