

Tax Reform in New Zealand

DR. ROLLAND O'REGAN, prominent surgeon from Wellington, New Zealand, well known exponent of Georgist principles and president of the New Zealand League for the Taxation of Land Values, was a guest speaker at the annual conference of the Henry George School in San Diego in July. During the conference his interviews in newspapers and on radio and television programs, created much favorable attention. Following the conference he spent six days in Los Angeles visiting the Henry George School and discussing with Vernon Kilpatrick his proposed bill (see page one).

In San Francisco, last stop before leaving for home, he addressed a luncheon meeting at the Bohemian Club where a number of city officials were present—had a press interview with Harlon Trott of The Christian Science Monitor—spoke at the Henry George School—and again conferred with Mr. Kilpatrick. Land value taxation in New Zealand was also the subject of a short article in The Evening News of San Francisco. In general the message which Dr. O'Regan gave at all meetings concerned permissive legislation passed in New Zealand in

1896. Briefly the main points he stressed were as follows:

The Method

The 1896 legislation gave local authorities power to adopt rating on unimproved values. This is New Zealand's term for local taxes on land values. The power and initiative lie exclusively in the hands of ratepayers. Councils have no power.

Fifteen per cent of ratepayers must sign a "demand" for a vote. This is presented to the mayor or county chairman. He *must* put the matter to a vote not more than six or less than five weeks later. If successful all local taxes shift to land values. If the vote fails to carry it cannot be repeated until three years later. If successful it cannot be repealed for three years. Procedure for repeal is the same. Since 1944 there have been 56 "wins," indicating that about four local bodies a year adopt the reform. The present position is indicated in the accompanying table.

In 1956 a commission appointed to inquire into rating problems recommended that there should be one rating system on site values—for all prac-

	Annual Rental Value	Capital or Selling Value	Unimproved Value	Total
Counties		52	73	125
Boroughs	18	10	119	147
Cities*	2		13	15
Towns	6	5	10	21
Totals	26	67	202	292

*Cities included in boroughs, but not in totals.

tical purposes the present unimproved value.

This was not acceptable to some local authorities and a Royal Commission is sitting at present with a view to reporting on all aspects of local authority finance. This report is due in September and will be very comprehensive. It is hoped that the Commission will recommend one system of local taxation based on land values for all taxing authorities (territorial and ad hoc). Should the Commission so recommend, it is not improbable that the government, under its Labor Prime Minister, Walter Nash, will act on its advice.

If this comes about, the next task of the League for the Taxation of Land Values is to advocate and work out a ground plan of reorganization and reform of local government to make it an efficient instrument for increased land value taxation. If there is no such favorable development as is outlined above, New Zealand Georgists will

patiently, slowly and painfully push on with their present course.

Rating on Unimproved Values (R.U.V.) means lower rates to 80 to 90 per cent of home-owning rate-payers, i.e., homes have high ratios. A very great number of people readily grasp the fact that taxing improvements and putting nominal taxes on vacant land, slums, etc. is antisocial, and that R.U.V. has a directly opposite effect. A small nucleus of Georgists gives impetus to the reform. Their understanding of the mechanics of R.U.V., and the advances since 1944, are largely the result of the visit to New Zealand of H. Bronson Cowan. The parallel advance in Victoria (Australia) can also be traced to his work. Therefore Dr. O'Regan regards Mr. Cowan's report *Municipal Improvement and Finance*, (now available from the Robert Schalkenbach Foundation, 50 East 69th Street, New York, price \$3) as being of the greatest importance.



PROGRESS AND POVERTY—POETRY AND WORK OF ART

Progress and Poverty is a work of art as well as a popular exposition of the Science of Political-Economy. As a poem it ranks with such masterpieces as Bunyan's *Pilgrim's Progress* and Swift's *Gulliver's Travels*. It ranks with Gauss' *Theoria Motus*, as a practically perfect work. Harold Jacobi (Rutherford Professor of Astronomy, Columbia University, C. U. Press 1909, p. 11) says: "When it (*Theoria Motus*) appeared, the world possessed one more true work of art. Fallible and imperfect must ever be the results of human effort. No one can reach his ideal. But the *Theoria Motus* stands immaculate, unapproachable, such as might be a marble of Phidias; none have since added anything to it. This is in truth the hallmark of art, that the thing itself shall approximate perfection, shall be the utmost effort of the utmost man." (Karl F. Gauss, C. 1800).

Progress and Poverty also recast the Science of Political-Economy so that it is now The New Political-Economy, ranking with the New Astronomy (of Copernicus) and the New Physics of Galileo, and the New Chemistry, (Prof. J. P. Cook, Harvard University, 'International Series,' D. Appleton & Co., 1889.) See George's *Science of Political-Economy*, Bk. 2; ch. 1, pp. 120-30 and Bk. 2; ch. 8.—C. L. Goeller