

THERE ARE three ways in which man is dependent upon nature. First, his body is itself a part of nature: it occupies space and time; it draws its very sustenance from earth and sea; it requires for its very existence ground to stand on and air to breathe; and it cannot survive except in the rare conditions of temperature and climate that are suited to it. To divorce man from nature would be to divorce him from his own physical being.

Secondly, whatever the means of livelihood a man adopts, he must occupy land in order to practise it. It is not only the farmer whose first "raw material" is land. The manufacturer must have a site for his factory, the wholesaler for his warehouse, the retailer for his shop, the business man for his office. The barber must have space for a chair, the writer space for a table.

Thirdly, the production of all material wealth is a change of form of the resources of nature, and, however many the changes and however complex each may be, the direct application of labour to land is the essential first stage of them all.

The ways in which man acts on natural resources, directly and indirectly, grow ever more elaborate, and such is the power of man's intelligence that he can even exchange matter for energy and energy for matter, yet still he does no more than change what is already there. As economies develop they become increasingly articulated and an increasing proportion of the working population provides services rather than produces goods, but it is the existence of material goods, and in particular the existence of the basic requirements of food, clothing and shelter, that calls forth the provision of services in order to obtain them.

The classical economists saw that the bounty of nature in general—earth, water, minerals, vegetation and animal life, air sunlight and so on—could be enjoyed only through occupation of land surface, and they accordingly referred, in their analysis of the factors of production, not to "nature" or "natural resources" but to "land." Without the initial application of labour to land no economic production could take place. Without land man could have no place to work. Nor even a physical body as we know it with which to work. In short, man cannot live without access to land. Given that access, able-bodied and able-minded men can apply their labour in order to support themselves and meet their wants. Given that access they can create capital to help in their labour; they can join with their fellows in communities of equals; they can by exchange and by conscious and unconscious co-operation increase their standard of living to one of considerable comfort. Without that access to land they depend for their very lives on those who control it.

Every man has a right to life. To deny this is to grant that others may, for their own convenience, deprive him of life. Moreover, all men have *equal* rights to life, for to deny this is to grant that some men have a greater right to life than others, and this implies that, in the last resort, those with a greater right may legitimately kill those with a lesser right. The equal rights to life of

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all men is a concept which was as dear to the anti-clerical revolutionaries of France as it is to those for whom the brotherhood of man is derived from the Fatherhood of God, but it cannot be proved. The realisation of its truth is likely to stem not from abstract argument but from an appreciation of the worth of human personality.

If there is acceptance of the fact that man cannot live without the use of land, and of the principle that all men have equal rights to life, a simple conclusion follows. If all men have equal rights to life then they have equal rights to that without which life cannot be sustained, that is to say, they have equal rights to land.

Private ownership of land violates equal rights to land. Some men own vast tracts of land, others small plots, others no land at all. Some sites are very valuable and others are of negligible value. There is no equality here, and the owners of land as a group have theoretically the power of life and death over those who have only their labour. The numbers are different, but it is as if Robinson Crusoe, after generously freeing Man Friday from slavery, claimed (and could enforce his claim) that the whole island was his private property. That would be a monopoly of land, just as there was after the appropriation of land by the lords of England or the maharajahs of India; and there would still be a monopoly in this sense if ninety-nine per cent of the world's population owned land and only one per cent did not. Even if in some mysterious way an equal area and value of land were enjoyed by the entire population of the world, excepting only one man, there would still be injustice.

In reality, any attempt to divide land equally among the whole population is completely impracticable. Some people would have acres of sparse ground and others a few square feet of town centre, and even if by an administrative miracle one could get the allocation right at the appointed time, the change in land values, the increase of population and the inevitability of amalgamation of sites and other land transactions would create inequality almost immediately. By spreading ownership more widely some of the hardship caused by land mono-

APPROACH

Carter



poly can be eased, but redistribution of land can never produce, let alone preserve, rights that are *equal*, and even if it could it would be accompanied by a paralysing economic inefficiency from which no one would benefit.

There are only two methods of establishing equal rights to land—by nationalisation and by the levying of a one hundred per cent tax on land rent. With nationalisation the state not only acquires absolute control of land use, and the resulting power to infringe minority rights in the name of the majority, but also has the ability to exercise the function of alienation. If the state owns the land the state can dispose of it, even though this is to deprive future generations of their rights.

In contrast, a one hundred per cent tax on land rent leaves the free market in land untouched. It leaves control of land in the hands of individuals and it is they who determine the use to which land is put, subject only to an acceptable planning framework. Full taxation of land rent secures equal rights to land without interfering with the economic advantages that go with private *possession* of land. It does this by enabling an individual to enjoy exclusive possession of a site on condition that he compensates the members of the community for renouncing their claim to that site by paying them the equivalent of the value that they place upon it. Land-value taxation provides a substantial revenue and so makes possible the reduction or abolition of other taxation.

Whatever the means chosen, however, the desirability of the end is clear and undeniable, and the argument so far may be expressed concisely as follows:

1. All men have equal rights to life.
2. Man cannot live without the use of land.
3. Therefore all men have equal rights to land.

Consideration should now be given to the significance of the word "equal" in the context of equal rights to land, and to make the task simpler, all the factors that give land its value, except natural fertility, will be ignored.

The natural fertility of some areas of the world is greater than that of others, and although human agency

may over periods of time increase or decrease fertility in selected areas, it is evident that there must always be these differences. Perhaps one day human technology will change this state of affairs, but that day is not yet.

Britain and Iceland are separate states, and it is possible for the governments of each of them to establish the equal rights of their own citizens to the land of their respective countries. If this happened, the people of Britain would enjoy equal rights to the land of Britain and the people of Iceland would enjoy equal rights to the land of Iceland, but since the land of Iceland is less fertile than the land of Britain, it could not be said that the right of a man to land in Iceland was equal to the right of a man to land in Britain. As long as rights to land are confined within restricted areas, those rights can never be equal as required by the third proposition above. Some men will have a high standard of living and others a low one, for no other reason than the accident of their place of birth.

All men must enjoy equal rights to all land. The land of our whole planet, and for that matter beyond it, must be available to everyone. To allow states to deny this is in effect to concede the right of collective ownership of parts of nature by some men. This is no different from multiple ownership of a single plot, and this in turn is no different from private ownership by an individual.

This argument can also be expressed concisely in three propositions, which follow on from the three already given:

4. Areas of land differ in quality.
5. If only the inhabitants of richer areas enjoy rights to land there, and the inhabitants of poorer areas enjoy rights to land only in those poorer areas, the rights of all men to the use of land are not equal.
6. Therefore all men have equal rights to all land.

The implications of this for the administration of a land-value tax are a matter for discussion. The immediate inference is that the product of all national taxes should be pooled and shared out. Against this it can be asserted that apart from natural factors, the value of land in any country is created by the people of that country, not by those outside it, and that land values in any area rise in proportion to the need for public expenditure there. This assertion can be disputed on the grounds that people all over the world contribute to land values all over the world through the medium of international trade, just as people in a country contribute in some degree to land values throughout that country; and it can be argued that if the fund of land rent is in any event to be shared between local government and national government, there is no reason why part of it should not be allocated to an international agency also. The objection to this—that the more advanced nations would be deprived of enough revenue to finance their amenities—could be met with the counter-objection that it is precisely the point of the allocation that it would more nearly equalise the development of the poorer and the richer nations, and do so much more forcefully than sporadic foreign aid. It would

not be necessary to establish a world government, for the United Nations could collect whatever was the agreed percentage and channel it to different countries in proportion, say, to the size of their populations. Since it is almost certainly true that when population density increases, land rent increases more than proportionately, this basis of allocation would tend to favour the countries whose populations were large in relation to their population densities.

Whatever the significance for land-value taxation of the principle that all men have equal rights to all land, its relevance to the subject of immigration is obvious. If all men have equal rights to all land then all men have equal rights to any particular area of land, such as the land of Britain, irrespective of whether they are natives or foreigners. Control of immigration by restriction of the numbers admitted deprives foreigners of their right to use the unoccupied land of the country imposing the control. It follows that, in spite of the many problems

NSW Royal Commission —Further Evidence

This Royal Commission arose from representations from the Local Government Association seeking supplementary grants or other revenue sources on the ground that rates had reached "saturation."

GERALD DUSSELDORP (*Chairman of Directors, Lend Lease Corporation*).

This witness was asked: "Do you think there would be any shortage of sites and buildings available for redevelopment under an annual value rating system as compared with an unimproved value rating system?"

He replied: "I think that would be the tendency . . . It would definitely pay an owner who is in no hurry to pay the rates and taxes without improving it, because the chance is that he would recover that plus, when the market is right, so that he can ride the booms and troughs. If he misses one boom period he can just sit it out and wait for the next one and he is bound to recover more than he has paid out during the time, plus the fact that what he collects is tax free, yet his rates and taxes will be deductible during that period from any income that he might derive from other sources."

To the question: "Do you think that this in the long run has any effect upon the prices in the market?" Mr. Dusseldorp replied: "Very much so because this, of course, drives up the value of land in particular preferred locations for all times and this is, of course, the whole history of land values in the city areas—they have just gone up all the time."

In reply to a later question Mr. Dusseldorp said: "I think that the major aspect of the whole land tax situation is this. Here I am talking not as the narrow developer looking after his immediate interests, but looking

that may arise, immigration into Britain should be unrestricted, unless it can be demonstrated that those problems cannot be solved by any policy short of control.

The next three articles will be concerned with an examination of the problems that accompany immigration, but in the meantime the further development of the argument can be expressed in a final set of three propositions:

7. It follows from proposition 6 that all men, whether natives or foreigners, have equal rights to the use of land in any country.
8. Restrictions of immigration by the government of any country denies the rights of some men (the foreigners) to the use of land in that country.
9. Therefore, immigration should not be restricted.

These nine propositions constitute the case for complete freedom of immigration.

at the position as a citizen having the broader view that land tax, as a tax, should be used to penetrate these unearned increments both on city as well as on suburban land, because that is the only way of bringing these values down to a realistic level . . . I am all in favour of that, because ultimately if there were only enough broad acres released, then that would give developers and others the chance of competing more for these broad acres and then the price would come down . . . that is where land tax, in my opinion, should be used to bring these broad acre prices down."

ALAN R. HUTCHINSON (*Research Director, Land Values Research Group, Melbourne*).

The L.V.R.G. considers that a rate on land is the most appropriate means to finance local government services. It made suggestions for improvement of the machinery of applying the principle, including provision for rating of unimproved *annual* value as an alternative to unimproved *capital* value. It favoured the Valuer-General's proposal for site value (whether annual or capital) as a basis, with invisible improvements such as clearing of timber and filling being considered as merging with the land value after at least twenty years. It favoured rating on unimproved value for the water, sewerage and drainage authorities as well as for local councils.

The Group worked out a table showing how it was possible to check the magnitude of the penalty effect of one rating system compared with another. This showed that there was no limit to the percentage penalty upon improvements where these were rated, and this could become infinitely great. On the other hand there was a limit to the penalty effect of unimproved value rating on under-developed property. For the Sydney metropolitan area the least developed property was vacant land on which the penalty was limited to 222 per cent above the rates payable under the improved value system.