

proposals are but the administrative rationalisation of an unfortunate system.

In his search for equity in assessment procedure, Mr. Middleton fails to acknowledge the fact that land is not of uniform value. The differences in value between sites of similar size in different locations are very significant in economic terms. These differences in value among sites affect nearly every investment decision that is made, and, but for the monopolistic character of private land ownership, would serve a most useful function in the proper distribution of capital and labour.

Mr. Middleton must surely know that any tax on a man-made asset must reduce the profitability of investment and discourage improvement. Under his system a building of X square feet on a site of Y acres would be assessed at less than a building in the same use of X + 1000 square feet. Such a system clearly imposes a penalty on renewal and upgrading. A valuable city centre site with a hut on it would thus be assessed at less than its well developed neighbour endowed with a ten-storey structure. By giving all land in similar use an equal weighting factor, the rating assessment for an industrial site in inner London would be no greater than that of a site in a new town sixty miles away, and if the London site had a poor building on it, its assessment would possibly be lower than its newly developed country counterpart.

Mr. Middleton is to be applauded for wishing to rate agricultural land and vacant urban sites, but his desire to penalise improvements is short-sighted. While a developer would to some extent be encouraged to put a building on a vacant site, he would immediately be penalised for doing so. This is exactly what happens in California, where there is a growing movement afoot to increase tax rates on land and decrease them on buildings. Under the Australian system of land taxation, however, such problems do not occur. The vacant site owner knows that no improvement to a property will increase his liability for taxation.

Fortunately Mr. Middleton's system is not likely to win much support from rating valuation officers who would be rendered extinct by it.

Mr. Middleton might well reflect on the fact that in Denmark the land-value taxation system leads to less than 0.01 per cent. appeals. The availability of land valuation maps for public inspection makes the system perfectly comprehensible to the ratepayer.

Site-value rating, with periodic revaluations, is the only local government tax measure that can effectively ensure that land is put to its optimum use and that development is not penalised. It has the added advantage of making valuable sites cheaper to buy but dearer to hold.

Mr. Middleton, it seems, is torn between two conflicting desires; the first to put land to effective use, and the second to penalise those who make the best use of it. Administrative simplicity is no substitute for economic rationality. The Danes could have opted for a poll tax, but they stuck to land-value taxes.



A Dream of the Future?

By PETER TRACEY

WALL NEWSPAPERS are not confined to Communist China. Our Department of Economic Affairs has its own version, and the same Red Guard-type mentality is obviously behind it.

Called *Upswing*, it is a double-page glossy sheet, printed in two colours, and designed to be pinned to works notice-boards, presumably for the benefit and encouragement of employees.

One can just imagine the ardent British worker, avid for the latest facts and figures on everything he holds so dear, dropping his tools with unsuppressed excitement, and rushing regardless of hunger, heedless of his lunch time break to be first at the board when the siren sounds.

"What does it say?"

"Read it out to us."

The plaintive voices of his fellow workers reach him over the heads of the milling throng, pushing and shoving, surrounding the notice board for yards around.

"I can't see. Tell me what it says!"

"Quiet!" he calls with forced control. "Exports Forge Ahead!"

"Hurrah!" roars the crowd, drowning the voice of their speaker. He struggles to explain that by selling more and more goods overseas, industry is doing more and more to get Britain out of the red. "The dark clouds which rolled across the economic scene last July are now beginning to lighten," he reads, "and there are even patches of blue sky!"

"Hurrah!" roars the crowd again, but not quite so loudly as before. Emotion is taking its toll. Eyes are moist. Throats with a lump in them can hardly "hurrah" very loudly; but some handkerchiefs are waved.

"Exports of heating and cooling plant went up 24 per cent; scientific instruments 13 per cent; tractors 11 per cent" reads our hero.

"Well done lads!" breaks in the shop steward. "Well done! Where would Britain be without you? Twenty-four per cent indeed, twenty-four per cent!"

He moves quietly away, as in a dream. "Twenty-four per cent," he keeps muttering to himself, "twenty-four per cent . . ."

Our reader carries on: "We badly need to keep the export boom going. We *should* be able to do it."

The crowd begins to thin a little. One by one the dazed but happy workers drift away to the canteen, pride and satisfaction welling up within them. If they can only put in just that extra effort this afternoon, why, it might even be twenty-five per cent next time!