

Land - Value Rating

By LORD DOUGLAS of BARLOCH, K.C.M.G.

FOR a quarter of a century Land-Value Rating by F. C. R. (now Lord) Douglas has been deservedly recognised as a standard work, concise and clear, instructive and persuasive, useful alike to the propagandist, the layman and all who are concerned with local government finance. The economic arguments presented in favour of paying for local services by a locally imposed annual levy on the economic rent of land are timeless and universally applicable but the passage of time has in places "dated" the first edition. The author has revised these sections in the edition just published and has added the latest available statistics concerning the land value and rates levied thereon in various places overseas but the substance of the work has been left unchanged.

The reformer is required not merely to explain the policy he advocates but also to examine the status quo and demonstrate wherein it is unsatisfactory. Equally his audience has to be persuaded that the course he proposes affords the only practicable and desirable solution and this involves a detailed examination of other canvassed schemes. He has to show that the policy proposed accords with the dictates of justice and, if adopted, would confer widespread benefit, since otherwise it would stand no chance of political acceptance. If he addresses himself primarily to the conservative, empirical people of these

islands, distrustful of utopian panaceas and "new-fangled" ideas, he must be able to show that his proposal has been rigorously tested and proved and could be implemented peacefully here by merely adapting existing institutions.

All this Lord Douglas has done in plain, straightforward language, presuming no prior knowledge and treating his reader as an intelligent citizen who wishes to be adequately informed without being bogged down in too much technical detail so that he can form his own judgment of whether and, if so, how the present British system of local taxation should be reformed. His lucid explanation of the theory of economic rent is particularly valuable as are also the brief chapters on definitions, valuation, and the collection of a land value rate. An admirable chapter examines some objections (including those old friends, the widows and orphans) and provides succinct, devastating answers.

The reviewer of the earlier edition summed up the book neatly in these words: "We cannot see how anyone can read this book and fail to be convinced of the justice and wisdom of the land value system of rating. Certainly this is a book to be treasured by the earnest reformer and one which he can ask any of his friends to read, for it deals pleasantly with a subject which the uninitiated usually avoid as dry."

MAORI and PAKEHA—Continued.

as a basis; then we add a figure for the yield of local rates, which we can only get at in a rough and ready fashion because of the inclusion of buildings and other improvements in the figure.

Taking the total rating by all methods (on a valuation of £748 million), we get £21.7 million, of which it would be reasonable to accept around £15 million as representing the 'unimproved value'. Capitalising this figure in the usual way (at 5 per cent), we get £300 million.

Finally, we take the existing yield of land tax of £1.5 million which, capitalised, gives us £30 million.

So, if we add these three totals together:—

Unimproved Value of Land	£805 million
Capitalised Value of Rates	£300 million
Capitalised Value of Land Tax	£30 million

we get a grand total of £1,135 million

as a reasonable low estimate of the value of the land of New Zealand. Personally, I think it is ridiculously low because it is based on unsatisfactory methods of valuation; still, it will do for our purpose.

Now, £1,135 million represents roughly £500 per head of the present population of New Zealand. So, using this

figure as the key to land values of Great Britain, we have £500 multiplied by—in round figures—50 million people, which produces a total of £25,000 million.

I suggest that, allowing for obvious differences in the economies and the social character of the two countries, we could raise that figure of £500 per head of the population by 50 per cent — for the purpose of arriving at a comparable one for Great Britain — without incurring any protests from anyone. On that assumption, we get a figure, a lot nearer the truth, I suggest, of £37,500 million.

Even this I consider ridiculously low, and I hope it won't be long before a proper valuation of the land of Great Britain proves it so. In the meantime, let's look at this nice round sum of £37,500 million as the basis of the true national revenue of Great Britain. A land values tax of 5 per cent on that sum gives £1,875 million. Think of the effect of a corresponding cut of this amount in national taxation which everybody admits is crippling the economy. Do you see anything wrong with that?

PAKEHA: Only that, if that system was brought in, my land would be worth very little; in fact, it could ruin me.

RORE: It'd stop the ruination of Britain — and you might have to work for your living. I can't see anything wrong with *that!*