

# Practice Not Theory

ROY DOUGLAS



NEW ZEALAND is one of the places where site-value rating has existed for many years. In fact, there are three quite different rating systems operating side by side in different parts of that small country. Some districts apply a rating system essentially like our own. This is called the Annual Value System. The question which the assessors ask is: How much rent does the property yield in a year - or how much would it yield if it were let out for hire under its present use? Other New Zealand districts apply the Capital Value System, where the valuers ask how much the property (land and improvements together) would realise if it were sold at current market rates. Finally, much of New Zealand applies the Unimproved Value System, where the question asked is: What is the land worth, discounting the value of improvements? The ratepayers have the opportunity of deciding which system shall operate in their own area. Some indication of the relative popularity of the three is that 293 local authorities rate on Unimproved Value, sixty-two on Capital Value and twelve on Annual Value.

These are some of the interesting and significant facts which emerge from Dr. Rolland O'Regan's book, *Rating in New Zealand\**, which has just been published. The author is a remarkable man - a distinguished surgeon, a man active in politics, and Chairman of the All-Black Tour Association a dozen years ago. He is obviously much influenced by the ideas of Henry George and has a considerable grasp of the problem, both in its historical and its modern aspects. In places, one

feels that the book is rather discursive - it is rather like a series of lectures set down in writing - but this is perhaps inevitable for a man who is so busy and has so many interests. Far better to have a book now which contains all the essential material even though it needs some editing and reshuffling, than to wait for years while Dr. O'Regan polishes the thing to perfection.

One aspect of the matter may be of interest to those people who believe that the taxation of land values (whether for local or national purposes) is really the key to social justice, and who feel that the effects of such a policy would be of a most dramatic kind. Has the New Zealand example shown that, although site-value rating is a useful and practical policy, the wilder claims which some people have made for it are doomed to bitter disappointment? Dr. O'Regan gives a part of the answer here - for he shows that the functions of local government (and therefore the income of local government) in New Zealand are far more limited than they are in our own country, and therefore that no New Zealand rating system can possibly collect more than a very small proportion of the economic rent of land.

Dr. O'Regan's book may be of value not only as the source of information, but also to suggest the way in which the case should be presented. If we can ensure that people who are interested in local government know some of the salient facts in this book, we may go a long way towards persuading them that it would be a good idea to apply pilot schemes of the same kind here. If this can be done then at least we shall have inserted the thin end of the wedge.

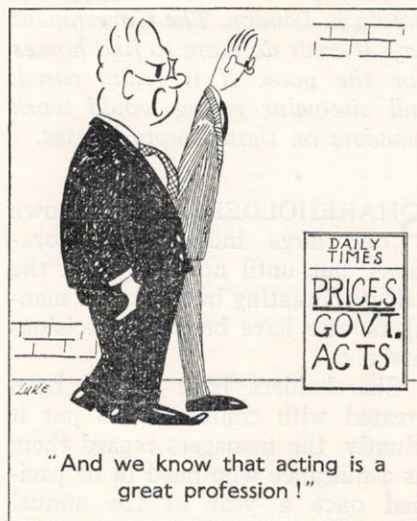
## "Welfare for the Wealthy"

THE wealthy harvested a bumper crop of big subsidy payments in 1972" says Rep. Silvio O. Conte of the U.S. Congress. Rep. Paul Findley asserts "Large farm payments to the landed gentry are nothing more than welfare for the wealthy."

The Joint Economic Committee of Congress estimates that only seven per cent of the farm commodity programme benefits go to the poorest 41 per cent of US farmers, while 32 per cent of the benefits go to the richest seven per cent.

Rep. Findley has listed in the Congressional Record the names of all those persons and corporations who received more than \$20,000 in subsidy payments last year under the corn, cotton and feed grain programme. Texas topped the list with 5,195 persons receiving a total of \$171,994,000, or an average of more than \$33,000 each. In California, 1,861 persons received a total of \$80,165,000 (an average of more than \$43,000 each).

In 1970, Congress fixed a ceiling of \$55,000 on crop subsidies to any one person. Predictably this caused farms to be broken up into smaller units, with the result that more money was paid out in subsidies last year than before the ceiling was fixed! In one town in Texas, fifteen people, all with different names but using the same address, shared a total of \$815,000.



\* From Land & Liberty Press Ltd.  
177 Vauxhall Bridge Road, London, SW1