

Progress

FAIRER RATES FOR ANNUAL SITE VALUES

PROPORTIONAL REPRESENTATION FOR ELECTIONS

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SUBMISSION TO LAND TAX REVIEW OF VICTORIAN STATE GOVERNMENT

Seven submissions supporting revenue from site values have been sent to the Victorian Government Inquiry into Land Tax. One of these was from Mr. Bruce Every.

1. INTRODUCTION

It is the contention of this submission that a properly constituted and administered tax based on the unimproved value of land is the most just, equitable, practical and economically sound method of raising public revenue.

This submission consists of three major parts, namely, the nature of land tax, the practical implementation with reference to the terms of reference and recommendations.

2. THE NATURE OF LAND TAX

2.1 Site Rental

That part of the national income which is due to the labour and capital of individual citizens is theirs by natural right. The Government has no right to demand any part of it for public revenue. That part which is due to the presence and industry of people collectively is publicly-created. No individual has a moral right to this. The Government has a moral duty to collect the whole of this part of the national income for public revenue, as trustee for the people, to use it to carry out those functions which can only be carried out appropriately by the government and for which revenue must be provided. When this publicly-created part of the national income is not collected by the Government and is allowed to go to private individuals, gross inequality is created between those individuals and the rest of the community. Not only do these private individuals receive what they have not earned but the Govern-

ment is then forced to demand in taxes part of the individual share to which the individual alone has a moral right.

The publicly-created portion of the national income is the site-rental value of the land exclusive of cultivation, buildings and all other improvements on the site. This site-rental value is the amount which tenants would be prepared to pay annually for the exclusive use of the site. The site value, price, or unimproved capital value of the site is the capitalised value of all the expected future annual site-rental. The sum of the future rent is suitably discounted because of the fact that a dollar received in ten years time is worth considerably less than a dollar received today.

2.2 Relationship between Site-rental Value, Land Tax and Price.

The relationship between the annual site-rental value, land tax and the market selling price of land is demonstrated in the following mathematics.

If t = Tax rate on land value

i = Real interest rate

V = Current selling value of land

F = Full selling of land before tax

E = Site-rental or economic rent of land before tax,

then $F = E / i$

$V = (E - tV) / i$,

or $V = E / (1 + i)$.

To put some figures to it, a typical Melbourne site may be valued at \$60,000 (V) and may be paying council rates based on the site value of \$600 i.e.

t equals 600/60,000 equals 0.01 (1%). If we assume that the current real interest rate is the long term bond rate 12% minus inflation rate 6% equals 6% i.e. i equals 0.06. The economic or site-rental value E is found to be \$4200 per annum i.e. \$80 per week. If a further 1% land tax was imposed making t equal to 0.02 then the selling value would become 4200 / (.02 + 0.06) equals \$52,500. Note that a 50% tax would reduce the selling price to 4200 / (0.5 + 0.06) equals \$7500. The percentage of the site-rental collected is as shown below.

% tax rate on site value	% of site-rental collected
0.5	8
1.0	14
2.0	25
5.0	45
10.0	63
20.0	77
50.0	89
100.0	94
200.0	97

INSIDE:

- Good News from America
- Annual Report Tax Reform Australia
- Dates for your Diaries (See Back Page)

2.3 Land Tax Collects Site-rental Value

By imposing a tax based on the unimproved value of land, some of the site-rental value is being collected by the Government. As explained above, this is just and equitable because this site-rental was created by the community and not by the land owner. The fact that some of the site-rental value is being collected by Government instead of going to the landowner will result in a lower selling price. Because land tax collects the site-rental created by the community, which belongs to the community, it is not really a tax at all. This is why land tax is just. It is in fact unjust for governments not to collect it.

2.4 Land Tax Cannot Be Passed On

All economists from John Stuart Mill to Paul Samuelson agree that a tax on land values cannot be passed on by the landowner to his tenants or in increased prices. As Mill said "A tax on rent falls wholly on the landlord. There are no means by which he can shift the burden upon anyone else." Over 100 years later, Samuelson in his economics text book, Economics, says "The whole of the tax has been shifted onto the owners of the factor in inelastic supply. The landowners may resent this, but under competition there is nothing they can do about it, since they cannot alter the total supply, and the land must work for whatever it can get." If landowners could increase rents or prices they would have done so, land tax or not. The reason why landowners oppose land tax is because they know very well they cannot pass it on. They cannot pass it on because the supply of land is fixed and it varies enormously in site-rental value from high in the city centre to low in the rural areas.

2.5 Land Tax Collection

Land tax should be very efficient to collect and would be if exemptions and gradations of the rate were abolished. A much larger amount could be collected with very little increase in cost. Land tax could also be collected by Local Government Councils on behalf of the State Government since they already have an efficient system to collect rates.

2.6 Land Tax Avoidance and Evasion

Land sites are easily visible and all details including the name and address of the owner are kept by the titles office. Land sites cannot be taken off to a tax haven. Once again it is the exemptions which allow land tax to be avoided. Land is held in different names, the land tax office is not informed when land changes hands or the land tax office does not keep adequate records of an

individual's aggregate land holdings. Whatever the reason, very few paid land tax when last year in the Melbourne eastern suburbs most home sites were valued at a minimum of \$60,000. An individual would only have to own his own home and another site to take over the \$105,000 exemption level to be liable for land tax.

2.7 Land Incentive Effects

A tax on land value gives land owners the incentive to put their land to its fullest and highest use in order to raise the money to pay the tax. It discourages the holding of land idle particularly for speculative purposes which forces other land users onto more marginal land. Thus, the effect of a land tax, set at a significant level would force landowners to use their land efficiently or sell it to someone who would. When more revenue is raised by land tax this enables other taxes, which discourage production and exchange, to be reduced or abolished. This would stimulate both manufacturing and the building industry enormously. The tax which raises the most revenue in Victoria is the tax most responsible for curbing production and causing loss of jobs. This is of course, payroll tax, which is in effect a fine on employers for employing people. A substantial increase in land tax with a similar lowering of payroll tax would stimulate Victorian industry enormously.

2.8 Ability to Pay

A flat rate land tax based on the unimproved land value ensures that the wealthiest landowner pays the most tax. A study of a town in U.S.A. showed that 1.5% of the land owners owned 54% of the land value and therefore would pay 54% of the total land tax. This was compared with the 3% top income earners who only paid 30% of the total income tax. A similar situation occurs in Victoria where 1990-91 budget Paper No. 4 says: "Most of the (land tax) revenue is collected from the corporate sector and the thousand largest landowners contribute about 65 percent of the total land tax revenue. The wealthiest people own the bulk of the land value and would therefore pay the bulk of the land tax."

3 PRACTICAL IMPLEMENTATION OF LAND - TERMS OF REFERENCE

Land tax should be based on up-to-date land values, have no exceptions or exemptions and be a flat rate. The current exemptions and extremely progressive tax rates in Victoria cause enormous increases and anomalies which are unnecessary and unacceptable. Referring to the specific terms of

reference.

3.1 The Incidence of Land Tax

Because of the exemptions i.e. land used for, primary production, charitable, religious, educational bodies and by municipalities as well as an individual's total land holding being below \$105,000 the incidence of land tax is not great. In fact in the 1990-91 Budget Paper No. 4 states that land tax is payable by only 96,000 landowners and that there are about two million parcels of land in Victoria. There is no justification for any of these exemptions. A uniform land tax on the site value of all land, with no exceptions, means that all landowners will pay in direct proportion to the benefits they receive from government and the community which is reflected in the value of their land. Primary production is a business like any other. If it is desired to give subsidies to farmers, education bodies, religious groups, etc. it is far better to hand out money directly for all to see on some needs basis, rather than a subsidy in direct proportion to the value of land they own.

The low incidence of, and the pitiful amount raised by, land tax in Victoria is evident when the value of all Victorian land and the actual amount raised is examined. The total land valuation of Victoria is given in the excellent report by M. D. Herps entitled "Advice to the Commonwealth Grants Commission on Relative Capacities of States and Territories to Raise Land Revenues", Appendix F Commonwealth Grants Commission, Report on General Revenue Grant Relativities 1990 Update. This report gives the total value of all Victorian rateable land as at the 1st July 1988 as \$123,571 million, i.e. 123.6 billion dollars.

(The remainder of this section has been omitted here for reasons of space.)

4. RECOMMENDATIONS

Many recommendations have been made above and are summarised below.

- 4.1 Every effort should be made to achieve the goal of annual valuations as has been attained in South Australia. Without up-to-date and accurate valuations there will be anomalies and dissatisfaction with the land tax system.
- 4.2 The threshold exemption for all commercial and industrial land should be removed and a flat tax of 1.4 cents per dollar be imposed in the 1991/92 financial year.
- 4.3 The threshold for all residential land be removed and a tax on all residential land of 0.2 cents per dollar be imposed in the 1991/92

financial year. Taxes on payroll and stamp duty could be vastly reduced at this stage.

4.4 The tax rate on residential land should be increased at the rate of 0.2 cents each succeeding year until the rate is equal to 1.4 cents per dollar as for commercial land.

4.5 The exemption for "Primary Production Land" should be removed with the tax rates the same as for residential land.

4.6 In seven years when all the land is taxed at 1.4 cents in the dollar the tax rate should be increased and other taxes progressively decreased until they have been abolished.

GOOD NEWS FROM AMERICA

(From the Report of the New York Henry George School of Science)

The year 1990 comes to a close with momentous events taking place in the world. From the breakup of communist governments in Eastern Europe to the breakdown of governmental services in New York City, recent world events show that the need for sound understanding of George's economic analysis and application of his reform could not be more strikingly urgent. And your school is poised to meet the need both here and abroad.

Resulting from our involvement in the conference on "Concepts and Procedures for the Collection of Rent in the Soviet Union," held in New York, the school has been invited by public officials to conduct courses in Georgist economic philosophy in Estonia and Leningrad next spring. The City of New York, in its endeavour to reform the property tax, invited the school, through our Center for Local Tax Research, to join the New York City Real Property Tax Reform Advisory Group organized by the Department of Revenue.

Of equal significance is the reception that the programs conducted at our headquarters have received. Over five hundred students earned certificates for completing courses during the year. Another four hundred attended forums and seminars, taking us well on the way to establishing the school as a well attended, recognizable community service institution.

Our high school program reached yet more students and teachers this year with the introduction of the American History video "American Heritage", and Land and Freedom-World History les-

son series, "The Industrial Revolution". Over six hundred teachers have obtained land based economics and history materials for classroom use. The semi-annual New York Urban Workshop brought more than eighty of the brightest area high school students to our headquarters to hear public officials, business leaders, and Georgist speakers address timely issues.

The important work of the school is being taken to specific groups and general audiences by the HGS Extensions and Affiliates in other cities in the U.S., Canada, and the Dominican Republic. Georgist books and study materials have also gone into high schools, colleges, and the university that serves the West Indies in Antigua and Jamaica.

New teachers have been added to the faculty and more are being trained. The staff has been increased and fresh opportunities to make an important difference in the world are before us. The other ingredient we now need is your financial support. Join us and become a true partner in striving for a worthy goal.

DISCUSSION SUGGESTIONS

1. Reasons for slow progress and even the reverse of LVT throughout the world;
2. Proposals for other methods to get our goal: pay for land value to the common treasury instead of private owners.

ad 1.
In 1968, at the international conference at Caswell Bay, Roland O'Regan explained in his paper our lack of progress on p.8 as follows:

"No one likes paying taxes, and every land tax payer becomes an opponent of the land tax. In addition he has an added motive to oppose a land tax in particular, and I think this is important. A tax on land values reduces the value of a property by the amount of tax capitalised. Conversely any remission of the tax means an increase in selling value of the property, i.e. a capital gain, and every land owner reaches out at some time for this *glittering prize*. This is the motive keeping alive the constant pressure to abandon land-value taxation in the municipal field. Land-value taxers, in their efforts to destroy the evils of private property in land, are fighting a continual battle *which is never won*, and for this reason a further step is required to secure the gains made."

Since, Canberra starting with LVT (SVR), is lost. New Zealand will be lost in due time by prohibiting polls on the subject. In Australia no progress. In RSF we are hopeful to add Cape Town to the list, but in the other provinces there is a standstill for decades already. In Pennsylvania there are a lot of 'World Victories', but after a mere beginning the opposition due to that 'glittering prize' is growing already. In the rest of the world no progress whatsoever. Please make a reprint of Roland O'Regan's paper of 1968! He warned us already a quarter of a century ago — install a study group to listen to his warnings!

ad 2.

On page 12 of his paper, Roland O'Regan says: "We should know why and *how* the problems of monopoly ownership, valuation, rent determination and legal problems of definition and administration can be overcome. We should be deeply involved in this and similar efforts."

J. J. Pot,
Lunteren, Netherlands.

If you buy a product, your money flows to land and labour.
So the labourer cannot buy his own product!
If the landowner spends his money, the labourer gets his wage, but then there are less products to buy.
And the labourer asks a higher wage.

John Pot,
Netherlands

THOUGHT-PROVOKING

Between 1982 and 1989, the Western nations — including the United States and the U.S.S.R. — sold Iraq more than \$42 billion in military hardware, or 28% of all worldwide arms purchases during that period.

In fact, each year, military spending devours one trillion dollars. That's more than the total income of the poorer half of the world's people.

U.S. Henry George Newsletter,
Jan.-Feb. 1991.

PERCEPTIVE

The first panacea for a mismanaged nation is inflation of the currency; the second is war. Both bring a temporary prosperity; both bring a permanent ruin. Both are the refuge of political and economic opportunists.

Ernest Hemingway.

PRESS LETTERS

CRY OF CATASTROPHE FROM SMALL BUSINESS

Four years ago my wife and I established a small computer software business from scratch which has grown to approximately \$1 million turnover. I have developed these negative perceptions about setting up business in Australia.

How any small business can grow in Australia is a mystery. The tax regime makes it impossible for a small business to generate its own capital; it is forced into debt. A small business owner in Australia faces personal income tax, corporate tax, capital gains tax, fringe benefit tax, provisional tax, sales tax, payroll tax (even on superannuation contributions in Victoria), withholding tax, prescribed payments, import duties. Customs compilation charges, registration fees, licence fees, stamp duty, land tax rates, federal tax on debits, government duty on deposits (the bigger our overdraft the more these taxes are) and a few more taxes and charges which I can't remember. From an anticipated turnover of \$1 million we expect to extract a combined income of \$35,000 in 1991 (less than what a teacher is paid).

Wharves, rail, telecommunication, electricity, airlines, clothing, cars, shoes and building are all inefficient industries and their products and services are ridiculously overpriced.

We see opportunities abroad to sell new Australian-made software, but with our high-cost economy it would be hideously overpriced on world markets.

The bloated public sector is a dead-weight on the business community, more so in Victoria than in other states. Forty-five per cent of the offices in the Melbourne CBD area are occupied by public servants. In a time of recession the weight on the other 55 per cent is crushing.

James Hearne,
Melbourne.
"Age", 18/2/91.

The ongoing change from high tariff protection against excessive imports to high interest rates instead, neatly flicks the cost deterrent from the import consumer to the general community. This

reduces sales of Australian production, thereby increasing bankruptcies, unemployment and poverty.

By increasing the interest costs of Australian production and artificially holding up our currency exchange rates, high interest rates render imports even better bargains than before, to those who can still afford them. The Fontana Dictionary of Modern Thought definition of "HEGEMONY" is thus alive and well as the rich get richer in such cute little ways.

Could the "... confusion and also dismay both within the Government and among private sector economists ... at the current flood of imports (Tom Connors' Opinion column, May 8) really be because of ignorance or is it just that simple truth is inconvenient to import consumers?

Bill Mason, Pearce, A.C.T.
submitted to
"Canberra Times", 12/5/90.

CASH TRANSACTIONS CHECK IS WORTHY OF THE KGB

The Cash Transaction Reports Agency is being used by the Federal Government as a means of introducing the Australia Card by the back door. It is a prime example of bureaucratic socialism, infringement of personal freedom and liberty and is the type of interference in the privacy of individuals which one would expect from the Gestapo or the KGB. It requires third parties, e.g. banks, to inform on individuals.

I have dealt with the same bank for more than 25 years and have a term deposit with this bank, the money being derived, not from illegal activities which the agency assumes, but from superannuation funds paid to me on retirement. I wished to change the term of the deposit from 60 days to 90 days and was told that this new bureaucratic agency insists that any change of this nature requires the bank to open a new account.

Before the bank can open the new account it has to obtain a verification-of-identity-statement from the unfortunate private individual and undertake a 100-point check to verify his or her identity. A birth certificate or passport is not sufficient verification of identification and scores only 70 points.

Various other means of identification such as a driver's licence, score more points, but name and address on the electoral roll or name and address and telephone number shown in the telephone directory score only 25 points. The bank now possesses photocopies of my passport and driving licence.

This bureaucratic madness involves incredible waste of taxpayers' money and the employment of people who are creating no wealth or other benefit to the community and who obviously are required to assume that all individuals are engaged in some form of fraud. So much for the Government's stated love of individual freedom and liberty.

A. Stuart Leslie,
Toorak.
"Age", 25/2/91.

PENNY TOLL

Well might the Real Estate Institute of Australia urge the Federal Government to provide rental assistance to low-income families. (C.T. July 3)

Sir Winston Churchill once instanced the removal of a penny toll paid daily by workers crossing a particular London bridge. "Within a very short period of time the rents on the south side of the river were found to have advanced by about sixpence a week or the amount of the toll which had been remitted." (Budget campaign speech at King's Theatre, Edinburgh, July 17, 1909).

Bill Mason,
Pearce, A.C.T.
"Canberra Times", 6/7/90.

BETTERMENT: PROFIT AND LOSS

It is encouraging to see the issue of 'windfall increases in land value' brought to attention (*The Planner*, 7 December), but the proposals made by Mr. Edge would, at best, address the problem to a very limited extent.

Since 1947, there have been three attempts to collect betterment; each failed through a lack of understanding of the relevant principles in land economics.

1. Planning permission does not in itself cause an increase in land value. Consent can only release a latent value which already exists, by virtue

- of the demand from the community at large for the use of that land; the local planning authority might zone a remote tract of moorland for offices, housing or anything else, but the sheep would safely graze.
2. The effect of infrastructure on land values is dispersed. This is no doubt why the Government's attempts to get developers to pay for new underground lines in London met with a cool response; there is at present no mechanism for ensuring that all of the beneficiaries contribute towards the cost.
3. The primary value of land is its *rental value*, the stream of rental income which the land yields; selling prices are derivative, being merely the capitalisation of the income stream. This year's harvest pays the rent. Where new infrastructure is concerned, the point at issue is not its initial construction but its continuing availability as a service.

4. Attempts to collect betterment when development takes place are a disincentive to development. Such legislation has encouraged land-owners to keep sites off the market, awaiting the inevitable repeal.

Once the above points are recognised, it should not be difficult to appreciate that the only effective way to collect betterment and other 'windfall' increases in land value is by means of a property tax in which the assessment is the annual market rental value of the site. Now that the poll tax is on the way out, and with continuing discontent over the Unified Business Rate, the Government ought to realise that their replacement by a rate based on site values would resolve this and other outstanding problems 'at a stroke'.

Henry Law,
Queen's Gardens,
Brighton, U.K.
"The Planner", 8/2/91.

USER PAYS

The "user pays" principle is being grossly misinterpreted by some A.C.T. people.

The entire community pays the taxes which provide our public infrastructure. Taxes averaged \$6,333 per man, woman and child last year, about half of it unseen and unrecognised in prices. Taxes were up to 12.5% on 1987/88. ABS 5506 refers.

Infrastructure sustains and increases land values. The community then pays again in escalating rents, also passed on in the prices of all goods and services. Many pay again in rising residential rents, too.

Rates on property owners are a mere \$210 of \$6,333, with land taxes another \$50 per head of population. Yes, it is time the real beneficiaries paid their way!

The miserable \$6 million said to be needed to save A.C.T. schools will increase rates next year from the 1.32% recently announced to 1.44%. This will still be way below the 2.53% of 1982-83 since when A.C.T. land values tripled in six years to January 1988. It may cost average home owners about \$50. This covers their families too, without matching tax price increases which create further bankruptcies and unemployment and poverty for still more families.

How fair dinkum is our NIMBY education lobby, still seeking public expenditure on cuts in other backyards they don't even specify?

Bill Mason, Pearce A.C.T.
submitted to
Canberra Times" 14/10/90.

LETTER FROM MR. DOWE

The Secretary
Georgist Council of Australia
31 Hardware Street
Melbourne, Vic. 3000
Dear Colleague,

I appreciate receiving all your communications, and regret that at present I can take no active part in Georgist activities.

May I wish you well in the heavy work and responsibilities relating to the International Georgist conference in Australia. I will support you financially as far as possible.

How best to promote the Georgist cause must cause us all deep concern. After over a century, we have not made the impact on the world which, George said, truth is bound to make.

There may be SEVERAL causes, but out of them I will indicate three different factors, which I have often indicated in the past, and which cannot be overemphasised.

1. The persistence of Georgists, worldwide in following George's error, i.e. using the land-value terminology in-

correctly (from "P&P" onwards), and identifying land-value with rent.

The worst feature of it all is the "taxation of land-values" an error which has already wrecked our terminology and our impact on the non-Georgist world, as well as economic integrity.

- Although a considerable number of Georgists in Australia and elsewhere, have been convinced of what I say and support me, the majority have not seen the light, and we continue to be totally ineffective. George himself effectively corrected himself on Value in "The Science of Political Economy", but he did not himself see the errors of his ways, and most Georgists are blissfully unaware of the contents of that book. Fortunately the late Dr. H. G. Pearce understood it (see his "Value - Normal and Morbid").
2. A second powerful cause of our ineffectiveness is our failure to make personal contacts among the people of our world. Much of our literature is good and effective, but where are our personal contacts?

3. Our persistent use of the word tax, really falls under No. 1, but is particularly fatal; e.g. the Victorian League now calls itself "Tax Reform Australia". We should not advocate tax reform, but tax-abolition. Did Wilberforce or Lincoln ever advocate the reform of slavery?

W. A. Dowe,
74 Dennis St.,
Lakemba, NSW 2154.

URBAN STUDIES (LVT) FROM AUSTRALIAN NATIONAL UNIVERSITY

The following items are available free of charge from the Secretary, Urban Research Program, Australian National University, GPO Box 4, Canberra, ACT 2601, telephone (06) 249 2297.

'Land Value Taxation and Housing Development for Three Cities in Pennsylvania', URU Working Paper No. 13, by Steven C. Bourassa (Canberra: Research School of Social Sciences, Australian National University, 1989), and

'Land Value Taxation and Housing Development: Effects of the Property Tax Reform in Three Types of Cities', by Steven C. Bourassa (reprinted from *The American Journal of Economics and Sociology*, January 1990).

ANNUAL REPORT, TAX REFORM AUSTRALIA, 1991

Office and headquarters at 31 Hardware Street continue to operate as meeting place, bookshop and resource centre. The movement is deeply indebted to Mrs. Loma Sutton for her capable and tireless work as Office Supervisor.

"PROGRESS" Our monthly journal continues to be produced. We are grateful for the helpful initiatives of our printer, the distribution work done by Mr. Noel Wigmore, and the general work of our office supervisor. Miss Eva Best continues to play a major role editorially. The question of combining or amalgamating Australian Georgist journals has been considered.

L. Hemingway Book - "Rent as Revenue" is regarded as one of the best Georgist books available. A book launch was held in July, and efforts to promote the book as widely as possible have been undertaken.

Video: The educational media group has sold copies to schools. Two-thirds of the copies made have been either sold or are in process of sale. Circularization of youth groups and Apex branches yielded little response. S.B.S. declined to screen the video. Several meetings of outside groups featured the video. **Meetings:** Meetings have included: The public video launch in March; the Commemoration Dinner, addressed by Race Mathews, M.L.A., in September; a public meeting at the Exhibition Building addressed by Dr. Rashmi Mayur in October; a Land Tax Forum held at Clifton Hill in November; the end-of-year social held in December.

Lunch-hour video sessions were held monthly. Success varied from nil attendance to two separate sessions.

Attack on Land Tax: This occurred mid-year, mainly arising from leases requiring tenants to pay land tax. Literature was distributed at a protest meeting at the Melbourne Town Hall. Following this meeting, the Land Values Research Group was reconstituted with Roland Staub as research director.

Very Fast Train: Our subcommittee (Messrs. Staub and Heywood) has been active, including liaison with other groups, and appearing at a Senate Inquiry.

University of the Third Age: Mr. George Charles continues to conduct successful classes. The notes prepared and used by Mr. Charles are in the course of publication.

Taxi Advertisement: This was tried for a period of three months, but yielded little success.

Dr. K. N. Grigg: The death of this outstanding worker for our cause in July was a great setback, and has left an irreplaceable gap in our ranks.

Publicity and Literature Distribution: Considerable success with letters to the press has occurred. Literature has been sent to a variety of targets. Known coverage is as follows: LVT, 360; PR, 38; SVR, 52; TOTAL 396 column-centimetres.

3LO Interview: Vice-President Bryan Kavanagh was interviewed by Paul Barber on 3LO for almost half an hour on October 8; this was regarded as most successful.

Site Value Rating: Moorabbin Council has dropped its proposal to discard SVR. Mr. Lance Hutchinson's effort in collecting signatures in this area was remarkable.

Liaison: Liaison with interstate, overseas and other groups has been maintained. Special reference should be made to New Zealand, and the heroic effort of Bob Keall to thwart attacks on site value rating.

1993 International Conference: This is scheduled for Melbourne. Arrangements are being made by the Georgist Council of Australia.

Sydney Conference: Several of our members attended in January.

Subcommittee System: The use of the subcommittee system has been attempted, so far with varying success.

General: The decline in the Australian economy was not a surprise for Georgists. However, outlets for our message are not easy to obtain.

Valuable work by individuals continues but cannot be reported in detail. The Georgist flame is being kept alight in many situations.

Failures of both collectivism and monopoly capitalism make our message topical, and hence highlight the importance of keeping it alive, ready for whenever public receptivity may suddenly increase.

There have been some heartening developments: Georgist inputs into eastern European policy-making; the inquiry strongly recommending site value rating retention for Brisbane; local successes in New Zealand despite moves to weaken site value rating; the

growing support for Citizens' Initiative Referendum; the increase in the betterment levy on developers in the A.C.T. (not quite our proposal, but in the right direction).

Let us not allow public apathy and confusion, nor distortion by vested interests, to quench the message of hope that we are offering.

Geoff Forster,
Honorary Secretary.

FULL EMPLOYMENT WITHOUT INFLATION THROUGH SITE REVENUE

Full employment, full production and falling prices will not be achieved until we remove the two great barriers to prosperity, namely our present tax system and the price or rent obtained by private owners for the use of land.

High taxes on goods, services and materials raise the price of everything we buy, stifle initiative, hit the poorest hardest, greatly increase the cost of social services and give justification for continual wage claims to offset increased living costs.

In addition, everything we try to do to make the economy more prosperous inevitably leads to increased land prices or land rents or profit from the situation. Thereby production is choked back, the major part of the nation's wealth drained into the hands of a few and hopes of prosperity dashed for the mass of the people.

For example, if we try to lower prices by lowering taxation, or through better labour relations, more rational production methods, etc. we thereby put more money into people's pockets which they will want to use for buying more goods. But to produce these goods more raw materials and more working space are needed. This means a greater demand for land and therefore an inevitable rise in the price or rent of land. This largely cancels out the benefit we hope to obtain for the Nation.

Again, if we wish to build new towns or more roads, if we try to help people to buy houses through generous mortgages or improved construction methods, if we try to help the unemployed by more allowances, always the result will be an increased demand

for land and a consequent rise in land prices and land rent which cancel out most of the benefits we hoped for.

These results follow inevitably from our present tax system. Those who put land to good use are heavily penalised by taxation, but those who leave valuable land idle or use it badly pay little or no tax.

Hence landowners are able to withhold land from use with little or no penalty and can therefore wait until competition between intending users forces up the price of rent of land to the highest monopoly levels. Even then landowners often prefer to keep their land idle rather than selling.

There is one simple remedy, namely to take all site values for the Nation in the form of an annual rental revenue payment on all marketable land, on the basis of site value and whether the land is used or not.

Under such a reform, land would lose its speculative value and owners would be obliged either to develop or abandon to those that wished to develop. The abolition of speculative land values would leave developers and manufacturers far more money to spend on actual building and equipment. Public bodies could acquire land more cheaply for parks, schools, sportsgrounds, etc. At the same time the public collection of site values would make possible the elimination of most of the taxes that at the moment stifle production and raise prices.

In this way, and this way only, can we achieve full employment without raising prices.

The Australian Rights Movement,
P.O. Box 747, Nedlands 6009.

WHY GEORGIST MESSAGE IS NEEDED

The primary cause of death in New York City for persons 12 to 26 years old is murder. A black youth in the state of California is more likely to die of murder than to graduate from college. 77% of deaths of Americans 15 to 24 years old come from accidents, homicide or suicide.

There are more American black youth in prison than in college.

65,000 children die daily of starvation around the world, yet enough food is potentially available for all of them; meanwhile, adults spend at least \$A1.8 million on weapons.

The young in the U.S.A. will inherit a \$200 billion debt, or, a baby born today

in the U.S.A. arrives owing \$65,000 on the national debt.

One out of every child under the age of six years is living in poverty in America today.

(From "The Coming of the Cosmic Christ" by Dominican priest Michael Fox, whose advocacy of Georgism was featured in our September 1990 issue.)

COMMENT

Henry George warned of dire consequences if radical social justice was not implemented; alas, his predictions seem to have too much truth.

OUR AIMS

By Stephen Cantor

Paper read at Adelaide Conference,
January 1991

What do we really want to achieve? Land Value Taxation? Site Rent Collection? Rental Value? Free Trade? Democracy? Justice? Most likely all of these things but to my mind none can be a primary goal. Over those issues war was waged in our ranks for 100 years and if those issues remain our goal this war will go on for another 100 years. But times, circumstances and attitudes change. On that basis I suggest, and I take this from my understanding of the spirit of Henry George and not of the theory.

First he wanted "betterment for life on earth". Add to this "all life on earth" regardless whether this is Homo sapiens or whether it is a whale, an earthworm or a microbe. We have to share our earth with all creatures and we all need land to live.

The next question is, "how do we want to achieve this"? The answer is by new, different tax paradigms.

The third is, "how do we go about doing this?", and the answer, "by removing from human exertion the imposts of taxation and to collect instead the communally created values of land for government revenue".

With that we have moved from the abstract reality of life (betterment) to the concrete realities of life (taxation), thereby uniting in our new attitude what all religions and philosophies teach us, the harmony of the universe. Once we acknowledge and respect this universal harmony and move from a Darwinian analytical concept of taxation to an all embracing wholistic outlook on taxation we shall be able to

move forward and be free from the limitations of two-dimensional thinking.

I am sure this will not only raise the eyebrows of many but some will close their eyes in humble recognition of the damage our concept of dominating the earth by science and technology has brought to all life on earth. To rectify those errors is our task for which we believe we hold a solution through our taxation system. To meet the challenges of the 21st century we have to make our message heard and understood. We have to unify. This may be the task of this gathering. I do not expect a clear-cut program to come from it at once, but a glimpse, a better understanding of this shift of emphasis from the two-dimensional to the three-dimensional I do expect.

I do not believe that any theory on its own can change old-established traditions. It needs the empirical demonstration of its validity. Therefore, let us concentrate on establishing anywhere in the world an economic unit where pure LVT can be practised, and make this a priority so that people all over the world can see that "betterment for life on earth" is possible.

On the dusty plains of Kansas, in the slums of Liverpool and Moscow, on the banks of the Ganges and the Yangtze, poor men painfully spelled out the message of Progress and Poverty to grasp a new vision of human society.

William E. Leuchtenberg, author.

TAX ODDITY

K. Packer's Australian Consolidated Press paid nine cents in the dollar for tax last financial year.

Company tax is at present 39 cents in the dollar.

PAYE earners near the median or well above it pay a lot more than nine cents/dollar!

APHORISMS ON WAR

The first truth of war is casualties. War uncovers the cover-ups of peace. War — the last refuge of a desperate politician.

Send not for whom the Scud falls, it falls on thee.

There are no just wars, there are just wars.

Herbert Meyer.

PROGRESS

The Journal of TAX REFORM AUSTRALIA INC.

(Formerly Henry George League — Victoria)

The views expressed in articles are those of the writers and not necessarily of Tax Reform Australia Inc.

We are a non-party educational body which believes:

- the earth is the birthright of every person
- people have the right to freehold tenure of land — if they pay the annual site value to society for the privilege
- site value revenues should be used to abolish other taxes

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DATES FOR YOUR DIARY:

- Lunch-hour videos, Series, 12.30 p.m. 1st Monday of month.
- Executive Meeting: 7.30 p.m., Thursday, May 9th.
- Basic Economics Classes, Tuesdays 10.30 a.m.- 12 noon.
- Geogist Council 7.30 p.m. Friday May 24. All members welcome.
- Discussion night "Developments in Eastern Europe" 7.30 p.m. Wednesday, June 5.

DEADLINE FOR PROGRESS:

Noon on 12th of previous month.

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