

Editorial by Karl Fitzgerald

For decades Georgists have grappled with the land reform issue. We believe we have the solution to rampant property speculation, debts and ineffective taxes. The question has always been, how do we get there?

This edition of Progress heralds a change of strategy. Instead of calling for a root and branch reform of the tax system at every turn, Prosper is now looking at the milestone achievements along the road to macroeconomic tax reform.

One of our biggest challenges is to provide living examples of low land prices enabled by land rental payments. Dr Cameron Murray's latest report (co-produced with TAI), *Unspoken Alternatives to Expensive Housing*, provides two key examples.

In 2006-07 Prosper was approached by ACT bureaucrats to analyse the economics behind the Canberra Land Rent Scheme (LRS), prior to the launch. Our feedback still stands - a 2% land rent is too low and allows first movers to claim the remaining rent and cash out. However, as Dr Murray shows, there *are* significant savings for residents. Those savings are magnitudes greater than the current 'build-more-houses' policy focus. At the 127th Annual Henry George Commemorative Dinner, Cameron went into great detail exposing the supply side diversion.

The links between the Georgist movement and Canberra have been strong since federation. In discussing the establishment of Canberra, Senator Smith (W.A.) said in a 1901 Parliamentary speech:

"If we have an area of 10 miles square, (if) directly we decide upon the site of the federal capital, there will be a perfect eruption of land grabbers syndicates and speculators who will rush over to buy up the land all around with the idea of forming suburbs for the people to dwell in. The consequences will be that the people of the Capital instead of living within the Federal Territory, will reside in the suburbs belonging to private people and the immense revenue the Commonwealth should receive as ground landlord will go into the pockets of the speculators." (Frank Brennan, *Canberra in Crisis*, 1971)

Walter Burley Griffin and his wife Marion were the chief architects for the establishment of Canberra. They were ardent Georgists. Not only did they design Canberra to great acclaim, but also the Henry George Club's first Melbourne offices.

Fast forward to those formative days of the LRS and

the typical pressures mounted. The banking industry were hesitant to lend to participants. They lacked confidence of a mortgage without ever escalating land prices as security.

At the same time, it was obvious there were some savvy ACT bureaucrats pouring over our work. We had visits from historians preparing promotional material on the upcoming centennial celebrations for Canberra. Soon after, the Henry George Foundation of Australia was also approached to provide seed funding for the LRS.

The movement's vote of confidence in financially backing the nation's most innovative and effective housing policy was one small step in getting the program off the ground. The Canberra Public Sector Union bank had already stepped forward to underwrite the mortgages.

Now a decade on, we hope advocates can add the report's findings to their tool box. We ask, why aren't more governments using the CLRS model to provide sorely needed affordable housing? Instead, public housing lands are being sold off.

The report's second piecemeal example of land rents are Community Land Trusts. Similar to the government run LRS, they also recycle land rents for the common good. They are managed by a board of civic minded people, with residents holding a minority of seats. The resale formulas highlighted here deliver significant savings for residents. We look forward to improving on these formulas with our own design, coming to a Victorian CLT project soon!

We must remember that while these projects deliver affordability outcomes to participants, the enclave-like benefits are not society wide. Such reforms cannot deliver the immense economic benefits delivered by switching taxes off the productive sector and onto monopoly rents. This remains our primary goal. These benefits are many times greater than merely keeping a lid on land prices.

This report was funded by our tax deductible entity, the Prosper Australia Research Institute. Donations to PARI assist efforts to promote these works, but we sorely need to double our staff to make the most of such world-leading research. Indeed, we have had a dozen high level meetings with Federal MPs in Canberra in the coming days.

"People who say it cannot be done should not interrupt those who are doing it." Anon