

WHOLE HOGGERS

It was amusing to read Arthur Cannon's letter (July 92) in which he suggested that the "whole-hoggers" had a victory over those who recommended gradual increase in land value taxation. I don't know who "declared" the "victory". It seems to me that the step-by-steppers got a bill passed by the English parliament, whereas there has never been anywhere in the modern world a bill passed to collect the full site rent for revenue. Presumably the whole-hoggers assisted and enjoyed the rescinding of the land tax legislation – what a victory for them!

Turning to Australia, for about 80 years local government in NSW was financed almost entirely by site value rating; sadly that has been diluted in recent years by Federal subsidies (from other taxes) and by fixed charges. There had also been long periods of State Land Tax in NSW.

Mr. Cannon is wrong in suggesting that applying site value taxes "would cause violent fluctuation in rents". If he is basing that assertion on tables in a pamphlet by Mr. Hodgkiss, then he has been led astray, because Mr. Hodgkiss made some erroneous assumptions. I do not have the pamphlet with me but if I recall rightly he claimed that the application of a rate of sixpence in the pound would cause the price of a certain site to fluctuate over several successive years to values of something like 780, 480, 700, 520, 660 . . . That was what he predicted would occur. If such a prediction is possible, would not

everyone sell when the price was 780 or 700, and buy back again the next year at 480 or 520? Who would buy at 700 or more, or sell at below 600? He provided a number of tabulations with such absurdity.

A small increase in a land tax rate would cause a small decrease in prices for land titles, but it does NOT cause "violent oscillation". There have been very high rates of municipal tax set in NSW over many years but they never caused violent fluctuations on a yearly basis. On the other hand, there have been steady increases in land prices over long periods leading to booms followed by slumps. The boom during the 20 years up to 1991 was caused partly as a hedge against currency debasement, partly by an increase in population and public works, and partly by the erosion in the intensity of rates and taxes on land value. The expectation that these conditions would continue caused ill-advised and over optimistic borrowing, and un-businesslike lending by banks.

Quoting out of Context?

Yes, Henry George did use the words: "do it at 10 o'clock tomorrow morning", but . . .

In question time after his famous lecture "Scotland and Scotsmen" in the Glasgow Town Hall he is recorded as saying:

"I want to do this at 10 o'clock tomorrow morning; but if we all wanted to do it, it would take a good while. It necessarily must be a progressive step. We must necessarily, on account of resistance, move step by step. And as we do this, land owners will have a chance; your recent purchaser will have a chance not to purchase. The decline would be slow and gradual."

It is clear that George was a gradualist, a "step-by-stepper". The wording seems a little disjointed, maybe because the reporter was jotting down the main points, and was perhaps a little weary.

The "next-morning" – "whole hoggers" could only achieve immediate change by the use of *violent* revolution. A good government avoids the grief which results from violence. Violence often leads to bad governments.

A policy of very gradually replacing other taxes by site value taxes, would have *strong immediate* incentive effect leading to increased economic activity and prosperity. Sadly, all our State governments have been going in the opposite direction for twenty years, with resultant unemployment and poverty.

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