

*I conceive that the land belongs to a vast family of whom many are dead, some are living and countless are still unborn.'*

— A Nigerian tribal chief

IN a world where great fortunes and fierce wars are spawned by the concept of private land ownership, the profound truth of that Nigerian tribal chief's simple observation is being rediscovered.

Recently, 26 distinguished professors of economics in the United States — including three Nobel prize-winners — wrote to Mikhail Gorbachev, applauding his attempt to move the Soviet Union to a market economy.

But the substance of their letter was a plea to the former Soviet leader to retain all land in public ownership, raise the bulk of

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# Crown that!

• DON PETERSEN, writing in Australia's *Courier-Mail*, notes that modern problems may be linked to the loss of traditional rights to land — and reviews the proposal to raise community revenue by taxing the rental value of land

government revenue from its rental value and thereby avoid a major flaw in developed, Western economies.

A strange sentiment for unabashed free-marketeers? If so it is becoming widely shared, not least in Australia which is wracked by dissent over land rights, foreign ownership and the daily battle by ordinary people to acquire and hold a little plot of their own.

Its most articulate proponent here is Brisbane lawyer and town planner Phil Day, who sees the spiralling price of land as the single, greatest hurdle to home ownership.

Windfall profits derived from speculation in it, he contends, constitute a major cause of inflation: increased values which should be a slice of the community's birthright are accruing instead to rich foreign or local investors.

Mr Day shares with the Nigerian chief the view that all land is provided by nature and is in finite supply.

"It is a community resource," he says, "and there is no more reason for it to be privately owned than air or water which are equally necessary for human survival."

For some people, such a view will come close to heresy. But like the American professors he is not preaching revolution, merely attempting to redress a situation which came about, in part, when English kings of Henry VIII's era began selling off public land to their barons to pay for such things as foreign wars.

At that time land began to acquire a price and since then, for the poor particularly, it has been beyond reasonable reach.

In the Australian context, Mr Day's remedy is appealing, if not all that simple. "The initial capital cost of a house and land package could be reduced by 25-30 percent if the land component were not brought outright but leased — in perpetuity if need be — for an annual rental," he said. "This could be achieved if all public land released for housing were leased instead of sold."

But this, in the scheme of things as envisaged by a growing international movement, is only a beginning. Mr Day: "The price of all land could be reduced if all landowners, freeholders and leaseholders alike were required to pay an annual rent to the Crown.

"The price of any parcel of land could in fact be reduced to zero if this Crown rent were equal to the annual rental value of the land as determined by its location, attributes and usefulness."

There is no magic in this, he argues. "Land only has some annual rental value if it can be used — for growing or making things or for living or recreation. When capitalised, this annual rental value becomes its capital value price. If the annual rental value is siphoned off by the Crown, as custodian of the community's natural resources, its capitalised value is reduced accordingly."

In their letter to Mr Gorbachev, the professors took up the argument. "Social collection of the rental value of land serves three purposes," they wrote. "Firstly, it guarantees that no one dispossesses fellow citizens by obtaining a disproportionate share of what nature pro-

vides for humanity.

"Secondly, it provides for socially valuable activities or work effort, or the allocation of resources. And other services that should be priced at levels consistent with their value.

Mr Day points to the revenue from land rent — and the inevitable, such new income in the progressive reduction of raising, such as income tax.

"After all," he said, "the community's natural resources are worth more than penalising persons than penalising employment."

There was not great enthusiasm for the idea. "A property tax should be charged. "A property tax on the rental value of any property levied on land are important, hidden at the bottom of the scale."

Sooner or later, Mr Day said, a parliamentary committee will make a connection between town planning, science, and land values, having an inflationary effect on speculation in land rents.

"Town-planning cannot be put," he says. "When a property is sold, the colored paint — changes in the value of a parcel of land."

"To the extent that the land is an unearned windfall, it can be offset by development charges, inflationary. It is an income tax on goods or services."

Like the professors, Mr Day said, a property tax from rezoning should be charged to the community. A quiet protest to such concepts, even if they are not yet fully understood.

"Any and every landowner will be affected by the Tax Office itself since public servants, government revenue from the rental value of land."

And perhaps most people will be accustomed to seeing the annual increases with an expansion of the economy. They will rightly protest that in the long run, it is a deterrent to commercial development.

Mr Day: "Far from developing the land, the need for an initial charge on land will have the consequence of this is that it will be a deterrent to commercial development."

In any event a lot of economists — are now