

not be necessary to establish a world government, for the United Nations could collect whatever was the agreed percentage and channel it to different countries in proportion, say, to the size of their populations. Since it is almost certainly true that when population density increases, land rent increases more than proportionately, this basis of allocation would tend to favour the countries whose populations were large in relation to their population densities.

Whatever the significance for land-value taxation of the principle that all men have equal rights to all land, its relevance to the subject of immigration is obvious. If all men have equal rights to all land then all men have equal rights to any particular area of land, such as the land of Britain, irrespective of whether they are natives or foreigners. Control of immigration by restriction of the numbers admitted deprives foreigners of their right to use the unoccupied land of the country imposing the control. It follows that, in spite of the many problems

## NSW Royal Commission —Further Evidence

*This Royal Commission arose from representations from the Local Government Association seeking supplementary grants or other revenue sources on the ground that rates had reached "saturation."*

GERALD DUSSELDORP (*Chairman of Directors, Lend Lease Corporation*).

This witness was asked: "Do you think there would be any shortage of sites and buildings available for redevelopment under an annual value rating system as compared with an unimproved value rating system?"

He replied: "I think that would be the tendency . . . It would definitely pay an owner who is in no hurry to pay the rates and taxes without improving it, because the chance is that he would recover that plus, when the market is right, so that he can ride the booms and troughs. If he misses one boom period he can just sit it out and wait for the next one and he is bound to recover more than he has paid out during the time, plus the fact that what he collects is tax free, yet his rates and taxes will be deductible during that period from any income that he might derive from other sources."

To the question: "Do you think that this in the long run has any effect upon the prices in the market?" Mr. Dusseldorp replied: "Very much so because this, of course, drives up the value of land in particular preferred locations for all times and this is, of course, the whole history of land values in the city areas—they have just gone up all the time."

In reply to a later question Mr. Dusseldorp said: "I think that the major aspect of the whole land tax situation is this. Here I am talking not as the narrow developer looking after his immediate interests, but looking

that may arise, immigration into Britain should be unrestricted, unless it can be demonstrated that those problems cannot be solved by any policy short of control.

The next three articles will be concerned with an examination of the problems that accompany immigration, but in the meantime the further development of the argument can be expressed in a final set of three propositions:

7. It follows from proposition 6 that all men, whether natives or foreigners, have equal rights to the use of land in any country.
8. Restrictions of immigration by the government of any country denies the rights of some men (the foreigners) to the use of land in that country.
9. Therefore, immigration should not be restricted.

These nine propositions constitute the case for complete freedom of immigration.

at the position as a citizen having the broader view that land tax, as a tax, should be used to penetrate these unearned increments both on city as well as on suburban land, because that is the only way of bringing these values down to a realistic level . . . I am all in favour of that, because ultimately if there were only enough broad acres released, then that would give developers and others the chance of competing more for these broad acres and then the price would come down . . . that is where land tax, in my opinion, should be used to bring these broad acre prices down."

ALAN R. HUTCHINSON (*Research Director, Land Values Research Group, Melbourne*).

The L.V.R.G. considers that a rate on land is the most appropriate means to finance local government services. It made suggestions for improvement of the machinery of applying the principle, including provision for rating of unimproved *annual* value as an alternative to unimproved *capital* value. It favoured the Valuer-General's proposal for site value (whether annual or capital) as a basis, with invisible improvements such as clearing of timber and filling being considered as merging with the land value after at least twenty years. It favoured rating on unimproved value for the water, sewerage and drainage authorities as well as for local councils.

The Group worked out a table showing how it was possible to check the magnitude of the penalty effect of one rating system compared with another. This showed that there was no limit to the percentage penalty upon improvements where these were rated, and this could become infinitely great. On the other hand there was a limit to the penalty effect of unimproved value rating on under-developed property. For the Sydney metropolitan area the least developed property was vacant land on which the penalty was limited to 222 per cent above the rates payable under the improved value system.

The effect upon the economics of building was illustrated with a multi-storey prestige building of which details were taken from *The Valuer*. It was shown that a proposition which was economic with rating on U.C.V. would be uneconomic under the system of rating on improved values. The total penalty on the building industries by rating buildings in the Sydney metropolitan area was calculated and the extent of relief if the water and sewerage rates were switched to the site value. Comparisons were given of building activity before and after removal of local rates on buildings, for a sequence of years in Victoria. Comparisons were made between development in Melbourne and Sydney. The general effects of removal of local taxes from improvements were shown with supporting statistics and exhibits.

Findings of other recent committees of inquiry on this subject were cited with detail. The abuses in the recently introduced practice of imposition of minimum rates on dwellings were dealt with and abandonment recommended. The absurdity and injustice of the suggested tax on commercial buildings with more than three storeys was demonstrated and abandonment of the proposal recommended. This was dealt with both from the town planning and the revenue angles. Proposals of the Local Government Association to supplement rates by other taxes were examined and shown to be fallacious, as was also the claim that "rates are too high." The supporting claim that "State Taxes have increased faster than Local Rates" was shown to be untrue, and the statistics quoted by the Association in its support were shown to be completely misleading.

## Where West is East and East is West

WHILE the British Government, with only mild disagreement from the Conservative Opposition, is imposing more direction and control upon the country, the USSR is moving in the opposite direction.

The Soviet Minister of Instrument Making, Mr. Konstantin Rudnev, links the further development of economic reform in the USSR with the extension of self-accounting in all fields.

In an interview published in the magazine *Kommunist*, Mr. Rudnev came out in favour of granting credits to various branches of industry during their transition to the new system. His Ministry will have been one of the first to complete the transition to the new system by April 1 this year.

The Minister said that fifty-one enterprises, accounting for about half of all products put out by this industry, have marketed 16.4 per cent. more products than last year and boosted their profits by 41.6 per cent.

Some form of crediting is necessary, the Minister notes, because the enterprises to be switched to the new system

cannot create sufficiently large incentive funds. In his opinion, the Ministry should spend on this a part of its profits obtained over and above plan, which are now paid into the state budget. This loan could be paid off during this year and in 1968.

The Minister believes that the problem of reserves is of great importance in the transition of this branch of industry to the new system. He points to the need to have a special fund at the Ministry for urgent financial aid to individual enterprises.

Mr. Rudnev is against "petty and rigid control" by the planning agencies over the plan of every enterprise, as such control cramps the initiative of enterprises and does not permit the Ministry to solve problems that arise in the process of the fulfilment of the plan. He believes that it is necessary to introduce a system where the Ministry could itself settle all questions if they do not affect the budget and the approved production nomenclature. At present the Ministry cannot, for example, reduce the assignment to any plant even if the industry as a whole is over-fulfilling the plan considerably. And yet the need for this arose in the instrument building industry last year.

The principle of self-supporting operation should also be applied to relations between the Ministry and its enterprises. His Ministry is planning to turn all its production departments into independent budget organisations. The managerial apparatus is thus becoming a party to the system of economic stimulation. It is allocated material resources and is responsible for their utilisation.

### Panic in Sacramento

THE American magazine *House & Home* reports that Mrs. Irene Hickman's election as County Tax Assessor in Sacramento has caused near panic as a result of her declared intention to raise all land value appraisals to 100 per cent of market value. Believing firmly that much of the county's land is grossly undervalued and that the owners of slum properties and the owners of vacant lots would soon respond to the pressure of higher tax levels, Mrs. Hickman is encountering strong opposition from those with vested interests in undervalued sites.

"If I had threatened to blackmail the Mayor," she admitted, "burn down City Hall or assassinate the President, it would not have created so much excitement. Many people are likely to be upset at first, but in the long run they will be grateful if the constitution is being obeyed by at least one assessor."

Mrs. Hickman, who was supported in her electoral campaign by the California Statewide Homeowners Association, is in favour of reducing tax rates on buildings and improvements and increasing them on land until only land is taxed. She has made a forceful start in this direction.