

Great Britain before the war. The object of this account was to iron out currency fluctuations. It was not intended to prevent long term changes in the prices of currencies. It acted merely as an exchange dealer.

One of the troubles of such an account is that those who control it may not discover a real deterioration in the value of a currency until they have spent many millions in overstocking it.

It is safer for the public to allow speculators in the buying and selling of exchange to take the risks involved. Their activities iron out exchange fluctuations without injury to the taxpayer. Exporters and importers, too, can always obtain from them fixed terms for supplies of currencies to be delivered at a future date.

However, the influence asserted over exchange rates by Equalisation Accounts, although bad, is certainly far less dangerous than the deliberate control of those rates for political purposes. They are certainly innocuous compared with that confiscation of overseas exchange in which it has been the practice of governments to indulge since the war, and which I will deal with in the next chapter.



## A Discerning Economist

"A DEFECT of our property tax system that is seldom mentioned is that it puts a premium on obsolescence and penalises new housing. This is so because property taxes are *ad valorem* taxes. Every piece of real estate except land is subject to depreciation... Economists agree that taxes on land cannot be shifted but are capitalised... Homeowners who bought their homes some time in the past can reap large profits when selling them. Old homes should sell at a lower price because of the depreciation of the building, but in most cases the depreciation of the building is more than offset by the increased value of the lot... Increases in land values can be prevented by taxing land at an appropriate rate.

"We have found that a high and burdensome tax rate on improvements will discourage residential construction, penalise home ownership, aggravate the housing shortage and force up rents. A low rate of tax on land will have similar if not identical effects: it will lead to a rise in urban land values, which in turn will discourage residential construction, create unemployment, penalise home ownership, aggravate the housing shortage and force up rents. The paradox of property taxation consists in the fact that lower rates on improvements produce the same results as higher rates on land, and conversely higher rates on improvements produce the same results as lower rates on land.

"Expenditures of local governments increased from \$9.1 billions in 1946 to \$30.6 billions in 1957. A consider-

able part of this increase — maybe one-third or more — could have been avoided by a tax system that would ensure, not only a more rational use of land, but also a sound economy in our urban affairs."

Extracts from a paper advocating revision of U.S. property taxes to an emphasis on land values rather than on improvement values given by Dr. Herbert J. G. Bab, Ph.D. in Political Economy, and former J. M. Keynes research fellowship holder at King's College, Cambridge.

### IN MEMORIAM



# A.G. Huie

ALEXANDER GORDON HUIE, although he will be remembered chiefly by his friends in the Georgeist movement, will also be remembered by others among whom he exerted a considerable influence.

Mr. Huie was twenty-one when, in 1890, Henry George made a lecture tour of Australia, but he was not able to see George in person. He was a committed supporter and campaigned in fourteen elections from 1894 onwards on a programme of free enterprise, free trade, land-value taxation and proportional representation.

In 1901 he attended a meeting in Sydney at which the Sydney Single Tax League was formed. There, Mr. Huie was elected as Secretary of the League and remained in that post for fifty-two years. During this time he was responsible for much of the agitation that secured the introduction of site-value rating in New South Wales and the adoption of proportional representation for elections to the Australian Senate.

He founded *The Standard*, a monthly journal of the N.S.W. League, and remained as editor until his retirement from the secretaryship of the League in 1953.

At the 1964 Conference of the International Union Mr. Huie was elected a vice-president representing Australia.

Mr. Huie was a prolific writer of letters to the Press. In the first five years of his retirement he had over five hundred letters published in a great variety of newspapers. The *Sydney Morning Herald* alone published some two hundred and twenty letters from him over a period of more than forty years, and once published an article about him, acknowledging his widespread influence for more than sixty years.

Mr. Huie died on November 7, 1964, at the age of ninety-five. The organisation he built up in New South Wales owes a great deal to his drive and enthusiasm and continues to press for the reforms for which he so persistently and ably fought.

(A Personally Speaking article "Seventy Years A Georgeist," appeared in *LAND & LIBERTY*, December, 1958)