

## Capital City—Capital Plan

By GEORGE M. FOWLDS

WITH the exception of India's capital, New Delhi, Canberra in Australia is the only capital in recent times to be designed from the commencement, on virgin ground, in accordance with modern town planning principles. Canberra, which is now celebrating the 50th anniversary of its inauguration, is particularly unique for its method of financing. The Commonwealth has acquired most of the land in the Federal Territory and so is now able to secure for itself that social rent which accrues, following on the expenditure of public money and the growth of population.

The land is leased on terms of 99 years, with revaluations every 20 years, and the rent is fixed at 5 per cent of the appraisals, which are determined by public auctions. Leases of land outside the city, for farming and agriculture, may be given for a period not exceeding 25 years. The occupiers also pay local rates on the unimproved value of their land. (In a statement for the recent international conference in Denmark, a former Member of Parliament, E. J. Craigie, said "The Canberra plan is *not* pure single tax doctrine. Under the leasing system all improvements revert to the Commonwealth at the expiration of the lease. The re-appraisal period is too lengthy. The first period should be set at not more than 10 years, with revaluations at intervals not longer than every five years.)

Under the Constitution Act all the Crown lands in the Federal Territory were to be transferred from the state to the Commonwealth without any payment whatever. It was found necessary, however, to acquire from private owners estates of freehold, and the area so acquired was about 209,500 acres at a cost approximating £750,000. Though a tremendous expenditure has since had to be incurred for a water supply, construction of roads, buildings, etc., adequate for a population ten times what it has at present, the revenue from the rising land values is so great that a return of 2 per cent on the capital expenditure has been received.

The extent of the territory is 900 square miles, its length being approximately 45 miles by 20 miles in breadth—and of the total area, the federal government owns 468,193 acres and 107,807 acres is privately owned. The Crown compensates those dispossessed and from time to time is acquiring further land. The name Canberra, with accent on the first syllable, is probably a corruption of the place name used by the

original inhabitants. There are 250 miles of good roads within the territory and some of the main avenues are 200 feet wide with plantings along the side in some instance as wide as 100 feet.

There are a number of state-owned hotels which have operated at a loss for some years. Continuous communication between the suburbs and the business area is maintained by government-owned omnibus services.

Like Washington, D. C. in its early years, Canberra is known as "the city of magnificent distances," a feature which makes it for the time being, unpopular with some of its residents. But it can never suffer the disability which threatened Washington in its early stages, when the unbridled activities of the land speculators nearly brought about its abandonment.

There is no doubt that the tremendous inter-

est aroused throughout eastern Australia in 1890 by the lecture tour of Henry George (whose wife was born in Sydney) had much to do with the adoption of this particular plan of land value taxation reform and its eventual incorporation in the constitution of Canberra. Mr. George's forthright advocacy of the public ownership of land values, which he promulgated at a series of crowded and enthusiastic meetings (coupled with a wide distribution of his writings), was such that it was incorporated into the legislation of every state. First in Queensland, then in New South Wales and Victoria and later in the remaining states, provision was made for local option or nearly state-wide mandatory adoption of rating on the unimproved value for local purposes, including the exemption of all improvements from rates.

Incidentally, W. B. Griffin of Chicago, the designer of the capital city plan, was also an adherent of Mr. George's philosophy. After the inauguration of the Commonwealth in 1901, a federal land tax was instituted, but this is marred by an exemption of £5,000 which leaves too much scope for speculation and exploitation and also unnecessarily deprives the government of needed revenue.

Many people from overseas have made inquiries from time to time as to how the experiment is working and one of the latest comments is from A. D. Fraser M. P., who lives in Canberra. He regards the system as successful and reports that public opinion is overwhelmingly in favor of it. In 20 years' residence Mr. Fraser

has heard no voice raised against it, and writes that since it has "no disabilities in practice, no one concerns himself about it." He mentions the obvious advantage that land is not held out of use by private owners seeking private profit, and notes that "the development of the city can therefore be orderly with each piece of land put to its appropriate use."

The report from Mr. Fraser continues: "If I wish to build a house I am spared the need to find some hundreds of pounds to buy the land. All I have to do is to be ready to pay the annual rental (on my own block this is about £12 a year). I choose the block I want, but before I can get it, there must first be a public advertisement that it is available, stating its annual value and inviting applications for it. The applicant offering the largest bonus over the annual value gets the block. He has it then on a 99-year lease, subject to periodic appraisal of the rental value, and he finds that he is just as free to use his block to build on it, and to sell the buildings on it, as if it were freehold land. He also has the satisfaction of knowing that the annual rent he pays goes into the community treasury instead of into the pocket of a private 'owner.'"

No other country, apart from Russia, has a completely state-owned capital city, and it is doubtful whether any western democracy is likely to experiment with the drastic method of appropriating all land and buildings without compensation. It is however not unlikely that Australia will eventually find itself with a city which has cost it nothing. Canberra will then prove to be a remarkable illustration of publicly-created site values, rightly directed for the benefit of the community, instead of being diverted into the pockets of speculators.