

whole property tax on unimproved land values. In Auckland, the big city where improvements are still taxed, reformers blame the improvement tax for the way downtown Auckland is surrounded by the same close-in decay as in most American cities; whereas Wellington, the city where only land is taxed, has been enjoying such intensive renewal that it has begun to provoke some criticism of the tax system by which the critics say construction has been "overstimulated"!

Perhaps the most interesting

comparison showing how property-tax reform works is provided by Johannesburg and Cape Town in South Africa. The former stopped levying any property tax at all on improvements fifty years ago; the latter stuck to the British system of rates, i.e., collecting an income tax on rents but almost no tax at all as long as the property is left idle. This is one big reason why Johannesburg is an outstanding example of compact development with very little land waste at the centre; Capetown is a typical example of sprawl.

Modern Ideas from the Nineteenth Century

AS we celebrate the Queen's Silver Jubilee this year, it is natural that some of us should question once more the pros and cons of the monarchy. Those who consider the possibility of abolishing it, regarding it merely as an expensive anachronism, will find a number of sound reasons why it should stay—as well as suitable warnings of what would probably happen if it should go—in *The English Constitution* by Walter Bagehot, a political writer and one time editor of *The Economist*, who died exactly one hundred years ago.

In this book—and this is where I think it justifies a place on the bookshelves of readers of this journal, in spite of the fact that some of the statements therein are quite naturally out of date—are chapters on taxation, inflation, and alternative suggestions for electoral reform.

First of all, as regards taxation, when referring to America's policy of maintaining a good surplus balance following the Civil War, Bagehot says: "The maintenance of the present high taxation compels the retention of many taxes which are contrary to the maxims of free trade. Enormous customs duties are necessary, and it would be all but impossible to impose equal excise duties even if the Americans desired it. In consequence, besides what the Americans pay to the Government, they are paying a great deal to some of their own citizens, and so are rearing a set of industries which never

ought to have existed, which are bad speculations at present because other industries would have paid better, and which may cause a great loss out of pocket hereafter when the debt is paid off and the fostering tax withdrawn. . . . All on trade and manufacture are injurious in various ways to them. You cannot put on a great series of such duties without cramping trade in a hundred ways and without diminishing their productiveness exceedingly."

Bagehot also tackles inflation and although I do not find him using this word to mean what he refers to as "the issue by the Treasury of inconvertible paper notes as the sole circulating med-

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ium of the country," I feel sure that he would readily have done so as the correct term for what most of us now agree is a most pernicious system of settling national debts, for those notes "will buy what the Government wants, and it can buy to the extent of its issue. But, like all easy expedients out of a great difficulty, it is accompanied by the greatest evils; . . . inconvertible paper issued by Government is sure to be issued in great quantities, as the American currency soon was; it is sure to be depreciated against coin (i.e.

precious metal, not the 'rubbish' we use today!); it is sure to disturb values and derange markets; it is certain to defraud the lender; it is certain to give the borrower more than he ought to have."

In his chapter on the House of Commons, Bagehot says: "The principle of Parliament is obedience to leaders." And the alternative? "If everybody does what *he* thinks right, there will be 657 amendments to every motion, and none of them will be carried or the motion either." Nevertheless, he complains: "In many existing constituencies the disfranchisement of minorities is hopeless and chronic. I have myself had a vote for an agricultural county for twenty years, and I am a Liberal; but two Tories have always been returned, and all my life will be returned. As matters now stand, my vote is of no use."

He then goes on to discuss the merits and demerits of a system of proportional representation. So it seems that dissatisfaction with our electoral system is by no means new, and I am very glad that reform is once again in the air. I sincerely hope it will not have to remain there for yet another century.

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THE END OF FLUORIDATION?

AN almost non-publicised report of the Department of Health gives the thumbs-down sign for fluoridation. In the *First Report from the Expenditure Committee — Preventive Medicine — Session 1976/77* the following paragraphs in the dental health section are of interest:

"... As Members of Parliament we (committee members) are naturally concerned that any interference with the liberty of the subject should only be entertained where substantial common good would result.

"... We find that there is an extremely strong body of institutional opinion in favour of fluoridation but that the evidence on which this is based has been subjected to strong criticism. We are unable to make any recommendations on the use of fluoride in the general water supply."