

The Slums of Sydney

By PAUL PEACH

Sydney is the metropolis of Australia—over a million and a quarter population. It is the third city south of the Equator, eighth in the British Empire. Its climate is not unlike that of Los Angeles; its harbor is a navigator's dream; its hinterland is the richest area of the Island Continent.

Most interesting of all to Georgists: Sydney is the world's largest "single-tax" town. It collects all its revenue by a tax on land values; all improvements are exempt. In this great laboratory Henry George's fiscal reform is being tested—indeed, has been tested for a good many years. Here, surely, we may seek its triumphant vindication.

No one who has ever seen it could forget the picture of Pitt Street, choked with traffic inching its painful way southward from the water front. The single track of street railway, with trolley cars almost nose to tail, like parading elephants; the procession of automobiles limping down the narrow lane; the swirl of pedestrians,—all these speak eloquently of the industry and enterprise of a great city. Beyond, like the Genius of Trade, broods the mighty arch of the Harbour Bridge. Under it flows an opulent ocean commerce, and over it the stream of activity from the city.

But Sydney is not merely a collection of narrow, crooked streets and bustling traffic. There are broad avenues, and parks of sub-tropical beauty and richness. At the beach at Bondi, pleasure seekers stroll along the Promenade, or plunge gayly into the surf. A great city; a wonderful city; bursting with promise of human happiness and achievement; well fit to be a star in the Georgist crown.

Sydney has operated under a limited single-tax scheme since 1916. The original plan, to levy upon the annual rental value of land, was abandoned for a tax based on unimproved capital value; this tax now amounts to about five pence to the

pound, or 2 per cent. This provides a revenue of about a million pounds, based on a total valuation of nearly fifty million.

To all intents and purposes, the land of Sydney is not subject to further taxation. The State of New South Wales levies a land value tax in districts where no local tax is imposed, but not in Sydney. The Federal Government of Australia levies a similar tax, but allows an exemption of 5,000 pounds, which makes evasion easy; moreover, the tax rate is progressive and becomes burdensome only when the total value of an individual holding is fairly large. Non-resident owners receive no exemption and are taxed at a slightly higher rate. This plan has discouraged absentee landlordism, but its only other important effect has been to split up large estates and increase the number of landowners and of exempt parcels.

The people of Sydney are subject to taxation on three fronts. The city relies upon the land value tax; the

State depends primarily upon income and inheritance taxes. The Federal land tax is a minor revenue producer, and the budget is met by imposing tariff and excise duties, income and estate taxes, and a sales tax.

The result must be of vital importance to all Georgists. Nowhere in the world has George's fiscal reform received, in principle, so general an acceptance as in Australia. Three questions suggest themselves: (1) Is unemployment diminished? (2) Are slums eradicated? (3) Is land speculation prevented?

One word answers the first question: No. Of course, it should surprise nobody that poverty and unemployment persist in Sydney just as in Melbourne, which does not have the "single-tax." If conditions were materially better in Sydney than in Melbourne, Melbourne would be deserted. As long as labor is free to move about, in a given area, employment conditions tend to be more or less equalized within that area.



THE HARBOUR BRIDGE

By A. C. Matteson, Jr.



INDUSTRIAL AND SLUM AREA, CLOSE TO THE HEART OF SYDNEY, DRAWN FROM EXISTING FACTS

It may be worth while to point out here that Australia has stringent immigration restrictions, and that it is a closed-shop continent, unionized from one end to the other.

But with respect to the second question Georgists have a right to be hopeful. Slums are a local affair, and should be amenable to local treatment. Many Georgists believe that Sydney has no slums; it is the writer's unpleasant task to disillusion them. The following quotations need no comment:

"If Australia were an enlightened community it would not be possible for many thousands of pounds to be spent in the remodelling of the stately parts of the city—as has been done in more than one place—while within a few miles

of the remodelled area people are forced to live in wretched hovels with insufficient air and light, with a back yard in which it would be impossible to swing the proverbial cat." (SYDNEY SUN, December 27, 1939.)

"When the Premier (Mr. Mair) confessed he was shocked and surprised at what he saw in the crowded slum areas, many people thought that a man in his position should have known all about the dark and sordid side of Sydney." MELBOURNE ARGUS, December 29, 1939.)

"The slums would not now be a reproach to the city, if the housing question had been faced earlier." (SYDNEY MORNING HERALD, December 29, 1939.)

"Covering 2,000 acres of the metropolis, Sydney's slums stand as silent sentinels in the large burying grounds of human hopes, health and happiness." (CHURCH STANDARD, July, 1938.)

"Mr. Walter Hood, English social research student of Oxford University, who has been studying affairs in Australia for the past eight months says: 'Some of Melbourne's slums are as bad as the worst in industrial cities in England. But even worse slum pockets are in poor Sydney districts.'" (LEGION BULLETIN, December, 1939.)

To this evidence from the press we may add that of a poster distributed by the Australian Legion of Christian Youth. The pictures are alleged to be drawn from scenes close to the heart of Sydney. The text is headlined "Read These Facts About Sydney Slums" and continues:

"Slum areas, producing ill health, squalor, and congestion, cover 2,000 acres within the heart of Sydney. In one district alone there is an average of 90 houses to the single acre. These are damp, unhealthy tenements, rotting with age—each with its mean back yard and a street frontage of 10 to 15 feet. Health inspectors say that, in certain districts, 90 out of every 100 homes are unfit for human habitation.

"Of 1,500 dwellings recently inspected, 880 were found to be without bathroom or laundry. The serious effect upon health of such inadequate housing conditions is inevitable. The infant death rate in two of these areas is 63.5 per 1,000 births. The tubercular death rate is 71 per 1,000. These figures are double the death rate recorded from good housing districts.

"The relation of bad environment to juvenile crime and delinquency has been definitely established. Seventy per cent of Sydney's delinquents come from congested areas."

Another publication of the same organization quotes Sir Sydney Robinson, of London City Council, as saying, after a local inspection: "I know of no worse slums than some that have been shown me today. They are 'disease traps' as bad as the worst slums of the old world."

So much for the slums of the world's greatest "single-tax" city. Our third question has to do with land speculation. In spite of a local land value tax 4½ pence in the pound of unimproved capital value—less than 2 per cent—land values increased in the four years from

1934 to 1938 from 46 million pounds to nearly 48 million. In 1938 the tax rate was increased to almost exactly 2 per cent; total land values remained practically stationary. Even making all due allowances for the unreliable nature of land value statistics, it is certain that such evidence as we have points to increase both in land values and in land speculation.

Sydney is not unique in these respects. In 1915 Dr. Robert Murray Haig, now head of the Economics Department at Columbia University, made a factual report on the effect of the so-called "single-tax" in several American and Canadian cities. In none was there any significant advance in slum eradication, and in all of them land values increased in spite of the tax.

Georgists would do well to ponder these facts. Emphasis on land value taxation has done little to advance the idea of a free economy, and has possibly done much to hamper it. A mere shifting of taxation can never solve economic problems. If we forget basic theory in our eagerness to "accomplish something" we shall infallibly go astray.

The theory involved here is not difficult. Any increase in the demand for land must increase rent. If we give to industry the powerful stimulus of tax exemption, we increase the demand for land. It avails nothing to take a portion of the rent from the landlord in taxes; as long as he retains a remnant which increases in absolute magnitude, or which he expects to increase, there will be slums and land speculation. George, in introducing Book 6 of PROGRESS AND POVERTY, wisely quotes John Stuart Mill: "When the object is to raise the permanent condition of a people, small means do not merely produce small effects; they produce no effect at all."

Georgists who struggle for minor tax reforms easily lose sight of the ultimate objective, the complete socialization of economic rent—all of it, not just a part. But success in enforcing a partial shift in taxation may easily become a Pyrrhic vic-

tory. For when economic distress continues unabated, or only slightly abated, in spite of a so-called "single-tax" reform, the whole Georgist movement suffers a setback.

In Chapter 29 of PROTECTION OR FREE TRADE George says: "The advocates of a great principle should know no thought of compromise. They should proclaim it in its fullness, and point to its complete attainment as their goal." And even though he qualifies this statement,

he reminds us that moderate measures intended to succeed in practical politics must conform to principle. The "single-tax" as it exists in Sydney and elsewhere conforms indeed to the letter of Georgism, but not to its spirit, nor even to the requirements of a sound expediency. To spread the spirit of George, the passion for Freedom, the knowledge of economic good and evil, is the only course which promises us life. In our movement truly the letter killeth, but the spirit quickeneth.



This illustration, and that on the opposite page, are reproduced from a poster issued by the Australian Legion of Christian Youth.

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