

# An Australian Viewpoint

by W. H. PITT

HERE in Australia, eighty odd years of tenacious work has got most of the municipalities to levy their revenues against the annual value of land, thereby exempting improvements. Though it is vastly beneficial—the legislation is largely so worded as to levy against the “unimproved capital value,” i.e., the selling price.

Expenditures for police and education, which in the U. S. and other places are financed by the municipalities, are here financed by the states who levy the usual host of nuisance taxes as well as a small land tax and get grants from the federal funds. However, the total levied against the annual value of land is substantial and has notably encouraged better land use as well as having put a bit of a brake on land prices.

An interesting side-effect in municipalities using the Georgist system has been not only to improve building standards but to attract people and business to these municipalities away from adjoining areas not on the system. Thus a partial and localized application of the Georgist reform may mean lowered land prices elsewhere rather than on the spot. Evidence builds up, too, indicating that the relative soundness of the Australia economy is due almost solely to this slight application of the Georgist reform applied by the municipalities and added to the effect of the state land taxes. The economy would be sounder still were these taxes applied without graduation or omission.

While municipal use of the Georgist principle continually widens, and efforts reach out to extend it to other levels of government, counter pres-

ures are evident. Incompetence in valuation methods gets encouragement, thus reducing the impact of the Georgist system; and there are calls for state “hand-outs” in the attempt to reduce municipally levied revenues. Fortunately, the legislatures lately are insisting on more competent valuing, and municipal leaders seem to be realizing that a “mendicant” policy undermines local government prestige.

Meanwhile, the politicians adjust their haloes each time there is a hand-out and jump on the band wagon to decry the land tax as a burden on the worker's home site. Very rarely is it noted that but for the tax on land the price of the site would be higher. Political ignorance on the subject and downright opposition seem to stem from an outlook that regards the value of land as a proper source for private income and land-price as the normal thing. Unfortunately this gets support through the legislation, as both the state land taxes and the municipal revenues are based, not upon the annual value of land but upon the capitalization that results when the annual value (rent) forms a source for private income.

Clearly beneficial though our small scale Georgist legislation is, the difficulties encountered in attempts to extend it indicate that overseas enthusiasts might be well advised to work for legislation that will base the revenue on the annual value and not on the selling price. After all, land value, in the sense of price, indicates an unhealthy condition—a state of affairs to be remedied rather than to be perpetuated by being enshrined in legislative terms.