

## V: OPTIMIZING LAND USE

Over the years, governments have tried to foster optimum land use in many different ways.

These include regulations to govern the use of land or restrict its subdivision, contracts that require certain patterns of land use to be established within a given period, and various fiscal measures. These latter measures include estate, gift, probate and succession duties to limit the size of family holdings, as well as taxes or rates assessed as a percentage of the market value of land or properties.

### Taxes and Incomes

Regulations and restrictions are still with us, and have even proliferated in certain areas. But taxes that fall on property have diminished somewhat in recent years.

This is shown in Table 2<sup>8</sup>, which lists household income, total taxation and property taxes in Australia from 1967-68 to 1978-79.

### Property Taxes on the Way Down...

Table 2 shows that while total taxation has steadily increased, the proportion of household income collected as property taxes has declined.

### ...and Unemployment on the Way Up!

Unemployment has increased as property taxes have declined. This is shown in Table 3<sup>9</sup>, which compares property taxes (as a percentage of income) with the annual unemployment rate.

This information is depicted in Figure 1. It does not prove that Australia's recent surge in unemployment has been caused by the decline in

**TABLE 2: HOUSEHOLD INCOME, TOTAL TAXATION AND PROPERTY TAXES, AUSTRALIA, 1967-68 to 1978-79**

YEAR	HOUSEHOLD TOTAL TAXATION			PROPERTY TAXES	
	INCOME \$million	\$million	As % of Income	\$million	As % of Income
1967-68	19,048	6,038	31.7	585	3.1
1968-69	21,425	6,747	31.5	635	3.0
1969-70	23,634	7,722	32.7	679	2.9
1970-71	26,543	8,603	32.4	732	2.8
1971-72	30,002	9,811	32.7	782	2.6
1972-73	34,417	10,757	31.3	855	2.5
1973-74	42,338	13,707	32.4	964	2.3
1974-75	52,557	17,734	33.7	1,176	2.2
1975-76	61,643	21,323	34.7	1,427	2.3
1976-77	70,486	24,852	35.3	1,624	2.3
1977-78	78,019	26,968	34.6	1,738	2.2
1978-79	86,824	29,468	33.9	1,797	2.1

**TABLE 3: PROPERTY TAXES AND UNEMPLOYMENT RATES, AUSTRALIA, 1967-68 to 1978-79**

YEAR	PROPERTY TAXES AS % OF TOTAL INCOME	UNEMPLOYMENT AS % OF WORKFORCE
1967-68	3.1	1.5
1968-69	3.0	1.3
1969-70	2.9	1.6
1970-71	2.8	1.7
1971-72	2.6	1.9
1972-73	2.5	2.1
1973-74	2.3	2.1
1974-75	2.2	4.7
1975-76	2.3	4.4
1976-77	2.3	5.5
1977-78	2.2	6.2
1978-79	2.1	6.2

property taxes. However, it does support the thesis being advanced in this book, and point to measures that could reduce the nation's unemploy-

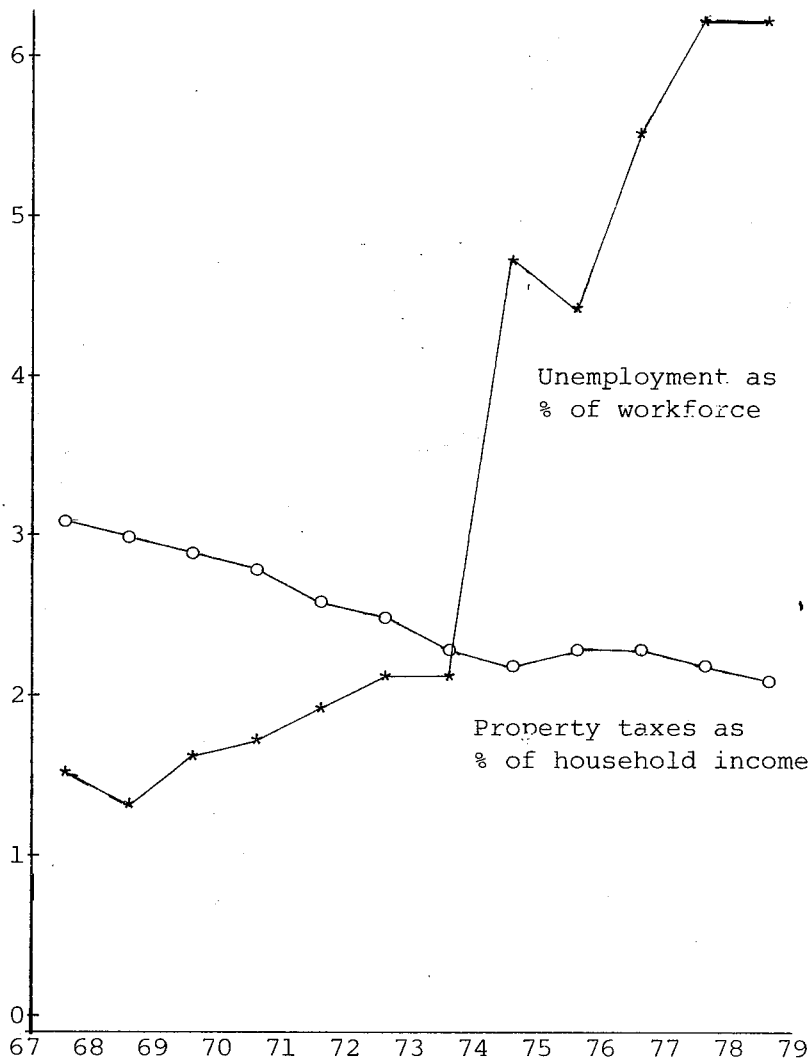


FIGURE 1  
 PROPERTY TAXES  
 AS A % OF TOTAL HOUSEHOLD INCOME  
 AND UNEMPLOYMENT  
 AS A % OF THE WORKFORCE  
 AUSTRALIA, 1967-68 TO 1978-79

ment rate.

### **Effect of Inflation**

We may note, in passing, that while property taxes have declined steadily, unemployment surged upwards in 1974-75.

Australia's inflation rate rose steeply about that time. The rise in unemployment followed it.

The upsurge in unemployment was due, in my opinion, to a combination of inflation and low levels of property tax. This combination will be dealt with in detail later. Here we are concerned with recent movements in property tax.