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LAND TAX IN NEW SOUTH WALES — THE CINDERELLA TAX

By Richard Giles

(Talk given at the Land Tax Forum, November 17, 1990, at Clifton Hill, Vic.)

The basis of Land Tax is simple. Sky scrapers are not built to annoy environmentalists, but help more people to occupy the same site. A good location makes work easier. A bad location must be made up for by working harder, and no one wants to work harder. Producers compete for good locations, and this competition raises the price of access to these sites. The end result is that this price of access approximates to the price of the effort saved on the better site. This price of access to a more productive site is rent. Because there are all kinds of 'rent' we will call this higher production on a better site, and the price of access to it, *economic rent*.

The price of access is paid to the landowner, or kept by the owner if he occupies the site. This is illogical since it is the location of the site and not the land itself which gives it advantages. It is what is around the site, rather than the space which is the site, that creates its price of access.

What is around the site? The community: people; their skills, personal wealth, civilised habits; roads and public transport which give people and goods access to the site. When one pays rent for a better location, one pays for the presence of people and goods and services around the location.

Why do not we collect more economic rent as our revenue?

WHY CINDERELLA?

I have called Land Tax in New South Wales the Cinderella Tax because it is given an obscure position among other State taxes which are quite ugly in their economic effects. I have also called it the Cinderella Tax because curiosity about it is answered by lies and half-truths, or silence.

What does our Cinderella look like in New South Wales? Land Tax, as she does in the other States, lives with two ugly sisters. These are the Payroll Tax and Stamp Duties, important taxes which absorb administrative costs and account for about 30 per cent and 20 per cent of State revenue respectively. Payroll Tax has fallen marginally in size in the ten years 1976/7 to 1986/7 but Stamp Duty has nearly doubled. At the same time Land Tax has been more than halved, falling from 13.73% of State revenue in 1976/7 to 6.61% in 1986/7.

Since Mr. Greiner's Third Budget in September, 1990, Land Tax has been levied at \$100 plus 1.5% of land value on rental properties and on commercial and industrial land over \$160,000 in value. Because valuations are made only every three years an 'equalisation factor' is introduced from estimates of land values to adjust land values for tax purposes in the intervening years. At present this equalisation factor is 17%. There are twelve large classes of exemp-

tions, most recent are retirement villages and nursing homes. The main ones are the landowner's principal place of residence and the family farm. The Collins Report in 1988 estimated the current worth of exemptions in 1988 at close to \$2b. This nearly \$2b. which the cost of these exemptions from land tax is 545% of what was collected, as compared with 27.8% as the cost of payroll exemptions and 7.4% as the cost of Stamp Duties exemptions. Had the amount of \$2b. in 1988 been collected, then Land Tax (then set at 2% of the State's land value) would have contri-

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buted nearly half of New South Wales State revenue in 1986/7; that is, nearly as much as Payroll Tax and Stamp Duties combined!

Exemptions also introduce the possibility of avoidance. One such evasion is where land that is presumably rural is, in fact, vacant and speculative awaiting rezoning or the spread of settlement.

LESS THAN OTHER TAXES

Land Tax, which could be as large, or larger, than Payroll Tax and Stamp Duties combined, is reduced to less than the combined taxes on lotteries and poker machines (\$372m. to \$345m.). While land tax does nothing to discourage the use of land, payroll tax does a lot to discourage the employment of labour. Payroll Tax is an inducement to pay labour less and in ways other than in wages. It is an anti-labour tax. We know less about Stamp Duties but it is common knowledge that it impedes business and it is an administrative nuisance. We should also know that stamp duties have proven to be capable of avoidance and are quite volatile. They lead to transactions such as the signing of contracts and the conveyancing of property being transferred to those places which do not charge stamp duties, and about which the State has no knowledge. Complex anti-avoidance legislation has not put an end to this. As more land becomes foreign owned this problem will worsen. Stamp duties have also proven to be volatile. Mr. Greiner reports in his latest budget speech that "stamp duty on contracts and conveyances and share duty have declined \$818 million in real terms over the last two years". These losses of revenue have occurred at a time when the Commonwealth is cutting its payments to New South Wales; Mr. Greiner reports this loss over three years to be \$685m. when adjusted for inflation. By contrast, the rental value of land in New South Wales stayed more or less stable in 1990.

If Mr. Greiner was looking for a more dependable and more economically neutral revenue it seems that land tax must be seriously considered. In 1986/7, because of exemptions, it supplied \$350m. Massive exemptions downgrade land tax in relation to other revenue bases. Are incomes subject to exemption?

The fact that it applies to little more than commercial, industrial, and rented property in the city of Sydney has given the impression that only the wealthy ought to pay land tax.

"The-thin-edge-of-the-wedge" theory that it can be progressively applied has

not worked. While it is not applied at all to most people, it will only ever be applied in part to those who own the bulk of our valuable land. The exemptions to the poor have been an efficient shield protecting the rich. Far from land tax being further applied over time, it has been less applied. At the beginning of 1990 only 3% paid it in New South Wales – it is less now. With the possible advent of state income and consumption taxes the way is clear for its almost total abolition.

PROTESTS

After well-publicised protests, land tax was reviewed in April, 1990; the main result was that the threshold was raised from \$134,000 to \$160,000 and the rate cut from 2 to 1.5%. The same sort of protests followed in Melbourne in May. In some shop windows a poster shows land tax, an ugly python, squeezing the life out of Melbourne properties.

Who or what is being squeezed by land tax? The tenant shopkeepers think it is they, since the poster goes on to say in part "Save Our Shops. Land Tax will cost jobs, cause higher prices..."

So the argument is clearly that the land tax will be passed on by city landowners to their tenants who, in turn, will either go out of business – the part about jobs being lost – or pass over the tax to consumers in higher prices.

So we must face the question; can landowners pass on a larger land tax to tenants by higher rents?

One fundamental fact is that in reality the tenant only pays rent. He does not pay some rent and some Outgoings. In the same way, the employee in reality receives only wages and not, say, some wages and some fringe benefits. In the same way as many employers turned fringe benefits into cash payments to avoid the fringe benefit tax, landlords who charge their tenants for Outgoings, get less rent than those who charge rent only – indexed to the CPI.

A fundamental fact, especially so in times of bad trade, is that very few tenants can pay more rent than they are already paying. They are rack-rented. Any increase in rent means a fall in wages to an unacceptable level. A tenant cannot continue long in this situation without relief.

As I came into Melbourne I noticed a sign on the side of a tram, "NOW is the time to buy land". In Sydney wherever one looks property is being offered for sale. Given that there are always exceptional cases, at this time of recession vacancy levels are rising. While this may threaten tenants, it does tend to make landowners, often on the advice

of their agents, cautious about raising rents. The tenant is the producer, not the landlord. You do not kill the goose that lays the golden egg.

CONCLUSION

One could say that if land tax had not risen, then the question would not have arisen. If land tax had been reduced, tenants would have received no long term relief in rents. Under some leases tenants might lose in the short term before adjustments are made to lower their basic rents, though even here there is room for negotiation. This case would approximate to the Executive who temporarily loses his fringe benefits until he is compensated in higher wages. There are also cases where a wrong-headed landlord persists in passing on increased land tax without later adjustment. This will *not* drive his tenants out of business, but will inconvenience them and they will shift to another location. In times of weakening trade, it will be the landlord who suffers more, especially should he have a mortgage, and the experience will not be lost on the agent in the area. Rent does not go up because land tax is increased.

The answer that land tax cannot be passed on to tenants in any longstanding way is the standard answer given by Professor Paul Samuelson in his *Economics* (see pp.541-3, 6th Edition). As he says, "What can the landowners do but accept less return".

While welfare organisations, political parties, and the rich themselves think of land tax as a wealth tax, it is not. It is an attempt by the community to get back what it produces: that is, its economic rent. Land tax can be thought of in two ways. It is a way to force the landowner to disgorge what is not his – the price of benefits to which the site has access. It is also a way to charge the tenant for those benefits – the landowner is simply the intermediary. We do not know Cinderella's real name, but if our focus is the tenant and not the landlord, then land tax might be better named rent.

One interesting point I came across as I researched Collins' Review of the State Tax System (1988) was that, while the community does not collect much land tax, its taxes are structured by exemptions and rates so that in effect they are a "tax" on economic rent.

If what we are taxing at the moment is more or less rent, and if our tax system in New South Wales is already a clumsy kind of economic rent, why do not we change over completely to a system which will do the same thing in a more efficient way?

KEYNESIAN ECONOMICS

by Arthur Cannon

Keynes wrote his famous work, *The General Theory of Employment, Interest and Money*, during the Great Depression. The latter was the most important and immediate problem of his day, and the whole purpose of Keynesian economics was to find a remedy for depression.

Keynes considered monopoly society (mis-called capitalism) was far from perfect but better than the alternative offering at the time, namely Marxian socialism.

If the problem of depression could be solved, monopoly society would be able to struggle along with a gradual and long-term improvement in the conditions of the socially disadvantaged. Therefore he was not interested in the deeper issues that affect society. In other words, to discuss Keynesism, is to discuss depressions.

In contrast, George and Marx were more concerned with the residual poverty that existed in their day. Depression served to aggravate the problem and demonstrate the over-ripe condition of monopoly society.

During the past, whenever financial stagnation permeated an economy, the tendency was for everyone, government, banks and general public, to button their pockets and save themselves from possible financial disaster. This enhanced the predicament, which often resulted in depression, as it did in 1930.

At the time, those who still possessed money were not disposed to invest it in industry, as returns above costs were too low, or non-existent, nor did land titles or land mortgages provide an outlet, because the boom had burst, and title prices were collapsing or had collapsed. Money holders were placing their money in current accounts or on fixed deposit where, even though the rate of interest was low, they received some return. Therefore the banks had money to invest and were searching for some relatively safe place.

The Keynesian remedy was for the state itself to become a large investor — to borrow from the public, or the banks, and use the money on public works and amenities, and this would create employment.

It may be argued that borrowing would increase state debt, involving interest payments and redemption. But

before the borrowing, much labour and capital were unemployed and producing nothing. Unemployed labour was an encumbrance upon the state. Revival of industry, and hence employment (in the Keynesian sense which resulted from state spending, would produce incomes that would be subject to tax, and when the economy became stimulated, some of the tax revenue could be used to redeem debts caused by the borrowing. Nor would the rate of tax have to be increased, because the extra income engendered by the increased employment would, itself, produce a greater volume of revenue.

Impetus given to employment would not cease with the first round. The workers would spend their pay on goods and services, thereby giving further employment. The impulse would go on and on, becoming feebler with each round, owing to the time lag between receiving money and spending it. The impulse was called the 'employment multiplier'.

Of course, there is much more to Keynesism, but that is the gist and enough to digest in one bite.

Keynesism would have pulled the world economy out of the Depression but only temporarily. It disregarded land speculation and collapse, which lies at the root of the problem. The stage would have been set for another collapse and then another, which, owing to the increasing capacity of industry to produce, and despite retarding factors, would become closer and closer, until there was a terrific blow-up, the depression of all depressions, which would cause a permanent breakdown of society. Keynesism was only a bandaid.

Yet there was a good side. After the Second World War, when there was a strong movement towards socialism or state ownership of industry, Keynesism, which controlled the financial side of the economy, leaving private industry to carry on, became the main economic influence in western society. Without it, socialism, as experienced in Russia and China, would have taken such a hold over the whole of humanity that it would have been almost impossible to break.

After seventy years the whole socialist deception has been revealed along with its persecutions and inefficiencies, and those who have suffered under

it clamour for change. The revelation has come just in time, because western society *itself* is about to collapse, and this should leave the field open for a third philosophy such as Georgism.

SITE RATING IN TASMANIA

Since 1970 the Municipal Reform Group, which is a Tasmanian based body, has surveyed 28 Tasmanian Municipalities to compare the Effects of a Change to Site Rating on that Municipality.

In the past four years fifteen reports have been prepared and because of our policy of "Repetitive Analysis" it is now possible to produce a summary of those 15 and to include category findings. Of the 29,740 properties surveyed it appears at first glance that the results are fairly evenly divided, e.g. 15,276 reduced and 13,453 increased. However, reference to the residential category shows 10,831 reduced, mainly by 50% while only 946 increased in all percentages.

Likewise commercial properties benefited considerably again in the 51% + class.

Of course, most of the increases were in the vacant block category. Of the 4576 surveyed, 4468 increased by over 51% and a further 49 in the 6-50% categories.

The alleged rural properties also suffered but the majority of these were just squatters and produced little other than weeds.

Surely, this then shows the fallacy of rating improvements as is the case in Tasmania today.

R. B. Excell.

- Charts for the purposes of comparison are available from Mr. Excell, 129 Forest Rd., West Hobart, Tas. 7000.

TASMANIAN VALUATIONS

Between 1989 and 1990 the following occurred, in percentage increases:

No. of Valuations	+	2.42%
Land Value	+	29.47%
Capital Value	+	25.58%
AAV	+	25.90%

Revaluations take place each five years and this year five municipalities have contributed to these huge increases.

PRESS LETTERS

PRIVILEGE AND POVERTY

The Anglican Archbishop of Brisbane, the Most Rev. Peter Hollingworth, and the Prime Minister, Mr. Hawke, miss the point in regard to poverty.

Poverty is mainly caused by privilege – that is, by government-made laws which give advantage to some (perhaps many) able-bodied people, to the disadvantage of the rest.

You can't maintain advantage without causing disadvantage; we are all suffering. It is uneconomic to make laws which authorise some to steal from others. There are many such laws giving subsidies; bounties, monopolies, restrictions, limitations, quotas, demarcations, licences, registrations, and the huge privilege of hereditary land titles.

A direct cause of poverty is unemployment, yet the callous Federal Budget is planned on there being half a million unemployed. In NSW in 1988, employers were fined \$1,600 million for employing people – it was called payroll tax. No wonder there is unemployment – labour costs are high and our prices cannot compete.

Bad taxes and privilege must be reduced. Payroll tax should be replaced by steadily increasing uniform land value tax, which is ethically correct and economically sound.

The Archbishop should not seek more welfare, but call on democracy to remove the privileges which are ruining the enterprise system.

S. S. Gilchrist, Roseville.
"Northern Herald", 1/11/90.

GOODS IMPOST WOULD SHORE UP PRIVILEGE

SIR, As Eastern Europe collapses, and we in the West are poised on the brink of our own economic precipice, how similar times appear to be to the revolutionary times of the 1790s.

And how appropriate that the noisy voice of wealth is raised in favour of a "goods and services tax" in Australia (no longer a boring old indirect tax), in order to shore up its position of power and privilege.

William Pitt succinctly summed up the case for an indirect tax 200 years ago:

"My Lords and gentlemen, A direct tax of 7 per cent would be a dangerous

experiment and one likely to incite revolt. But there is a method whereby you can tax the last rag from the back and the last bite from the mouth without causing a murmur against high taxes – and that is to tax a great number of articles of daily use and necessity, but to tax them so indirectly that the people will pay without knowing it. Their grumblings will then be of 'hard times', but they will not know that the hard times are caused by taxation."

When will policy-makers listen to their people instead of to vested interests? (We are still bailing out the water they left in our boat in the '80s!) As the clock strikes 12, we seem as far removed as ever from getting taxes off our backs and on to the use, and misuse, of our natural resources.

Bryan Kavanagh,
Vice-president,
Tax Reform Australia,
Melbourne.
"Australian Financial Review",
3/9/90.

HARE CLARK SYSTEM

Kevin A. J. Connor (Letters, July 12) should know from painful State and Federal experience that single-member electorates only give control to one or other major party machine, with socio-economic injustice. Sure, we may kick a hack out in due course, but only to be replaced by another whose main aim, like the first, is to please his/her party back-room to ensure pre-selection. The electorate still comes strictly last.

The more to be elected from each electorate, the more must candidates compete, even with fellow-party candidates, for the favour of the voters. Only thus is machine control weakened and are independent and small party candidates elected, all with 5.56% of the total vote after surplus transfers from loser and elected candidates.

This is why one seventeen-member A.C.T. electorate must be retained, but with the Hare Clark system to ensure voters have full choice and that votes are mathematically counted, in the same precise way that two plus two equals four. Anything else is bodgy.

Bill Mason,
Pearce, A.C.T.
"Canberra Times", 16/7/90.

CANBERRA AND BRISBANE

There has been an increase in the betterment levy from 50% to 100%.

All land in the A.C.T. is held in leasehold, and land use planning is effected by lease purpose clauses which stipulate the permitted land use. When a change to a higher intensity land use is approved by the planning authority, the increase in land value is subject to a betterment levy which until recently has been fixed at 50%. It is this percentage which has now been changed to a graduated scale rising to 100% in the case of leases extant for less than five years.

A committee appointed by the Lord Mayor of the Queensland capital, Brisbane, one of the world's largest local authorities, reported after an exhaustive inquiry that a rate on the unimproved value of land was not only the "most efficient and equitable" source of general revenue for the city of Brisbane, but was in principle "a logical and appropriate basis for revenue-raising irrespective of the level of government".

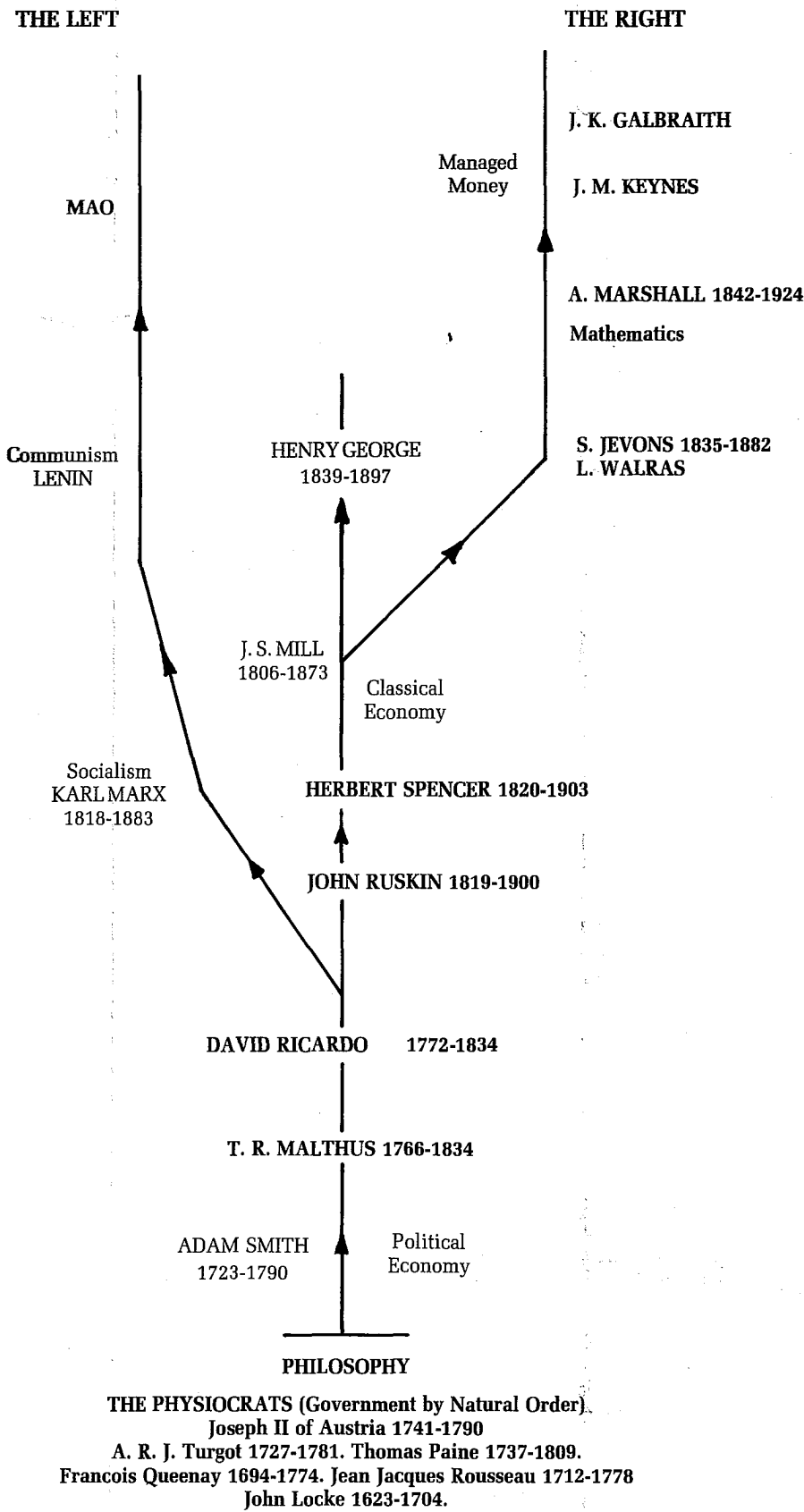
OUR AILING ECONOMY

Under the so-called world's best treasurer:

- Bankruptcy figures for the 1989/90 financial year show that business bankruptcies increased by 11% over the previous year. In the March-June quarter of this year bankruptcies grew by 26%.
- For example, a 4-wheel drive motor vehicle used by professional fishermen in the course of their business is subject to sales tax of around \$5,000. The same vehicle used by a farmer in the course of his business is exempt.
- Australia's inflation rate of 8.6% compares with an average of 4.45% for 12 other leading industrialised nations.
- No wonder small business yearns for deregulation. Local, State and Federal Governments hit businesses with 40,000 new Acts and Regulations in the 20 year period between 1960 and 1980!
- In the last decade sales tax revenue increased by more than 431%. And in 1989/90 the Federal Government raised a massive \$10.1 billion in sales tax.

"Small Business Update",
Budget 1990.

GROWTH OF POLITICAL ECONOMY



THE BURDEN OF TAXATION

Paper Read by John Fry at the Conference of the Georgist Council,
Adelaide, January 1991

I am concerned at the inability of people, to grasp the reality of the Australian taxation system. The theory is so simple that even the uneducated should grasp it if they (as Henry George would say) "would but think for themselves".

In his speech at the opening of the Perth headquarters of this society in 1989 Clyde Cameron said (quoted in part from pages 2 and 3 of the printed copy) "How can any fair-minded person justify a system of taxation which compels a working man . . . to pay tax of 24 cents in every dollar . . . ; and up to 45 cents in the dollar as his income reaches higher levels".

That statement indicates to me that even Clyde Cameron has not thought the taxation problem through to the bottom line.

In the first paragraph of page three he goes on to say: "The ordinary taxpayer who sells his mental or manual labour . . ."

Let us put emphasis on the word *sells*.

All through the fifties when I was working with Clyde for the A.W.U. and on through the sixties and seventies it was a common thing to hear trade union officials and rank and file unionists declare "All a worker has to *sell*, is his labour". The word *sell* is coupled to the word labour, establishing that labour is a saleable commodity.

A tax on a saleable commodity is listed in the Dictionary of Economics as an excise or sales tax and as such is an indirect or a consumption tax paid by the consumer.

P.A.Y.E. tax is not income tax, it is a consumption tax paid by the employer in the first instance and in most cases passed on to the consumer. It is *not* paid by the wage earner.

The cash the worker gets in his or her hand then is the full wage as decided by Parliament or the Treasurer and heavy are the penalties for the employer who fails to pay the tax.

The cost of labour to the employer today is at least 70% taxation and still rising, all paid up front, that is, before

the producer is paid for the product by the consumer. That is why we can never be competitive at home or abroad.

RECYCLED TAXATION

I will now demonstrate what happens to consumption taxes after they have been paid the first time and I refer not only to P.A.Y.E. tax, but to all taxes in common use in this country today. This is an argument skirted around by the Liberal opposition when they attack the Government for raising taxes, but when they advocate greater use of consumption taxes themselves, they look the other way.

I will use BHP Steel as my example because I know the processes involved, but all manufacturing industry is affected in the same way.

Taxation for the steel industry begins in the Iron Knob ore quarries and the Hunter Valley coal mines and at the very beginning the tax equals seventy per cent of the total production cost and that proportion holds good all the way through the transportation and refining process of the raw material through the smelter and rolling mill to the very gates of the consumer.

One of the best customers of the steel industry is the motor vehicle manufacturing industry. GMH and others add a half a dozen wheels and another batch of taxes on the same 70/30 ratio to each tonne of steel and pass the finished product out to the dealer.

The dealer pays about the same amount of taxes on his commission as he gets as commission on the taxes he has to collect from the customer on behalf of the Tax Commissioner.

It so happens that one of the best customers of the MV industry is BHP Steel. BHP Steel buys thousands of vehicles a year and the price of those vehicles contains not only the taxes borne by the MV builders but also the very taxes BHP added to the raw steel in the first place.

As part of the cost of production, the cost of those vehicles is then added to the price of steel including all the taxes, some for a second or even a third run around.

When a motor vehicle comes to the end of its working life, it either goes to the local dump or it may be pressed into a briquette half the size of a banana crate and fed into a steel furnace.

At that point the vehicle and the tax are finally separated.

The taxes go on, suspended in the economy passing from consumer to consumer, invisible, but as real as ever, long after the vehicle is gone and forgotten. In fact they stay suspended until they fall on a primary producer. As a primary producer cannot pass taxes on to the consumer, that then, is the end of the road for those taxes that came into being at Iron Knob and the Hunter Valley.

ADDENDUM

Query No. 1

How can the tax on a motor vehicle carry on after the vehicle has been scrapped?

Using BHP Steel again; The steel manufacturing machine consists mostly of steel and cement, and bricks and mortar.

All those materials are affected by the 70/30 tax/wage ratio including the taxes on the motor vehicles used by the manufacturers of those materials.

The taxes capitalised in the steel works construction will affect the price of steel throughout the life of the plant.

Likewise the taxation included in the cost of those multi-storey multi-million dollar office towers that have been erected in Adelaide recently will be reflected in the rent for floor space and on into the cost of the service provided by the tenants, virtually forever.

Query No. 2

Why does the tax stay with the primary producer?

Everything the primary producer buys carries that tax component. There is no such thing as an indirect tax or consumption tax to a primary producer. It can fairly be said that *all* taxes are *direct* where they are concerned.

As everybody else can pass their taxes on through indexation it also can fairly be said that consumption taxes will hover in the economy seeking out a primary producer like a mosquito seeking a victim.

WHO REALLY OWNS BRITAIN

Barely a week after Prime Minister John Major declared his belief in Britain as a classless society, the Marquis of Cholmondeley inherited a £118million, 14,000-acre estate. The will is a record in Britain, yet as landowners the Cholmondeleys are strictly second division. There is no official record of who owns what, but the Daily Mail has compiled its own list.

It shows that even after a century of shrinking estates through crippling death duties, forced sales and the emergence of the National Trust, 16.5 million acres are still in private – and largely aristocratic – hands. Biggest ‘commoner’ landowners are the Macdonald-Buchanans of Black & White whisky fame, who own 71,000 acres in Scotland.

Incredibly, a third of the land mass of Britain belongs to fewer than 1,500 families. After the Queen and the Prince of Wales, who has 140,000 acres, these are the nation’s leading landowners...

Duke of Buccleuch, 67. Acres: 247,000. The colourful Buccleuch, who often writes fervent letters to papers was once described as “Britain’s largest private landowner – other than the Queen, of course. But when he saw the description, he altered the word ‘Britain’ to ‘Europe’.” He has two homes including the beautiful Boughton House, near Kettering, Northants, set in 11,000 acres, and has another home – Bowhill near Selkirk.

The 200,000-odd acres he possesses in lowland Scotland are mostly wild moors. They go back to the claymore-rattling days of Robert the Bruce. The Duke’s clan, the Douglas’s were given the property as a reward for supporting him.

Lord Lovat, 79. Acres: 190,000. The family seat is Beaufort Castle, outside Inverness, which Lord Lovat has passed to his son, known, logically, as the Master of Lovat. ‘My youth positively reeked of privilege,’ he says. ‘But my politics remain strictly feudal.’ The family is worth around £55million.

Earl of Seafield, 51. Acres: 186,000. His mother owned 800 square miles of the best bits of Scotland’s grouse moors and farms. Short of cash in the Seventies, the earl sold a small 21,000-acre estate for £1million. He’s now worth £35million. The family seat, Cullen House, Banffshire, was sold for about £350,000 for conversion into flats. In the good old days, the earl used to horrify relatives

and neighbours with open-air pop festivals at Cullen House. Much more sober these days – with a poor local reputation for Highland Clearances.

Duke of Westminster, 39. Acres: 158,000. Worth £4billion, he’s reckoned to be Britain’s richest man – second only to the Queen in wealth. The Duke, who recently fought Westminster City Council in the courts, owns some 300 acres of Mayfair and Belgravia in London – reckoned to be most valuable real estate in the world.

In the country, he has 13,000 acres around his 1960s-built home, Eaton Hall, near Chester, Cheshire. He also owns 100,000 acres of Scottish forest, as well as a sizeable tract of Co. Fermanagh, Northern Ireland.

Duke of Atholl, 59. Acres: 135,000. In 1987 the Duke had his house whitewashed. It cost an unbelievable £250,000. The turreted 180-roomed Blair Castle, built in the 13th century, is exemplary of the style and scale of his estates. Altogether, his land and assets are worth £143million. On the rolling acres, his own private army of 80 soldiers train for ceremonial duties.

Viscount Leverhulme, 75. Acres: 118,000. Grandfather founded the Lever Brothers soap company and got seriously rich. In 1918 the first Baron Leverhulme bought the Hebridean island of Lewis and part of neighbouring Harris for his retirement.

William inherited the title in 1949 and since then has devoted himself to his acres in Cheshire and Lancashire. He’s rather eccentric, and in 1970 he converted the classic ballroom at Thornton Manor, his 50-roomed Cheshire home into a heated swimming pool at a cost of £20,000.

U.K. “Daily Mail”,
12/12/90.
(abbreviated)

LAND DEALING IN JAPAN

Mitsuhiro Kotani, is Japan’s most notorious share market speculator and the best known ‘villain’ of Japan’s highly speculative land and stock market booms.

His coups, which in 1988 included the first hostile takeover of a company listed on the first board of the Tokyo Stock Exchange, have netted him hundreds of millions of dollars in profits – and losses.

Linked to top MPs and a dozen share-market scandals, he has become the living symbol of the “fast buck” syndrome in Japan. Since Kotani’s arrest three months ago for alleged share-price manipulation, investigators have discovered that much of his enormous financial war chest came from Japan’s top banks.

Those disclosures have led to the arrests of three former bank executives and a number of other business figures.

Arrested over a deal which netted him \$250 million in a few weeks, Kotani faces three years’ jail if convicted.

Seiki Inoha, a former truck driver and restaurant worker, went into real estate a few years ago after failing to make an impact in less ambitious occupations.

Last year he paid more than \$5 million in income tax.

In the 1980s, stock market prices rose 515 per cent and land prices in Japan’s six major cities soared by 400 per cent, according to a conservative estimate by the Japan Real Estate Research Institute.

In 1989, 90 of Japan’s top 100 income-tax payers made their money on land or stock deals – 27 on stock, 63 on land.

“West Australian”,
17/11/90.

TAXING THOUGHTS

A sobering thought from Payneham accountant Jack Liubinskas: A businessman stood in the bottle shop. To buy an \$18.50 carton of beer he needed to earn \$37.76 before personal tax. This meant his small company needed to make a profit of \$77.05 which required sales of \$1580. He had paid \$19.26 personal tax, \$39.29 company tax, and had collected \$474 sales tax (30 per cent of his sales). The government had received \$532.55 in taxes just so he could buy his carton of beer. To add insult to injury, there was an \$8 excise tax on the beer. He went home and had a glass of water.

“Adelaide Advertiser”,
16/4/90.

Knowledge will forever govern ignorance. And a people who mean to be their own governors, must arm themselves with the power knowledge gives. A popular government without popular information, or the means of acquiring it, is but a prologue to a farce or a tragedy or perhaps both.

James Madison

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(Formerly Henry George League — Victoria)

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- Basic Economics Classes, Tuesdays 10.30 a.m.- 12 noon.
- Discussion evening mid-April — contact office for details.

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