

THE BASIS FOR PROMOTING LVT

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We have a land tax in New South Wales. It is based on the site value (market value) of land. It collects site rent because obviously it can't collect anything else. It is not a perfect land value tax; it is adulterated with sliding scales and exemptions. But it does work to collect some of the site rent.

It is argued that the land tax cannot collect 100% of the site rent. No system can estimate or collect 100% rent exactly. Probably the best that could be done would be to get somewhere near 90% of the "theoretical" rent. This could be achieved by a tax on the market value, at about 50 to 100 cents per dollar.

The use of land tax allows a steady introduction of the reform, whereas those who advocate "all the rent tomorrow" are clearly advocating violence or a change they know is unacceptable at any stage. George repudiated the idea of sudden change. He also understood that 100% site rent collection was an ideal which should be approached even if it could not be achieved perfectly. He suggested leaving a small percentage with the title holder.

The land tax and site rates are being steadily reduced in New South Wales while payroll taxes, stamp duties and income tax are being intensified. Unemployment is becoming worse. How can we fight against that if the Georgist movement decries land tax? By all means let us tell the world that site rent should be collected, but don't decry land value taxation.

Even a small replacement of bad taxes by a good tax will increase prosperity and reduce unemployment. Land tax is a good tax. It is hard to believe that well-intentioned people should oppose a good revenue method because it is called a tax and "there is no such thing as a good tax." If we could remove 1% injustice each year it would be significant.

One reason why collecting "all the rent tomorrow" would be unfair is that the estimated rents would not be the correct ones. Some land which can demand rent now could become land beyond the margin and there would be other changes in relative or absolute worth of sites as a result of government collecting rent instead of there being freehold titles. On the other hand, a steady increase in site taxation allows steady adjustments to be made both as to the use of the sites and also to the land prices. Our object is not to abolish the price of land, our basic object is to collect rent for revenue, to replace confiscatory taxes.

If the community wants to collect rent for revenue, the rent must be assessed and collected by force. No one will pay the community rent voluntarily. Rent does not "flow in naturally." Privileged people have avoided paying rent to the community for ages. The community has to confiscate the rent from the individual.