

Why Georgists should be

GEORGISTS are followers of the American political and economic philosopher Henry George (1839–1897). George's teachings cover a wide range of ideas, but at their root is the notion that *land* — a term used to mean roughly the same as "natural resources" — is fundamentally different from human labour and the products of human labour.

He argued that all human beings have an equal right of access to land, but that wealth produced by human labour should be left, so far as possible, to those who have produced it.

Traditionally, Georgists have proposed to apply these ideas principally by imposing a tax on the unimproved value of land over which a particular individual claims "ownership". The value of improvements to land — buildings, crops, etc — would not be taxed.

Many Georgists believed, and some still do believe, that collection of the full annual value on all sites would suffice to supply all public revenue, and all other taxes would eventually disappear. They are deeply suspicious of the actions of all governments of all complexions, and seek — so far as possible — to produce desired effects by a self-regulating system with minimal coercion.

Georgists and Greens alike approach their doctrines from both economic and moral angles, and to some extent from an aesthetic perspective. These different approaches lead to the same, and not to mutually exclusive, conclusions.

THE RATE at which human activity is damaging the natural environment has increased greatly in the last 100 years, and all pointers suggest that the rate of damage is likely to become much greater in the future.

There are various reasons for this. The number of people is growing more rapidly. Technology provides an increasing power to change the environment, and more people in all societies — "developed" and "developing" alike — are coming to demand and expect steadily rising material standards of life. Extrapolation of these processes is likely to produce permanent environmental damage at an ever-increasing rate unless drastic changes in attitudes and policies are made at every level, from village communities through nation-states to world-wide bodies like the United Nations.

Does all this imply a radical revision or abandonment of the traditional Georgist position? The taxation of land values is not merely consistent with "Green" concern for environmental questions, but is an important aid towards objectives which environmentalists entertain. This policy would encourage the owner of land to make best use of his holding.

- The owner of a vacant city lot would have no

THE "Green" philosophy, which expresses a practical concern for man's ecology, is now the principal plank of new political parties in many countries. Its advocates argue that man can no longer treat the resources of nature as limitless.

DR. ROY DOUGLAS, a senior lecturer at the University of Surrey, argues that the time has come to synthesise the Green philosophy with the older Georgist philosophy. He maintains that the Georgist philosophy interprets problems in the economic terms

incentive to keep land vacant for speculative purposes while others who need that land press avidly on rural areas. For the rate or tax carried by the blighted site would be the same if it were developed. Nobody could afford to hold expensive urban land out of use. Suburban "infilling" would be encouraged, which reduces the pressure on the countryside.

- Land value taxation would also have a profound and beneficial effect on the use of rural land. The present system has encouraged the development of great farms with huge, hedgeless, fields. These produce a high yield per pound invested when no tax is carried for occupation of the land; but the value of food produced per acre is nearly always a great deal less than that yielded by small family farms, intensely cultivated for many different kinds of produce, and often well-supplied with hedges which encourage wild life. As the land value tax is the same for a particular piece of land whether it is put to its most productive use or not, a farmer employing land to less than its highest productivity would soon find himself unable to afford the tax, and would therefore relinquish land to others who would use it intensively.

YET IN some cases positive protection for wild life and natural environments would be required. In many places, rare habitats are threatened, and species of living organisms living upon them are threatened with complete extinction. Land will be vital for future generations as well as our own; and we have no right to diminish the inheritance which we pass to our successors. "Land", in the sense here used, includes wild organisms with their irreplaceable genetic material, as well as the ground over which they roam.

Preservation of what is irreplaceable is a high obligation on all public authorities, even where this preservation necessitates the imposition of limits upon an owner's right to use his land as he pleases. The landowner, in Georgist philosophy, has no absolute moral title to his land, in the sense in which he has an absolute title to the produce of his labour. He occupies land as the result of a transaction between himself and the community, whose terms are renewable at intervals.

The community, the rightful owner of all land, may legitimately impose whatever terms it chooses for

Green – and Greens Georgist

which are likely to be comprehensible and acceptable to the materialistic, technologically-advanced societies; while the "Green's" considerations, which are vital to human survival, can escape people who focus too sharply on economic questions.

Dr Douglas, the author of books on the history of the British Liberal Party and the Second World War, maintains that these two philosophies cannot be made to work satisfactorily without constant reference to each other.

recognition of his occupation rights, just as a man who lends a chattel to another may legitimately impose whatever conditions he chooses as to its use.

Applying these principles to actual cases, a landholder on the edge of a growing city whose land is restricted by law to arable, pastoral or sylvan use will naturally be assessed, other things being equal, at a lower tax than a similar landholder who is free to use his land for building purposes. Circumstances could well arise where the holder of a piece of land carrying developments such as buildings which are no longer of beneficial use to him because the land which carries them has been zoned for different kinds of use, might be morally entitled to compensation in respect of those improvements.

This principle may become increasingly relevant in the future as "national parks" become increasingly important for nature conservation.

In many parts of the world, permanent and irreplaceable damage has already been done to land, and much more is threatened in future. The removal of trees, followed by loss of topsoil and the creation of "dustbowls", is a familiar example.

It is very likely impossible to obtain compensation today from those who have raped the earth in such a manner; but it is not impossible to develop national and international law to prevent similar damage in future. As land belongs by right to the community and not to the individual occupier, the community has the right to collect from any individual who permanently damages land the value which he has destroyed.

This principle will need to be applied increasingly not only in respect of resources like tropical forests but extractive industries as well. Irreplaceable fossil fuels, for example, are being depleted with great speed; while the extraction process often does much ecological and aesthetic damage. By imposing some kind of penalty on those who leave land in a less valuable condition than it was when they entered it, the development of renewable energy sources will be encouraged, and permanent environmental damage discouraged.

A VERY large part of the human race is still compelled to labour in onerous conditions for mere



● Cause for "Green" concern — a typical derelict city site.

subsistence. Great numbers are dying of starvation and avoidable diseases, and are incapable of improving their plight by useful labour.

A "north-south" tension is being created, whose long-term implications and risks cannot be missed by anybody with the slightest sense of history. The deprived parts of the world will not consent to this condition continuing for ever. Sooner or later they will demand equality with the "developed" parts of mankind. There is a race against time to ensure that the change should take place peacefully, and not through violence.

The Georgist has frequently pointed out that extreme conditions of human deprivation are seldom "natural". Communities in barren lands seldom experience the extremes of deprivation which have characterised some of the richest and most fertile lands on earth. These places where poverty is most marked are also, for the most part, places where people are excluded from access to those resources which could allay their poverty.

Governments of wealthy and powerful States would be well advised, in their own interests, to take what action they can to deter their subjects from actions which increase the poverty of their neighbours; and they also ought to stimulate land reforms which would promote greater social equality.

There is little to suggest that "land reform" which gave deprived peoples access to land would result in further environmental damage, and much to suggest the reverse. Tribes which were free to roam the Amazon forest or the sub-Sahara at will seem to have done little damage to their environments. The damage in recent years has been primarily the effect of intervention by outsiders.

There are, of course, new problems resulting from population increases which may necessitate considerable regulation of land use; but these problems must be tackled primarily by the people themselves rather than by outsiders.

The application of Georgist land reform to

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Site rental victory

JUST WHY never becomes clear, but "site values" seems always to have been unacceptable to municipal administrators in Australia.

At the insistence of ratepayers, and almost invariably against official obduracy, municipalities comprising over two-thirds of metropolitan Melbourne now use the site value basis for their revenues. But simmering beneath the surface there always appear to be moves for a return to the rating of improvements.

With the selective use of figures, the officials issue critical reports to their time-harassed and unpaid councillors. They publish material that is antagonistic towards site rating. To try and ensure the adoption of rating on improvements, they try to prevent the issue being placed before the electorate for decision.

Last year, reversions to the capital value (land and buildings) basis would have been foisted on suburban Oakleigh and Mordialloc, but ratepayers forced a public vote. Each proposal was soundly beaten. Similar proposals were also beaten off in suburban Malvern and in rural Orbost — a mountainous, thinly populated shire in eastern Victoria.

IT WAS different in Nunawading, a dormitory suburb with more than 30,000 homes. Site rating was adopted in 1952. Since then there has been enormous residential, industrial and commercial development along the arterial roads. By 1983, there were plans for reversion, but a small ratepayer organisation forced a poll. The council felt it wiser to wait. But it encouraged the state government with talk of imposing capital value as the sole basis for municipal revenues.

The owners of homes in some beautiful localities with allotments that were above average in size and value felt threatened. They

W.H. PITT in MELBOURNE analyses why bureaucrats try to shift the property tax onto buildings — and how land tax campaigners try to defend site rating

imagined that they would be disadvantaged by site rating. So, feeling that the prospect of government action could not be relied upon, they raised the signatures for a reversion poll.

The beneficiaries would have been the owners of vacant blocks and the outmoded or shabby homes on the large, high value sites. Commerce and industry would have been victimised, and general improvements would have been blighted.

At municipal expense, material was distributed by bureaucrats that alleged the majority of homes would benefit from a reversion to rates on capital values — a doubtful claim. Nothing was said about how there would be increases in industrial costs and job losses.

VOTES FAVOURING SITE RATING

1985	%	Votes cast
Oakleigh	58	24,704
Malvern	67	14,929
1986		
Nunawading	75	44,714
Malvern	78	17,956
Orbost	82	2,867

Site-rentals-for-revenue supporters disseminated correct information, and the result was resounding in their favour.

WHY ARE bureaucrats implacably

opposed to the site value method of raising revenue?

In the middle of the 19th century, when Australia was mainly carved up in enormous holdings, newcomers brought a little cash with them, made more in the goldfields and promptly bought land. That helped to enrich those who, wishing to retire with wealth, found that more could be made by selling small parcels rather than in large lumps to adjoining monopolists.

Ownership gave newcomers what had been denied them in the lands of their birth — the power of the vote. This gave them their revenge against the wealth that had been their oppressor. Whether it was land or capital mattered not, for these were viewed as mutually exchangeable.

All this happened in an era in which liberty was making headway: Wilberforce freeing slaves; Cobden freeing trade; Disraeli — religion; Gladstone — education; Ruskin and others, the arts. In Australia, in which vested interests were few, reform came only in part, for it came with the spirit of revenge. Karl Marx got more attention than Henry George!

Buildings were rated; large holdings paid a heavier land tax than small ones. Death duties were levied, like lump sum land taxes, at the end of one's life. The parliamentarians had remembered to hate.

Had justice been sought, the levies would have been against the nub of all landholding, the site rentals. Legislation could have been in accord with the ancient patterns, merely by exempting the improvements.

That might not have riled the traditionalists among the civic authorities in the last century, nor produced the unjustifiable opposition of their successors today.

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nomadic peoples presents special problems, but these are not insuperable. In some places, nomadic populations are in occupation because the land produces a better yield from a nomadic economy than from any available alternative. There is no problem in principle in assessing the value of such land, and requiring a tribe, rather than an individual, to pay the tax.

In other places, it may be desirable for ecological or

conservation reasons to retain nomadic populations even though other forms of land use would prove more productive for that land. In such a case, public authorities could zone the land for nomadic use only, which would automatically reduce its value (and therefore the tax which it could command) to one which the nomads could afford to pay.

[To be concluded]