

# Henry George Dinner: the old ideas are new again

By David Collyer



Miranda Stewart, Professor and Director, Tax and Transfer Policy Institute, Australian National University

The 124th Annual Henry George Commemorative Dinner was held on 2 September at the Royal Society of Victoria, attended by an eager band of tax reformers.

Opening, Prosper President Andy Moore observed:

*"Australia has been debating tax reform, well, forever."*

*"For many, this is class warfare - proposing changes in the form of three word slogans that appear attractive but are actually plans to advantage one interest group or another."*

*"Thanks to the detailed work of Treasury in the Henry Review, we know which taxes cause the least harm. Quite simply, they are taxes on land and resources."*

*"Indeed, recent calculations by Treasury show properly designed land taxes can actually be a positive for Australian households."*

Miranda Stewart, Professor and Director, Tax and Transfer Policy Institute, Australian National University

spoke on Tax State Resilience, and surveyed the evolution of taxation.

*"First, Adam Smith had come up with an idea of public goods. It can probably be traced further back, but the benefit of government, this idea that there are public goods advantageous to a great society, was important. He included primary education, that government should pay for primary education as a public good of such a nature that no individual is going to invest in it."*

*"Second, by the end of the 19th century, the rather curmudgeonly German economics, Adolf Wagner, argued with many others, that taxation is a regulating factor in the distribution of income and wealth. And, of course, at this time Henry George is arguing that land taxation is by far the most efficient way to alleviate poverty in the context of capital markets. So this social welfare idea of taxation is embedded and I think that we're still operating in that paradigm."*

And:

*"The Federal land tax of 1910 was introduced with steeply progressive rates, partly to raise revenue for the age pension. The idea of a national age pension had actually driven popular support for Federation. Which didn't happen really until decades later in fact, but they started. And also, as you know, the Federal land tax broke up large estates because of its steeply progressive rates.*

*"Before I get to the income tax, another interesting thing to say at this point about the land tax is that there were lots of High Court challenges. It was very unpopular among the squattocracy because it did hit them quite hard and did force the breakup of those estates I think. But it's also the vehicle of one of the most important cases about parliamentary supremacy that the High Court has ruled on, that's the Osborne Case from 1911. In Osborne, the High Court said that we don't care how oppressive or steep this tax is, it could have a 100 per cent rate, that's not for us to decide, it's for the Parliament to decide. It doesn't make it unconstitutional that the tax might have that very heavy impost, perhaps even to the extent of confiscation.*

Then on tax reform:

*"In our State tax base, we have local government taxes, stamp duties and land tax (among others). Professor John Freebairn and I have recently done a report that reiterates the economic arguments for doing a switch between land tax and stamp duty, pushing that land tax share of the burden up and taking it off transactions and appreciated property values. Australia has a relatively low reliance on property taxes overall in our whole tax mix, lower than we should when compared to other countries and we could improve that.*

*"What I want to argue is to support arguments for capturing economic rents in taxation through land tax, but to remind you that the land tax is part of much broader political and economic tax system. There's a lot going on in this system.*

Our heartfelt thanks for this thoughtful and challenging speech go out to Miranda. The full text and slides are available on the Prosper website.