

China Solves Assessment Problem

SOMETIMES THE DIFFICULTY of assessing land values is interposed as a serious objection to the land value tax reform. Advocates of this reform in England have struggled long for the establishment of machinery for land valuation, and landlords have bitterly opposed any such move for fear that it might lead to the public collection of some rent; no matter what England taxes rent remains inviolate, save for what is collected through the income tax.

To those who advocate the socialization of rent this pother about land value assessment seems silly and, more important, untenable because it is based on an unethical premise. All assessments proceed from the market value of land; the land assessor tries to approximate its probable selling price. But the selling price is a capitalization of rent. The assumption in the selling price idea is that the owner has a moral right to rent, whereas common sense and economic theory point to the incontrovertible fact that rent is a publicly created value and the private collection of it is sheer confiscation.

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Any assessed valuation is based on a wrong principle. It involves sanction of an immoral, though legal, practice. To urge land valuation, or methods for perfecting it, is to urge entrenchment of a wrong, and thus to validate obstruction to the socialization of rent.

But, it is argued, the reform which must ultimately destroy the market value of land can be more easily brought about by a gradual increase, through the tax technique, of the public appropriation of rent. Perhaps so; the records show that private appropriators are wary of all taxes that tend to separate them from their unearned emoluments, and an out-and-out attack on the source of their income, even if proposed in gradualized dosage, would meet with violent opposition.

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Yet if on the ground of expediency we must start with land valuation why bother with elaborate and expensive assessing methods? Why guess at a market price? Let the landowner make his own valuation, with the understanding that he must sell at that price. This will prevent his trying to evade paying taxes through a low evaluation; obviously he will not burden himself with a high levy through over-valuation.

This self-valuation method has recently been adopted by the Chinese government—partly as a re-

form, partly for much needed revenue. Chinese landlords have been for centuries China's most destructive enemies. Through control of the local governments they have been virtually tax-exempt, while forcing the peasantry to pay as much as 60% of their crops for rent, including "protection."

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Available news reports do not indicate how often this valuation is to be done. Landlords expecting a demand for the land, for production or for government use, might place a higher price on their holdings and thus expose themselves temporarily to a higher levy. An equitable system would require annual assessment.

And, while the reports speak of land value assessment they also speak of "real estate"—which indicates that chicanery in the way of over-evaluating buildings and under-evaluating land might occur. We should also like to know whether the new system applies also to town lands, where rent is of greater importance, or only to agrarian lands.

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At any rate, a step toward a rational fiscal system has been taken. Maybe Japan will prove to be a benefactor to the coolie enslaved by his age-old masters.

