

Australasian Adventure

by V. G. PETERSON

I shall never forget that bleak February morning when I boarded the plane at New York for the other side of the world. Such a journey would quicken the pulse of even the most sophisticated traveler. To me the thrill of crossing new boundaries was heightened by a deep feeling of gratitude to the friend of the Robert Schalkenbach Foundation who had placed this "magic carpet" within our reach and asked me to make the trip.

My mission was clearly defined. I was to find out as much as I could about the workings of unimproved rating in Australia and New Zealand. I was to arrange, if possible, for an academic study of the effects of raising local tax revenue via this system, and I was to look for material which could be used in shaping and producing a motion picture based on the facts.

En route, I would have an opportunity to explore the efforts at land reform now under way in Hawaii. A newspaper clipping in my possession said that this subject had top priority with both political parties in the islands and mentioned the name of Thomas P. Gill (Democrat), Majority Leader of the House. My first task, then, when I reached Honolulu late on the day of my departure, was to locate Mr. Gill's office. He was away, but his secretary arranged an appointment for me to see a Mr. Bell who had helped to frame the measures which had been put before the Legislature on at least two occasions. What I learned from him can be given here only in brief outline.

Hawaii represents one of the most glaring examples of land monopoly in the world with 46 per cent of the land in the hands of 60 landowners. During recent years, these landowners have

found it expedient to divest themselves of some of their holdings, usually through a system of leasing. Most of these leases run for 55 years, the rents being fixed for half the period, at which point they are subject to renegotiation. Roughly 80 per cent of the current housing developments are announced for leased lands.

Efforts to achieve land reform have been pressed with considerable vigor since 1955. They fall into these major categories: (1) improved assessment and zoning practices which would classify the land and tie the tax rate to these classifications; (2) condemnation procedures where necessary; (3) increased ownership in fee simple of lands presently on leasehold, and (4) a differential tax rate which would tax land value at twice the rate applied to improvements.

The differential tax rate, which is patterned after the Pittsburgh Graded Tax, has been under consideration for seven years. Such a proposal passed the House in 1961, but failed in the Senate. It was being considered again while I was there but I was told that it would lose on a technicality, a prediction that later proved to be correct. Eventually, there is a good chance that it will pass as both the Republicans (who control the Senate) and the Democrats (who have a majority in the House) have given it their support.

With this revealing interview behind me, I boarded the great jet that was to carry me across the equator to those countries where the seeds planted by Henry George have borne fruit over the last 50 years.

Two days later, I reached my second objective, Wellington. The unimproved rating system is well established in New Zealand. It affects one of the

two major cities, most of the towns, and a majority of the rural areas. Change-overs are still under way, not because of any pressure through propaganda, but rather because the people favor the new system.

While in Wellington, I visited a large downtown area called Te Ara Flats. This section, previously classified as a slum, is being made over into a modern residence-business district. Many housing developments were also under way on the hills surrounding the harbor. Dr. Rolland O'Regan, my guide on these sight-seeing expeditions, is convinced that the unimproved rating system, which applies universally in this area, has been a great help in hastening these projects. All structures erected on these sites, be they large or small, are exempt from local taxes. The area is therefore free to develop according to the needs of the population.

Two busy weeks raced by and now I was winging my way towards Melbourne. Few sights have thrilled me as much as my first glimpse of the Australian coastline. And few things have been as heart-warming as my reception by a group of our Georgist friends who had come to greet me at the airport. Within minutes we were animatedly discussing the tasks I hoped to perform, and that very evening I was taken on my first visit to the unimproved rating areas which ring the city and include some that are actually part of Greater Melbourne.

At this point it might be helpful to clarify the degrees of responsibility assumed at various levels of government in Australia, with respect to raising and spending of tax revenues.

The *Commonwealth Government* collects the income tax, the tariffs and excise duties, including the tax on petrol. It collects a sales tax either from the manufacturer or the seller. It distributes the proceeds of the income tax to the *States* on the basis of their pop-

ulation. Some adjustments are made for less populous districts.

The *States* receive income tax money from the *Commonwealth*. They levy a land tax (in Victoria this approximates 20 per cent of the total State tax collection from all sources), a stamp tax, betting taxes, auto registration, and the entertainment tax. The *States* pay for education and justice, police and fire protection. Insurance companies also contribute something towards the latter service and in some instances local governments donate in a small way.

Local Governments collect on property, either on land and buildings, or on unimproved land value only (called "unimproved rating"). They pay for street cleaning, garbage collection, and other services of a purely local nature.

Boards and Commissions render special services such as providing water and irrigation. In some instances city planning is under a commission. These commissions raise their own monies, all from property, either through annual value levies, or unimproved rating.

From the above recital, you can see that local governments in Australia (and the same is true of New Zealand) have fewer responsibilities than our own cities, towns and villages who must meet the major costs of education and the full costs of police and fire protection.

In two of the six States in Australia, all local government revenues are derived from unimproved rating. These two are Queensland and New South Wales. In the other States both the annual value and unimproved rating systems are employed and in these places comparisons can be made.

In Victoria (of which Melbourne is the capital), for example, one of the things that struck me most forcibly was that every inch of vacant land in the unimproved rating areas is put to some use. In business areas such vacant lots as remained were used for displaying garden furniture and other

urable merchandise. Many had been turned into car parks. The houses in the unimproved rating areas were well kept and the majority of the older structures had been modernized.

It is unfortunate that most of the people living in these unimproved rating districts know so little about the potentials of this system and make no effort to extend it. The rate applied is usually too small to absorb all the economic rent and enough is left to allow land speculation. A good deal of this is going on right now in Sydney where a building boom is in progress, the first in many years. Sydney has grown tremendously since the second World War, (30 per cent of its present population dates from this period) and it is still expanding at the rate of about 51,000 persons a year.

Property is valued every three years in Australia. I learned that a valuation had taken place in Sydney a few months before my visit. Some residential property was rezoned for commercial use, with a corresponding increase in the tax rate. Properties in these areas will eventually be sold and vast profits realized but, meantime, home owners affected by the higher rates are complaining and a table of exemptions has been established to quiet them. Presumably this is a temporary expedient.

One of the most rewarding days of my entire trip was spent in the capital city of Canberra, a hundred miles from Sydney. The land is owned by the government and leased out to users under a system that has proved most satisfactory if one is to judge by the well-kept properties. Canberra is, however, a story to be told separately and the Henry George News has promised to reserve space for it in an early issue.

There are several strong Georgist groups in Australia. In Melbourne the Henry George Club has for many years owned a substantial two-story building in the heart of the city which is used for Georgist activities. At the time I

was there, this structure was being enlarged and modernized. In Sydney, office space is rented. About 17 miles from the city, in Terry Hills, on a lovely hillside commanding a view of the valley below, our friends have erected a building which they will use for a summer school and for conference purposes. They will also derive some revenues from the building when their own program does not require its use. It was my great privilege to open the Terry Hills building in ceremonies attended by seventy-five enthusiastic workers (see May HGN, p. 12).

Our good people had been busy in anticipation of my coming and many interesting activities had been booked. Some of the highlights included a half-hour audience with the Premier of Victoria and a civic reception by the Lord Mayor of Sydney. At the latter, one of the guests was Professor Leslie Wilkinson, a famous architect, who told the Mayor that the practice of his profession had led him to Georgism. Also present on this occasion was the venerable Mr. A. G. Huie, former editor of *The Standard*, who, at 95, is still writing letters to newspapers. He was one of those who received Henry George on his arrival in Sydney 72 years ago. Asked what direction he thought the then newly established Georgist work should take in New South Wales, Henry George advised his followers to concentrate on obtaining mandatory legislation that would require unimproved rating throughout the State. How well this mission was accomplished is now a matter of history.

The full report of this trip, which was such a tremendous experience for me, is still being evaluated. At another time it will be possible to indicate more clearly the lines of program activity that emerge.

—From an address at the Henry George Conference in Pittsburgh in July.