

PRINCIPLES OF LAND VALUATION

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I am able to concentrate my experience in land valuation into one single sentence, namely: that all that our great teacher Henry George has said about the practical working of a pure system of land value taxation, has not only—by the first slight trial—proved true, but has been confirmed beyond all expectation. This I shall endeavour to show by the following remarks:—

Concerning those difficulties or even "impossibilities" of land valuation, especially of separating the value of improvements from the value of the land, alleged so often and everywhere by our adversaries, I held the opinion, before I began work as a director of the valuation office in Budapest, that the thing would be comparatively easy. In this I was only so far mistaken as it proved to be much easier than I had supposed. Of course a considerable amount of work was involved in the valuation (35,000 sites), but it was not an impossible, not even a difficult task, but on the contrary a very easy piece of work.

According to my experience it is not even necessary to have any sort of social knowledge or education in order to perform such a valuation. I myself have carried through the valuation in a manner so satisfactory to all parties concerned that our valuation files were even used by the real estate experts as a basis for private transactions on the real-estate market, and all this in spite of the fact that I am neither a building expert nor a real-estate trader, but a doctor of medicine.

Not even exceptional ingenuity is required for such a valuation. No more brain is necessary than every site-owner or real estate agent possesses. All that is required is a common and average amount of intelligence. And that this is the case, is one of the fundamental features and beauties of Georgeism.

The assessment of taxes in the Georgeist system is no special science and no secret, it is not—as in the present social system—a mystery which only the priests and the high priests of taxation are able to probe, and which mystery the taxpayers, the people assessed, are not able nor allowed to understand.

In those early stages of Georgeism another important prediction of Henry George has also been fulfilled: The people showed—as Henry George predicted in *Progress and Poverty*—a constant and strong interest in the valuation work and in the assessment of the taxes; in fact a steady, vivid and direct interest in this common cause of the community; and this happened, because this common cause was a simple and intelligible one.

Consequently the valuation of the land was only apparently and formally performed by the valuation office. In reality it was the parties concerned and the whole public itself, who by their continuous and attentive interest and collaboration performed the work of valuation.

That other prediction of Henry George that the valuation cannot be influenced by private interests and corruption, was also fulfilled—even in those cases where the parties in question tried to influence the valuation officer in their favour. Even if the officer had been disposed to yield to such pressure and to become partial and unjust, he would not have been able to do so, because every single unjust valuation would have had unavoidable consequences for the valuation of the neighbouring site, and this again new consequences for the site next to it and so on. Thus the valuation officer was forced to remain impartial.

The necessary conditions for such impartiality are:—

1. That the valuation is performed not by a *voting* and therefore *non-responsible* "committee," but by a *personally responsible* officer, who is bound personally to answer for any want of harmony in the valuation. If the valuation is not so instituted, it is doomed to be spoiled in the long run out of subjective causes, lying in a "Committee." And,

2. When the valuation law contains no provisions having political tendencies of whatever description (against great estates, paternalistic protection of small people or small estates, etc.) and which are not in close touch and real accordance with the opinion and facts of the land market; in such case the valuation is doomed to be spoiled by objective causes.

The prediction of Henry George that the citizens, whose interests are at stake, would have complete faith both in the justice of the valuation and in the justice of this taxation system itself, was also fulfilled. Our citizens called this tax "place money," and expressed in this brief and true name the simplicity of the taxation system as well as its justice: equal value, equal tax.

Owing to the simplicity and honesty of the methods adopted, unbecoming pressure both of the officers by the citizens and of the citizens by the officers was *a priori* excluded. None of them was master or ruler of the other, they were both bound to just *collaboration*. First and foremost the citizens ceased to be subject to bureaucracy, the officers ceased to be "rulers" and "government" and masters of the citizens. They had therefore to "rule" and to "govern" not the citizens, whose interests were involved, but only the valuation system, in order to obtain a punctual, proper and convenient course and despatch of their own task. Unconsciously, but at once they became, in accordance with their genuine duty, *servants* of the citizens, instead of being their lords as they were till then. The valuation office was a very fairy-tale and island of genuine freedom and of "ideal anarchism" in the midst of the great swamp of serfdom, subjection and "government," and mutual demoralizing of citizens and officers, that surrounded it. It has become clear already in this small beginning of a new system of taxation and society that it differs from the present system of taxation and society, not in degree, but in kind.