

LAND VALUE RATING IN NEW ZEALAND

A Message from New Zealand M.P.s to British M.P.s

A LETTER has been addressed by a representative group of Labour Members of the New Zealand Parliament to the Land Values Group of the Parliamentary Labour Party from which we publish the following extract. In explanation, the term "annual value" as used in New Zealand is that of the land and buildings taken together, the "capital value" is the selling or market value of the land and buildings taken together, and the "unimproved value" is the value of the land itself disregarding the value of the buildings, or, as we would say, the site value or the land value.

Signatories of the letter are : J. G. Barclay, the Minister of Agriculture ; Robert McKeen, the Chairman of Committees of the House of Representatives ; R. Semple, the Minister of Transportation ; and Charles W. Boswell, H. E. Combes, Edward Cullen, F. N. Frost, L. E. Lowry, A. S. Richards, Ben Roberts and James Thorn. They write :

"We have followed with interest the efforts of your group to obtain legislation which would enable municipalities throughout the United Kingdom to change from the annual to the unimproved system of rating. We are aware of the increased importance that is being attached to this reform because of the destruction to property caused by the savage onslaughts on your heroic people, since the outbreak of the war, by our common foe, and the need that will exist after peace has been declared for the reconstruction of your towns and cities. We are in receipt of a request from the Trades and Labour Congress of Canada, and the Canadian Congress of Labour, for a statement of our views upon unimproved rating. We take this opportunity, therefore, to state . . .

"In 1876, legislation was enacted in New Zealand, which made the annual system of rating compulsory on the part of all municipalities. In 1882, because of dissatisfaction with this system of rating, the government of the day passed legislation giving local bodies power to adopt the capital system of rating. In 1896, due to widespread criticism of these two forms of rating, the Liberal-Labour Government gave municipalities the right to adopt, by popular vote, the unimproved system of rating.

"For forty-six years, New Zealand has had these three forms of rating in use throughout the Dominion. That rating on unimproved values by local bodies has proved its advantages is shown by the fact that it has grown steadily in popular favour. To-day a greater number of municipalities, and a higher percentage of the total population, are under this form of rating than under the other two systems combined. The standing of the three rating systems in 1938-39 according to a return published in 1940, was as shown in the accompanying table.

"Over 67 per cent of the population of New Zealand, located in the urban centres, in 1938-39, resided in boroughs that were under the unimproved system of rating.

"Because the unimproved system of rating has clearly shown its advantages

over the annual and capital systems of rating, members of our group, speaking in the House of Representatives, have recently advocated that it should be made mandatory throughout New Zealand.

LOCAL TAXATION IN NEW ZEALAND

	UNIMPROVED VALUE	CAPITAL VALUE	ANNUAL VALUE
Counties	58	66	—
Boroughs	81	21	26
Town Districts	29	24	5
Total	168	111	31
Per cent	54.20%	35.80%	10.00%

"A survey of the comparative merits of these three systems of rating, that has been completed recently in New Zealand, with the co-operation of our Government, in the interests of the International Research Committee on Real Estate Taxation, by H. Bronson Cowan, an American economist, has revealed the many advantages of rating on unimproved values.

"In conclusion, we believe that we cannot express our views better, concerning the weakness of the annual and capital systems of rating than by stating our full agreement, based on New Zealand's forty-six years of experience, with the following statement contained in a report on this subject, issued in 1936, by the London County Council :

"The economic effects of the present system are prejudicial to the community generally. It discourages the improvement of land, as the burden of rates is proportional to the use made of land ; the supply of houses and other buildings is diminished and consequently the rents payable for them are increased. The exemption of vacant land encourages the withdrawing of valuable land from development until a higher price can be obtained and thus tends to raise land values generally above the normal level determined by their advantage of situation."

"The chief reason for the increase in the popularity of the system of rating on the unimproved values is that it has been found from experience that none of the foregoing disadvantages attach to it. Instead, it discourages the withholding of land from use, encourages the erection of more and better buildings, ensures the payment of their full share of the rates by these interests owning the greatest percentage of land values, and appropriates for public use a higher percentage of community-created land values."

The Lord Chancellor has appointed a committee to consider a recommendation of the Scott Committee that registration of title of land should be compulsory throughout England and Wales. The committee comprises : Lord Ruscliffe (Chairman), Sir Claud Schuster, Mr G. E. A. Grey, Mr G. S. Pott, Mr David Smith, Mr W. P. Spens, Mr L. Dudley Stamp, Mr A. H. Withers, and Mr I. D. Yeaman.

BOOK PRICES REVISED

In the revised catalogue of the Land and Liberty Library, published on 1st December 1942, by the Henry George Foundation, several books are raised in price, viz., the following by Henry George : *Progress and Poverty*, which is now 2s. 6d. net, either in the red cloth binding as long as that lasts or in the red rexine binding ; in superior green rexine, now 3s. 6d. net. *Social Problems* and *The Condition of Labour* are now 2s. net each ; and the *Science of Political Economy* is 5s. These increases in price are to be regretted but are necessitated by the fact of stocks running low and the much increased cost of reproduction which will have to be faced sooner or later, given that books can be reproduced at all during the period of the paper restriction. The rexine-binding editions of *Progress and Poverty* are pocket-size volumes with gilt tops and ribbon book markers. The books *Gems from Henry George* and *Why Rents and Taxes are High* are out of print.

Attention is called to the advertisement on our back page, "Christmas and New Year Gift Books." Here is an opportunity to make presents to friends and enlist their interest.

ALEX. MACKENDRICK

We regret to report the death of Alexander Mackendrick, which took place on 2nd November after a short illness. He became attached to the movement in 1901 when he joined the Scottish League for the Taxation of Land Values, now the Henry George Freedom League. His home was in Glasgow until in 1914 he and the family went to Boston, Mass., to settle there. He has served the Henry George cause with the greatest distinction, bringing to it a temperament much trained in patient thought and philosophic research. That was evidenced in all he wrote, and his numerous articles and reviews in this journal as well as his frequent contributions in many other periodicals reflected the cultured mind that ever pleaded and sought and never hectorated. When moved to protest against the social injustices he would like to conjure away he was not less persuasive, because his literary style was dominated by his own almost benignant disposition. In lecture, debate and discussion, these self-same qualities were always supreme to make friends as well as adherents of his listeners, which is every speaker's greatest reward. In the society of his Glasgow colleagues he was for many years President of the League. He had not been long in Boston before he was voted to high office in the Massachusetts Single Tax League. On his return to Glasgow in 1919 (the two sons in America having lost their lives during the war years) he held the office of Treasurer of the Scottish League until in 1933 he transferred his home to Richmond, Surrey. In Glasgow and in London, how many they are who will miss him and who will hold the memory of him dear and in great gratitude. He was a member of the United Committee and a collaborator whose executive ability and advice as a campaigner was invaluable. He is survived by his widow, two daughters and a grandson. To the bereaved family we offer our sincerest sympathy. A.W.M.