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## OUR PHILOSOPHY

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

*We recognise* that for many purposes it is essential for individuals to have exclusive possession and security of tenure of land AS GIVEN BY THE EXISTING FREEHOLD SYSTEM OF LAND TENURE.

*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.

## AUSTRALIA AND THE GLOBAL ECONOMY: BEYOND PAROCHIALISM

Ted Wheelwright, Political Economist, Sydney  
(ABC Notes on the News, Friday March 30, 1990)

The recent Federal election has been conducted in a most parochial fashion. The real issue — how the Australian economy can best respond to fundamental changes in the world economy — has again been largely ignored. We have been offered little more than the usual platitudes about competition, level playing fields, restructuring, and getting the right “settings” on interest rates and foreign exchange. More of all these things, we are assured, will reduce our foreign debt, improve the balance of payments, increase economic growth and employment, and allow us all to live happily ever after.

This is the analogy of the “clockwork economy” derived from 19th century mechanics; wind it up, select the appropriate settings, and it will go on ticking to everyone’s satisfaction. It was always misleading, and especially so now.

There has been little attempt to educate the electorate about the fundamental changes in the political economy of world capitalism, which are the major causes of our problems.

They include the increasing dominance of world industries by a few hundred global corporations, fostered partly by the deregulation of the finance industry worldwide, causing an unprecedented wave of mergers and takeovers (monopolies), and also intense speculation in all kinds of financial markets, leading to what has

been called “casino capitalism”. This has created a new kind of managerial class, concentrating on short term profits, with a distinct propensity for swindling and cheating on a grand scale, resulting from their motto, “greed is good”.

One result of this financial flexibility has been much more *instability* in all kinds of financial markets. It has been accelerated by large scale computerised buying and selling by brokers integrated with big banks, who put the “right settings” on their computers, and go out to lunch.

In its turn this led to a revival of monetary intervention by governments and central banks, disguised as “Plaza Agreements” or “Groups of Seven”. It has been called “manipulative capitalism” but no-one is quite sure who is manipulating whom.

Technology has been a prime mover. The communications and information revolution has virtually annihilated distance. Industry can be moved around the world as never before to where cheap labour is, creating a new world market for labour. Mass air transport makes it much easier to move migrant labour around the world, competing with local labour. Most of the new technologies have been labour saving, originally in the manufacturing industry, then in agriculture, and now in the largest sector of all, services.

These changes in technology caused

changes in the class structure. Fewer people produced more goods in less time. The “educational and scientific estate” expanded; white collar employment increased, blue collar employment contracted. Part of the new class that was created became the nucleus of the “Greenies”. Their rebellion against the system’s exploitation of the environment may be more significant than the blue collar rebellion against the exploitation of labour.

The most startling recent change is the end of the Cold War, which must eventually cause large scale disarmament and is bound to have a big impact on employment in the military industrial complexes of both sides.

The most far-reaching change for Australia is probably that global capitalism has ceased to be dominated by a single great power, and three blocs are emerging: North America led by the USA, Europe led by Germany, and Asia

## INSIDE:

- Let’s Explode Some Current Myths
- Green Economics
- Dates for your Diaries

(See Back Page)

led by Japan. Australia does not fit neatly into any of these blocs.

If all the factors are put together, they amount to a *qualitative change in the nature and structure of world capitalism*, which strengthens the power of capital and its managers in relation to the nation state, and in relation to labour and its protective organisations. It is arguable that there is no such thing as a national economy any more, and even if there is, a national government cannot control it.

This poses enormous problems even for big countries, let alone Australia.

#### COMMENT

Despite all the foregoing, however, land tenure conditions remain fundamental and inescapable.

### LUXURY TAX A PURSUIT OF FOLLY

Consider the sorry tale of the Government's 50% sales tax on so-called luxury motor vehicles. The tax was designed to raise \$100 million in revenue and has, on the Motor Trades Association of Australia's and car manufacturers' estimates, actually ended up costing the taxpayers more than \$200 million. At the same time, the tax caused the collapse of the luxury car market.

("Canberra Times", 5/4/91)

While car dealer sales and Government revenues were falling, and while car dealers were having to retrench staff, the Government pursued a course designed to lose itself revenue. While purporting to show how it was not a Government for silvertails who drive luxury cars, but rather a Government close to its grassroots Labor voters, many of those grassroots voters who worked for dealers were losing their jobs as the luxury car market collapsed.

The market continued to decline alarmingly. By June 1990 sales were running at 1072 vehicles, or about one-third their normal level. By September, sales had dropped to 997. By December, the collapse of the market was all too obvious with sales down to 833 per month as against over 2700 in March of the same year.

#### COMMENT

The power to tax is indeed the power to destroy.

## ESTIMATE OF AUSTRALIAN SITE VALUES

### Revised Estimates as at 1 July 1988

Taking into account all the matters considered above (and including what I have deduced to be the adjustments made by Mr. Herps for leasehold interests), I conclude that the valuations as at 1 July 1988 for the States and Territories are as follows:

State	Residential \$ m	Commercial/ Industrial \$ m	Rural \$ m	Total \$ m
NSW	158,159.1	43,778.7	22,548.9 <sup>1</sup>	224,486.7
VIC	78,743.3	29,868.1 <sup>2</sup>	14,960.5	123,571.9
QLD	33,235.6	8,464.0	7,209.4	48,909.0
WA	22,127.3	6,209.6	6,578.9 <sup>3</sup>	34,915.8
SA	16,745.4	3,939.5	6,987.5	27,672.4
TAS	2,846.8	654.8	1,613.2	5,114.8
NT	1,022.6	506.3	224.5 <sup>4</sup>	1,753.4
ACT	3,702.6	1,382.9	20.2	5,105.7
TOTAL	316,582.7	94,803.9	60,143.1	471,529.7

1. Includes \$50m adjustment for freehold value Western Lands Division.
  2. Includes \$160m for Snowfield Leases and French Island.
  3. Includes \$350m adjustment for freehold value of Pastoral, Forestry, Mining, and Special Leases.
  4. Includes \$20m adjustment for Pastoral Leases.
- (Source: Commonwealth Grants Commission.)

### LEADING AUSTRALIAN DAILY'S EXCELLENT ARTICLE

The Brisbane "Courier Mail" gave an excellent coverage on May 18, 1991, to the ideas of Mr. Phil Day on land tenure and related matters.

Mr. Day was quoted thus: "The initial capital cost of a house and land package could be reduced by between 25 and 30% if the land component were not bought outright but leased – in perpetuity if need be – for an annual rental."

The letter by 26 distinguished American economists, including three Nobel prize winners, to Mikhail Gorbachev, recommending what was essentially a Georgist land tenure system, was referred to, including three major arguments for the social collection for the rent of land.

Mr. Phil Day, a leading Brisbane town planner, was also quoted in relation to the investment advantages of collecting annual site values.

Congratulations to the journalist concerned (Don Petersen) and to "The Courier Mail" for breaking the media blanketing and giving such an excellent presentation of the Georgist proposals.

### ERRATUM

Bryan Kavanagh reports that the badly-worded passage in the May issue of *Progress* under the heading "FINALLY" in the response to the Australian Catholic Bishops' draft report *Common Wealth and Common Good* had been amended in the original to read as follows:

There is something synchronously unholy about the Bishops' Committee's acceptance that this planet of God's can be privately owned, abused, and sold at a profit, precisely 100 years after *Rerum Novarum*.

Yes, we should retain our freehold titles, but we all have the annual duty to "Pay the Rent" as our indigenous people say (and as Peter Garrett sings). This would uphold the long-standing position of the Church – as best represented by the words of Pope Gregory the Great in *Cura Pastoralis*:

"Those who make private property of the gift of God pretend in vain to be innocent. For, in thus retaining the subsistence of the poor, they are the murderers of those who die every day for the want of it."

## LET'S EXPLODE SOME CURRENT MYTHS

### 1. We need a change of Government

Yes, if only that were the case! But they're as bad as each other. The truth is that none of them want to accept the real answers; so they're reduced to petty squabbling – as Australia goes further down the gurgler.

If ever there were a time for a government of national reconciliation . . . for individual representatives like Ted Mack . . . for proportionally-represented government . . . it's now!

The divisiveness of a virtual two-party system really ought to be a thing of the past.

### 2. We need to help the Economy We need to help Small Business We need to help Primary Industry

No. If we slash both direct and indirect taxes *every* Australian (and *all* of the above) will benefit!

### 3. Australians will all have to work harder

Not necessarily. Do you know what caused the Great Depression? People had no money to buy things. They wanted things, needed things, but they couldn't afford them. They were told to work harder and longer to get out of the depression – or else they'd lose their jobs. Sound familiar?

They worked harder and longer – and lost their jobs anyway. Nobody was buying.

The world is in recession, moving towards a depression, *because there is little or no effective demand* (spare money or ready cash) for products. If we work harder to produce more goods, we'll just have more on our hands unsold.

### So, what's the answer?

The only way to put extra money in everyone's pocket (create effective demand), *without causing inflation*, is to slash all taxes – and fund government from the annual rental value of the land we occupy; similar to our rates, except that it can be taken out of our salaries in instalments.

But surely there's no difference? A tax is a tax.

Not so. The only thing you *can* get economists to agree upon is that a "tax" on unimproved land values is actually a *rent* – and cannot be passed on in prices like all other taxes. It is therefore an incentive "tax" that aids production

and employment – as it deters inflation!

The existing tax regime is a series of fines against those who work – and a pat on the back for speculators!

The community-created value of our natural resources, some 25% of our National Income, is currently allowed to flow into relatively few private pockets.

90% of Australians would be better off immediately (even retired people pay indirect taxes!) under this proposal. Also, goods and services would become more affordable both at home and abroad!

And, by putting an annual levy on the land we hold, we deter speculation, monopoly, and *encourage the wise use and conservation of our natural resources!*

### That's the only way

- out of a depression
- to help *all* Australians
- to work smarter
- to be cost-competitive.

More money in everyone's hands – without inflation! It's a different message, and it works!

Bryan Kavanagh

## JAPANESE INVESTMENT

Having just returned from the Gold Coast, I'd like to report that the Government's excuse for selling Australia to the Japanese simply isn't worth the rice paper it's written on.

We are told inviting Japanese investment encourages revenue from increased tourism.

I'm here to tell you that money is recycled back to Japan almost as quickly as it comes into Australia.

The many Japanese I saw and talked to come over on Japanese-owned airlines, stay in Japanese-owned hotels, eat at Japanese-owned restaurants and buy goods from Japanese-owned shops (or shops leased from Japanese owners).

The growing feeling among Australians on the Gold Coast is that we should look at leasing land for redevelopment, rather than selling it outright.

A 99-year lease (common in Europe) gives the lessee three business lifetimes to make the investment pay dividends, but ownership never leaves the country.

Glenda Banks,  
"The Sun", 4/2/89

## AFFORDABLE HOUSING COMMISSION AND LAND VALUE TAXATION

As a fellow American, I am writing to draw your attention to the *minority* report of the late Senator Paul H. Douglas when appointed to the Chairmanship of the National Commission on Urban Problems in 1967 by our late President Lyndon Johnson.

In his report Senator Douglas advocated a modest form of land value taxation, as first proposed by Henry George. Senator Douglas stated:

*"The amount of tax could for example be increased by 1% a year over a long period of time until the economic rent would be virtually all absorbed except for a fee of collection."*

He further went on to write that: *"to couple the gradual increase of taxation on land values with the gradual and simultaneous decrease of taxation on buildings as in the Pittsburg Tax plan (would mean that) the mass of home owners, business men, industrialists and developers would stand to gain at least as much if not more by the reduction of taxes on their building improvements as they stand to lose from the increase of taxes on land values. This should help to satisfy those who are looking for tax reforms which are not only just but palatable as well."*

Twenty-three years on from that historic Minority Report the Pittsburg plan has proved itself. Pittsburgh has the most affordable housing in the USA. It is time that your own Commission on Affordable Housing gave serious thought to Henry George's proposals for taxation on the site values of land, as advocated by Senator Douglas.

Milton Friedman, Nobel Laureate in economics, has called it "the least bad tax available". Land value Taxation should now finally take pride of place in the *Majority* Report of the Commission on which you are graced to be a member.

H. I. Meyer, U.K.,  
in a letter to the  
Chief Executive Officer of a  
leading U.S. Savings Bank.

Henry George was one of the really great thinkers produced by our country . . . I wish his writings were better known and more clearly understood.

Franklin D. Roosevelt, U.S. President.

## PRESS LETTERS

### NOT WORK OF GOD'S HANDS

Bishop Brennan (CL 28/4/91) may well be saddened by certain reactions to the release of *Common Wealth and Common Good*, especially those he considers as saying the bishops are adopting "the same old socialist rhetoric and opting for a welfare Statism".

The more I come to learn of the Church's social teaching, and note as one of its main tenets the principle of subsidiarity, the more I wonder that such urgings as saying the government must do more, seems to be the main response from Catholic and Christian groups to any increase in poverty.

Perhaps more thought needs to be given to the principle of the Church's social teaching "that the wealth of the world belongs to the whole human family" (Bishop Brennan).

The wealth of the world can be divided into two broad categories: first, that wealth which is the direct gift of God – the earth and all the natural resources upon and within it, the seas with their natural resources, airwaves, soundwaves, etc.; second, that wealth which human beings have created from the use of their gifts upon these God-given resources.

Private ownership in the former seems to deny the reality of this gift, especially when people hold onto those resources as if they were of their own making until the price is right for them to make a big profit without having done any work to give the resource value.

Obviously private property in those things which people make from the use of their gifts and labour is paramount. If people wish to sell those things that they have made, they are free to name their price – because it is the work of their hands, not God's hands.

Jenny Gibson,

Kilcoy, Qld.

"Catholic Leader", 12/5/91.

### SIMPLE TAX A BETTER RECIPE

Well may John Teakle ask what happened to the graingrower's share of the dough, when he compared the return to a wheat farmer from a loaf of bread in 1950 with that of today (*The Australian*, 8/5).

An analysis shows that half of the cost of a current loaf is a nutritionally zero impurity called taxation. When the compliance and opportunity costs are added, there is precious little left for the farmer, the miller, the baker and the corner store.

Do we have to wait any longer to find, like our Soviet friends, that the little red hens of the community rapidly lose interest in planting, harvesting and baking when most of the loaf is confiscated by those who contributed nothing to the process?

A review of the taxation slice of the cost of bread describes everything that is wrong with the economy. The proponents of a consumption tax should re-examine their proposals carefully.

The introduction of a 10 per cent goods and services tax across the board as proposed in some quarters would increase the price of each loaf by 10 per cent for starters – with no offset. There is no sales tax on bread. Tell that to the pensioners.

And can you imagine, by the time the legislation got to the starting gates, how the already confusing range of exemptions and compensations already suggested by the proponents of GST will have grown through the actions of pressure groups as the impact of this proposed new Pandora's box of tax became realised?

For example would GST apply to educational services, food, medicine, books? A GST only gives government a new platform for raising extra taxes. The UK has just increased its regressive VAT from 15 per cent to 17.5 per cent. New Zealand brought in its GST at 10 per cent and already it is 12 per cent. Canada has just brought its in at 7 per cent. I am willing to take bets that it will be 10 per cent within three years.

The introduction of another confusion of taxes on top of the illogical income tax morass will only drag us further into the fiscal swamps. We need to take note of the gold industry experience, and learn how companies and employment thrive and the total tax take increases when there is no company income tax.

This leads to a powerful argument for abolishing income tax altogether, and to replace the bulk of government

revenue with one simple, low and predictable tax.

John McRobert,  
Brisbane.  
"Australian", 15/5/91.  
(Abridged slightly)

### ONE VOTE, ONE VALUE

Like most political catchcries, "One vote one value" is spurious whilst ever there is a losing candidate who attracts a vote.

With single-member electorates virtually half the votes have zilch value and the successful half have double value. On recent A.C.T. voting trends, most of the latter will only succeed on second or subsequent preferences, earlier preferences being wasted, too.

With five-member Hare-Clark electorates, as advocated by Malcolm Mackerras, nearly 17% of votes still fail to count but one simple seventeen-member electorate reduces this wastage to a mere 5.6%.

If "One vote one value" is to be even closely approached, one Hare-Clark electorate of all A.C.T. must be a referendum option.

Bill Mason,  
"Canberra Times" 16/4/91.

### OUR SYSTEM'S FULL OF FLAWS

The current recession (depression?) shows that, notwithstanding the recent discrediting of coercive collectivism in eastern Europe, our system of monopoly capitalism is full of flaws.

Unemployment is officially near 10 per cent (perhaps, as Dr. Hewson suggests, it is almost double that); housing access is increasingly difficult (now for many couples, two incomes are necessary whereas 20 to 30 years ago one usually sufficed); the gap between very rich and very poor is widening.

All these trends, of course, are taking place under so-called Labor Governments.

The current jargon about level playing fields is meaningless as long as access to sites (whether for housing, industry, commerce or whatever) is difficult because of the high price of land.

A vital factor in our present gloom

and doom is the necessity to stop taxing wages, goods and consumer services, and to increasingly rely upon the community-created site values which reflect the advantages of occupying particular sites.

We could then move away from the current casino capitalism to a genuinely productive capitalism concerned with the provision of socially necessary goods and services.

This is not a recession we had to have. Nor is its continuance as uncontrollable as the weather.

G. Forster,  
Secretary,

Tax Reform Australia.  
"Mornington Leader" 5/6/91

## THE RIGHT TO STRIKE

The "right to strike" as exercised in Australia, means much more than the axiomatic right of a free man or woman to withdraw labour. It supposes the "right" to cause unlimited damage to the rest of the community in general, and to quite innocent third parties in particular (e.g. the pilots' strike).

It claims the "right" to use violence to prevent other free men and women from earning their livelihood. It is a "group right" – exercised, mostly, not by the individual strikers, but by their union bosses themselves financially unaffected. The individual striker may not wish to be on strike, and is often as much a victim as other sufferers.

Are we to believe that this is a "fundamental human right"?

More than half of industrial disputes may be the fault of poor management, but their resolution by strikes, in the Australian fashion, is incompatible with the rule of law.

Frank McLaughlin,  
Southport, Qld.  
"Progress Party Newsletter"  
6/6/91.

## BASIC ECONOMICS

Judging by Peter Costigan's article (p.5, Jan 20), the Catholic Bishops' Committee for Justice, Development and Peace, like the Bourbons, has learnt nothing but forgotten nothing either from its three-year investigation of the distribution of wealth.

The facile temptation to tax wealth, without discrimination between that productively earned and that derived unearned from natural or enforced monopoly, has been tried and has failed to achieve its ostensible objective so

many times in so many places that one might have hoped careful explanation would one day be accepted by seekers after genuine socio-economic justice.

Not yet, apparently! I expect my own three submissions to the Commission at different stages, totalling some sixteen pages and never queried, were supported independently and lucidly by quite a few others. Yet once again we are offered a gimmicky variant on a tired old theme – a death duty but on the heirs, who should somehow be able to avoid selling the family farm or business to pay it when the estate itself, in their hands, cannot!

All States, Territories and most of local government still have minor taxes on land (unearned natural monopoly wealth), *not just Victoria*, although sadly whittled away since Lucky Country days when we also had a Commonwealth land tax. These have *not* extended to tax residences or any man-made improvements except earthworks permanently merged over time with the unimproved state of land.

Business owes *no* "... fair share to general revenue ...". Public revenue expenditures enhance the value of land, not of productive business and should thus in justice be paid by land. Already paid heavily by business instead, taxes must be passed on to consumers to hopefully avoid bankruptcy and maintain a fair return to human capital and labour from lower sales, production and prosperity thereby occasioned. Denied a fair return, capital and labour gravitate increasingly to exploitation of the most intrinsically valuable natural resources and primary commodities, which typically require less of each. Instead of desperately needed but now unaffordable labour-intensive goods and services we thus get more and more grandiose and monopolistic development projects, mainly for exports, from those purloining the wealth we produce.

It is world-wide pollution, reckless consumption of *and warfare over* untaxed, natural resources that we must learn to avoid, by their frugal, *taxed* use instead, in durable goods and services, mostly using *untaxed*, man-made capital and labour. Instead of an even more disastrous business-consumption tax burden, we must reverse the process, for peace, justice and the environment.

Let's hope Peter Costigan just had a bad dream!

B. Mason,  
Pearce, A.C.T.  
submitted to  
"The Canberra Times".

## AN ASSESSMENT OF HENRY GEORGE

We may remind ourselves that any reappraisal of George, whenever made, must end as it must begin, in reverent regard for the one quality which most conspicuously sets him off against the background of the society he lived in – the quality of simple human goodness. He was one of the greatest of philosophers, and the spontaneous concurring voice of all his contemporaries acclaimed him as one of the best of men. Erasmus made it a mark of true Christians that they should be so blameless as to force infidels to speak well of them, and this George was. In the midst of an evil and perverse generation he walked worthily; in a welter of the worst passions and the meanest prejudices he remained innocent, sincere, steadfast. He is with Marcus Aurelius as "one of those consoling and hope-inspiring marks which stand forever to remind our weak and easily-discouraged race how high human goodness and perseverance have once been carried, and may be carried again." In time to come, the elite of mankind shall say, "It was a society which did only what was right in its own eyes. Its works and ways bore only the mark of Rimmon upon them; the people took up the tabernacle of Moloch and Chiun, their images; they followed the star of their god Remphan. Yet there were some who were incorruptible, who walked not after strange gods; their eye was single; and one of them was called Henry George."

From "Henry George", by Albert Nock.

## COMMENT

We are living at a time when many of the world's idols are being shown to have feet of clay. It seems timely to print this tribute about the man whose ideas this journal is concerned to promulgate.

"No matter how much economists may disagree on a variety of issues, there will be a consensus on this one: and that is, that a tax on the capital gain of development land has no effect whatever on its market price." E. J. Mishan, of the London School of Economics, in "21 Popular Economic Fallacies" (Pelican), p.65, in the chapter "A tax on land raises its price" – one of the 21 fallacies, of course.

## THE LAST GREAT TAX SHELTER? WHO'S KEATING WHO?

I wish a number of my media colleagues would stop calling the family house "the last great tax shelter".

First, it's not. Second, with Canberra's vaunted budget surplus vanishing as quickly as Western Australian political donations, we don't want to give the Federal Government ideas. There's a touch of the Spanish inquisitor about Paul Keating, a capacity to believe that more torture will prove good for our souls.

The view of the family house as a tax shelter is based on the fact that its sale doesn't attract capital gains tax. That's a plus in good times, but many people are now finding that the value of houses and flats can fall as well as rise; generally, the idea of a capital gain is ludicrous.

Okay, some people have improved their homes and manage to trade up or, these days, more often just get out) with a notional profit despite the sagging real estate markets. But let's look at how that "profit" is arrived at.

Every dollar spent on renovations and improvements by the ordinary householder (\$9 billion in 1988/89) has already been taxed. Whether the money is dribbled out in small amounts of cash painfully saved from income, or whether it goes from income to pay off a loan taken to finance home improvements, between a third and a half of it has already been bitten off by the tax man.

So, you have accumulated a sum of (taxed) money or you have the right to write a cheque for repairs and will pay off that money with taxed income at high interest rates plus colourful charges imposed by the bank. You call for quotes to renew the wiring in your old house.

The electricians know that the tax man will take a further bite of the money which changes hands for their work. So the quotes all include not just their costs and a margin for profit but a further margin for the contractor's income tax. Our renovations dollar has now been chopped down to 25 cents. Sheltered from tax? Try and persuade someone battling to do up an old house that they haven't been standing right out in the storm.

Okay, so you're handy. You decide to do lots of the renovation work yourselves. Very brave. (a) You're risking the

divorce court or the end of a good relationship; (b) the money you "save", realistically viewed, works out to you paying yourselves \$2 an hour for desperately tricky work; (c) when things go wrong, you often have to call in an outsider anyway and even the notional "savings" have vanished.

But even for the DIY renovator, the plethora of indirect taxes weighing down everything he or she buys means the chomping of the tax man's teeth provides background music to the whole painful exercise.

And we're told we are somehow fortunate that if we manage to survive being toasted on the fires of high interest rates, if we have the good taste and endurance to make our 25 cents renovations dollar earn its keep, if we manage to be ready to sell in a favourable market (which may be a long wait now), somehow we are getting away with a "rort" because Canberra doesn't jump in to take yet another bite. Rot.

In Britain, where the tax regime is so tough they tax the plaque on your teeth, you can deduct two-sevenths of the mortgage interest from your taxable income. And you can keep refinancing the home you're renovating so that renovation costs fall within this two-sevenths regime. Smarties manage to get furniture and fittings within the call by a bit of imaginative script-writing at which building societies often connive. That's an edge, that's an advantage. Okay, it might be called a rort.

But in Australia we don't have that edge. But I'm not willing to feel grateful every day that each dollar in renovation capital committed to my house, each 25 cents left to me after Mr Trevor Boucher's gentle attention, will not be still further savaged if one day I should sell in a good market.

But let's be realistic for a moment about Australian real estate markets. When home loan interest rates, personal loans/overdraft rates, cost of materials and contractor labour/profit/tax are viewed rationally, someone who bought a house and started in on renovations five years ago would need to make a whopping notional "profit" to be even. At current market levels it's odds-on there would be a real loss, in many cases a thumping loss.

In recent years, Canberra has managed to stuff up almost every aspect of

our national life, and several state governments have done ignoble service, especially in Victoria, in swinging the boot to hit almost everything else.

So far they haven't completely demolished the family home. Let's try to keep it that way. One day soon, the Hawke/Keating Government might finally accept it has zilch chance of re-election under either leader. In that sort of mood, who knows what further damage they may opt for in the cause of micro-economic reform?

Peter Smark,  
"The Age", 1/5/91.

### PROPOSED TAXATION OF FOREIGN INVESTMENT IN AUSTRALIA

Because of our tax-led impoverishment, Australia is increasingly dependent on foreign investment to still further exploit us. Our growing dividend and interest tribute to overseas monopolists is bleeding Australia, as we know it, to death.

Such investment invariably exploits our most valuable land and natural resources to counter Australian tax costs. It favours labour-intensive processing overseas to avoid our tax costs.

All this is racially impartial yet monopolistically exploitative.

The numerous regulatory resolutions passed against foreign investment at Perth National Congress seem typically ineffective in practice. A simple, direct tax deterrent is necessary.

The land tax on beneficial foreign ownership proposed by Woden Valley Sub-Branch is simple, land values being already known for rating and tax purposes. It provides immediate deterrence to more real estate purchases by foreigners, and *incentive to sell back* to Australians, but does *not* penalise use of Australian labour as would the extension of the tax to improvements on the land. This tax revenue can replace, e.g. payroll tax, to make Australian production more affordable to Australians and thus provide more employment without foreign intervention.

Bill Mason.  
Presented to A.C.T. Annual  
R.S.L. Congress,  
26 May, 1991.

## GREEN ECONOMICS

### Seven Fundamental Principles

1. **No artificial subsidies.** It is immoral and irresponsible for our government to finance the destruction of our environment, through tariffs or other payoffs to corporations and the like. Big business does not deserve to be propped up by special hand-outs from the government. We call for an end to government-sponsored special privileges.
2. **Ownership of value.** We must respect the natural autonomy of every individual. When you add value to something, that added value is YOURS. If you take away value from something (by polluting it, for example), then YOU are responsible for that. It is not fair to use taxpayers as the automatic money source for cleaning up all the environmental destruction caused by reckless individuals and companies. The idea of "limited liability" for corporations and their directors has been carried too far.
3. **Our natural resources are our greatest treasure.** No individual person made our planet's natural resources; therefore no individual person can claim ownership of them. Our natural resources belong to all human beings and we have a responsibility to protect our common heritage for future generations. Natural resources are NOT private property; only added values made by people, such as houses or bridges, are rightfully private property.
4. **Understand the economic role of natural resources.** Why are some lands valuable and others practically worthless? The things that give value to land are the populations around it, the resources it contains, and the government services (electricity, roads, ambulance service, etc.) that make it useful. None of these things were created by landlords. The rental

income that arises from payments for the use of land and other natural resources is an enormous value. These values arise because of society and therefore belong to all of us, not just to a small privileged class of individuals. If an individual wishes tenancy over a portion of the environment, that individual has an obligation to reimburse the rest of the community and must behave responsibly to sustain the environment.

5. **We must respect and not restrict human rights,** such as the right to conduct one's economic affairs as best as one can. Yet taxes on human production infringe on this right since they lead to a decrease in production. For example, a tax on houses makes housing less cost-effective to own or buy; therefore less housing gets constructed, less rehab work is done, and so all housing becomes scarce and artificially expensive. Abolish all such taxes; in their place, let users of our natural resources reimburse society for that use. Economists have shown that such a system will raise more than enough revenue to pay for legitimate government programs.
6. **Retain and expand local, community-level control** over land-use decisions and other natural resource questions. This responsibility will lead to better-informed citizens, who will understand what is best for the environment and their own economic needs. For obvious reasons, we find it easier to trust local communities than large government power structures.
7. **Combat urban and suburban sprawl,** and decrease our society's over-reliance on the automobile. To ensure a sustainable level of well-being, we must encourage more human-scale, compact communities within areas that are already developed. By making efficient use of areas that have already been

urbanized, and recycling abandoned or underused sites, we can halt new expansions into the unspoiled parts of our planet for over 50 years. Stop the government's tax-breaks that reward air pollution and sprawl. More compact development will then arise naturally.

These seven principles are not new. However, for the first time in our planet's history, we can no longer afford to postpone their adoption. In recent years, the Green movement has embraced these views wholeheartedly. Here is one example from 1989:

The Green Party of Great Britain in their *Manifesto for a Sustainable Society*, calls for the collection by society of the land values it produces. "Ultimately, the collection rate will be increased to the highest practicable proportion of the full economic rent." They add that "Without this, the economic pressures of the present land system (including land speculation) will defeat all attempts to remedy ecological and allied problems."

Common Ground,  
U.S.A.

A sadistic American computer game that enables you to design your own castle on the screen has the following advertising blurb: "As lord or lady of the realm you'll be able to make life and death decisions over your fiefdom. Burden overtaxed peasants with tyrannical demands. Then defend your castle in bloody battles against them. Cheat workers of their hard-earned wages! Engage in treachery and make scores of enemies, then sit in your cold, damp castle and wonder why no one likes you. All the neat things that made the medieval ages a swell time are in this package!"

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NEW ZEALAND WEALTH DISTRIBUTION

The largest slice of personal wealth in New Zealand, calculated to be about \$NZ100 billion (\$A80.46 billion) is held by just 10,000 people. ("Canberra Times", 17/12/90)

The gap between the poor and the rich has widened in the last five years, according to a New Zealand Planning Council report, *Who Gets What*.

It blamed growing unemployment, including losses by self-employed people, as the main reason for a decline fall in earnings by the lower-income groups.

However, it said no earnings group had shown greatly increased income.

The growing gap between the rich and poor was seen in the changes between

the disposable income of the top 20 per cent of households and the bottom 20 per cent.

The gap had widened between 1985 and 1988, the period covering the introduction of GST (value-added tax), an income-tax revamp and the share-market boom and crash.

The report said an elite of 10,000 people, with an average wealth of \$NZ500,000 (\$A402,300), owned a disproportionately large slice, controlling almost 10 per cent of the total.

The report showed a widened gap also between Maori and non-Maori income, unemployment being a prime factor in disparity.

COMMENT

The foregoing gives more evidence for the need of Georgism.

S.A. COUNCILS

South Australian councils are in debt to the tune of almost \$300 million or about \$200 for every person in that State.

As Mr. Lewis Ellis, to whom we are indebted for this information, and a former councillor, has pointed out, if site value rating was universally in operation, the need for this strange situation would gradually disappear.

THOUGHT

A Nation that does not provide some access to land for all its people is uncivilized.

- Sam Venturella

Question: How does Australia fare?

DATES FOR YOUR DIARY

- Lunch-hour videos, Series, 12.30 p.m. Monday August 5th. Video of SBS feature on Wealth and Poverty.
- Executive Meeting: 7.30 p.m., Thursday, August 8th.
- Discussion night 7.30 p.m. Wednesday, August 14th - "The Devil's Advocate".
- Commemoration Dinner 6.30 p.m. Monday, September 2nd. Speaker Dr. Terry Dwyer, Architect of the Australian Catholic Welfare Commission's attack on Consumption Tax. Dallas Brooks Hall - \$25.00.

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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The Crown Leasehold Association,

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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