

The Minister from New Zealand Discusses Taxation

By Alexander Boardman

In the City of New York, the New Year started off auspiciously for correct economic thinking. Georgeists, city planners, housing experts, bankers, realtors, government officials, representatives of a host of socio-civic-economic institutions, and magazine editors, all experienced a heartening view of another area in the Pacific. This body of thinkers got a good look at the distant, and too often hazy scene of New Zealand, in the person of His Excellency, Walter Nash, Minister from that country to the United States. He spoke on January 23, at the Hotel Pennsylvania, at a luncheon jointly sponsored by the Citizens' Housing Council of New York and the American Institute of Planners.

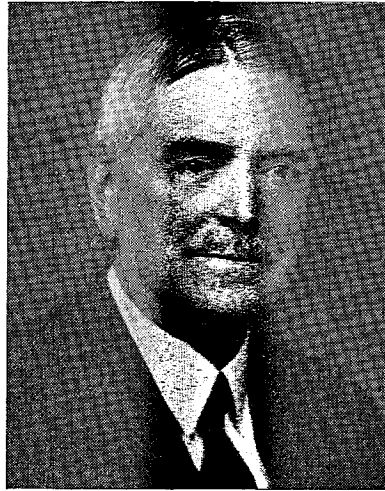
Mr. Nash must have startled many of his audience of 300, just as he gladdened the two dozen followers of Henry George present, with his forthright talk on "New Zealand's Experience with Land Value Taxation." He had unstinted praise for what is fundamental to Georgeists—the principle of taxing for revenue the unimproved site value of land. And he spoke with authority, because he is not only the highest official from New Zealand, but at home he had been a member of Parliament, and head of the taxing council.

For fifty years now that little country of one and three quarter millions has used this system of taxation, and found it works. There are 660 government assessors who determine the unimproved site value of all land, and levy a fixed rate upon it. There is the interesting provision that should the owner fail to have the assessment revised downward to his satisfaction, and be so inclined, he can offer the land for government purchase, and it must be accepted! Mr. Nash slyly remarked that there have been very few such transactions.

The measure was instituted in an attempt to break up large estates, and His Excellency was happy to report it was hugely successful. Another cardinal principle of the government—landlords please note—is that the *mineral wealth of land does not belong to the owner of land*, but to the Commonwealth. Mr. Nash was firm in his belief that these policies were a healthy foundation, and insured a prosperous citizenry that cherished its homes.

He said:

"The provision of adequate housing can be seriously handicapped and retarded



if abnormal prices have to be paid for the land that is required. A sound and scientifically based system of taxation can help a great deal by correcting such a situation. I believe that the kind of procedure that we have adopted in New Zealand, although it is far from perfect, has, nevertheless, tended to discourage excessive inflation of land values generally and building site values in particular.

"I desire to emphasize the fact that post-war planning must be on a national scale, and must provide for a scientific tax procedure, effective land utilization, cessation of exploitation, and limitation of speculation, if it is to serve the ends we have in view.

"The land tax in New Zealand has had a varied history. When first introduced in 1891 it had the double objective of bringing in revenue and of breaking up large farming estates. Except in regard to minor details, the system of graduated land taxation during the earlier years remained largely unaltered up to the last world war. The only noteworthy change was the gradual hardening of the

SPEAKERS TABLE

(Excepting those referred to in the article)

H. M. ALBRIGHT, Pres., American Planning and Civic Assn.; I. S. ROBINS, Acting Commr., N. Y. State Div. of Housing; J. B. BLANDFORD, Jr., Admnr., NEA; MISS LOULA D. LASKER, Asst. Editor, "Survey Graphic"; T. G. GRACE, Dir. for N. Y. State, FHA; E. S. DRAPER, Deputy Commr., FHA, also Pres., Am. Inst. of Planners; SIR HENRY BUNBURY, British Civil Servant, member, Nat. Health Insurance Commn., Chief, British P.O., etc.; MRS. S. A. ROSEMAN, Chmn., Nat. Committee on the Housing Emergency; E. B. BUTLER, Chmn., NYCHA; MISS HARLEAN JAMES, Exec. Secy., Am. Planning and Civic Assn.; R. S. CHILDS, Pres., Citizens' Union of New York.

Sponsored jointly by the Citizens' Housing Council of New York and the American Institute of Planners, the Hon. Walter Nash makes an inspiring address at the Hotel Pennsylvania, January 23, 1943

graduated rate for the purpose of preventing land aggregation, and fostering less scattered settlement rather than of securing additional revenue. Until 1917, the tax consisted of a flat rate equivalent to approximately 2c for each \$5 of unimproved value, plus an additional graduated tax starting with land of unimproved value of \$25,000 and ranging up to slightly over 2 cents on the dollar on land with an unimproved value of \$1,000,000 or more. In 1917, a single progressive tax was instituted, rising from 2 cents to 14 cents for each \$5 on unimproved value plus a super tax of 50 percent. This meant a maximum rate of tax on the larger estates equivalent to 4½ percent of their unimproved value, with an additional tax of 50 percent, bringing the maximum rate to 6¾ percent in the case of absentees. (The dollar is in every case converted at \$5 to the New Zealand £.)

"In 1921, the maximum was further increased, but the super tax was lowered 33½ percent, and finally abolished in 1924."

The Site Value Taxers who heard him were sorry to hear, however, that New Zealand imposes high import duties for revenue; but there was a cheerful note, as well, in the high inheritance taxes collected, which tended to break up large holdings. At the present time, site value taxation yields the central government 3% of its income, altogether too low—but let us wait and see! Communities in New Zealand were offered the alternative of getting local taxes from site value rates or by the usual tax methods. Most communities, Mr. Nash said, chose the former method at once, and many of the others soon changed over.

In concluding he said:

"The land tax, as it stands at present is designed primarily for revenue purposes. It is designed to provide revenue on a basis of productive value, such productive value including site value where land is used for building purposes. Here

(Continued on page 33)

Two Significant Letters

tionally to those interested in its beliefs, who wish to participate in its forums, research projects, etc. It is committed to a policy of drawing together that great mass of people who decry the formation of Congressional blocks supported by vested interests to the exclusion of those interests desired by a world's peoples.

"The Value of Labor Unions," "International Police Force," "Silver Blocs," "Manpower Mobilization," "Efficiency of Monopolies," "Educating for Freedom," were some of subjects discussed by the Free Market Institute. Invited speakers and members of the organization participated on the Fall program, a public service series for winning the war and securing the peace.

Of equal importance was the drawing of two petitions. It was felt that the Justice Department was hampered in its prosecution of monopolies. The petition asked that the Attorney General be given the go-ahead signal in its work. The second petition asked the support of Massachusetts' Congressmen to the President's request for war time power to suspend immigration laws and tariff barriers that were hampering war requirements.

Membership in Free Market Institute carries a subscription to LAND AND FREEDOM. The Institute in the past two weeks has turned in 60 subscriptions to the journal.

Editors, LAND AND FREEDOM:

In glancing through Theodore Roosevelt's *The Great Adventure*, it was a welcome surprise to read what our nation should do to better all conditions after the first World War. ". . . Our governmental authorities would do well to see whether it is not possible to put a tax on unused land."

Would it not be of great added interest to learn whether any other awareness of the principles of land value taxation is found throughout the speeches and writings of Roosevelt the First? It is one thing to make a passing allusion to it in a long list of desirable or necessary post-war moves for our nation at a time when, judging by statements in the same book's preface, he was in open and virulent antagonism to Mr. Wilson, and quite another to have failed to bring the question up during his own years of power, prestige and popularity.

Given Mr. Roosevelt's friendly intimacy with Lincoln Steffens, it would seem that he must have had many opportunities to become convinced of the vital importance of this basic reform. Did he only wait to bring it forward as a counsel of perfection for a successor, hard-pressed President?

Truly yours,

EMILY E. F. SKEEL.

Tucson, Arizona.

Editors, LAND AND FREEDOM:

Your stock taking is a good idea. All Henry George papers make me gnash my teeth at times. They are published at such a sacrifice of time, hard work, and scanty funds. They contain so much valuable information, and they are too frequently read by people who are heart and soul in the movement, anyway.

We are all too fond of arguing fine points with each other, and settling details which will settle themselves when the main reform is achieved. Most of our reading matter is ammunition for these arguments, most of the remainder is too long drawn out, and involved for the uninitiated reader to bother with it.

We are full of ideas, we lack the ability to state our ideas simply and clearly so that he who runs may read.

Could you put your writers through the course of training prescribed by the old author for his students? (1) Write an essay on one subject. (2) Condense the thought into a paragraph, keeping all essentials. (3) Condense the paragraph into one sentence, which will state the thought clearly. (4) Choose one word which will best suggest the idea.

If you could persuade the staff of writers to practice that for a year, your list of subscribers might increase rapidly among the section of the general public which buys the *Readers' Digest*. Incidentally, your own *Comment and Reflection* is one of the most readable and concise portions of the paper.

I would also like to see far more news of our movement in proportion to the long "thoughtful" articles; news of actual gains or losses interestingly but briefly told, regular information as to the progress of H. J. Res. 338 and Jerry Voorhis; news of the exiles and colonies like Fairhope—whether any tangible advantages come to their residents or not; news of the number of men elected to the British Parliament who favor land value taxation; ditto in Congress or in any country; news as to which countries, states or provinces tax land and improvements—separately, and which take advantage of this to free improvements from heavy taxation; news of any local attempts anywhere to collect ground rent, and any good results therefrom, such as better kept homes than those enjoyed by neighboring towns.

These should all be eyewitness reportings, not rehashed, quoted from speech to speech, or article to article. They should be brief and concrete, not abstract and statistical. One brief paragraph describing a town of well kept, unmortgaged homes makes more impression

(Continued on page 34)

THE MINISTER FROM NEW ZEALAND

(Continued from page 19)

may I again emphasize this fundamental principle that if service rendered is to be accepted as the only morally just title to benefits received then the unimproved value of all land (that is, excluding the value of improvements affected by the owner himself) rightfully belongs to the community which rendered the services that gave any particular piece of land the value it possesses."

A lively discussion followed His Excellency's talk, when Chairman Harold S. Buttenheim, editor of *The American City*, announced open house. Mr. Earl B. Schwulst, Vice-President of the Bowery Savings Bank, saw great merit in New Zealand's methods, and cited a present case where a good apartment house on Park Avenue struggles painfully through its maze of taxes, for which a site value taxation would be a healthy relieve. Mr. Lawson Purdy, president of both the Robert Schalkenbach and Russell Sage Foundations, and former president of the Department of Taxes and Assessments, described the results in Scranton and Pittsburgh, where site value taxation is employed in a measure.

When a woman in the audience inquired what the owner of a vacant lot should do if it were next to an occupied flourishing building, and he must pay an equal tax where there is no income, Mr. Nash blandly replied, "Sell it, of course. He has no business owning it!"

An ethnic note was introduced when Mr. William Jay Schieffelin, long active in land value tax affairs, asked whether the Maoris, the Aborigines of New Zealand, were accorded equal rights with the whites. His Excellency said, "Of course!" and waxed eloquent in their praise. He said these people were a living proof that there is no such thing as a superior or inferior race. A Maori has been Prime Minister, several were ministers, others were members of Parliament, and there were internationally known men of science in the race.

As we said in the beginning the New Year took a handsome step forward. We saw a direct result of Henry George's work, perhaps coming from his visit Down Under so many years ago. We feel heartened for the next step; we are getting somewhere!