

Land, Luddites & Lemmings

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Western societies have developed sophisticated town planning systems to control the use of land in the best interests of the community, and town planning controls which regulate the use to which any given parcel of land can be put have become the primary determinant of its value.

In practice, however, there are serious anomalies. When a public town planning authority approves a landowner's application to use his land for a more intensive use the value of land is substantially increased, literally overnight. But while town planning theory asserts that this increase should be recouped by the community, in practice it becomes a windfall gift to the landowner. Similarly, when public works are undertaken in their vicinity, landowners receive a windfall benefit which is only partly captured by a subsequent increase in local government rates.

Notwithstanding numerous legislative experiments and commissions of inquiry, landed wealth, once acquired, continues to increase, and research demonstrates how the profitability of investment in land has diverted Australia's investment capital away from more productive investment. The prospect of deriving a profit from land is encouraging more land "development," justified by the plausible but fallacious argument that it will generate increased employment. And the mindless pursuit of more development is leading inexorably to eventual exhaustion of the planet's land and other natural resources.

These anomalies are readily demonstrable and comprehensible and are the most convincing and persuasive argument in favour of site value rental, leading in turn to the revenue raising reform. There is a need to update Henry George's basic thesis in twentieth century terms and abandon interminable debate about freehold and leasehold and esoteric distinctions between the site rent and land tax.