

Pattern for Prosperity

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 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 by simply 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. For instance, let us suppose that all the land in South Australia were owned absolutely by one person, and that person should decide to cancel your right to go on using his land. Just what would you do. This 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. Some 20 percent of the population owns more than 60 percent of the unimproved value of all land. The other 80 percent are forced to come to terms with that twenty percent before they dare use the land which the minority monopolizes.

I refer to 'unimproved value' because this concerns all members of the community. 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 (exclusive of improvements) is created by the community through a demand for that particular piece of land. The demand may spring from the fact that the land is fertile or enjoys a better than average rainfall. On the other hand, a business site in a busy city street is worth more than one situated in the outer suburbs, because its locality brings it in contact with more people and this results in 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.

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

construct new streets, etc. and to repair old ones.

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. Taxpayers who owned a suburban building block only, would pay very little compared with owners of valuable sites in the city. Instead of land monopoly being a source of profit, as it is today, 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 the 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 upon 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 labor get its full reward.

A tax on the land value would be an easy tax to collect because 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.

The Australian Labor party believes that each landowner should pay a land tax based upon the unimproved value of land held by him to the exclusion of the members of the community. Accordingly, Labor has declared its

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intention of reintroducing a Commonwealth land tax, which was repealed by the Menzies Government in 1951. This would enable a Labor government to give effect to another plank of its platform—the abolition of sales tax.

Whereas the iniquitous sales tax applies with equal severity on all sections of the community alike, a rent-tax on land would apply only to the unimproved value of land. 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 saving 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 will, by killing land speculation, cause building blocks and agricultural lands also to fall in prices. 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 centraliz-

ing population in the big cities, we would see a centrifugal force towards decentralization. And food production, the world's greatest need at the present time, would increase immeasurably.

This is the only pattern for permanent prosperity and greater health and individual happiness. Given these ingredients, 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 labor a free field and its full earnings; take for the benefit of the whole community that fund which the growth

of the community creates, and want and fear of want would be gone. 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 specter 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. This is the only recipe that will guarantee to all members of the human race equal rights to life, liberty and the pursuit of happiness.

What We Propose . . .

The community, by its presence and activity creates ground rent; therefore, this ground rent belongs to the community and not to the landowners to whom it is given by our present land laws. Justice requires that the government representing the community collect this ground rent for government expenses and abolish the taxation of wealth.

The foregoing has been suggested as a possible slogan, or condensed explanation of Henry George's proposition, which is so often misunderstood. Suggestions or comments from our readers on the use of such a statement would be most welcome.

