

## IS CANBERRA IN CRISIS ?

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(In IUN No. 15 appeared a review of a book, Canberra in Crisis, which reported that Canberra, the capital district of Australia, has abolished its system of leasing land from the government and has converted to freehold – a development deplored by many. – Ed)

As Georgists we should not shed too many tears over changes which have taken place in the leasehold system as it applied to Canberra. For many years Georgists have erroneously held Canberra up as an example of the application of Georgist principles.

I would never be critical of a universal leasehold system – a system in which all land is owned by the State and leased in perpetuity at the best rental obtainable with re-appraisals at short regular intervals and by virtue of which taxation can be abolished.

To my knowledge no one has ever followed through and examined the effects of a universal leasehold system when applied to a whole state or to a large commercial or industrial city. The Australian example has been Canberra, no bigger than a large town, the seat of Government, but with almost a total absence of industry except to serve the needs of the local population.

There thus being very little "produit net" or surplus product generated within the area of the Canberra leasehold system it follows that the economic rent content of the total rentals collected is very small. This results in the greatest portion of the total rental being in fact a tax on wages and pensions.

Some of the facts about the Canberra leasehold system are that the citizens of Canberra have not received any relief from taxation whatsoever notwithstanding that they are paying rental plus rates. The land is only released in subdivision in order to relieve a shortage of sites and therefore there is no land which can be used without the payment of rental. I purposely avoid the use of the word "margin", which relates to production, and in Canberra a rental is payable for homesites on which there is no production. It is claimed that land is cheaper to obtain the use of in Canberra than elsewhere because of the leasehold system. In my opinion land is cheaper in Canberra than in Sydney or Melbourne because it is released more efficiently. If the authorities were to cease creating new subdivisions in Canberra and the population continued to increase, the premium for leasehold homesites (not shop and commercial sites) would skyrocket notwithstanding an increase in rental.

It would be well worthwhile for the Georgist movement to examine a universal leasehold system as it would apply to a whole state or country or even a large commercial and industrial city such as Sydney, Melbourne or New York where there are large accumulations of economic rent – where there is a surplus product. I am strongly of the opinion that under such conditions the rental paid by the holders of the great commercial and industrial sites would be economic rent and that most homesites would have no price and pay no rent.