

generation has grown up which takes it as a matter of course. The average home owner and business man vaguely realizes that the present system is right. One of the provisions of the law required a poll when a loan was proposed for local works. In such cases two questions were submitted. First, for or against the proposed work; second, whether the tax should be on unimproved land values or improved values. The proposed work might sometimes be rejected but the vote was always in favor of the tax being imposed on land values only, for interest and sinking fund.

The greatest service of our land value system is but little understood and entirely overlooked by visitors. It has operated to keep down the value of land, thus enabling persons desiring to use land to get it at lower prices. To the extent that land rent is collected for public purposes, land speculation is checked. It cannot be eliminated altogether so long as there is an untaxed margin available to capitalize. Our state and federal governments are much greater taxing authorities than the local governing bodies. In fact increased taxation by them on labor and industry operates in some measure to neutralize the advantages of a just system of local taxation.

Over fifty years ago there was a wild land boom in the Sydney district. In some places land was boomed up to prices which have never been reached since, although the population has increased from 383,000 to 1,288,000. There has been quite a lot of land speculation from time to time. It will be always so while individuals are allowed to collect even a portion of the ground rent. Taking some of the rent in taxation exercises a restraining influence which is wholly beneficial. The people benefit without realizing it. Land value taxation equalizes the burden of taxation as between users and non-users of land. It benefits the user, it penalizes the non-user.

Some time after the land values system was adopted in N. S. W. a statement was signed by eighty-four mayors and aldermen in the Sydney suburbs. Although a number of years have since passed there is no reason to question the soundness of the representative opinions then expressed, and I will conclude by quoting from it:

"In response to a request for an expression of opinion, we wish to say that the system of rating\* on unimproved values which came into force under the provisions of the Local Government Act of 1906, is working remarkably well.

"It has reduced the rates of a very large proportion of the ratepayers, although we are raising a larger revenue.

"It has stimulated the building trade, employment is more constant, and business generally is on a much sounder footing.

"It has induced a number of ratepayers to build or dispose of land which they were not willing or able to use

\*The words "rates" and "rating" are synonymous with our use of the words "local taxes" and "local taxation."—Ed.

themselves, and has promoted the subdivision of land hitherto withheld from use for speculative purposes.

"It is fair to all ratepayers, as it simply requires from each his due proportion of the rates.

"It specially benefits those ratepayers whose use of land is most effective and creditable to the municipality, while it has put effective pressure upon a number of owners of idle or partly used land to change their tactics.

"As far as we can judge, the new system has the emphatic support of the bulk of the people. There is no demand for a change.

"It is but fair to admit that rating on unimproved values is working as well as its advocates claimed that it would before it was adopted."

## New Zealand at the Crossroads

By T. E. McMILLAN

ADVOCATES of Natural Law Economics may find New Zealand a fertile field for study, inasmuch as our first legislation in this direction was introduced a year before the publication of "Progress and Poverty." We have had lots of "taxation of land values," and of rating on the unimproved values, but we are, individually and nationally, just as much in debt as the people of other countries, and having the same old struggle to make ends meet. We know now that whatever gain there may be, temporarily, in partial measures economically, that gain, like every other, is finally reflected in social values, and the holders of titles to sites collect all the reform is worth in its net expression. Nature, we find, makes no exceptions in the field of economic law any more than she does in respect of the law of gravitation. Therefore the active reforming minds are now set upon demanding that society shall collect the full social rent.

True, no great reform was ever carried peacefully in this world except gradually, and in New Zealand this requirement is being met by applying the gradualness geographically. To be more specific, the policy is for the full rent to be collected by the various local councils, which will pass a proportion on to the State, or central administration, for national services.

Shortly there is to be held, under the auspices of church leaders, a Dominion Reconstruction Conference, whereat our policy will be brought forward for discussion. Mr. Arthur Withy, a veteran of the Cause, will represent the Henry George League of Auckland, and the writer, as editor of *Commonweal of New Zealand*, has responded to an invitation by the Director of the Conference, and sent in a brief. In the latter it is contended that "the profit of the earth" is the site rental value, and should be collected by all for all. People realize that we are at the crossroads; either we must adopt some kind of communist or fascist dictatorship, or accept Nature's Way.