

FISCAL POLICY

TO REDUCE INFLATION AND UNEMPLOYMENT through

NO. 1INCREASED PURCHASING POWER.Ref.:
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The bulk of revenues are currently raised by penalising work, initiatives, productivity, individual effort. In fact we are choking to death the goose that used to lay the golden eggs of prosperity.

POLICIES:**ELIMINATE**Monopoly
privileges(Business,
Government,
Trade union
etc.)

On the other hand, we do not collect the huge fortunes which accumulate in the hands of lucky, privileged people - without productive effort.

Incomes unrelated to productive effort come mainly from community created benefits, such as monopolies, subsidies, restrictive practices. One of the largest community-created profit accumulates in huge land-price increases, as we have seen in recent Land-Deal enquiries.

TAX REFORM PROPOSAL:INCOME TAX SHOULD BE REDUCED AND REPLACED BY
A RENTAL LAND-TAX ON SITE-VALUES.Plan for the gradual implementation of the proposal:**RAISE
REVENUES**

from

Monopoly
benefits(Land rent,
Royalties,
Licences,
etc.)

We should abolish income tax for 55% of all Income Tax payers (lower brackets) and replace it with a 3% Land Tax on Site-Values.
(Improvements: crops, buildings, are not included in the "Site-Value".)

THE FACTS:

In 1973/74 21.3% of Income Tax was paid by 55.6% of Taxpayers. (\$1,112 M.)
In 1974/75 18.3% " " " 54.7% " (\$1,201 M.)
In 1976/77 20% of Income Tax collections amounted to \$1,705.8 M. This amount could be raised by a mere 3% Land Tax on Site Values (\$2,020.8) with 300 Million left over for adjusting other rates.

NOT fromindividual
effortsEstimated Site Values of Real Estate in Australia was as follows:

(These figures include only areas subject to Municipal Valuations. 33% of Australia's land is excluded, such as Crown Land; Reserves; Forests; Parks; Rifle-ranges; sites on which Government etc. buildings stand!)

In 1964/65	\$11,910.5 Million	
In 1973/74	\$37,167	" (23.6% yearly increase over 9 years!)
In 1976/77	\$67,359.06	" (27% " " 3 years!)

Whilst income tax penalises and deters work, effort and productivity - Land Tax encourages productivity, and discourages speculation in land value increases without productive efforts.

(No:
Income-tax,
payroll-tax
etc.)

It is difficult to object to Land Tax at rates of 3% or even 5% a year when values have increased by 23% to 27% yearly.
(Land values increased from 73/74 to 76/77 by \$30,000 Mil.!))

THE ADVANTAGES: 1) THE ECONOMIC ADVANTAGES:

- a) Land Tax promotes cost reductions: Land prices become cheaper.
Speculative capital is released: ... Interest rates are lowered.

..... PTO.

- b) Land Tax is not inflationary because it cannot be passed-on to increase the cost of production. (Market competition prevents it as rent-increase is prevented when the supply of homes, flats increase).
- c) Land Tax based on Site-Values provides incentives for better utilisation. It promotes home building, improvements, slum-clearance. It stimulates building, construction and allied industries (i.e. furniture, appliance, etc.)
- d) Land Tax creates new employment opportunities.

THE ADVANTAGES: 2) THE FISCAL ADVANTAGES:

- a) Land Tax is the least costly tax to assess and to collect. (Publicly displayed valuations reduce personnel requirements; eliminate discrepancies and disputes, and provide reliable, up-to-date market indicators at the same time).
- b) Land Tax cannot be avoided, because valuations are public and undisputable. Costly and unproductive tax-avoidance activities are eliminated.
- c) The elimination of 55% of Income tax payers results in huge savings. The Government's vast administrative work is reduced. (Capital savings on office-space, buildings, machinery. Current expenditure savings on administration, assessments, and even PAYE Tax-stamps, etc.) Employers can reduce their administration of PAYE tax-deductions. The worry and work of the taxpayer is saved. He does not have to keep records for deductions etc. and prepare or pay for tax-returns.

THE ADVANTAGES: 3) THE SOCIAL JUSTICE ADVANTAGES:

- a) Penalising the productive, the efficient, the successful is inconsistent, and demoralising when we subscribe to the justice of owning private property as a result of individual effort.
- b) Taking away income which was earned in free exchange and handing it over to someone who has not earned it - is denying equal citizenship rights and responsibilities : it is a form of civil war.
The fashionable policies of Income Re-Distribution which transfer income from the "Haves" to the "Have-less" penalise and reward indiscriminately and cannot lead to social justice.
- c) This Tax Reform brings consistency and social justice! It supports the equal right of each citizen to own the results of his individual effort. It also ensures that community-created benefits are collected to finance government functions which provide benefits to all citizens.

THE ADVANTAGES: 4) ELECTORAL - POLITICAL ADVANTAGES:

- a) 55% of the lower income-tax payers will not pay income tax any more!
- b) The cost of housing and interest rates will be lowered.
- c) Inflation will be significantly reduced.
- d) Purchasing power increases and new economic activity is generated.
- e) New employment opportunities reduce unemployment.
- f) Cost-increasing administrative activities will be eliminated with significant savings for government, business and taxpayers.
- g) Public confidence in the value and social justice in consistently democratic social systems will be reinforced.