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OUR PHILOSOPHY

We believe that the Earth is the birthright of ALL MANKIND.

We recognise that for most purposes it is essential for individuals to have exclusive possession and security of land.

We believe that those who have exclusive possession of land should COMPENSATE SOCIETY for being excluded therefrom.

We believe that such compensation paid annually would meet the costs of Government and permit Society to abolish all taxes on LABOUR and on goods produced by labour.

THE FRUIT AND THE TREE

by Shirley-Ann Hardy

Two people from their own differing internal standpoints are surveying today's social scene.

One, observing that the work ethic is not what it should be — that large numbers of people have become so corrupted by a work-shy mentality that they are happier to live on the dole, or by any other means, rather than engage in honest work — viewing the scene from his particular internal standpoint, and feeling that such a social feature is alien to him and is a disgrace, becomes highly critical and judgemental of these "lazy" ones, declaiming against them with indignation.

The other, viewing the scene from a different internal standpoint, sees that the thing, within its own framework, is in every feature exactly as it should be.

Wasting no energies upon indignation at these trivia, he recognizes the scene as only a beautiful confirmation of one of the great teachings of all the masters. As expressed in the Bible, in Matthew ch. 7:

"... Every good tree bringeth forth good fruit, but a corrupt tree bringeth forth evil fruit. A good tree cannot bring forth evil fruit, neither can a corrupt tree bring forth good fruit... Wherefore by their fruits ye shall know them."

Relating these words to the scene, he is now for the first time struck too, by the last eight words quoted. He realizes that they are no mere observation, but contain a hidden injunction. They warn us not to linger among the trivia of the scene that is presented to our gaze, but

to allow these to lead us deeper, to the structure upon which they rest.

Now, too, he was for the first time struck by a further "warning", woven into the above words practically wherever they appear. To quote from Luke this time (ch.3):

"And now also the axe is laid unto the root of the tree: every tree therefore which bringeth not forth good fruit is hewn down, and cast into the fire."

Unless we manage to wrest our gaze from absorption in the trivia of a situation, we will not see if the moment comes when the whole is cracking up around us from its innate rottenness. Like the proverbial attendant on the deck of the Titanic, we will remain busily rearranging the deck-chairs while the waters are closing over our heads.

In the socio-economic scene, we have just witnessed the colossal fall of one rotten "tree" over the major part of what is called Eastern Europe, and the attendant pains and anguishes that must follow from the sudden collapse of a whole social order. Are we sure that the "tree" of socio-economic order in the West is really so much more secure than that of the East has proved?

Let us look at the West's situation in the light of the succinct saying, "Where some people get something for nothing, others get nothing for something."

The major part of any enterprise in the West, whether it be house-building, the setting up of a business, creation of

sports facilities, or whatever human activity may be involved, is the obtaining of the necessary land upon which to establish it.

In a society where land is treated as man's capital, money must be paid to acquire it.

Now what did the land cost to produce? Nothing.

It is clear that the socio-economic structure of the West contains, then, in huge measure, this inbuilt flaw of "some getting something for nothing", and hence also its inseparable obverse of "others getting nothing for something", one working without getting a full return for their labours — (for labour is at the root of all human production).

Whilst the features of this robbery may not be clearly seen, nor its mechanism identified, a subterranean sense of its presence inevitably pervades the whole of society, corrupting those on the advantaged, as those on the disadvantaged, side of things.

The disadvantaged, the great mass of the people, who must pay for access to land and have nothing to pay with but

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the wages from their labours, know well that somewhere they are being robbed.

Could anything be more calculated to create what may euphemistically be described as, (on both sides), a "work-shy" mentality?

"Some people get something for nothing, and others get nothing for something." Could anything more simply summarize the essence of an unjust society which contains the fatal seeds of its destruction within itself?

Can the West, then, still hope to escape the kind of upheaval that the East has seen? Can enough people awaken in enough time from their fixation with the details of the scene to join in the push for real, fundamental change? Why do so many remain so obsessed with particulars, and resist examination of the whole?

It seems that the painfulness of the outcome of such overlooking is one of the pathways of learning for mankind ... as the invincible Law of Love finally, in its own time, moves to remove root and branch which has become fruitless for society.

Can there be sufficient awakening, in sufficient time, from the obsession with particulars, to cease resisting examination of THE WHOLE? An ancient Greek has a proverb which enables you to say very neatly: I have not noticed that I have overlooked . . . something very important!

STATEMENT BY THE GENERAL COUNCIL FOR RATING REFORM

History

Before 1920, all councils in Victoria were required to use net annual value (NAV) rating. In December 1919 it was made possible for councils to change to site value (SV) rating (actually UCV at the time), and back again to NAV, by either of two methods: Council resolution, or by voter initiative in calling and winning a poll. Also, if council resolved to change the rating system, voters had one month in which to demand a poll in order to attempt to reverse Council's decision.

By now, 50% of the people of Victoria are in SV-rating municipalities. (There is a larger number of NAV-rating than SV-rating municipalities, due to the many rural municipalities with small population using NAV. There are 57 SV-rating municipalities, of the 210 in Victoria.)

Abolition of Historical Democratic Rights

The 1989 Local Government Act,

when fully proclaimed, will abolish the democratic right of voters to initiate a poll.

Also, Council was required, for the next three years, to act in accordance with the result of a poll won by the voters. In the 1989 Act, a winning poll prohibits a Council from proceeding "with its decision", but allows a Council to move a reversion motion again at any time.

The present Bill would abolish the right of voters to have a poll at all.

Past Use by Voters of their Power to Initiate Polls

Of the 112 changes and attempts to change the rating system in Victoria since 1920, 62 have been by voters initiating a poll to change to SV rating. A majority was obtained for SV in 48 of them, and for NAV in 14. The large number of polls for changing to SV is not surprising, of course, as all were on NAV to start with; it is the **success rate of 77%** which is remarkable. That is:

Voters have exercised their democratic right to initiate a poll frequently and effectively.

Voters have shown that they are prepared to vote "Yes", even to an untried system.

Past Use by Voters of their Power to Challenge Councils' Decisions

From the not large number of Councils rating SV, there have been 29 attempts by Councils to revert towards NAV. ("towards" is used, to include the infrequent half-way case of composite ['shandy'] rating.)

On 23 of those 29 occasions, 10% of the voters succeeded in demanding a poll, and reversed Council's decision in 21 of them, usually with an increased majority for SV. That is:

It is typical for Councils to attempt to revert towards NAV rating, and for voters to very strongly resist.

A great majority of voters who have (in most cases) experienced both systems, show themselves as very determined to retain SV rating.

WISDOM

"Give men a chance to live. Abolish the right of private ownership of land. Abolish monopoly. Make the world partners in production, partners in the good things of life." Famous U.S. lawyer Clarence Darrow, a convinced Georgist.

Note: Georgism offers security of tenure, provided site rents are paid to the community. "Ownership" in the above sense is different from ownership of the results of human effort.

RECENT AUSTRALIAN BOOKS

RENT AS REVENUE. THE ENEMY OF INTEREST

by Dr. Les Hemingway

164 pp. \$12.00.

This recent significant book expounds the nature of rent, discusses current taxation in Australia, points out how unemployment and poverty can be ended, relates basic economic principles to the current concern with the environment, and covers such topics as housing access and inflation.

The book contains many helpful diagrams and tables, and a good index. The penultimate chapter is entitled "Life in a Rational Economy".

Overall, an excellent contribution towards understanding economic fundamentals and gaining insight into our current malaise.

ELEMENTARY ECONOMICS

by George Charles

95 pages \$7.00.

This book is the basis on which successful classes in economics (University of the Third Age and elsewhere) have been conducted. Fundamental terms are clearly explained, and a wide range of practical implications are elaborated. Helpful charts, useful appendices and a good index are also features. Chapters on "organized labour" and "the establishment" are particularly noteworthy.

NEW ZEALAND REPORT

Election October 1990

	Seats	Vote %
National	60	48
Labour	36	39
New Labour	1	6
Green	—	7
	97	100 (76% poll)

Notes

1. From the outset the Conservatives' landslide majority has been seen as brittle. Backbench dissent was early evident.
2. Since Finance Minister Ruth Richardson's "Mother of All Budgets" on 30th July, dissent has become open revolt by an estimated 12 backbenchers (including ex P.M. Muldoon) and division even in Cabinet is clear.

The defection from Government (over) will be contagious. McIntyre's father was a senior Minister in Muldoon's Cabinet.

The privatisation of State monopoly services **and resources** has become crass.

Social Welfare Minister Jenny Shipley's mindless and impracticable assault on Guaranteed Retirement and Income has seen National Party grassroots membership haemorrhage.

3. Two new political parties have been formed in the last two months.

Only the N.L.P. has advocated any increase in L.V.T. All others omit any reference to it. Unemployment nudging 15% is clearly the key issue but the last to be addressed and there are enormous opportunities to be exploited.

The Green Party is quite inarticulate and unable to formulate practical policy on anything.

The N.L.P. is mounting a massive petition calling on the Government to resign and call an election on the grounds that both major parties, despite loud claims of political and personnel integrity, have failed abysmally and flagrantly to honour specific election pledges and that this is bad for democracy itself.

4. As the depression widens and deepens the inadequacies of both the free market philosophy and socialism are daily apparent and bewildering. All 7(?) Parties face the same dilemma – how to do it?

5. Against that background I believe the merits of the Proposal herewith must command serious attention.

R. D. Keall,

Hon. Secretary,

Crown Leasehold Association.

Note: The proposal mentioned under point 5 is of course Georgism.

LAND PROFITS TO FUND CITIES

While the arguments about whether residential land developers should contribute to the cost of providing services for new blocks of land are still raging, a lot of thought has been generated since the State Government mooted the idea in an issues paper last year ("Age", 2/9/91).

The Government has issued guidelines covering the relationship that local councils strike up with developers, with a view to achieving uniformity on contributions.

The legality of councils charging a levy on developers as a contribution to services was firmly established in a case early this year in the Administrative Appeals Tribunal between a development company, Eddie Barron Construc-

tions, and the Shire of Pakenham. The tribunal ruled that the council could call for developer contributions provided it could establish that the money was needed to meet genuine community needs generated by the new development. Such community needs, it ruled, might include pre-school, maternal and child-care facilities.

The precedent for this form of developer contribution is thus set and the Planning and Housing Minister, Mr. McCutcheon, in a recent interview with "The Age" said he was keen to see councils apply it uniformly to the process of providing infrastructure services at the local level.

However, the task of funding the big-ticket items such as new roads, sewerage and transport still bedevils the Government.

Mr. McCutcheon is adamant that developer contributions are here to stay as one way of recouping some of the costs, though he concedes a variety of ways of raising money will be needed.

This view is shared by Mr. Garth Greenaway, the new chief executive of the Urban Land Authority, which has been involved in the infrastructure conundrum.

According to various estimates, land can go through a 40-fold increase in value between the time of its purchase as broadacres and its eventual sale for housing development.

The result could be hundreds of millions of dollars of profit for the Government, which could be used for big infrastructure projects. It would also allow the Government greater control over the release of land, its location and overall forward planning of urban development.

CONTRASTS

In an article about Brunswick Street, Fitzroy, *Saturday Age Extra*, 13/7/91, called "Street of Chic and Shame", the Polarisation between rich and poor, the "insiders" and the "outsiders" is achieved by virtually dividing the street in two. "Here", says the writer Fiona Whitlock, "is the playground of Melbourne's biggest cafe society.

"Brunswick Street – stylised eating and drinking, fashion, hairdressing, books, flowers, videos, home decor, bric-a-brac. And customised aquariums: for \$950, a school of electric blue and scarlet Neon Tetra fish will swim in a hanging pool across your wall.

However, about four minutes away in

the comfort of a car, there are homeless people in this street who are suffering slow deaths in front of anyone who will look. No street in Melbourne has a duality of life as Brunswick Street, with so cruel a contrast between the enjoyment of life and pain of existence.

At the bleak city end (at the intersections with King, William and Gertrude streets) are two tram shelters that are home to men and women who live in heartbreaking poverty. Outcasts, they are drinking themselves into oblivion and eventually to death. Piles of empty beer bottles, sherry flagons and empty packets of Holiday cigarettes are littered around them as they spend their days and bitterly cold nights on these benches."

COMMENT

A further vindication of Henry George's warnings about failure to recognize the crucial significance of site rents or land values in society, especially urban societies.

TAXES COUNT

In 1990, The Australian Government levied a 50% tax on luxury cars. This resulted in a precipitous drop in luxury car sales, and an unmeasured decline in blue-collar employment in the car industry ("Progress" Melbourne, citing *Canberra Times*, April 5, 1991).

In addition, such cars had to be priced beyond the reach of ordinary citizens. Proponents of this tax probably felt that tin lizzies were good enough for the common man.

In 1990, the U.S. Congress slapped a 10% excise tax on certain luxury items, including boats that cost more than \$100,000. This resulted in a precipitous drop in luxury boat sales and the loss of almost 19,000 jobs (RD 10/91, citing Mike Royko's column in the *Chi. Trib.*, 30/5/91).

Writes Mike Royko, the author: "This country's private-boat industry is – or maybe was – the world's leader. It exported American boats. Well, maybe the Japanese will fill that gap."

So don't say that taxes on production are peripheral, that they don't count. They do.

No matter how heavily you tax land, you won't have any less land; in fact, more will be made available on the marketplace.

U.S. "Incentive Taxation",
1991.

PRESS LETTERS

UNEMPLOYMENT AND TAXES

Contrary to Joy Condon's claims (Letters, Oct. 1), greenies are as guilty as the rest for our high unemployment levels.

They too, continue to condone the consumption taxes now adding about 50% to natural labour-intensive production costs, forcing the search for livelihood back towards a colonial-style economy of bulk-exported, unprocessed natural resources and primary commodities of sufficient intrinsic value to counter their limited tax burden. Even that burden is relieved by subsidies from consumption taxes!

Most Australians are not about to voluntarily choose unemployment ahead of resource-intensive livelihood, however environmentally destructive that may have to be. It remains a matter of survival until the tax burden is shifted onto unearned monopoly wealth instead.

Bill Mason,
Pearce, A.C.T.
"Canberra Times", 8/10/91.

HARE-CLARK V. SINGLE-MEMBER

I hope all those A.C.T. people squeaking like rusty gates about the performance of our Legislative Assembly will have read your excellent October 15 Editorial on electoral matters.

In particular I would refer them to the last sentence, "The Hare-Clark system, with its rotational ballot paper, will take the power of selecting the ticket order out of the hands of political parties..."

If a majority vote for Hare-Clark in our forthcoming referendum it will be in VOTERS' hands whom we elect there-after. We can sort out "dead wood" without prejudice to a favoured party, as voters so effectively do for Tasmania's Lower House.

Those who vote for single-member electorates will have no basis for complaint, if in the majority. Members so elected will persistently ignore even their party faithful, in favour of the party machine on which they must totally depend for pre-selection. Are we really such gluttons for more punishment, as we invariably get with single-member federal electorates?

Bill Mason,
submitted to "Canberra Times",
October 1991

LETTER TO A POLITICIAN

The Hon. Alan Griffiths, MP
Minister for Resources.

Your letter of July 18 completely misses my point, that our current desperation for export income and our general inability to compete on world markets, except for high-intrinsic-value bulk unprocessed natural resources and primary commodities, is a sick economic condition arising from one simple fundamental fiscal error. I don't disagree that we have this environmentally-destructive (inter alia) predicament; rather, I point the simple way out of it without destroying the environment!

Our problem is that we tax labour, including man-made capital, punitively, but land and other natural resources hardly at all. Labour and capital are thus driven towards the exploitation of land and resources and away from the labour-intensive products which we all need and want but cannot afford, after taxes.

Other than land taxes, including most municipal rates, which cannot be passed on (ref any reputable economist from Adam Smith to Galbraith), virtually all other taxes are on production or consumption, being passed on to consumers where not already there, but always at the cost of restricting sales, production and employment of labour and capital. Taxes are then largely spent on infrastructure, enhancing unearned land rents and prices to soak up purchasing power otherwise available to buy wanted man-made goods and services, and on bandaiding socio-economic symptoms of this chronically inadequate purchasing power.

These punitive taxes, about 96% now of the total (ABS 5506, 1988-89) are over 30% of GDP. Allowing for the private sector costs of their administration, including avoidance and evasion (only land tax is unavoidable) which covers legal, financial, accounting, investment services, etc. they probably cost 33.3%, thus adding a phenomenal 50% to natural production costs. And then we untax imports to kill even more local production!

The Australian Labor Party has had, and implemented, a land tax policy from 1891, but it was omitted from the Platform reprint in 1964 by cowardly subterfuge, according to Clyde Cameron, without any supporting Conference resolution. Since the 1953 repeal of the Commonwealth land tax, it has become open season, fuelled by pervasive

disinformation, to reduce others, precipitating our fall from Lucky Country status, urban sprawl, unemployment and environmental degradation, etc. Statistics show that the rich, sharing land tax with homeowners, will pay more than the poor do now sharing consumption taxes, but it is a well-kept secret.

Bill Mason,
Pearce, A.C.T.

LETTER TO A JOURNALIST

Dear Mr. Kelly

I read your leader in "The Manly Daily", 'Land tax causes rental crisis'. In this article you say a shortage of rental property is predicted by December with real estate agents in the Manly-Warringah area reporting increased sales of rental property as it becomes vacant. This increase is attributed to increased land tax impositions.

I would like to go over the events you report. First, increased land tax, which reduces the profit from owning rented accommodation. This must induce a lower selling price for this accommodation to those buying it in order to rent it out themselves. (The selling price must reflect what is to be made out of the property.) The way I read that is that such an investment must continue to remain as attractive as it was before.

You also report an increase in the affordability of homes. You report that many buying homes are those who are living in units. You say falling interest rates have brought this about. There are also other factors. If present owners of rented accommodation are selling in "crisis" numbers their sales are a factor in increased affordability of homes. Because of this falling affordability of houses many who would have had to rent become able to own houses or units.

Thus, if land tax is a factor in sales of rented accommodation, it is also a factor in rising house affordability as well. Property considered, land tax has not affected the returns on rented accommodation. Therefore, land tax will not deplete the stock of rented accommodation over a period of time, and it has contributed to increasing the number of homebuyers.

Why should Government wish to get rid of land tax, or to change its shape so as to destroy these effects?

Richard Giles,
Secretary,
Association for Good Government.

LETTERS TO THE EDITOR

I have read *Progress* sympathetically for some years now and often find something of interest in it. I think that land taxes and, more generally, resource rent taxes, are going to become much more common in Australia, although, like others, I have no feeling as to the levels of government revenues which it might be possible to raise in this way.

In a leasehold system, the lessee has only those development rights which the landlord is prepared to grant under the terms of the lease contract. In discussing the pros and cons of a leasehold versus freehold system for the newly-independent Australian Capital Territory, John Mant observes that 'the manner in which all States have dissipated their rights as owners of the Crown estate does not provide a model for emulation.' Aynsley Kellow agrees:

After the establishment of self-government, the distribution of unalienated land is politically easy because the government is able to dispense favours which, apparently at least, do not have to be provided at the expense of anyone else but which will attract capital investment. Ultimately, of course, such 'free gifts' do come at the expense of others, if only at the expense of the opportunities available to future generations.¹

At first sight, the perpetual lease seems to be a reasonable compromise as the basic form of land tenure. To quote Dick Condon, former NSW Western Lands Commissioner: 'Perpetual lease means security of tenure for the lessee but can still be conditioned with covenants to safeguard the environment, and other matters for which the Government may feel responsible'.²

There is however a problem with perpetual lease in that covenants cannot be varied once the lease is granted. Also, the loss of control over land use which accompanies the introduction of perpetual lease creates a need to establish local government. Finally, there is an expectation among landholders that perpetual leases will eventually be converted to freehold.

A tenure system based on term leasehold with periodic covenant review (say, five yearly) would seem to satisfy public and private interests provided that it can be constructed to offer acceptable security of tenure, e.g. lease periods of 50 or so years with the opportunity to renew after, say, 30 years.

Violation of covenants would automatically invoke conversion to a short-term lease without a renewal option. This is an adaptation of a suggestion from an interdepartmental working group on the administration of South Australia's pastoral lands.³ I am however envisaging this form of tenure as a desirable standard on most non-urban land in Australia, not just pastoral lands. It would, for example, facilitate control of erosion in cropping areas. Politically, however, reversion of freehold to leasehold is not possible and other social technologies such as the selective purchase of landholder rights (e.g. the right to grow crops) must be devised.

Yours sincerely,
Douglas Cocks,
Division of Wildlife and Ecology,
CSIRO,
Canberra.

1. Mant, J., 1988, Discussion paper on the proposed ACT planning system, PFS Consultants, Sydney.
2. Kellow, A., 1986, Federalism, development and the environment, *Regional J. of Social Issues*, No. 18, 75-84.
3. Condon, R. W. 1982, Pastoralism, in Messer, J., and Mosley, J. G., (eds), *What future for Australia's arid lands?*, Australian Conservation Foundation, Melbourne.
4. Anon, 1981b, *The administration, management and tenure of South Australia's pastoral lands*, Report by an interdepartmental working group to the South Australian Government.

Ed.'s Note: This letter has been abridged. Our masthead has now dropped reference to freehold. Our main concern is the collection of site rents, whether on a freehold or leasehold basis. The respective merits in different situations is a highly technical matter, and we are grateful to our correspondent for opening up the issue.

FIRESTORM AND LAND LOCATION RENT

Over a hundred years ago Henry George, while riding in the Oakland-Berkeley foothills, conceived an idea regarding progress and poverty. He wrote the classic book "Progress and Poverty". The Oakland assessor's office recently announced the soul of Henry George's book, **the rent of land's location**, as being the full amount the community requires of one to be a part of the community. The reasoning seemed to state that you shouldn't be taxed for the "improvements".

I believe a better understanding of the ramifications of revenue gathering would reveal there are good and bad

ways of raising funds. Gary Cooper once replied in a movie to something he didn't like, "smile when you say that, partner".

It's not always so much what's said or done as how it's said or done. So too "taxes".

The annual cost of "reserving" a particular location of land is more correctly a rent than a tax. The repetitious taxing of "improvements" tends to discourage construction and indeed rewards decay. Decay, better known as slums, brings all the ramifications which, while we may deplore them, we accept them needlessly.

Ben Mallia,
Alameda, CA, U.S.A.

STANDING COMMITTEE ON DOCTRINE AND THE AUSTRALIAN GEORGIST QUARTERLY

At the 1991 Annual Meeting it was decided that a standing committee be appointed with the duty of making recommendations in matters where there is contention as to the wordings most likely to quickly advance the aims of the movement. Later, Messrs Brennan, Every, Heywood, Pitt (convenor) and Wigmore were appointed.

Readers will know the need for this committee from the disparity in views that appear in our journals and lead to 'Letters to the Editor'. While that is good in itself, the editorial committee occasionally had to close the discussion lest it became repetitious or distractive. That was regretted for discussion always has a purpose.

That purpose can now be served through the columns of the Australian Georgist Quarterly published by the Association for Good Government, 143 Lawson Street, Redfern 2016. As an educational medium it is sent without charge to everyone interested in receiving it or wishing to contribute.

The standing committee welcomes anyone wishing to attend or to place material before it. Meetings are at Mr. Brennan's home, 46 Elmhurst Road Blackburn (878 9630) on the third Monday of each month.

A.C.T. LAND TAX

All Canberra landholders have received a circular during October for the introduction of a one per cent land tax on A.C.T. land with the exception of principal residences.

LAND TAX PHILOSOPHY LIVES ON

Jerry Heaster, Economics Writer, Kansas City Star, (Missouri).

For some, the taxation philosophy of Henry George excites the imagination as much today as it did nearly a century and a quarter ago, when George first outlined it for the American public.

John Morales, a longtime regular correspondent from Savannah, Mo., is one such devotee of George and his letters never fail to make an interesting point based on the teachings of one of the most interesting intellects in American history.

A recent Morales missive, for example, noted that local governments would be much better off if they opted for George's idea of taxing only land and foregoing taxes on the other two factors of production.

"You tax land because it is not going anywhere – as disgruntled capital and labour can and do, leaving blighted cities behind," Morales noted.

George was a social reformer, and his life was devoted primarily to fighting profiteering and corruption. He made his greatest impact with *Progress and Poverty*, which became a runaway bestseller after he published it partly at his own expense in 1879.

George said a nation's economic output was equal to the sum of rent (from land), interest (from capital) and wages (from labour), according to Christine Ammer and Dean Ammer in their *Dictionary of Business and Economics*. Since growth boosts rents because the supply of good land is fixed, economic gains from production would be absorbed by rising rents instead of boosting wages and interest.

The way to make the distribution of expanding wealth more equal, George theorized, was to exempt wages and interest from taxation and tax only the rents derived from land ownership. (Under George's system, however, improvements that increased the land's productivity – such as buildings – would remain untaxed.)

Underlying George's philosophy was a desire to discourage speculation and encourage the land's most productive use.

The tax on land values is the most just and equal tax, George said in *Progress and Poverty*, because it falls exclusively on those who receive from society a "peculiar and valuable benefit" in proportion to the magnitude of the benefit they receive. This makes

it a "taking by the community of the value which is the creation of the community", he said.

The fact that George's book was a bestseller says much about the vigor of intellectual debate during an era when average educational levels weren't nearly as lofty as they are now. People back then, it seems, were really passionate about *ideas*.

And the intellectual legacy of that era is the relatively small band of Georgians who still cleave to his philosophy. Their loyalty apparently is buttressed by the belief that George's concepts get at the basic cause of poverty – i.e. speculation, monopoly and taxes on the fruits of a working person's labour.

George's ideas never gained widespread political acceptance for reasons that seem fairly obvious. They threatened the interests of the most powerful titans of his day as well as ours.

Moreover, they probably have been perceived as too close to socialism for comfort in our capitalistic society, which was a bad rap, says Morales. George never advocated nationalizing or socializing the land, says Morales, and what we ended up with amounts to a "Marxist tax policy".

Perhaps, but the Georgian approach nevertheless retains its appeal because it would do away with taxes on working and saving. Meanwhile, another excellent argument for George's way is the mess of a system government has concocted for us in the process of rejecting his philosophy.

April 3, 1991.

THE FACTS ABOUT SITE-VALUE RATING (SVR)

The vital change that SVR would bring to Wynyard (Tas.) is that Land Values only would be rated. Buildings and other improvements would be rate-free.

Under the present rating system the fear of higher rates discourages or delays progressive improvements. In some parts of Wynyard this influence is too obvious to be overlooked. Under SVR the rates would have to be paid if the land were used or not. Land owners would be encouraged to put land to its best use, or sell it to those who would use it.

This is not a vague theoretical fancy; statistics from every area where SVR has been introduced prove it to be true.

Some people fear that lower SVR rates on most homes would mean reduced revenue for the Council. *This is wrong.* Total Council revenue would be the same under either rating system. A simple example may be taken from two adjoining blocks, one vacant and one with a home on it. At present the occupied block may pay \$300 in rates and the vacant one perhaps \$100. SVR would collect the same total of \$400 by charging each block \$200. WHY NOT? Both blocks enjoy the same advantages of situation, roads, water, electricity, transport etc. It's those advantages, provided by public money, which give them equal Land Value.

Some short-sighted business people complain that SVR would increase rates in the shopping centre. Far-sighted people realise that this temporary disadvantage would be far outweighed by increased business activity resulting from stimulated building and other employment. The truth of this was clearly shown by the N.S.W. Royal Commission on Local Government Finance, when the Retail Traders' Association, the Country Traders' Association and the Sydney Chamber of Commerce all submitted that Land Value rating should be retained.

Backward, sub-standard premises would pay more with SVR. Once modernised, these would feel the benefits of SVR. The present rating system punishes modernisation; SVR punishes stagnation.

Farmers gain from SVR – real farmers that is, not those who try to farm valuable suburban land which is far too expensive for that use. Rural land-owners who hold land for investment or tax evasion will lose by SVR, but they are not farmers. The most convincing argument in favour of rural SVR is that farmers who have won it don't vote to go back to having their own improvements rated. At the Royal Commission mentioned, graziers, woolgrowers and farmers all submitted that Land Value rating should be retained.

Residential flats and industries would pay lower rates under SVR, and rightly so. There is a public demand for them and they are more beneficial to the community than neglected, vacant land. Reduced rates for industry will help boost employment.

SVR would help to bring inner land under development before Council services have to be extended to outer areas. This must make economic com-

nonsense.

It is true that a small minority of homes would pay more rates under SVR. Opponents of SVR are silent about the majority who now pay more than their fair share. No doubt we will again hear about the "poor widow" who owns vacant land. This character is always thrust forward by someone who is not a widow and is not poor! She makes good camouflage! Widows who own expensive land normally are not poor. Most poor widows exist in inferior housing because present rating helps to put better housing out of their reach.

Tasmania lags far behind the rest of Australia and New Zealand where SVR predominates. No doubt this is one of the reasons why so many Tasmanians migrate.

75% of Australians enjoy the benefits of SVR, not because it was thrust upon them, but because the people demanded it. Let Wynyard enjoy it too.

R. B. Excell,
Hon. Secretary,
Municipal Reform Group, Tasmania.

QUAKER REFORMER 100 YEARS BEFORE GEORGE

Georgist ideas can be presented cogently in religious language. The following passage is from the Quaker Social reformer, John Woolman, written in 1791. It is entitled "A plea for the poor, or a word of remembrance and caution to the rich".

"The heaven, even the heavens, are the Lord's; but the earth hath he given to the children of men." As servants of God our land or estates we hold under Him as his gifts; and in applying the profits it is our duty to act consistently with the designs of our Benefactor. Imperfect men may give from motives of misguided affection, but perfect wisdom and goodness gives agreeably to his own nature; nor is this gift absolute, but conditional, for us to occupy as dutiful children and not otherwise; for He alone is the true

proprietor. "The world," said He, "is mine, and the fullness thereof."

The inspired lawgiver directed that such of the Israelites as sold their inheritance should sell it for a term only, and that they or their children should again enjoy it in the year of jubilee, settled on every fiftieth year. "The land shall not be sold forever, for the land is mine, saith the Lord, for ye are strangers and sojourners with me." This was designed to prevent the rich from oppressing the poor by too much engrossing the land; and our blessed Redeemer said, "Till heaven and earth pass, one jot or one tittle shall in no wise pass from the law, till all be fulfilled."

When Divine love takes place in the hearts of any people, and they steadily act in a principle of universal righteousness, then the true intent of the law is fulfilled, though their outward modes or proceeding may be various; but when men are possessed by that spirit hinted at by the prophet and, looking over their wealth say in their hearts, "Have we not taken to us horns by our own strength?" they deviate from the Divine law and do not count their possessions so strictly God's, nor the weak and poor entitled to so much of the increase thereof, but that they may indulge their desires in conforming to worldly pomp. Thus when house is joined to house and field laid to field, until there is no place, and the poor are thereby straightened, though this is done by bargain and purchase, yet so far that woe predicted by the prophet will accompany their proceedings.

As He who first founded the earth was then the true proprietor of it, so He still remains, and though He hath given it to the children of men, so that multitudes of people have had their sustenance from it while they continued here, yet He hath never alienated it, but His right is as good as at first; nor can any apply the increase of their possessions contrary to universal love, nor dispose of lands in a way which they know tends to exalt some by oppressing others, without being justly chargeable with usurpation.

FOOD FOR THOUGHT

RENT does not arise from the productiveness or utility of land.
(*Progress & Poverty* Bk.3 ch.2).

RENT is the share in the wealth produced which the exclusive right to the use of natural capabilities gives to the owner.
(*Progress & Poverty* Bk.3 ch.2).

Taxing the wages and products of labour is simply a relic of the feudal master-serf pattern. Taxing the value of land, the common inheritance of all earthly life, would introduce democracy into the marketplace.

Milly Clapp

SHAKY BANKS

"The banking system is in its worst shape in 60 years." The cause? "Collapsing real estate values." (Mortimer Zuckerman editorial, "U.S. News and World Review", 8/4/91.) Strictly, of course, collapsing land values.

CONSUMPTION TAX JUMPS

Almost every country which had introduced a consumption tax had later increased it, Mr. Hawke stated. (*Herald/Sun* 12/9/91).

Such taxes had risen in the U.K. from 10 per cent to 17.5 per cent, in Denmark from 10 per cent to 22 per cent, in France from 13.6 per cent to 18.6 per cent, in Italy from 12 per cent to 19 per cent and in New Zealand from 10 per cent to 12.5 per cent, he said.

"Whatever rate is proposed by the coalition we can be sure it will subsequently increase as it has all over the world," he said.

The Treasurer, Mr. Kerin, pointed out that a seminar on how to minimise consumption tax obligations was already being advertised in Sydney.

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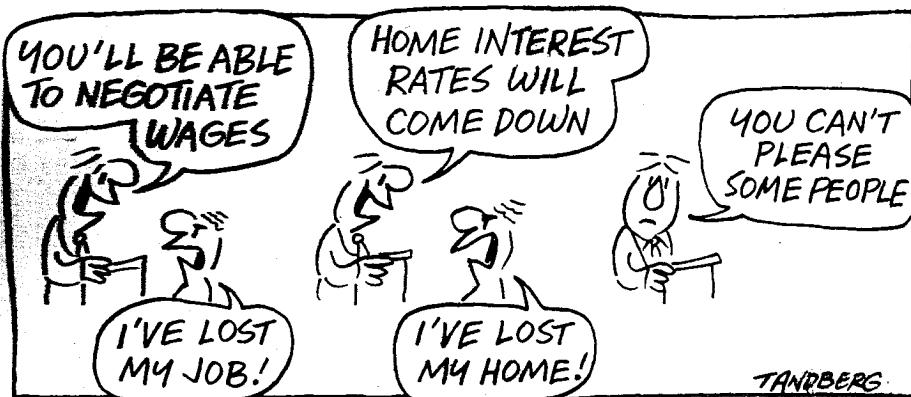
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MARY'S LITTLE LAMB

Mary had a little land,
And fruit she used to grow;
But every case that Mary sold
The people taxed her. So
She therefore went to school one day
And learned, it was the rule,
The more you work, the more you're
taxed;
But Mary was no fool.
The teacher also told her how
Site values would appear,
If only she would play about
No taxes need she fear.
What makes the men love Mary so,
The little children cry;
O, Mary's values grew, you know,
By people's work near by.



DATES FOR YOUR DIARY

- Lunch-hour videos, Series, 12.30 p.m. 1st Monday of month. (not Jan.)
- Executive Meeting: 7.30 p.m., Thursday, February 13.
- Melbourne School of Economics – 10.30 a.m. Tuesdays.
- Annual General Meeting: Tuesday, February 17, 8.00 p.m.

DEADLINE FOR PROGRESS:

Noon on 12th of previous month.

The views expressed in articles are those of the writers and not necessarily of Tax Reform Australia Inc.

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P.O. Box 6038, Auckland, N.Z.

The New Zealand Land Value Rating Association,
P.O. Box 6038, Auckland, N.Z.

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