

Land Value Taxation in New Zealand

* "BENEFITS RECEIVED" is a just, practical and common-sense criterion for taxation, in the opinion of His Excellency Walter Nash, Minister from New Zealand to the United States. Taxes should be collected by the government on the basis of "services rendered," just as business firms charge on this basis, Mr. Nash told a luncheon and conference group which met on January 23, at the Hotel Pennsylvania, New York City, under the joint auspices of the Citizens Housing Council of New York and the American Institute of Planners. Mr. Nash's talk was broadcast on a national hook-up by CBS. He pointed out that the principles of "benefits received and services rendered" are utilized when land-value taxation is the basis of getting revenue for the government. He said that his country does not wish to discourage the building of dwellings and offices and hence exempts these improvements from taxation. The land belongs to the people, whereas the improvements belong to the individual owners. Under this system construction has gone forward actively and will not be hampered after the war when it is expected there will be a tremendous demand for homes and business buildings. Another effect which Mr. Nash observed is that land-value taxation makes land cheaper and easier to use.

Mr. Nash said that buying of land, such as Secretary of the Treasury, Henry Morgenthau's purchase of a lot in the Bronx for \$500 and reselling it for \$10,000, is a form of speculation which New Zealanders consider harmful to society. Mr. Nash referred to the story of this transaction as reported in *Time* magazine for the week of January 23. He further argued that despite the other restrictions on production, such as the high tariffs imposed in reciprocity for America's high tariffs, New Zealand's experience positively demonstrated that removal of taxes from improvements and the substitution of land-value taxation, relatively encourages improvements and discourages the withholding of land from use.

Following Minister Nash's talk, Chairman Harold Bottenheim invited the audience to participate in a discussion of the question, "Would New Zealand's Tax System Benefit New York?" led by Lawson Purdy, former President of the Depart-

ment of Taxes and Assessments, and Earl B. Schwulst, Vice President of the Bowery Savings Bank. Mr. Schwulst said that he had many worries over the real estate owned by the bank and that he feared to increase the tax on land and decrease the tax on improvements.

Mr. Purdy told how he had worked out the present separation of land value from building value in New York City, and how the second-class cities of Pennsylvania had increased the proportion of land-value tax and lowered the tax on improvements, a project in which he assisted. Mr. Purdy said that he was not at all afraid that the tax on improvements would complicate the real estate owner's problems. He assured the conference that, on the contrary it would simplify such matters.

—LANCASTER M. GREENE